

Translation from Arabic

**Egypt Kuwait Holding Company
(An Egyptian Joint Stock Company)**

**Consolidated Financial Statements
For The Financial Period Ended June 30, 2018**

And Review Report

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Report on Review of 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 subject to the provisions of Investment Incentives & Guarantees Law –, (“the Company”) as of June 30, 2018 and the related consolidated statements of income , comprehensive income, changes in equity and cash flows for the six -month period then ended , and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and fair presentation of these interim consolidated financial statements in accordance with Egyptian Accounting Standards. Our responsibility is to express a conclusion on these consolidated interim financial statements based on our limited review.

Scope of Limited Review

Except as discussed in the two paragraphs no. (2) & (3) in the Basis for Qualified Conclusion ,we conducted our review in accordance with Egyptian Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A Limited review of interim financial 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 .

Basis for Qualified Conclusion

- (1) The provisions balance, in the consolidated statement of financial position at beginning of the period, included an amount of approximately USD 23.2 million which does not have a matching obligation and is carried forward from previous years. During the period, an amount of approximately USD 13.85 million has been reversed as a provision –no longer required included in revenues in the consolidated statement of income rather than adjusting of profits of previous years . The aforementioned matter has led to a increase in net profit for the period with an amount of approximately USD 13.85, an increase in the provisions balance as at June 30, 2018 by approximately USD 9.35 million, and a decrease in retained earnings of equity in that date with the same amount .We have issued a qualified auditors' report on the consolidated financial statements for the financial year ended on December 31, 2017 for the same reason.

- (2) The consolidated financial statements as at June 30, 2018 included the financial statements of Delta Insurance Co. (a subsidiary that the Group has obtained control over it during March 2018) which have total assets of approximately USD 94.18 million , total liabilities of approximately USD 73.62 million , total revenues of approximately USD 15.39 million and total expenses of approximately USD 12.37 million that were consolidated based on the financial statements prepared in accordance with the Application Guidance of the Egyptian Accounting Standards applicable to Insurance Sector in light of the Egyptian Accounting Standards. We were unable to determine the effect of the necessary adjustments that should be recognized in the consolidated financial statements of the financial period ended June 30, 2018 had the financial statements of such subsidiary been prepared in accordance with the Egyptian Accounting Standards.

In addition , the Group's management has not accounted for the previous shares acquired before the date of control of Delta Insurance Co. at fair value on the date of control. . We were unable to determine the effect of the necessary adjustments that should have been recognized in the consolidated financial statements of the financial period ended June 30, had the previously held interests before the date of control been recognized at its fair value at date of control.

- (3) As stated in detail in note no. (54) of the notes to the consolidated financial statements , despite the transfer of ownership of part of remaining shares of the incentives and bonus plan to the beneficiaries during March 2018 , the Group's management did has not provided us with the documents pertaining to the allocation and granting of any of the remaining shares of the incentives and bonus plan . As a result , we were unable to determine the effect of the necessary adjustments that should have been recognized in the consolidated financial statements as at June 30, 2018.

Qualified Conclusion

Except for the probable adjustments in the consolidated financial statements that we could have been aware of, had the the accounting for the previous shares acquired before the date of control of Delta Insurance Co. was made based on fair value pursuant to what was mentioned in paragraph No. (2) and had we provided with the documents referred to in paragraph (3) and with the exception of the matters described in paragraphs (1) in the Basis for Qualified Conclusion, and based on our review on the consolidated financial statements of Egypt Kuwait Holding Company, nothing has come to our attention that causes us to believe that the accompanying consolidated interim financial information do not present fairly, in all material respects, the consolidated financial position of Egypt Kuwait Holding Company as at June 30, 2018 , and of its financial performance and its cash flows for the six -month period then ended in accordance with Egyptian Accounting Standards.

Emphasis of Matter Paragraph

As stated in Note No. (55) of the notes to the consolidated financial statements for the financial period ended as at June 30, 2018, the Company received a letter from the head of the Central Department for Financial Statements Supervision at the Financial Regulatory Authority as a result of a complaint presented to the Authority by one of the shareholders regarding certain observations related to the consolidated financial statements of the Company entail the extent of losing control over MOG for Energy Co. (previously named as Tri Ocean for Energy Co.) and the re-calculation of the beneficiaries accruals of the bonus and remuneration plan.



Hazem Hassan

Translated from Arabic

In the light of the foregoing, the Company provided us with an opinion from independent legal consultant with respect to losing control over MOG for Energy Co. The opinion by the legal consultant based on the documents and information provided by the Company has reached the conclusion that the Company lost the control over MOG for Energy Co. on the basis of losing control over Solidarity Group Limited Company the owner Company of MOG Energy Co. due to assigning the rights of management, and voting over the Company and its subsidiaries. Additionally the legal consultant is of the opinion that the bases adopted by the remuneration committee at the time of allocating the shares to the beneficiaries are in line with the scheme approved by the Financial Regulatory Authority. The Company is currently finalizing the final response to be submitted to the Authority in this matter.

KPMG Hazem Hassan

Public Accountants & Consultants

Cairo, August 14 , 2018

Egypt Kuwait Holding Company
(An Egyptian Joint Stock Company)
Consolidated Statement of Financial Position
As at June 30, 2018

	Note No.	30/6/2018 USD	31/12/2017 USD
Assets			
Non-current assets			
Equity - accounted investees	(7)	14 273 215	29 201 428
Available -for- sale investments	(8)	32 308 787	28 860 567
Held to maturity financial assets	(9)	174 330 849	108 551 255
Property, plant and equipment (net)	(11)	202 496 095	207 741 912
Exploration & development assets	(12)	19 641 530	24 591 508
Projects under construction	(13)	41 030 878	25 154 067
Goodwill	(15)	54 905 767	52 413 767
Other intangible assets (net)	(16)	11 692 310	14 595 297
Investment Property	(17)	576 123	-
Sundry debtors & notes receivables	(18)	7 030 853	11 727 932
Total non-current assets		558 286 407	502 837 733
Current assets			
Cash at banks & on hand	(20)	261 180 188	224 894 312
Held to maturity financial assets	(9)	68 600 735	137 185 652
Financial assets at fair value through profit and loss	(21)	10 912 766	15 024 540
Trade & notes receivable	(22)	73 215 331	58 500 466
Egyptian General Petroleum Corporation	(10 -1)	1 860 546	2 802 262
Debtors & other debit balances	(23)	54 094 872	37 587 084
Inventories	(24)	61 458 053	60 225 430
Work in progress	(25)	26 099 053	6 718 212
Non - current assets held for sale	(26)	-	4 552 500
Total current assets		557 421 544	547 490 458
Total assets		1 115 707 951	1 050 328 191
Equity			
Issued & fully paid up capital	(27)	256 110 292	256 110 292
Legal reserve	(28)	126 248 763	125 178 004
Special reserve - share premium	(29)	57 954 547	57 954 547
General reserve	(30)	8 380 462	8 380 462
Fair value reserve	(8) + (31)	5 296 034	5 081 987
Amount set aside for share-based payments transactions	(32)	17 561 848	17 561 848
Retained earnings		203 666 378	219 881 881
Foreign currency translation differences of foreign operations	(33)	(215 944 451)	(211 220 462)
		459 273 873	478 928 559
Treasury shares	(34)	(221 050)	-
		459 052 823	478 928 559
Non-controlling interests	(35)	220 218 936	214 716 217
Total equity		679 271 759	693 644 776
Liabilities			
Non-current liabilities			
Long - term loans & bank facilities	(37)	32 012 411	33 056 995
Other long-term liabilities	(38)	887 893	298 993
Egyptian General Petroleum Corporation	(10-2)	6 229 896	7 572 033
Deferred tax liabilities	(39)	24 694 186	24 367 095
Total non-current liabilities		63 824 386	65 295 116
Current liabilities			
Provisions	(40)	17 321 752	33 206 603
Short - term loan installments, bank facilities & bank overdraft	(41)	115 411 845	97 423 850
Suppliers, subcontractors & notes payable	(42)	23 106 050	13 050 716
Egyptian General Petroleum Corporation	(10 -2)	11 926 503	24 962 878
Dividends payable		1 037 400	1 037 400
Policyholders rights	(43)	61 902 441	-
Creditors & other credit balances	(44)	141 905 815	121 706 852
Total current liabilities		372 611 806	291 388 299
Total liabilities		436 436 192	356 683 415
Total equity and liabilities		1 115 707 951	1 050 328 191

* The accompanying notes on pages from (6) to (69) are an integral part of these consolidated financial statements and to be read therewith.

Group Chief Financial Officer

Managing Director

Chairman & Managing Director

Medhat Hamed Bonna

Sherif Al Zayat

Moataz Adel Al- Afifi

* Auditor's Report " attached "
KPMG Hazem Hassan

Egypt Kuwait Holding Company
(An Egyptian Joint Stock Company)
Consolidated Statement of Income
For the financial period ended June 30, 2018

	Note No.	<u>The six-month ended 30/06/2018</u>		<u>The six-month ended 30/06/2017</u>	
		From 1/4/2018	From 1/1/2018	From 1/4/2017	From 1/1/2017
		<u>till 30/6/2018</u>	<u>till 30/6/2018</u>	<u>till 30/6/2017</u>	<u>till 30/6/2017</u>
		USD	USD	USD	USD
Operating revenues	(45)	111 959 253	224 836 432	77 878 112	174 544 678
Operating costs	(46)	(79 365 385)	(155 319 679)	(58 707 636)	(123 733 273)
Gross profit		32 593 868	69 516 753	19 170 476	50 811 405
Income from investments activity	(47)	3 875 080	8 647 513	2 085 832	9 161 642
Other income	(48)	18 032 761	18 696 879	6 362 194	10 533 576
Selling & distribution expenses	(49)	(1 127 131)	(2 450 891)	(704 400)	(1 563 215)
General & administrative expenses		(6 739 539)	(13 905 814)	(2 702 672)	(10 012 167)
Other expenses	(50)	(13 731 863)	(14 342 546)	(204 507)	(1 863 700)
Operating profit		32 903 176	66 161 894	24 006 923	57 067 541
Financing income	(51)	6 974 144	14 830 773	5 967 828	12 506 746
Financing costs	(51)	(3 616 090)	(6 351 066)	(3 025 138)	(7 288 428)
Net financing income		3 358 054	8 479 707	2 942 690	5 218 318
Share of profit (loss) of associates		224 361	1 351 012	(876 353)	(1 206 695)
Net profit for the period before income tax		36 485 591	75 992 613	26 073 260	61 079 164
Income tax expense	(52)	(5 813 546)	(12 687 790)	(5 035 052)	(12 169 464)
Net profit for the period		30 672 045	63 304 823	21 038 208	48 909 700
Net profit attributable to:					
Owners of the Company		23 003 729	48 382 614	16 872 187	39 255 400
Non-controlling interests	(35)	7 668 316	14 922 209	4 166 021	9 654 300
Net profit for the period		30 672 045	63 304 823	21 038 208	48 909 700
Earnings per share (US cent / Share)	(53)	2.01	4.23	1.38	3.52

*The accompanying notes on pages from (6) to (69) are an integral part of these consolidated financial statements and to be read therewith.

Egypt Kuwait Holding Company
(An Egyptian Joint Stock Company)
Consolidated Statement of Comprehensive Income
For the financial period ended June 30, 2018

	Note No.	The six-month ended 30/06/2018		The six-month ended 30/06/2017	
		From 1/4/2018 till 30/6/2018 USD	From 1/1/2018 till 30/6/2018 USD	From 1/4/2017 till 30/6/2017 USD	From 1/1/2017 till 30/6/2017 USD
Net profit for the period		30 672 045	63 304 823	21 038 208	48 909 700
Other comprehensive income items					
Available -for- sale investments - net change in fair value		(290 415)	1 494 276	(4 943 465)	4 414 777
Foreign operations - foreign currency translation difference	(33)	(3 974 042)	(5 467 875)	(116 714)	7 256 334
Total other comprehensive income items for the period before income tax		<u>(4 264 457)</u>	<u>(3 973 599)</u>	<u>(5 060 179)</u>	<u>11 671 111</u>
Income tax related to other comprehensive income items		-	-	-	-
Total other comprehensive income for the period after income tax		<u>(4 264 457)</u>	<u>(3 973 599)</u>	<u>(5 060 179)</u>	<u>11 671 111</u>
Total comprehensive income for the period		<u>26 407 588</u>	<u>59 331 224</u>	<u>15 978 029</u>	<u>60 580 811</u>
Total comprehensive income for the period attributable to:					
Owners of the Company		18 834 658	43 872 672	11 565 409	49 848 158
Non-controlling interests		7 572 930	15 458 552	4 412 620	10 732 653
Total comprehensive income for the period		<u>26 407 588</u>	<u>59 331 224</u>	<u>15 978 029</u>	<u>60 580 811</u>

* The accompanying notes on pages from (6) to (69) are an integral part of these consolidated financial statements and to be read therewith.

Egypt Kuwait Holding Company
(An Egyptian Joint Stock Company)
Consolidated Statement of Changes in Equity
For the financial period ended June 30, 2018

Attributable to equity holders of the Company

Notes	Shares	Legal reserve	Special reserve - Share premium	General reserve	Fair value reserve	Cumulative translation adjustments	Amount set aside for share based payment transactions	Retained earnings	Treasury shares	Non-controlling interests		Total equity
	USD	USD	USD	USD	USD	USD	USD	USD	USD	USD	USD	USD
Balance as at January 1, 2017 (before restatement)	256 110 292	123 559 511	57 954 517	8 380 462	9 867 000	(217 373 270)	17 561 848	144 997 087	-	401 057 477	224 276 236	625 333 713
Prior period adjustments	-	-	-	-	-	-	-	(4 765 570)	-	(4 765 570)	-	(4 765 570)
Balance as at January 1, 2017 (after restatement)	256 110 292	123 559 511	57 954 517	8 380 462	9 867 000	(217 373 270)	17 561 848	140 231 517	-	396 291 907	224 276 236	620 568 143
Changes in equity during the period												
Amounts transferred to legal reserves	(28)	-	1 618 493	-	-	-	-	(1 618 493)	-	-	-	-
Dividends distribution for shareholders	-	-	-	-	-	-	-	(31 160 061)	-	(31 160 061)	-	(31 160 061)
Dividends distribution for employees and board members	-	-	-	-	-	-	-	(7 510 715)	-	(7 510 715)	-	(7 510 715)
Gain on acquisition of non-controlling interests	-	-	-	-	-	-	-	1 637 420	-	1 637 420	(1 637 420)	-
Non-controlling interests	-	-	-	-	-	-	-	-	-	-	(32 831 787)	(32 831 787)
Comprehensive income for the period	-	-	-	-	-	-	-	39 255 400	-	39 255 400	9 654 300	48 909 700
Net profit for the period	-	-	-	-	-	-	-	-	-	-	482 857	4 414 777
Change in fair value of available-for-sale investments	(31)	-	-	-	3 931 920	-	-	-	-	3 931 920	-	-
Cumulative translation adjustments	(33)	-	-	-	-	6 660 838	-	-	-	6 660 838	395 496	7 256 334
Total comprehensive income	-	-	-	-	3 931 920	6 660 838	-	39 255 400	-	49 848 158	10 732 653	60 580 811
Balance as at June 30, 2017	256 110 292	125 178 004	57 954 517	8 380 462	13 798 920	(210 712 432)	17 561 848	140 835 068	-	409 106 709	235 008 887	609 646 391
Balance as at January 1, 2018	256 110 292	125 178 004	57 954 517	8 380 462	5 081 987	(211 220 463)	17 561 848	219 881 881	-	478 928 559	214 716 217	693 644 776
Changes in equity during the period												
Amounts transferred to legal reserves	(28)	-	1 070 759	-	-	-	-	(1 070 759)	-	-	-	-
Dividends distribution for shareholders & employees	-	-	-	-	-	-	-	(50 303 242)	-	(50 303 242)	-	(50 303 242)
Dividends distribution to employees and board members	-	-	-	-	-	-	-	(12 603 305)	-	(12 603 305)	-	(12 603 305)
Gain (loss) on acquisition of non-controlling interests	(55)	-	-	-	-	-	-	(620 811)	-	(620 811)	620 811	-
Treasury shares	(34)	-	-	-	-	-	-	-	(221 050)	(221 050)	-	(221 050)
Non-controlling interests	-	-	-	-	-	-	-	-	-	-	(10 576 644)	(10 576 644)
Comprehensive income for the period	-	-	-	-	214 047	(4 723 989)	-	48 382 614	-	48 382 614	14 922 209	63 304 823
Net profit for the period	-	-	-	-	-	-	-	-	-	-	1 280 229	1 494 276
Net change in fair value of financial assets at fair value through other comprehensive income	(31)	-	-	-	214 047	-	-	-	-	-	-	-
Cumulative translation adjustments	(33)	-	-	-	-	(4 723 989)	-	-	-	-	(743 866)	(5 467 855)
Total comprehensive income	-	-	-	-	214 047	(4 723 989)	-	48 382 614	-	43 872 672	15 458 552	59 331 224
Balance as at June 30, 2018	256 110 292	126 248 763	57 954 517	8 380 462	5 296 034	(215 944 451)	-	203 666 378	(221 050)	459 655 833	219 218 936	679 271 759

* The accompanying notes on pages from (6) to (69) are an integral part of these consolidated financial statements and to be read therewith.

Egypt Kuwait Holding Company
(An Egyptian Joint Stock Company)
Consolidated Statement of Cash Flows
For the financial period ended June 30 , 2018

	Note No.	The six-month ended 30/6/2018 USD	The six-month ended 30/6/2017 USD
Cash flows from operating activities			
Net profit for the period before income tax		75 992 613	61 079 164
Adjustments for:			
Depreciation & amortization of property, plant and equipment and other non-tangible assets	(11) & (16)	13 760 869	13 553 288
Exploration & development assets depletion		5 702 566	-
Company's share of profits (loss) of associates	(7)	(1 351 012)	1 206 695
Unrealized gain on held for trading investments value	(47)	(74 562)	(272 780)
Accrued interest & financing expenses	(51)	6 351 066	6 143 721
Interest income	(51)	(14 324 288)	(12 506 746)
Capital gain	(48)	(86 373)	(998 204)
Provisions no longer required	(40)	(17 251 274)	(10 603)
Provisions other than depreciation	(40)	316 873	1 858 169
Reversal of impairment loss on debtors and other debit balances	(48)	-	(5 133 200)
Impairment loss on debtors and other debit balances	(50)	217 999	5 531
Reversal of impairment loss on property, plant and equipment		-	(3 000 000)
Impairment loss on investments value	(50)	13 807 674	-
		83 062 151	61 925 035
Changes in:-			
Financial assets at fair value through profit and loss		4 186 336	2 329 254
Trade & notes receivable		(9 381 316)	(23 039 896)
Debtors & other debit balances		(7 139 327)	(6 439 762)
Inventories		152 104	(5 810 129)
Work in progress		(19 380 841)	2 651 637
Suppliers & subcontractors		9 942 014	1 357 952
Creditors & other credit balances		(1 011 195)	35 298 123
Policyholders rights		432 037	-
Egyptian General Petroleum Corporation		(14 378 512)	15 417
Time deposits	(20)	2 260 635	93 608 039
Provisions used	(40)	(28 814)	(229 852)
Interest & financing expenses paid		(6 351 066)	(6 146 505)
Net change in assets of the acquired assets		(1 096 077)	-
Net cash available from operating activities		41 268 129	155 519 313
Cash flows from investing activities			
Interest received		14 285 103	12 810 044
Payments for acquisition of property, plant and equipment, projects under construction & intangible assets		(18 113 505)	(8 730 188)
Payments for acquisition of exploration & development assets		(752 588)	-
Proceeds from sale of fixed assets		106 926	15
Proceeds from sale of other intangible assets		-	4 000 000
Proceeds from (Payments for) Egyptian General Petroleum Corporation		941 716	(838 737)
Proceeds from sale of available -for- sale investments		-	14 576 522
Payments for acquisition of available -for- sale investments		(2 183 223)	(14 732 221)
Payments for held to maturity financial assets		(27 228 077)	(11 544 321)
Proceeds from held to maturity financial assets		93 713 837	18 255 152
Payments for investment on treasury bills (more than three months)		(258 529)	(16 542 880)
Proceeds from treasury bills (more than three months)		-	7 794 343
Net cash available from investing activities		60 511 660	5 047 729
Cash flows from financing activities			
Repayment of long-term loans & bank facilities		-	(9 992 067)
Proceeds from long-term loans & bank facilities		31 145 417	1 664 356
Proceeds from short-term loans & bank facilities		75 147 943	38 792 128
Repayment of short-term loans & bank facilities		(89 116 901)	(39 631 229)
Proceeds from bank overdraft		-	11 085
Repayment of bank overdraft		-	(4 262 369)
Payments for acquisition of non-controlling interests		(4 632 400)	(19 055 040)
Non-controlling interests		(6 280 381)	(12 698 394)
Dividends paid		(62 906 547)	(38 670 776)
Net cash used in financing activities		(56 642 869)	(83 842 306)
Foreign currency translation differences		(3 434 307)	11 735 170
Net change in cash and cash equivalents during the period		41 702 613	88 459 906
Cash and cash equivalents at beginning of the period		224 520 953	103 682 428
Cash and cash equivalents at end of the period	(20)	266 223 566	192 142 334

* The accompanying notes on pages from (6) to (69) are an integral part of these consolidated financial statements and to be read therewith.

**Egypt Kuwait Holding Company
(An Egyptian Joint Stock Company)**

**Notes to the consolidated financial statements
For the financial period ended June 30, 2018**

1- Background and activities

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

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

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

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

A - Securities underwriting and promotion.

B- Participation in Companies, which issue securities or increasing their capital.

C- Venture capital.

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

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

- The registered office of the Company is located at 14 Hassan Mohamed El Razaz St.-Dokki - Egypt. Mr. Moataz Adel AL-Alfi is the Chairman of the Company.
- The consolidated financial statements for the financial period ended June 30, 2018 comprise the financial statements of Egypt Kuwait Holding Company (the Parent Company) & its subsidiaries (together referred to as the "Group") and the Group's interest in associates and jointly controlled entities. The Group is involved in several activities which are represented in investment activities, selling & supplying of natural gas activity, drilling, petroleum & petrochemicals services activity, fertilizers activity, exploration & exploitation of oil, natural gas activity, chill technology by natural gas activity, communications and selling & distributing of chemicals & plastic activity, manufacturing of Formica chips & MDF of all types and sizes, and the activity of life insurance and responsibilities and properties insurance (note No. 3-1-1).

2- Basis of preparation of the consolidated financial statements

a) Statement of compliance

- These consolidated financial statements have been prepared in accordance with Egyptian Accounting Standards and relevant Egyptian laws and regulations.
- The consolidated financial statements were authorized for issuance by the Board of Directors of the Company on August 14, 2018.

b) Basis of measurement

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

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

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

c) Functional and presentation currency

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

d) Use of estimates and judgments

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

e) Measurement of fair values

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

3- Significant accounting policies

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

3-1 Basis of consolidation

3-1-1 Subsidiaries

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

3-1-2 Non-controlling interests

NCI are measured at their proportionate share of the acquiree's identifiable net assets at the date of acquisition.

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

3-1-3 Loss of control

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

3-1-4 Interests in equity-accounted investees

The Group's interests in equity-accounted investees comprise interests in associates and a joint venture.

Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies.

A joint venture is an arrangement in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

Interests in associates and the joint venture are accounted for using the equity method. They are initially recognized at cost, which includes transaction costs.

Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and OCI of equity accounted investees.

3-1-5 Transactions eliminated on consolidation

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

3-2 Foreign currency

3-2-1 Foreign currency transactions

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

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

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

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

3-2-2 Foreign operations

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

Foreign currency differences are recognized in OCI and accumulated in the translation reserve, except to the extent that the translation difference is allocated to NCI.

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

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

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

3-3 Property, plant and equipment & depreciation

a) Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation (3-3-C) and any accumulated impairment losses (3-16-b).

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

Any gain or loss on disposal of an item of property, plant & equipment is recognized in consolidated statement of income.

b) Subsequent costs

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

c) **Depreciation**

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

<u>Asset</u>	<u>Years</u>
Usufruct of lands	25
Buildings of the Parent Company's premises	50
Buildings & constructions	20 – 56 or according to lease term
Machinery & equipment	3 – 20
Stations & electric transformers	10
Means of transportation	4 – 10
Furniture & office equipment	2 – 10
Computer hardware & software and Decorations	3 – 6.67
Air-conditions	4 – 6.67
Tools & supplies	5
Leasehold improvements	Over the lower of lease term or estimated useful life

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

3-4 **Projects under construction**

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

3-5 **Intangible assets**

3-5-1 **Recognition and measurement**

Goodwill

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

Exploration and development expenses

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

Other intangible assets

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

Deferred charges

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

3-5-2 Subsequent expenditures

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

3-5-3 Amortization

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

3-6 Investments property

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

3-7 Financial instruments

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

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

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

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

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

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

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

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

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

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

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

3-7-2-3 Loans and receivables

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

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

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

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

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

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

3-8 Accounts Receivable from insurances

Accounts 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

3-9 Insurance and reinsurance companies (Debit balances)

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

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

3-10 Inventories

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

Petrochemicals inventories is valued based on the following basis:

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

Unfinished goods

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

Finished goods

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

3-11 Work 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. Its include all direct costs that related to preparation of units to sell it and in the assigned purpose.

3-12 Construction contracts in progress

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

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

3-13 Assets held for sale

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

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

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

3-14 Debtors and other debit balances

Debtors are recorded at their nominal value net of any irrecoverable amounts. An estimate of doubtful debts is made when collections of the full amount is no longer probable. Bad debts are written off when identified. Other debit balances are stated at cost less impairment losses (3-16).

3-15 Cash and cash equivalents

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

3-16 Impairment of assets

a) Non-derivative financial assets

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

Objective evidence that financial assets are impaired includes:

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

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

Financial assets measured at amortized cost

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

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

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

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

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

Available for sale financial assets

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

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

Equity-accounted investees

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

b) Non-financial assets

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

Goodwill is tested annually for impairment.

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

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

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

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

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

3-17 Finance leasing

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

3-18 Provisions

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

Provision for warranty

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

Onerous contracts

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

Technical provisions for Insurance on individuals and fund formation

a) Mathematical reserve

The mathematical reserve of each of the insurance on individuals and the formation of funds are formed at the date of each financial position by the actuary in accordance with the technical basics provided by the Board of Directors of the Egyptian Financial Supervisory

Authority (EFSA), in addition to the share of each policy in the increase (decrease) in the capital value of insurance premiums invested in the investment portfolios in favor of the policyholders.

b) Provision for outstanding claims

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

Technical provisions for properties and liabilities insurances

a) Provision for unearned premium

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

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

b) Provisions for outstanding claims

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

c) Provisions for retrograded fluctuations

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

3-19 Credit balances of insurance and reinsurance companies

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

3-20 Loans and borrowings

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

3-21 Trade payables and other credit balances

Trade payables and other credit balances are stated at cost.

3-22 Share capital

a) Ordinary shares

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

b) Repurchase and reissue of ordinary share

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

c) Dividends

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

3-23 Equity settled share – based payments

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

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

3-24 Revenue

a) Gas activity revenue

Refundable works

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

Minimum take commissions

- Minimum commission revenue guaranteed by the agreement with the Egyptian General Petroleum Corporation for selling and piping natural gas is recognized after the first customer in the concession area. This commission is subject to audit and financial adjustments periodically at the end of each year.

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

Natural gas sales commission

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

Commercial sector revenue

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

Bill of quantities revenue

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

Network operation & gas distribution commission

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

Revenues & costs of construction contracts

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

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

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

b) Communications, geographic maps and agencies activities revenue

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

c) Chemicals and plastic activity revenue

Revenue is recognized when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods,

and the amount of revenue can be measured reliably. For export sales, transfer of risks and rewards of the goods sold occurs according to the shipping terms.

d) Cooling technology by natural gas activity revenue

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

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

e) Sale of electricity

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

f) Fertilizers activity revenue

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

g) Insurance activity revenue

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

Net income from Investment

Net income from investment is allocated as follows:

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

h) Rental income

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

i) Gain on sale of investments

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

j) Finance income and finance costs

The Group's finance income and finance costs include:

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

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

k) Commission income

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

l) Dividends

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

3-25 Expenses

a) Lease payments

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

b) Employees' pension

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

c) Income tax

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

Current tax

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

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

Deferred tax

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is not recognized for:

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

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

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

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

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

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

d) General Authority for Investments fees

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

e) Allocation of general and administrative expenses - insurance activity

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

f) Production costs - insurance activity

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

3-26 Discontinued operations

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

When an operation is classified as a discontinued operation, the comparative consolidated income statement and statement of comprehensive income is re-presented as if the operation had been discontinued from the start of the comparative period.

3-27 Earnings per share

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

3-28 Segment reporting

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

4- Insurance activity risks

Regulatory framework of the Risk Management Department

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

Insurance risk

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

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

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

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

Technical bases used in estimating the mathematical reserve

First: Used Life Table

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

Second: Used Interest Rates **Collective Contracts**

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

Individual Contracts

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

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

Maximum rates allowed to be used are 3%.

Third: Methods used to calculate reserves

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

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

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

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

Fourth: Assumptions regarding wage scale

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

Fifth: Amounts charged to administrative expenses

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

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

The main risks the Company faces are as follows:

- Mortality rates risk - risk of loss due to the discrepancy between the mortality rates of the policyholders and the expected rates.

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

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

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

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

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

Reinsurance activity risks

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

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

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

5- Financial risk management

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

- Credit risk
- Liquidity risk
- Market risk.

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

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

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

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

5-1 Credit risk

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

Trade and other receivables

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

Approximately 5% of the Group's sales are attributable to sales transactions with a governmental customer and other sales are attributable to a large group of local customers. However, geographically there is no concentration of credit risk.

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

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

Investments

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

Guarantees

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

5-2 Liquidity risk

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

The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. Typically the Group ensures that it has sufficient cash on demand to meet expected operational expenses for an appropriate period including the servicing of financial obligations, this excludes the potential impact

of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

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

- L.E 245.7 million equivalent to USD 13.7 million as unsecured bank facilities. Interest would be payable at a rate ranging between 19.75% and 20.1%.
- L.E 460.16 million equivalent to USD 25.74 million as bank facilities secured by commercial papers and collateral checks and promissory notes. Interest would be payable at a rate ranging between 0.75% above CORRIDOR rate for Egyptian Pound and 4.5% above LIBOR rate for USD.
- USD 7.88 million as bank facilities secured by promissory notes. Interest would be payable at a rate 2.5% above LIBOR rate for USD.
- L.E 285.3 million equivalent to USD 15.96 million as unsecured bank facilities. Interest would be payable at a rate ranging between 0.75% and 4% above CORRIDOR rate and 6% above LIBOR rate for USD.

5-3 Market risk

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

5-4 Currency risk

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

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

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

5-5 Interest rate risk

The Group adopts a policy of ensuring that about 1.09% of its exposure to changes in interest rates on borrowings is on fixed rate basis. The Company does not enter into interest rate swap.

5-6 Other market prices risk

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

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

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

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

5-7 Capital management

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

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

The Board of the Parent Company seeks to maintain a balance between the higher returns that

might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position.

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

6- Segment reporting

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

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

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

Business segments

The Group comprises the following main business segments:

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

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

Geographical segments

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

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Segment reporting

Business segments

Revenues

Total segments revenues

Segment result

Interest & financing expenses

Interest income

Share of profits (loss) of associates

Net profit (loss) for the period before income tax

Income tax

Zakat

Contribution to Kuwait foundation for the advancement of sciences (KFAS)

Profits

	Oil & gas		Chemicals & fertilizers		Other operations		Total continuing operations	
	30/06/2018	30/06/2017	30/06/2018	30/06/2017	30/06/2018	30/06/2017	30/06/2018	30/06/2017
	USD	USD	USD	USD	USD	USD	USD	USD
Revenues								
Total segments revenues	58 016 606	29 003 275	156 995 052	147 545 524	19 823 299	5 950 826	234 834 957	182 499 625
Segment result	25 348 981	16 485 483	33 888 499	34 001 277	(15 705 952)	(5 072 988)	43 531 528	45 413 772
Interest & financing expenses	902 233	253 103	1 213 143	900 376	4 235 690	4 990 242	6 351 066	6 143 721
Interest income	607 346	662 443	6 286 377	4 585 145	7 430 565	7 259 158	14 324 288	12 506 746
Share of profits (loss) of associates	-	-	-	(421 396)	1 351 012	(785 299)	1 351 012	(1 206 695)
Net profit (loss) for the period before income tax	25 448 378	16 503 787	45 196 098	48 800 780	5 558 633	(3 956 998)	76 203 109	61 347 569
Income tax	(3 868 858)	(2 834 160)	(8 669 802)	(9 335 295)	(149 130)	-	(12 687 790)	(12 169 464)
Zakat	-	-	(107 553)	(141 266)	-	-	(107 553)	(141 266)
Contribution to Kuwait foundation for the advancement of sciences (KFAS)	-	-	(102 943)	(127 139)	-	-	(102 943)	(127 139)
Profits	21 579 520	13 669 618	36 315 800	39 197 080	5 409 503	(3 956 998)	63 304 823	48 909 700

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Segment reporting (Cont.)

Other information

	<u>Oil & gas</u>		<u>Chemicals & fertilizers</u>		<u>Other operations</u>		<u>Total continuing operations</u>	
	<u>30/06/2018</u>	<u>31/12/2017</u>	<u>30/06/2018</u>	<u>31/12/2017</u>	<u>30/06/2018</u>	<u>31/12/2017</u>	<u>30/06/2018</u>	<u>31/12/2017</u>
	USD	USD	USD	USD	USD	USD	USD	USD
Segments assets	263 324 186	263 791 410	547 625 104	555 456 675	290 485 446	201 878 678	1 101 434 736	1 021 126 763
Investment in equity accounted investees	-	-	17 265 903	19 286 251	(2 992 688)	9 915 177	14 273 215	29 301 428
Total assets	<u>263 324 186</u>	<u>263 791 410</u>	<u>564 891 007</u>	<u>574 742 926</u>	<u>287 492 758</u>	<u>211 793 855</u>	<u>1 115 707 951</u>	<u>1 050 328 191</u>
Total liabilities	128 478 273	126 996 714	85 520 406	97 937 051	222 437 513	131 749 650	436 436 192	356 683 415
Capital expenditures								
Depreciation of property, plant and equipment, exploration & development asset depletion and amortization of intangible assets	2 732 911	3 583 796	3 415 137	403 721	42 387 874	9 016 661	48 535 922	13 004 178
	<u>6 542 121</u>	<u>380 751</u>	<u>12 680 748</u>	<u>6 244 992</u>	<u>240 566</u>	<u>80 385</u>	<u>19 463 435</u>	<u>6 706 128</u>

7- Equity-accounted investees

<u>Description</u>	<u>Legal form</u>	<u>Ownership</u> %	<u>Paid amount</u> <u>of</u> <u>participation</u> %	<u>Carrying</u> <u>amount as at</u> <u>30/6/2018</u> <u>USD</u>	<u>Carrying amount</u> <u>as at</u> <u>31/12/2017</u> <u>USD</u>
<u>Quoted investments</u>					
Delta Insurance Co.*	S.A.E	-	100	-	6 320 555
<u>Unquoted investments</u>					
Building Materials Industries Co.**	S.A.E	38,3249	100	36 181 403	36 581 169
El Shorouk for Melamine & Resins Co.***	S.A.E	-	100	*	836 703
TOSS CO.	Limited liability Co. at .Cayman Islands	28.07	100	1 883 984	-
Egyptian Tankers Co. ****	S.A.E under private Free Zones System	30	100	17 128 175	-
				55 193 562	43 738 427
Impairment losses				(40 920 347)	(14 536 999)
				14 273 215	29 201 428

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

** The investment cost in Building Materials Industries Co. amounts to USD 62 491 648. The market value of the Company's investments in Building Materials Industries Co. amounted to USD 31 702 450 according to the last transactions made on these shares in 2012. As a result of the downturn in the performance of Building Materials Industries Company and its incurrence of significant losses, an impairment testing for the investment value was carried out. And resulted in the increase in the book value above its recoverable amount according to the study prepared by a specialized consultancy office. Therefore, an impairment loss of USD 14 536 999 was recognized in the consolidated statement of income under other expenses caption at end of year 2017 .During the financial period, additional impairment losses amounted to USD 9 255 173 were recognized. Accordingly, the total recognized impairment losses of the said investments became USD 23 792 172 The recoverable amount of the associate was based on value in use, estimated using discounted cash flows. The key assumptions used in the estimation of the recoverable amount are set out below:

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

Average discount rate 17.9%

Terminal value growth rate 5.7%

- The discount rate was a post – tax measure estimated based on the historical industry - average weighted – average cost of capital. The cash flow projections included specific estimates for five years and a terminal growth rate thereafter and taking into consideration the assumptions that a market participant would make.
- The carrying amount of the investments in Building Materials Industries Co. calculated based on equity method was adjusted through increasing the Company's share in the losses of the year 2017 with an amount of USD 2 405 146. The impairment losses on the investment value was decreased with the same amount. No change resulted in the net carrying amount of the investments due to the said adjustment.
- *** During the period the Company acquired additional stake of 28.02% in El Shorouk for Melamine & Resins Co. with an amount of USD 90 556 and the Group has control over this Company.
- Accordingly, the accounting was made for this investment was made as a subsidiary-note No. (14) below.

**** The investments of the Egyptian Tankers Company was previously presented as non-current assets held for sale. During the financial period, the said investments were re-presented as investments in affiliated companies instead of proceeding to present such investments as non-current assets held for sale; due to the uncertainty of implementing the conditional agreement contract to the effect of selling the shares owned by the Company in the said company to a third party. When re-measuring the investments using the recoverable value or carrying amount before the classification of the investments, whichever is less, the recoverable value was used.

- Impairment losses amounted to USD 12 575 675 were recorded in the consolidated income statement at the end of 2017.
- During the period, additional impairment losses that amounted to USD 4 552 500 were recorded in the consolidated income statement based on the study prepared in this regard. Accordingly, the total impairment losses in the investments value amounted to USD 17 128 175.

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

June 30, 2018	Equity USD	Current assets USD	Non current assets USD	Total assets USD	Current liabilities USD	Non current liabilities USD	Total liabilities USD	Revenues USD	Expenses USD	Profits (Losses) USD
TOSS Co.*	3 136 156	130 481 765	62 866 915	193 348 680	190 212 524	-	190 212 524	39 970 078	28 750 517	11 169 561
Building Materials Industries Co. **	32 703 690	12 633 140	107 829 692	120 462 832	44 145 363	43 613 779	87 759 142	54 815 523	64 871 549	(10 056 026)
Egyptian company for Oil Tankers ***	49 354 813	36 795 961	91 371 311	128 157 272	30 515 745	48 286 714	78 802 459	11 376 120	13 684 412	(2 308 292)

*The financial information of the above mentioned companies are based on the financial statements for the financial period ended March 31, 2018 and the company share in profit/ loss for the financial period ended June 30, 2018 was calculated based on management reports which prepared for this purpose since the issuance of financial statements for the financial period ended June 30, 2018 have not been completed yet.

**The financial information of the above mentioned companies are based on the financial statements for the financial year ended December 31, 2017 and the company share in profit/ loss for the financial period ended June 30, 2018 has calculated based on management reports which prepared for this purpose since the issuance of financial statements for the financial period ended June 30, 2018 have not been completed yet.

*** The financial information of the above mentioned companies are based on the financial statements for the financial period ended March 31, 2018 since the issuance of financial statements for the financial period ended June 30, 2018 have not been completed yet.

December 31, 2017

Delta Insurance Co	17 009 095	30 790 573	54 229 084	85 019 657	66 493 207	1 517 355	68 010 562	9 396 498	2 599 617	6 796 881
Building Materials Industries Co.	32 703 690	12 633 140	107 829 692	120 462 832	44 145 363	43 613 779	87 759 142	54 815 523	64 871 549	(10 056 026)

8- Available - for - sale investments

<u>Description</u>	<u>Legal form</u>	<u>Ownership %</u>	<u>Paid amount of participation %</u>	<u>Balance as at 30/6/2018 USD</u>	<u>Balance as at 31/12/2017 USD</u>
<u>Investments at fair value</u>					
Portfolios managed by international investment managers	-	-	-	21 004 477	17 819 727
Local companies securities listed in the Egyptian Exchange	S.A.E Companies	-	-	3 526 657	3 293 328
<u>Investments measured at cost*</u>					
INAYA Egypt for medical care programs management	S.A.E Companies	20	100	55 928	-
United Arab Chemical Carriers Co.	Limited by Shares Co. in UAE	1.19	100	14 126 956	14 178 197
Other companies (MOG ENERGY GROUP "TRI OCEAN CO. " PREVIOUSLY)** TOD		28.07	100	170 761 304 2 807	170 761 304 2 807
				209 478 129	206 055 363
Impairment losses***				(177 169 342)	(177 194 796)
				32 308 787	28 860 567

* The said investments are not listed in the Egyptian Stock Exchange (EGX) and are recorded at cost; due to the difficulty of determining the fair value thereof in a reliable manner.

** This amount is represented in the value of investments in companies; which the Company lost control over them during the year 2016. A lawsuit was filed before the court by the management of MOG ENERGY Co. – previously named as Tri Ocean Energy Co. - under No. 433 for year 2016 related to a case of misappropriation of significant funds from MOG ENERGY Co. – previously named as Tri Ocean Energy Co. The lawsuit is still under investigation. No negative impact was reflected neither on the financial statements of MOG ENERGY Co. – previously named as Tri Ocean Energy Co. – nor on the consolidated financial statements or separate financial statements belonging to the Company; as in case of collecting some amounts from the defendants, a positive impact shall be reflected on the financial statements of MOG ENERGY CO. – previously named as Tri Ocean Energy Co.

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

9- Held to maturity financial assets

	<u>30/6/2018</u>	<u>31/12/2017</u>
	USD	USD
Portfolios *	99 578 597	112 565 707
Portfolios **	22 777 095	85 097 661
Investment certificates ***	60 917 225	-
Governmental bonds	21 992 434	22 184 180
Treasury bills ***	26 890 611	25 889 359
Designated Bonds *****	10 775 622	-
	<u>242 931 584</u>	<u>245 736 907</u>

Classified as Follows:-

Current portion (due within one year)	<u>68 600 735</u>	<u>137 185 652</u>
Long – term portion (due after one year)	<u>174 330 849</u>	<u>108 551 255</u>

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

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

	<u>30/6/2018</u>	<u>31/12/2017</u>
	USD	USD
Treasury bills (due after 3 months)	23 742 837	88 269 465
Income from investment in treasury bills (not due yet)	(965 742)	(3 171 804)
	<u>22 777 095</u>	<u>85 097 661</u>

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

**** The balance is represented in the amortized cost of EGP Treasury Bills. The breakdown thereof is described as follows:

	<u>30/6/2018</u>	<u>31/12/2017</u>
	USD	USD
Treasury bills (due after 3 months)	5 763 632	2 840 578
Treasury bills (more than 3 months)	22 961 399	24 274 969
Income from investment in treasury bills (not due yet)	(1 834 420)	(1 226 188)
	<u>26 890 611</u>	<u>25 889 359</u>

**** This balance represents the amortized cost of held to maturity bonds listed in the Egyptian Exchange whose market value is USD 10 353 599 as at June 30,2018 with annual return rates that range between 12.4 % to 13.9% for The Egyptian pound and 5.75% for US Dollar. The said interest is to be paid semiannually. The Company maintains these bonds for the purpose of obtaining contractual cash flow over the term of the bonds.

- The Group's exposure to interest rate risk and foreign currency risk related to cash at the banks and on hand are disclosed in note No. (57).

10- Egyptian General Petroleum Corporation

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

10-1 Debit balances

	30/6/2018 USD	31/12/2017 USD
<u>National Gas Company (NATGAS)</u>		
Egyptian Holding Company for Natural Gas (EGAS)	573 490	833 936
	<u>573 490</u>	<u>833 936</u>
<u>Fayoum Gas Company</u>		
Egyptian Holding Company for Natural Gas (EGAS)	305 177	1 088 094
Egyptian General Petroleum Corporation	981 879	880 232
	<u>1 287 056</u>	<u>1 968 326</u>
	<u>1 860 546</u>	<u>2 802 262</u>

10-2 Credit balances

Represented in the following:

	30/6/2018 USD	31/12/2017 USD
<u>National Gas (NATGAS)</u>		
Egyptian General Petroleum Corporation	11 508 825	23 827 895
	<u>11 508 825</u>	<u>23 827 895</u>
<u>Fayoum Gas Company</u>		
Egyptian Holding Company for Natural Gas (EGAS)	417 678	1 134 983
Egyptian General Petroleum Corporation	6 229 896	7 572 033
	<u>6 647 574</u>	<u>8 707 016</u>
	<u>18 156 399</u>	<u>32 534 911</u>
<u>Classified as Follows:-</u>		
Current portion (due within one year)	11 926 503	24 962 878
Long – term portion (due after one year)	<u>6 229 896</u>	<u>7 572 033</u>

The Group's exposure to interest rate risk and foreign currency risk related to balances due to and from Egyptian General Petroleum Corporation are disclosed in note No. (57).

Egypt Kuwait Holding Co.
(An Egyptian Joint Stock Company)
Notes to the consolidated financial statements (Cont.)
For the financial period ended June 30, 2018

11- Property, plant and equipment (net)

	Lands *	Buildings & constructions	Vehicles	Furniture & office equipment	Machinery & equipment	Tools & supplies	Stations & electric transformers	Computer, software, hardware & decorations	Leasehold improvements	Total
	USD	USD	USD	USD	USD	USD	USD	USD	USD	USD
Cost										
Cost as at 1/1/2017	15 451 733	51 928 458	9 494 071	6 385 256	399 793 455	2 122 476	37 566 139	3 858 545	1 163 326	537 763 409
Additions during the year	1 728 293	973 163	423 489	321 891	1 037 539	56 717	164 897	289 270	28 909	5 024 168
Assets acquired through business combination	-	-	-	-	-	112 210	-	-	-	112 210
Reversal of impairment loss on fixed assets during the year	-	-	-	-	-	-	(267 773)	-	-	(267 773)
Disposals during the year	-	-	(2 916)	(5 732)	(38 545)	-	(38 602)	(97 929)	(23 065)	(206 789)
Cost as at 31/12/2017	17 180 026	52 901 621	9 914 644	6 701 415	400 792 449	2 291 353	37 424 661	4 049 886	1 169 170	532 425 225
Cost as at 1/1/2018	17 180 026	52 901 621	9 914 644	6 701 415	400 792 449	2 291 353	37 424 661	4 049 886	1 169 170	532 425 225
Additions during the period	-	111 629	679 030	108 311	1 058 201	28 575	29 575	221 373	-	2 236 694
Assets acquired through business combination	796 848	2 484 542	158 420	752 665	1 571 644	-	106 537	1 433 131	129 785	7 433 572
Disposals during the period	-	-	(202 164)	(24 971)	(6 765)	(20 793)	-	(8 018)	(20 553)	(283 264)
Cost as at 30/6/2018	17 976 874	55 497 792	10 549 930	7 537 420	403 415 529	2 299 135	37 560 773	5 096 372	1 278 402	541 812 227
Depreciation and impairment										
Accumulated depreciation and impairment as at 1/1/2017	-	18 596 319	7 923 283	5 005 255	193 385 119	1 788 428	6 823 065	2 857 923	647 586	236 996 978
Depreciation for the year	-	1 835 801	306 759	225 392	18 124 581	24 589	465 345	393 046	42 899	21 418 412
Accumulated depreciation of disposals	-	-	(2 916)	(5 732)	(38 545)	-	(1 422)	(97 929)	-	(146 544)
Accumulated depreciation and impairment as at 31/12/2017	-	20 432 120	8 227 126	5 224 915	211 471 155	1 783 017	7 286 988	3 153 040	690 485	258 268 846
Cost as at 1/1/2018	-	20 432 120	8 227 126	5 224 915	211 471 155	1 783 017	7 286 988	3 153 040	690 485	258 268 846
Depreciation for the period	-	940 040	175 329	135 492	9 118 179	14 688	190 128	275 788	18 853	10 868 497
Accumulated depreciation of disposals	-	-	(202 164)	(24 971)	(6 765)	(20 793)	-	(8 018)	-	(262 711)
Assets acquired through business combination	-	1 189 800	135 330	578 696	707 123	-	62 637	1 086 031	-	3 739 617
Accumulated depreciation and impairment as at 30/6/2018	-	22 561 960	8 335 621	5 914 132	221 289 692	1 776 912	7 539 753	4 486 841	709 338	272 614 249
Carrying amount as at 30/6/2018	17 976 874	32 935 832	2 214 309	1 623 288	189 321 294	522 223	30 021 020	1 209 531	569 064	269 197 978
Effect of foreign exchange	(7 092 084)	(10 432 927)	(1 000 338)	(830 914)	(26 476 775)	(427 090)	(20 243 846)	(1 105 963)	(91 946)	(66 701 883)
Carrying amount as at June 30, 2018	10 884 790	22 502 905	1 213 971	792 374	155 649 062	95 133	9 777 174	1 103 568	477 118	202 496 095
Carrying amount as at 31/12/2017	17 180 026	32 469 501	1 687 518	1 476 500	189 321 294	508 336	30 137 673	896 846	478 685	274 156 379
Effect of foreign exchange	(7 049 762)	(10 385 577)	(992 503)	(815 674)	(26 373 781)	(314 270)	(20 161 127)	(230 795)	(90 978)	(66 414 467)
Carrying amount as at December 31, 2017	10 130 264	22 083 924	695 015	660 826	162 947 513	194 066	9 976 546	666 051	387 707	207 741 912

Fixed assets include an amount of USD 24 401 146 representing the cost of fully depreciated items as at June 30, 2018.
Lands item includes an amount of USD 637 thousand representing the value of plots of lands which its transfer of titles in name of the Group of companies are currently undertaken.

12- Exploration and development assets

<u>Cost</u>	<u>Producing wells</u> USD	<u>Equipment/field services</u> USD	<u>Total</u> USD
Cost at 1/1/2017	-	-	-
Assets acquired through business combination	17 828 128	6 763 380	24 591 508
Additions during the year	-	-	-
Cost at 31/12/2017	17 828 128	6 763 380	24 591 508
Cost at 1/1/2018	17 828 128	6 763 380	24 591 508
Additions during the period	83 215	-	83 215
Adjustments	669 373	-	669 373
Cost at 30/6/2018	18 580 716	6 763 380	25 344 096
<u>Accumulated depletion, amortization and impairment losses</u>			
Accumulated depletion, amortization and impairment losses as at 1/1/2017	-	-	-
Depletion for the year	-	-	-
Accumulated depletion, amortization and impairment losses as at 31/12/2017	-	-	-
Accumulated depletion, amortization and impairment losses as at 1/1/2018	-	-	-
Depletion for the period	5 593 081	109 485	5 702 566
Accumulated depletion, amortization and impairment losses as at 30/6/2018	5 593 081	109 485	5 702 566
Carrying amount at 1/1/2017	-	-	-
Carrying amount at 31/12/2017	17 828 128	6 763 380	24 591 508
Carrying amount at 30/6/2018	12 987 635	6 653 895	19 641 530

13- Projects under construction

This balance is represented as follows: -

	<u>30/6/2018</u>	<u>31/12/2017</u>
	USD	USD
Construction of plant for fertilizers using nitrogen	14 471 667	14 471 667
Advance payments for purchasing of property, plant and equipment	8 111 094	802 543
Exploration & development works	7 390 025	-
Electric transformers	23 028 323	22 391 682
Others	2 501 436	1 959 842
	55 502 545	39 625 734
Impairment losses	(14 471 667)	(14 471 667)
	<u>41 030 878</u>	<u>25 154 067</u>

14- Subsidiaries Acquisition :

Delta Insurance co.

During March 2018, the Group acquired additional stake of 23.38% of the shares and voting rights in Delta Insurance Co. As a result, the Group's equity interest in Delta Insurance Co. increased from 32.02% to 55.4%.

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

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

The consideration paid for acquisition is USD 6 591 981.

El Shorouk for melamine & resins co.

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

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

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

The consideration paid for acquisition is USD 90 555.

15- Goodwill

This balance is represented as follows:

	<u>30/6/2018</u> USD	<u>31/12/2017</u> USD
The carrying amount of goodwill relating to National Gas Co. (NATGAS)	6 939 222	6 997 929
The carrying amount of goodwill relating to Sprea Co.	9 787 792	9 870 597
The carrying amount of goodwill relating to Fayoum Gas Co.	1 425 855	1 437 917
The carrying amount of goodwill relating to Alex Fert Co.	34 107 324	34 107 324
The carrying amount of goodwill relating to Delta Insurance Co.	2 645 574	-
	<u>54 905 767</u>	<u>52 413 767</u>

16- Other intangible assets (net)

This balance is represented as follows:

	<u>Balance</u> <u>as at</u> <u>1/1/2018</u> USD	<u>Additions</u> <u>during the</u> <u>period</u> USD	<u>Amortization</u> <u>for the period</u> USD	<u>Foreign</u> <u>exchange</u> USD	<u>Net</u> <u>as at</u> <u>30/6/2018</u> USD
Deferred charges (*)	1 811 953	-	(219 204)	(12 629)	1 580 120
Right of use (**)	11 033 344	-	(2 546 154)	-	8 487 190
Other assets (****)	1 750 000	-	(125 000)	-	1 625 000
	<u>14 595 297</u>	<u>-</u>	<u>(2 890 358)</u>	<u>(12 629)</u>	<u>11 692 310</u>

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

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

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

Description	<u>Vacant plots of land</u>	<u>Built properties</u>	<u>Total</u>
	USD	USD	USD
<u>Cost</u>			
Investment property added as a result of acquisition of subsidiaries during the period	53 690	813 564	867 254
Foreign currency translation differences	(450)	(6 825)	(7 275)
Cost at 30/6/2018	53 240	806 739	859 979
<u>Depreciation</u>			
Accumulated depreciation of as a result of acquisition of subsidiaries during the period	-	281 245	281 245
Depreciation during the period	-	4 974	4 974
Foreign currency translation differences	-	(2 363)	(2 363)
Accumulated depreciation at 30/6/2018	-	283 856	283 856
Carrying amount at 30/6/2018	53 240	522 883	576 123
Carrying amount at 31/12/2017	-	-	-

17- Investment property

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

18- Sundry debtors & notes receivable

	<u>30/6/2018</u>	<u>31/12/2017</u>
	USD	USD
Property, plant and equipment selling receivables	24 229	41 020
Notes receivable	7 006 624	11 686 912
	7 030 853	11 727 932

- The Group's exposure to credit and foreign currency risks related to debtors is disclosed in note No. (57).

19- Unrecognized deferred tax assets

	<u>30/6/2018</u>	<u>31/12/2017</u>
	USD	USD
Deductible temporary differences	1 728 111	5 157 778
Tax losses	-	5 567
	1 728 111	5 163 345

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

20- Cash at banks & on hand

	<u>30/6/2018</u>	<u>31/12/2017</u>
	USD	USD
Cash on hand	9 228 119	340 554
Bank – current accounts	139 762 743	85 699 697
Bank – time deposits (less than three month)	105 577 188	131 390 323
Bank – time deposits (more than three month)	376 297	2 636 932
Checks under collection	6 235 841	4 826 806
	<u>261 180 188</u>	<u>224 894 312</u>

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

	<u>30/6/2018</u>	<u>30/6/2017</u>
	USD	USD
Cash at banks & on hand	261 180 188	234 484 552
<u>Add:</u>		
Investments in treasury bills - less than three months (note No. 9)	5 763 632	1 963 175
<u>Less:</u>		
Bank – time deposits (more than three month)	376 297	44 305 393
Bank overdraft – Local banks note No. (41)	343 957	-
Cash & cash equivalents in the consolidated statement of cash flows	<u>266 223 566</u>	<u>192 142 334</u>

- The Group's exposure to interest rate risk and foreign currency risk related to cash at banks & on hand are disclosed in note No. (57).

21- Financial assets at fair value through profit and loss

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

	<u>30/6/2018</u>	<u>31/12/2017</u>
	USD	USD
Portfolios managed by international investment managers	818 714	4 427 594
Egyptian Companies' stocks (listed in the Egyptian Exchange)	547 477	635 152
Investments in direct mutual funds	1 660 389	1 749 442
Governmental bonds	7 886 186	8 212 352
Market value of financial assets at fair value through profit & losses	<u></u>	<u>15 024 540</u>

22- Trade & notes receivable

	<u>30/6/2018</u>	<u>31/12/2017</u>
	USD	USD
Local customers	46 883 390	37 995 635
Export customers	8 785 259	4 859 343
	<u>55 668 649</u>	<u>42 854 978</u>
Impairment losses on trade receivables	(158 835)	(130 821)
	<u>55 509 814</u>	<u>42 724 157</u>
Notes receivable	<u>17 705 517</u>	<u>15 776 309</u>
	<u>73 215 331</u>	<u>58 500 466</u>

- The Group's exposure to credit and foreign currency risks related to trade receivables is disclosed in note No. (57).

23- Debtors & other debit balances

	<u>30/6/2018</u>	<u>31/12/2017</u>
	USD	USD
Tax Authority	10 045 035	3 334 422
Prepaid expenses	2 831 653	2 120 444
Deposits with others	2 352 402	1 854 577
Imprests & employees advances	403 947	109 739
Uncollected bills	4 657 469	4 402 327
Suppliers - advance payments	7 264 317	5 517 642
Accrued revenues	15 057 237	3 520 190
Due from El Shorouk for Melamine & Resins Co. – an associate	-	1 377 967
Other debit balances	10 645 453	15 771 912
Due from unconsolidated subsidiaries *	73 347 172	73 347 172
Loans secured by individual insurance policies	364 514	-
Insurance and reinsurance companies	1 398 998	-
Insurance receivables	2 763 155	-
Agents and producers – current account	15 927	-
Medical department companies	480 775	-
	<u>131 628 054</u>	<u>111 356 392</u>
Impairment losses on debtors & other debit balances **	<u>(77 533 182)</u>	<u>(73 769 308)</u>
	<u>54 094 872</u>	<u>37 587 084</u>

- * This amount is represented in the value of balances due from an unconsolidated subsidiary at June 30, 2018 due to loss of control over it during 2016.
- ** This item includes an amount of USD 73 347 712 representing the impairment losses on the balances due from an unconsolidated subsidiary as at June 30, 2018 (2017: USD 73 347 712) due to loss of control over it during 2016.
- The Group's exposure to credit and foreign currency risks related to debtors is disclosed in note No. (57).

24- Inventories

	<u>30/6/2018</u>	<u>31/12/2017</u>
	USD	USD
Supplies – held at gas company warehouses	12 113 205	8 514 203
Supplies – subcontractors' warehouses	753 310	696 516
Tools & equipment	130 895	160 255
Basic & secondary raw materials	20 817 190	24 456 057
Goods in transit	528 477	94 861
Spare parts & supplies	16 623 307	15 573 001
Packaging materials	191 329	273 952
Work in process	370 345	79 096
Finished goods	4 629 681	4 701 364
Letters of credit	19 813	157 288
Fuel and oil	498 727	474 920
Goods held with others	4 795 067	5 031 075
Agriculture Seeds	12 734	12 842
	<u>61 484 080</u>	<u>60 225 430</u>
Impairment losses on inventories	<u>(26 027)</u>	<u>-</u>
	<u>61 458 053</u>	<u>60 225 430</u>

25- Work in progress

This item is represented in the expenditures pertaining to projects of gas customers – commercial and house sector that have not been delivered yet to customers of National Gas Company (NATGAS) and Fayoum Gas Co. at the consolidated statement of financial position date in addition to the lands and buildings of AD ASTRA Group of Companies - Spain and also to the expenditures of other projects as follows:

	<u>30/6/2018</u>	<u>31/12/2017</u>
	USD	USD
Cost of gas customers projects	4 185 053	6 656 065
Lands & buildings under development	21 806 332	-
Cost of other projects	107 668	62 147
	<u>26 099 053</u>	<u>6 718 212</u>

26- Non – current assets held for sale

The assets of an associate within other operating segment was previously presented as non-current assets held for sale On July 2, 2017 a conditional sale contract was concluded to the effect of selling the shares owned by the Group in the Egyptian Tankers Company (an associate) that represent 30% of the Company's shares to a third party outside the Group in the light of the results of the due diligence investigation on the said shares. There are no impairment losses in value when measuring the investment at book value or fair value less the selling cost, whichever is less. On measuring investment to lower of its carrying amount and its fair value less costs to sell, an impairment loss of USD 12 575 675 was recognized the consolidated statement of income at the end of 2017.

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

The item is represented as follows:

	<u>30/6/2018</u>	<u>31/12/2017</u>
	<u>USD</u>	<u>USD</u>
Egyptian Tankers Company	17 128 175	17 128 175
Impairment losses recognized during 2017	(12 575 675)	(12 575 675)
	4 552 500	4 552 500
Amount transferred to equity – accounted investees Note no (7) above	(4 552 500)	-
	<u>-</u>	<u>4 552 500</u>

27- Share capital

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

28- Legal reserve

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

29- Special reserve – share premium

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

30- General reserve

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

31- Fair value reserve

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

32- Amount set aside for share-based payments transactions

The balance of this item amounting to USD 17 561 848 as at June 30, 2018 is represented in the increase in the equity related to granting and allocating the shares of the incentives and bonus plan as mentioned in details in note No. (55) below.

33- Foreign currency translation differences of foreign operations

The balance shown in the equity section as at June 30, 2018 is represented in the cumulative translation adjustments resulting from translating the financial statements of subsidiaries from foreign currencies to US Dollars for the purpose of consolidating these statements in the consolidated financial statements for the financial period ended at June 30, 2018. In addition, this balance includes a share in the cumulative translation adjustments included in the consolidated equity of associates.

34- Treasury shares

This balance represents the cost of purchasing of 687 269 shares of the Parent Company shares at a cost of USD 221 050 by Delta Insurance Company (one of the Group's subsidiaries that was acquired during the period). For the purpose of maintain par value of the share stable and support the share in the market.

35- Non-controlling interests

The balance of non - controlling interests of USD 220 218 936 as at June 30, 2018 is represented in their share in subsidiaries' equity as follows:

	Non-controlling interests	Non-controlling share in subsidiaries profits (losses) for the period	Non-controlling share in equity excluding profits (losses) for the period	Non-controlling interests as at 30/6/2018	Non-controlling interests as at 31/12/2017
	%	USD	USD	USD	USD
National Gas Co. "NATGAS"	16.025	1 912 683	7 746 995	9 659 678	9 146 641
Globe Telecom Co.	0.07	283	1 125	1 408	1 167
Globe for Communications & Information Technology Co.	1	-	5 163	5 163	5 207
International Financial Investments Co.	0.01	1 698	26 883	28 581	26 383
Energy Group of companies	0.8	191	17 418	17 609	17 567
Cooling Technology by Natural Gas Co.- Gas Chill	14.014	5 748	236 202	241 950	248 897
Midor for Logistic Services Co.	0.011	(5)	154	149	160
Fayoum Gas Co.	22.01	239 989	755 369	995 358	822 869
Sprea Misr for Production of Chemicals & Plastics Co.	0.01	1 501	6 386	7 887	6 698
Henosis for Construction & Real-Estate Development Co.	0.012	(3)	88	85	88
Capital Investment Limited Luxembourg	0.01	-	-	-	-
Middle East for River Transport Co.	0.01	-	306	306	306
Bawabat Al Kuwait Holding Company	50.25	11 356 200	188 343 767	199 699 967	204 461 969
Arabian Company for Fertilizers	25.28	(349)	(24 460)	(24 809)	(24 298)
Nahood International Limited Co.	0.01	-	2 564	2 564	2 563
El shorouk for Melamine & resins co.	22.66	53 942	349 584	403 526	-
Delta Insurance co.	44.6	1 350 331	7 829 183	9 179 514	-
		<u>14 922 209</u>	<u>205 296 727</u>	<u>220 218 936</u>	<u>214 716 217</u>

36- Dividends declared and paid & board of directors remuneration

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

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

37- Long-term loans & bank facilities

- This note provides information about the contractual terms of the Group's loans, which are measured at amortized cost. For more information about the Group's exposure to interest rate, foreign currency and liquidity risks see note No. (57).

	30/6/2018 USD	31/12/2017 USD
<u>A- Loans & bank facilities granted to Egypt Kuwait Holding Company</u>		
The value of USD loan granted to the Company from a bank according to the medium-term finance agreement of USD 100 million dated October 6, 2011 for the purpose of financing the industrial investments of the Group. The loan is to be repaid over 4 equal annual installments starting from 30/6/2012 and ending on 30/6/2015, The loan is guaranteed by the pledge of the investment portfolio owned by one of the subsidiaries whose market value amounting to approximately KD 49.9 million as at September 8, 2011. The loan bears an interest rate of 2% above LIBOR for 3 month. During December 2012, the negotiation was made with the bank to increase the loan to USD 125 million and to modify the payment schedule so that the loan is paid over 4 annual installments starting 30/9/2013 and ending 30/9/2016, each installment amounts to USD 25 million except the last installment which will be USD 50 million.	10 498 509	10 839 328
During October 2014, it was agreed with the bank to amend the payment schedule so that the loan is paid over 3 annual installments starting from 30/9/2015 and ending on 30/9/2017, each installment amounts to USD 25 million except the last installment which will be USD 50 million. During September 2015, the bank agreed to postpone the accrued installment from 30/9/2015 to 30/6/2016, Negotiations with the bank is currently in process to modify the loan re-payment schedule. On December 6, 2016 , the bank agreed to amend the loan payment schedule in order to settle the loan over 14 quarterly installments starting from 15/12/2016 and ending on 15/12/2020 at a value of USD 2 million each except for the first and the last installments amounting to USD 4 million & USD 62.1 million respectively which are guaranteed by the pledge of the investment portfolio owned by one of the subsidiaries whose market value amounted approximately to KWD 18.613 million on November 24, 2016. An interest rate of 1.75% above LIBOR (London Interbank Offered Rate) is to be computed on the loan for three months and the agreement came into force and the first installment thereof was paid during the month of December 2016. While signing the new agreement by means of the two parties in February 2, 2017.		
Represents the balance of the medium - term loan granted to the Company from a bank with an amount of L.E 280 million or the equivalent in foreign currency for the purpose of financing the Company's activities according to the financing contract concluded with the bank during September 2014. The loan is to be repaid over 5 years and the withdrawal duration is 6 month starting from the date of approval. The loan bears an interest rate of the declared CORRIDOR lending rate of 2.7 % with minimum rate of 12% per annum including commission on the highest debit balance on the indebtedness in Egyptian Pound and bears 4% above LIBOR for three month on the indebtedness in foreign currency.	13 200 000	17 000 000
C/F	23 698 509	27 839 328

	<u>30/6/2018</u>	<u>31/12/2017</u>
	USD	USD
B/F	23 698 509	27 839 328
Represents the balance of the loan granted to the Company from a bank with an amount of USD 15 million for the purpose of financing the Company's activities according to the financing contract concluded with the bank during December 2017. The loan is to be repaid over 5 years and the withdrawal duration is 6 month starting from the date of approval. The loan shall be settled on semi-annually installments. The loan bears an interest of 5% above LIBOR for three month on the indebtedness in foreign currency.	13 500 000	15 000 000
The balance of the short-term loan granted to the Company from a bank amounted to USD 25 million for the purpose of financing the shareholders dividends for the year 2017 in accordance with the financing contract concluded with the bank during April 2018. The said loan shall be paid over (2) two installments; the first installment amounted to USD 3 million was due on May 31, 2018 and the second installment amounted to USD 22 million was due on July 31, 2018. An interest of 3.25% above LIBOR for three month was imposed on the indebtedness in foreign currency. The Company is currently negotiating with the bank to postpone the payment of the second installment.	22 000 000	-
<u>B- Loans & bank facilities granted to NATGAS Company</u>		
The equivalent to the amount used from the loan granted to the Company by a bank with an amount of L.E 20 million at an annual interest rate of 10.5 % to finance the purchase of assets for Borg Al Arab project. The loan shall be settled on ninety six monthly installments starting from 19/11/2010 till 19/11/2018.	65 892	162 861
The equivalent to the amount used from the loan granted to the Company by one of the banks with an amount of L.E 200 million or its equivalent in foreign currency for the purpose of utilizing such amount in financing Burj Al-Arab station. The loan shall be settled on 22 quarterly installments; the first installment shall fall due on 1/2/2018 till 1/5/2023 with an annual interest rate of 1.5 % above the lending rate of the indebtedness in the Egyptian pound; and an annual interest rate of 5 % above the LIBOR of the indebtedness in foreign currencies.	-	6
<u>C- Loans granted to Alex Fert Co.</u>		
The Company concluded a contract with a bank for a medium-term loan with an amount of USD 50 million. The Company has used an amount of USD 46.9 million from the available loan balance based on the contract with the bank on July 22, 2014. The loan is secured by a first class commercial official mortgage on some of the production assets owned by the Company. The loan is to be repaid according to the schedules in the contract over 10 semiannual installments starting from the date of using the loan. Starting from June 2015, the Company pays the loan on monthly installments and the loan interest rate is variable and is determined in the light of the average LIBOR of six months in addition to a margin.	10 161 667	14 851 667
C/F	69 426 068	57 853 862

	<u>30/6/2018</u>	<u>31/12/2017</u>
	USD	USD
B/F	69 426 068	57 853 862
<u>D- Loans granted to AD ASTRA Group pg Companies</u>		
Represents the value of the amount used from the loan granted to the Company by a bank with an amount equivalent to EUR 1 241 000 on May 30, 2018 at an annual interest rate of 2.75 % to finance the VAT of 7 projects pertaining to the acquisition of Cajamar. A value added tax shall fall due on the loan and is to be remitted to the Tax Authority .The loan shall be settled on one installment on 30/5/2019.	1 513 430	-
Represents the value of the amount used from the loan granted to the Company by a bank with an amount equivalent to EUR 950 000 at an annual interest rate of 2% above the EURIBOR (if the EURIBOR is negative then the interest rate shall be 2%) in order to finance the acquisition of Eguiluz land (Jerez, Cadiz, Spain). The loan is guaranteed by real estate mortgage imposed on the earned assets. The loan is to be repaid over 26 monthly installments starting from June 22, 2018 till August 1, 2020. On condition that only the interests shall be settled while and the loan principal shall be paid at the end of the loan term.	1 158 455	-
Represents the value of the amount used from the loan granted to the Company by a bank with an amount equivalent to EUR 801 000 at an annual interest rate of 2% above the EURIBOR (if the EURIBOR is negative then the interest rate shall be 2%) in order to finance the acquisition of Vega del Rey land (Sevilla, Spain).. The loan is guaranteed by real estate mortgage imposed on the earned assets. The loan is to be repaid over 26 monthly installments starting from June 22, 2018 till August 1, 2020. On condition that only the interests shall be settled while and the loan principal shall be paid at the end of the loan term.	977 736	-
Represents the value of the amount used from the loan granted to the Company by a bank with an amount equivalent to EUR 4 506 871 at an annual interest rate of 2% above the EURIBOR (if the EURIBOR is negative then the interest rate shall be 2%) in order to finance the acquisition of Alcaidesa (Cadiz) land and the existing buildings and constructions. The loan is guaranteed by real estate mortgage imposed on the earned assets. The loan is to be repaid over 26 monthly installments starting from June 22, 2018 till August 1, 2020. On condition that only the interests shall be settled while and the loan principal shall be paid at the end of the loan term.	5 495 796	-
	<u>78 571 485</u>	<u>57 853 862</u>
<u>Deduct:</u>		
Total current portion of long-term loan (note No. 41)	46 559 074	24 796 867
Balance as at June 30, 2018	<u>32 012 411</u>	<u>33 056 995</u>

38- Other long-term liabilities

This balance is represented in the following:-

	<u>30/6/2018</u>	<u>31/12/2017</u>
	USD	USD
Customers – advance payments for electricity connection	317 492	290 197
General Authority for Social Insurance	563 731	-
Deferred income	6 670	8 796
	<u>887 893</u>	<u>298 993</u>

The Group's exposure to foreign currency and liquidity risks related to long-term liabilities are disclosed in note No. (57).

39- Deferred tax liabilities

Deferred tax liabilities are attributable to the following:-

	<u>30/6/2018</u>	<u>31/12/2017</u>
	USD	USD
Property, plant and equipment & other assets	24 694 186	24 367 095
	<u>24 694 186</u>	<u>24 367 095</u>

40- Provisions

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

	<u>Balance as at 1/1/2018</u>	<u>Provisions formed during the period</u>	<u>Provisions of subsidiaries acquired during the period</u>	<u>Provisions used during the period</u>	<u>Provisions - no longer required during the period</u>	<u>Foreign exchange differences</u>	<u>Balance as at 30/6/2018</u>
	USD	USD	USD	USD	USD	USD	USD
Provision for technical risks of works	265 303	-	-	-	-	(61 104)	204 199
Provision for other liabilities- short term	32 941 300	316 873	1 329 961	(28 814)	(17 251 274)	(190 493)	17 117 553
Total	<u>33 206 603</u>	<u>316 873</u>	<u>1 329 961</u>	<u>(28 814)</u>	<u>(17 251 274)</u>	<u>(251 597)</u>	<u>17 321 752</u>

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

This balance shown on the consolidated balance sheet amounting to USD 115 411 845 as at June 30, 2018 is represented in the loan installments and bank facilities balance granted to the Group as follows:

	<u>30/6/2018</u> USD	<u>31/12/2017</u> USD
Current portion of loans and bank facilities as stated in note No. (37) above.	46 559 074	24 796 867
Credit facilities granted to the Parent Company and International Financial Investments Company (*)	51 709 453	51 518 800
Credit facilities granted to Cooling Technology by Natural Gas Co (Gas Chill).	34 171	193 828
Credit facilities granted to Sprea Misr for Production of Chemicals & Plastics Co.(**)	-	1 769 224
Credit facilities granted to El Fayoum for gas Co.	-	-
Credit facilities granted to NatGas Co. (***)	11 496 062	10 400 791
The value of the temporary bank facilities granted to the Group which are guaranteed by some of investment portfolios owned by the Group as stated in note No. (21) above.	5 269 128	8 167 335
Bank overdraft from local banks	343 957	577 005
Balance as at June 30, 2018	<u>115 411 845</u>	<u>97 423 850</u>

- (*) The credit facilities balance granted to the Parent Company and International Financial Investments Company as at June 30, 2018 is represented as follows:

	<u>30/6/2018</u> USD	<u>31/12/2017</u> USD
The amount used from the bank facility granted from a bank, according to the agreement concluded with the bank on August 15, 2012 with a total amount of L.E 150 million and bears an interest rate of 2.25% above CORRIDOR rate with minimum 10% for Egyptian pound withdrawals and 3.25% above LIBOR rate for 3 month for US dollar withdrawals. On August 31, 2015 it was agreed to renew and increase the facility limit with a total amount of LE 180 million that it's to be used within a maximum amount of USD 13.6 million in dollars and the rest to be used in Egyptian pounds and the facility ends on May 31, 2016. During the year, it was agreed to renew the credit facility to become L.E 180 million and /or within the limit of an amount of USD 3 million at maximum. In addition an annual interest rate of 0.75% above CORRIDOR rate (currently 15.75%) shall be due thereon for Egyptian Pound and 6% for the foreign currency .The term of the facility is one year that shall end on May 31, 2017. During the year, it was agreed to renew the credit facility for one year beginning from October 1, 2017 to September 30, 2018 with an interest rate of 1.25% per annum above the CORRIDOR rate (currently 19.75%) for the Egyptian pound and 6% for foreign currency. This facility is guaranteed by promissory note of to USD 180 and / or within the limit of an amount of USD 3 million as maximum.	10 000 834	10 080 156
C/F	<u>10 000 834</u>	<u>10 080 156</u>

	<u>30/6/2018</u>	<u>31/12/2017</u>
	USD	USD
B/F	10 000 834	10 080 156
Represent the amount used from the bank facility granted from a bank, according to the agreement concluded with the bank on September 17, 2015 it was agreed to grant the facility with a total amount of LE 200 million or it's equivalents in foreign currency that bears an interest rate of 1% above CORRIDOR rate with minimum 11.25% per annum for Egyptian pound indebtedness and 4% in addition to the borrowing rate of the bank indebtedness in foreign currency. On September 13, 2017. it was agreed to renew the credit facility granted to the Company to become within the limit of L.E 364 million or equivalent in foreign currency and bears an interest rate of 1.25% per annum above CORRIDOR rate (currently 19.75%) for the Egyptian pound and 6% for foreign currency. This facility is guaranteed by promissory note amounted to USD 180 and / or within the limit of as of USD 3 million at maximum.	19 678 190	18 744 857
Represented in the amount used from the credit facility granted to the Company by one of the banks in accordance with the agreement concluded with the bank on July 1, 2014 based on which an approval to grant the Company credit facilities within the limit of L.E. 350 million or its equivalent in foreign currency, with an interest rate of 1.5 % above the Corridor rate including the commission on the highest debit balance without minimum limit on debit balance with Egyptian Pound and 4% in addition to the lending rate of the bank for the indebtedness in foreign currencies.	3 914 989	4 512 126
Represent the amount used of the credit facilities granted to the Company and International Financial Investments Company - a subsidiary; which is a credit facility in Egyptian Pound and US Dollar with a total amount of USD 26 million (or equivalent to L.E 173.714 million at maximum) till 30/11/2013, in accordance with the bank agreement obtained on February 2, 2013 for the purpose of financing the working capital requirements including financing the short-term investments. The credit facility bears an interest rate of 0.75% above the corridor mid-rate of the central bank (currently 10.25%) for withdrawals in Egyptian pound and 2.5% above LIBOR for 3 months in return for issuing a promissory note signed by both companies with a total amount of USD 26 million. In accordance with the bank approval on November 10, 2014, the credit facility was renewed for one year period that expired as at November 10, 2015 with a total amount of USD 26 million and L.E 31 818 181. On August 10, 2015, it was agreed to renew the credit facility for one year that ended as at July 31, 2016. Accordingly to the approval of the bank obtained on October 30, 2016, the credit facility was renewed again for another period that ended as at November 30, 2016 with a total amount of USD 26 million (or its equivalent in Egyptian Pound). Negotiations are currently in process with the bank to renew the credit facility for another period while taking into account that the amount used by the International Financial Investments Company amounts to L.E 3 764 632 as at June 30, 2018.	18 115 440	18 181 661
	<u>51 709 453</u>	<u>51 518 800</u>

- (**) The credit facilities balance granted to Sprea Misr for Production of Chemicals & Plastics Co. as at June 30, 2018 is represented as follows:

	<u>30/6/2018</u> USD	<u>31/12/2017</u> USD
The amount used from the bank facilities granted to Sprea Misr for Production of Chemicals & Plastics Co. from a bank with a total amount of L.E 360 million and USD 1 500 000 and bears an interest rate of 0.75% per annum above CORRIDOR rate for Egyptian pound and 4% above LIBOR rate for US Dollar, and guaranteed by promissory note, trust receipt and insurance policy on the assets of the Group against all risks in favor of the bank.	-	1 769 224
	<u>-</u>	<u>1 769 224</u>

- (***) The credit facilities balance granted to NATGAS as at June 30, 2018 is represented as follows:

	<u>30/6/2018</u> USD	<u>31/12/2017</u> USD
Represented in the amount used from the credit facilities granted to the Company by one of the banks with a total amount of L.E. 60 million with an interest rate of 20.10 % and monthly commission on the highest debit balance by 0.05% to finance the Company's projects.	1 074 320	510 813
Represented in the amount used from the credit facilities granted to the Company by one of the banks with a total amount of L.E. 300 million with an interest rate of 19.75 %	6 841 818	6 118 142
Represented in the amount used from the credit facilities granted to the Company by one of the banks with a total amount of L.E. 80 million with an interest rate of 0.75 % above average CORRIDOR rate.	3 579 924	3 771 836
	<u>11 496 062</u>	<u>10 400 791</u>

- For more information about the Group's exposure to interest rate, foreign currency, liquidity risks see note No. (57).

42- Suppliers, subcontractors & notes payable

	<u>30/6/2018</u> USD	<u>31/12/2017</u> USD
Sundry suppliers	22 436 956	11 716 679
Deferred payments to subcontractors	249 929	339 981
Notes payable	419 165	994 056
	<u>23 106 050</u>	<u>13 050 716</u>

- The Group's exposure to foreign currency and liquidity risk related to suppliers are disclosed in note No. (57).

43- Policyholders rights

	<u>30/6/2018</u>	<u>31/12/2017</u>
	USD	USD
Technical Provisions for Individual Insurance	49 516 029	-
Technical Provisions for Property and casualty Insurance	11 731 068	-
Policyholders rights associated with investment units	655 344	-
	<u>61 902 441</u>	<u>-</u>

44- Creditors & other credit balances

	<u>30/6/2018</u>	<u>31/12/2017</u>
	USD	USD
Customers - advance payments	39 216 391	33 900 541
Accrued expenses	30 328 157	27 304 464
Egyptian General Petroleum Corporation	23 035 907	16 964 813
Insurance & reinsurance companies	5 127 218	-
Credit Policyholders	1 502 540	-
Deposits to others	6 856 921	6 063 140
Corporate Tax	-	19 884 989
Income tax payable	13 730 428	-
Installments under collection	3 524 605	3 628 982
Deferred revenue – current portion	-	4 155
Sundry creditors	4 589 374	4 565 770
Other credit balances	13 994 274	9 389 998
	<u>141 905 815</u>	<u>121 706 852</u>

- The Group's exposure to foreign currency and liquidity risks related to creditors are disclosed in note No. (57).

45- Operating revenues

	<u>The six-month ended 30/6/2018</u>		<u>The six-month ended 30/6/2017</u>	
	<u>From 1/4/2018</u>	<u>From 1/1/2018</u>	<u>From 1/4/2017</u>	<u>From 1/1/2017</u>
	<u>till 30/6/2018</u>	<u>till 30/6/2018</u>	<u>till 30/6/2017</u>	<u>till 30/6/2017</u>
	USD	USD	USD	USD
Gas supplies activity revenues	17 139 843	35 193 626	12 009 016	25 167 116
Communication & geographic maps activity revenue	24 981	92 992	-	9 069
Agencies activity revenue	340 845	689 699	385 113	859 103
Chemicals & plastic activity revenue	33 892 480	66 868 289	28 985 088	61 890 574
Cooling technology by natural gas activity revenue	356 263	521 411	127 047	572 217
Fertilizers activity revenue	43 816 610	88 736 036	36 371 848	86 046 599
Drilling activity and petroleum services revenue	9 325 473	17 895 380	-	-
Insurance activity revenue	7 062 758	14 838 999	-	-
	<u>111 959 253</u>	<u>224 836 432</u>	<u>77 878 112</u>	<u>174 544 678</u>

46- Operating costs

	<u>The six-month ended 30/6/2018</u>		<u>The six-month ended 30/6/2017</u>	
	<u>From 1/4/2018</u>	<u>From 1/1/2018</u>	<u>From 1/4/2017</u>	<u>From 1/1/2017</u>
	<u>till 30/6/2018</u>	<u>till 30/6/2018</u>	<u>till 30/6/2017</u>	<u>till 30/6/2017</u>
	USD	USD	USD	USD
Gas supplies activity cost	11 058 308	20 888 977	7 363 490	16 307 839
Communication & geographic maps activity cost	13 577	37 409	11 817	23 853
Agencies activity cost	178 698	358 636	256 754	576 321
Chemicals & plastic activity cost	24 497 506	47 548 622	20 480 624	41 051 245
Cooling technology by natural gas activity cost	294 290	415 474	109 929	445 619
Fertilizers activity cost	33 698 461	66 770 149	30 485 022	65 328 396
Drilling activity and petroleum services cost	4 044 119	7 712 651	-	-
Insurance activity cost	5 580 426	11 587 761	-	-
	<u>79 365 385</u>	<u>155 319 679</u>	<u>58 707 636</u>	<u>123 733 273</u>

47- Income from investment activity

	<u>The six-month ended 30/6/2018</u>		<u>The six-month ended 30/6/2017</u>	
	<u>From 1/4/2018</u>	<u>From 1/1/2018</u>	<u>From 1/4/2017</u>	<u>From 1/1/2017</u>
	<u>till 30/6/2018</u>	<u>till 30/6/2018</u>	<u>till 30/6/2017</u>	<u>till 30/6/2017</u>
	USD	USD	USD	USD
Gain on acquisition of subsidiaries	-	348 088	-	-
Gain (loss) on sale of held for trading investments	-	-	(443)	16 715
Income from held for trading investments	-	25 151	345	5 509
Unrealized gain on held for trading investments	(130 710)	74 562	79 415	272 780
Income from available -for- sale investments	665 096	1 272 548	676	5 030 480
Income from treasury bills	2 171 921	4 530 796	904 200	1 388 441
Income from governmental bonds	1 168 773	2 396 368	1 101 639	2 447 717
	<u>3 875 080</u>	<u>8 647 513</u>	<u>2 085 832</u>	<u>9 161 642</u>

48- Other Income

	<u>The six-month ended 30/6/2018</u>		<u>The six-month ended 30/6/2017</u>	
	<u>From 1/4/2018</u>	<u>From 1/1/2018</u>	<u>From 1/4/2017</u>	<u>From 1/1/2017</u>
	<u>till 30/6/2018</u>	<u>till 30/6/2018</u>	<u>till 30/6/2017</u>	<u>till 30/6/2017</u>
	USD	USD	USD	USD
Provisions - no longer required	17 251 274	17 251 274	(90)	10 603
Reversal of impairment loss on debtors and other debit balances	-	-	5 133 200	5 133 200
Reversal of impairment loss on intangible assets note no (16)	-	-	-	3 000 000
Capital gains	86 026	86 373	15	998 204
Income from Investment properties	17 567	24 313	-	-
Other	677 894	1 334 919	1 229 069	1 391 569
	<u>18 032 761</u>	<u>18 696 879</u>	<u>6 362 194</u>	<u>10 533 576</u>

49- Selling & distribution expenses

	<u>The six-month ended 30/6/2018</u>		<u>The six-month ended 30/6/2017</u>	
	<u>From 1/4/2018</u>	<u>From 1/1/2018</u>	<u>From 1/4/2017</u>	<u>From 1/1/2017</u>
	<u>till 30/6/2018</u>	<u>till 30/6/2018</u>	<u>till 30/6/2017</u>	<u>till 30/6/2017</u>
	USD	USD	USD	USD
Cooling technology by natural gas activity's selling & distribution expenses	23 544	47 284	23 761	45 239
Chemicals & plastic activity's selling & distribution expenses	1 022 986	2 244 297	602 496	1 367 154
Phosphate fertilizers activity's selling & distribution expenses	80 601	159 310	78 143	150 822
	<u>1 127 131</u>	<u>2 450 891</u>	<u>704 400</u>	<u>1 563 215</u>

50- Other expenses

	<u>The six-month ended 30/6/2018</u>		<u>The six-month ended 30/6/2017</u>	
	<u>From 1/4/2018</u>	<u>From 1/1/2018</u>	<u>From 1/4/2017</u>	<u>From 1/1/2017</u>
	<u>till 30/6/2018</u>	<u>till 30/6/2018</u>	<u>till 30/6/2017</u>	<u>till 30/6/2017</u>
	USD	USD	USD	USD
Impairment loss on equity – accounted investees	13 807 674	13 807 674	-	-
Provisions formed	(157 744)	316 873	198 976	1 858 169
Impairment loss on debtors	81 933	217 999	5 531	5 531
	<u>13 731 863</u>	<u>14 342 546</u>	<u>204 507</u>	<u>1 863 700</u>

51- Net financing income

	<u>The six-month ended 30/6/2018</u>		<u>The six-month ended 30/6/2017</u>	
	<u>From 1/4/2018</u>	<u>From 1/1/2018</u>	<u>From 1/4/2017</u>	<u>From 1/1/2017</u>
	<u>till 30/6/2018</u>	<u>till 30/6/2018</u>	<u>till 30/6/2017</u>	<u>till 30/6/2017</u>
	USD	USD	USD	USD
<u>Financing income</u>				
Interest income	6 361 371	14 324 288	5 967 828	12 506 746
Foreign exchange profit	612 773	506 485	-	-
	<u>6 974 144</u>	<u>14 830 773</u>	<u>5 967 828</u>	<u>12 506 746</u>
<u>Financing costs</u>				
Financing expenses	(3 616 090)	(6 351 066)	(3 260 058)	(6 143 721)
Foreign exchange losses	-	-	234 920	(1 144 707)
	<u>(3 616 090)</u>	<u>(6 351 066)</u>	<u>(3 025 138)</u>	<u>(7 288 428)</u>
Net financing income	<u>3 358 054</u>	<u>8 479 707</u>	<u>2 942 690</u>	<u>5 218 318</u>

52- Income tax expense

	<u>The six-month ended 30/6/2018</u>		<u>The six-month ended 30/6/2017</u>	
	<u>From 1/4/2018</u>	<u>From 1/1/2018</u>	<u>From 1/4/2017</u>	<u>From 1/1/2017</u>
	<u>till 30/6/2018</u>	<u>till 30/6/2018</u>	<u>till 30/6/2017</u>	<u>till 30/6/2017</u>
	USD	USD	USD	USD
Current income tax expense	6 470 712	13 965 687	5 626 515	13 474 767
Deferred income tax benefit	(657 166)	(1 277 897)	(591 463)	(1 305 303)
	<u>5 813 546</u>	<u>12 687 790</u>	<u>5 035 052</u>	<u>12 169 464</u>

53- Earnings per share

The calculation of earnings per share for the financial period ended June 30, 2018 was based on the profit attributable to ordinary shareholders and a weighted average number of ordinary shares outstanding during the period as follows:

Profit attributable to equity holders

	<u>The six-month ended 30/6/2018</u>		<u>The six-month ended 30/6/2017</u>	
	<u>From 1/4/2018</u>	<u>From 1/1/2018</u>	<u>From 1/4/2017</u>	<u>From 1/1/2017</u>
	<u>till 30/6/2018</u>	<u>till 30/6/2018</u>	<u>till 30/6/2017</u>	<u>till 30/6/2017</u>
	USD	USD	USD	USD
Net profit for the period attributable to equity holders of the Parent Company	23 003 729	48 382 614	16 872 187	39 255 400
Employees' share in profit	(6 775)	(13 550)	(13 481)	(26 962)
Employees & board of directors' share in profit in subsidiaries and associates	(2 826 399)	(5 888 675)	(3 104 883)	(4 128 041)
Shareholders' share in net profit of the period	<u>20 170 555</u>	<u>42 480 389</u>	<u>13 753 823</u>	<u>35 100 397</u>
Weighted average number of shares outstanding during the period	1 005 382 577	1 005 382 577	997 121 957	997 121 957
Earnings per share (US cent / Share)	<u>2.01</u>	<u>4.23</u>	<u>1.38</u>	<u>3.52</u>

Weighted average number of shares outstanding during the period:-

	The six-month ended 30/6/2018	The six-month ended 30/6/2017
	USD	USD
Issued shares at the beginning of the period	997 121 957	975 658 258
Effect of issuance of bonus shares to finance the incentive shares)	27 319 213	48 782 912
	1 024 441 170	1 024 441 170
Effect of issuance of incentive shares	(18 371 324)	(27 319 213)
Effect of repurchased shares (treasury shares)	(687 269)	-
Weighted average number of shares outstanding during the period	1 005 382 577	997 121 957

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

- On September 11, 2014, the extra - ordinary general assembly unanimously agreed to approve the incentive & bonus plan of the Company's employees and managers and executive board of directors members, through the allocation of 48 782 912 shares, at a percentage of 5% of its total shares issued till December 31, 2014 to apply the incentive and bonus plan through one of the following:-
 - Issuance of new shares through capital increase or by transferring from reserve or part thereof or retained earnings to shares by which the value of issued capital is increased.
 - Transfer of treasury shares to incentive and bonus plan and to be financed from reserves.
- On November 12, 2014, the Egyptian Financial Supervisory Authority approved applying the incentive & bonus plan of the Company's employees and board of directors members, which includes granting the Company's shares to the board members, managing directors, sectors 'heads', general managers and the other employees in the Company or its subsidiaries (equity settled share- based payments) according to the level of the Company's or individuals' economic performance pursuant to the shareholders, and the terms and conditions stated in the said plan.
- On June 11, 2015, the ordinary general assembly of the Company approved by the majority of votes to transfer part of the retained earnings as shown in the consolidated financial statements for the financial year ended at December 31, 2014, that were approved by the shareholder's' ordinary general assembly held on March 22, 2015 to 48 782 912 bonus shares with an amount of USD 12 195 728 for the purpose of financing the incentive & bonus plan of the Company's employees and managers and executive board of directors members, that has been approved by the Egyptian Financial Supervisory Authority on November 12, 2014. Annotation to the effect of such increase was made on the Company's commercial register on September 13, 2015.
- On September 16, 2015 the Listing committee of the Egyptian stock exchange approved listing the incentive shares to finance the incentive and bonus plan for employees and board members. On October 5, 2015, the incentive shares were added to the shareholders register labeled as "the incentive and bonus plan for employees of Egypt Kuwait Holding Co."
- On June 9, 2016, the Supervisory Committee on the incentives and bonus plan agreed to grant and allocate all the shares belong to the incentives and bonus plan to the beneficiaries of the plan as well as determining the number of shares allocated to each one of them. The vesting date of such shares was also determined to be December 31, 2016. All the shares were granted to the executive members of the Board of Directors and the senior managers of the Company, a matter that resulted in recognizing an expense for equity-settled share-based payment arrangements in the consolidated income statement with a total amount of USD 17 561 848 and a corresponding increase with the same amount included in the equity caption under the item amount set aside for share-based payments transactions. The beneficiary may dispose of the shares only after the lapse of three years from the date of share transfer to him. During 2016, the beneficiary shall be entitled to receive 100 % of total dividends and exercise the right of voting on the resolutions of the Company.

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

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

- On February 27, 2017, the Supervision Committee of the incentives and bonus plan unanimously agreed to grant 21 463 699 shares to the beneficiaries of the plan while the methods of granting the remaining shares of the incentive plan and who deserve them shall be discussed in its upcoming meetings. On March 29, 2017, the ownership of such shares was transferred to the beneficiaries. Accordingly the available shares pertaining to incentives and bonus plan became 27 319 213 shares. The remaining shares of the plan were not allocated or granted during the year till authorizing the consolidated financial statements for issuance.
- On March 24, 2018, the Company's Incentive and Bonus Plan Committee unanimously decided to grant 2 927 757 shares to the beneficiaries of the plan, which is represented in the value of the remaining shares allocated for fulfilling the first criterion pertaining to the growth of the Company's profits with a total number of shares that reached 24 391 456 shares. It also decided to unanimously approve granting 6 015 132 shares to the beneficiaries of the plan for fulfilling the second criteria related to increasing the Company's share price in the Egyptian Exchange at an annual rate of 15% with a total number of shares that reached 24 391 456 shares.
- On March 29, 2018, the ownership of these shares was transferred to the beneficiaries. Thus the bonus and incentive scheme shares available represent 18 376 324 shares

55- Controlled entities

Material subsidiaries are represented in the following:

<u>Subsidiary name</u>	<u>Country Of Incorporation</u>	<u>Ownership</u>	
		<u>30/6/2018</u> %	<u>31/12/2017</u> %
National Gas Company (NATGAS) S.A.E	Egypt	83.97	83.97
Al Nubaria for Natural Gas Company S.A.E	Egypt	83.97	83.97
Globe for Communication & Information Technology Company	Egypt	99.93	99.93
Globe for Trading & Agencies Co.	Egypt	99.93	99.93
Globe Telecom Company S.A.E	Egypt	99.93	99.93
Globe Fiber Co.	Egypt	99.93	99.93
International Financial Investments Company S.A.E under Private Free Zones System	Egypt	99.99	99.99
Ekuity Holding International - Limited by Shares	Cayman Islands	100	100
Al Watania for Electric Technology Company (Kahraba) S.A.E	Egypt	91.95	91.95
Cooling Technology by Natural Gas Company (Gas Chill) S.A.E	Egypt	85.99	85.99
Sprea Misr for Production of Chemicals & Plastics Company S.A.E	Egypt	100	100
Egyptian Company for Petrochemicals S.A.E	Egypt	99.2	99.2
Fayoum Gas Company S.A.E	Egypt	77.99	77.99
Solidarity Mena Limited Co.	United Arab of Emirates	100	100
Solidarity International Limited Co.	United Arab of Emirates	100	100
Capital Investment Limited Luxembourg Co.	United Arab of Emirates	100	100
MEA Investments Co.	United Arab of Emirates	100	100
Capital Investment Limited Co.	United Arab of Emirates	100	100
Polar Star Investments Co.	United Arab of Emirates	100	100
Egypt Kuwait Holding Limited Co.	United Arab of Emirates	100	100
Arabian Fertilizers Limited Co.	United Arab of Emirates	100	100
National Energy Co - S.A.E	Egypt	99.99	99.99
Middle East for River Transport Co.- S.A.E under Private Free Zones System	Egypt	99.99	99.99
Bawabat Al Kuwait Holding Company - S.A.K (*)	Kuwait	51.45	49.75
Alex Fert Co. (Abou Quir) - under the Public Free Zones System	Egypt	42.64	42.64
International Petrochemicals Investments Company - under the private Free Zones System (**)	Egypt	50.02	50.02
International Logistics Company - L.L.C. (**)	Kuwait	49.75	49.75
Magnida Holding LP Co. (**)	Cayman Islands	50.02	50.02
IPIC Global Co. (**)	Cayman Islands	50.02	50.02
EKHO for Agriculture Development Co.	Egypt	100	100
Henosis for Construction & Real-Estate Development Co.	Egypt	99.99	99.99
Capital Investment Limited Luxembourg	Luxembourg	99.99	99.99
EKHO for Industrial Development Co	Egypt	100	100
OGI CAPITAL - Limited Liability Co. at the Jebel Ali Free Zone	UAE	100	100
NSCO INVESTMENT LIMITED ****	Cayman Islands	99.997	99.997
Delta Insurance Co.	Egypt	55.4	-
El shorouk for melamine & resins	Egypt	77.33	-
Nile Wood Co.(S.A.E)	Egypt	100	-
Cairo Wood for Import & Export	Egypt	100	-

AD ASTRA REAL ESTATE, S.L. Co.	Spain	100	-
AD ASTRA PROYECTO MISR, S.L. Co.	Spain	100	-
AD ASTRA PROYECTO ALCAZAR, S.L. Co.	Spain	100	-
AD ASTRA PROYECTO CAIRO, S.L. Co.	Spain	100	-
SISTEMAS INDUSTRIALES SALGAR II, S.L. Co.	Spain	100	-
AD ASTRA PROYECTO MEDINA, S.L. Co.	Spain	100	-

- The consolidated financial statements as at June 30, 2018 did not include some subsidiaries of the Group which are working in the energy field because of loss of control over them during 2016 .

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

During the year, the Company acquired additional stake of 8.08% in the share capital of Bawabat Al Kuwait Holding Company K.S.C. with an amount of USD 19 055 040. The resulting loss on acquisition amounted to USD 205 902 and was recognized in equity as the transaction is considered a transaction among shareholders of the Company.

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

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

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

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

During the first quarter of 2016, a stake of the Group's investments in MOG ENERGY Co. (previously named as Tri Ocean for Energy Co.) was sold. Under the sale contract, all management and voting rights in the said Company were assigned for the benefit of the Buyer in return for the Buyer's compliance with specific contractual terms. Accordingly, the consolidated financial statements of MOG ENERGY Co. and its subsidiaries were excluded and not consolidated as part of the consolidated financial statements of the Company based on the management's estimates and the opinion of the Independent Legal Advisor to the effect of losing control over the said Company since that date. During the period subsequent to the financial statements, the Company received a letter from the Head of the Central Department for Financial Statements Supervision of the Financial Regulatory Authority (FRA) in response to the complaint submitted to the FRA by one of the shareholders owning 10,000 shares of Egypt Kuwait Holding - EKH regarding certain notes to the consolidated financial statements of the Company that included determining the extent of losing control over MOG ENERGY Co. (previously named as Tri Ocean for Energy Co.) in addition to recalculating the amounts due to the beneficiaries of the Incentives. Several meetings were held with the FRA to clarify the point of view of the Company. In the light of the last meeting held between the representatives of the Company with the FRA, the Company is currently finalizing its final reply that will be submitted to the FRA regarding this matter.

56- Transactions with related parties

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

- The Group has agreed with Abu Qir Fertilizers and Chemical Industries Company on signing rental contracts for a plot of land to construct the factory on it, a contract for a building to use it as a temporary headquarter for the Company's management and a contract for a plot of land to construct the water station. The Company has also agreed on signing a contract for using its sea and land facilities for exporting amounts of the produced ammonia.
- On February 28, 2017, the board of directors of the Parent Company unanimously decided to set an amount of 5% of the annual profits to the chairman and managing director of the Company. The decision is effective from the 2016 results and decided to grant part of the said amount to the employees. The said amount will be set and granted from the board of directors' bonuses of subsidiaries.

57- Financial instruments

57-1 Credit risk

Exposure to credit risk

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

	Note No.	30/6/2018 USD	31/12/2017 USD
Property, plant and equipment selling receivables	(18)	24 229	41 020
Held to maturity financial assets	(9)	242 931 584	245 736 907
Due from Egyptian General Petroleum Corporation	(10)	1 860 546	2 802 262
Financial assets at fair value through profit and loss	(21)	10 912 766	15 024 540
Trade receivables	(22)	55 668 649	42 854 978
Cash & cash equivalents	(20)	251 952 069	224 553 758
		<u>563 349 843</u>	<u>531 013 465</u>

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

	<u>30/6/2018</u>	<u>31/12/2017</u>
	<u>USD</u>	<u>USD</u>
Governmental customers	2 883 026	2 903 393
Retail customers	27 434 136	13 786 989
End user customers	16 815 505	22 517 325
Export customers	10 396 527	6 449 533
	<u>57 529 194</u>	<u>45 657 240</u>

57-2 Impairment losses

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

	<u>30/6/2018</u>		<u>31/12/2017</u>	
	<u>Balance</u>	<u>Impairment</u>	<u>Balance</u>	<u>Impairment</u>
	<u>USD</u>	<u>losses</u>	<u>USD</u>	<u>losses</u>
	<u>USD</u>	<u>USD</u>	<u>USD</u>	<u>USD</u>
Not past due	-	-	-	-
Past due 0-30 days	5 084 413	-	21 454	-
Past due 1-3 month	4 859 822	-	5 159 963	-
Past due 3-12 month	26 454 957	-	32 946 347	-
More than one year	21 130 002	158 835	7 529 476	130 821
	<u>57 529 194</u>	<u>158 835</u>	<u>45 657 240</u>	<u>130 821</u>

Impairment loss amounting to USD 158 835 as at June 30, 2018 was basically attributable to chemicals & plastic and telecommunications and gas customers.

57-3 Liquidity risk

The following are the contractual maturities of financial liabilities:

June 30, 2018

	<u>Carrying</u>	<u>6 months or</u>	<u>6-12</u>	<u>1-2 years</u>	<u>2-5 years</u>	<u>More than</u>
	<u>amount</u>	<u>less</u>	<u>months</u>	<u>USD</u>	<u>USD</u>	<u>5 years</u>
	<u>USD</u>	<u>USD</u>	<u>USD</u>	<u>USD</u>	<u>USD</u>	<u>USD</u>
Secured bank loans & facilities	42 623 989	347 353	24 091 309	9 185 327	9 000 000	-
Unsecured bank facilities	104 800 267	83 122 537	16 077 730	5 600 000	-	-
Suppliers & subcontractors	23 106 050	5 125 525	17 980 525	-	-	-
Egyptian General Petroleum Corporation	41 192 306	34 962 410	6 229 896	-	-	-
	<u>211 722 612</u>	<u>123 557 825</u>	<u>64 379 460</u>	<u>14 785 327</u>	<u>9 000 000</u>	<u>-</u>

December 31, 2017

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

57-4 Currency risk

Exposure to currency risk

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

June 30, 2018

Description	USD	L.E	K.W.D	EURO	GBP	AED	JPY
Cash at banks & on hand	212 609 342	772 421 381	170	2 162 005	109 529	3 362	1 253 579
Held to maturity financial assets	171 298 789	1 122 539 300	-	-	-	-	-
Investment in treasury bills	-	105 261 128	-	-	-	-	-
Debtors	13 797 510	720 507 252	-	621	-	-	-
Due from Egyptian General Petroleum Corporation	-	33 266 561	-	-	-	-	-
Trade & notes receivables	17 787 940	985 097 588	-	384 973	-	-	-
Secured bank loans	(42 558 097)	(1 178 154)	-	-	-	-	-
Unsecured bank facilities	(81 973 038)	(408 150 881)	-	-	-	-	-
Due to Egyptian General Petroleum Corporation	-	(736 518 430)	-	-	-	-	-
Trade payables	(17 175 732)	(98 464 914)	-	(4 825)	-	-	-
Creditors	(110 046 030)	(537 410 396)	-	(2 088 185)	-	-	-
Other long term liabilities	(563 731)	(5 796 008)	-	-	-	-	-
Net exposure	<u>163 176 953</u>	<u>1 951 574 427</u>	<u>170</u>	<u>454 589</u>	<u>109 529</u>	<u>3 362</u>	<u>1 253 579</u>

Translation from Arabic

	<u>Average exchange rate during the period ended</u>		<u>Spot rate</u>	
	<u>30-6-2018</u>	<u>30-6-2017</u>	<u>30/6/2018</u>	<u>31/12/2017</u>
L.E	17.73	17.92	17.73	17.73
K.D	0.30032	0.3041	0.3033	0.302250
EURO	0.848458	0.945	0.8636	0.83990
GBP	0.752257	0.8102	0.7645	0.73990
AED	3.673639	3.6761	3.6765	3.670

December 31, 2017

The following exchange rates applied during the period:

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

57-5 Interest rate risk

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

	<u>Carrying amount</u>	
	<u>30/6/2018</u>	<u>31/12/2017</u>
	<u>USD</u>	<u>USD</u>
<u>Fixed rate instruments</u>		
Financial liabilities	1 613 493	3 965 670
	<u>1 613 493</u>	<u>3 965 670</u>
<u>Variable rate instruments</u>		
Financial liabilities	145 810 763	117 770 836
	<u>145 810 763</u>	<u>117 770 836</u>

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

57-6 Fair values

Fair values versus carrying amounts

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

	<u>30/6/2018</u>		<u>31/12/2017</u>	
	<u>Carrying Amount</u> <u>USD</u>	<u>Fair value</u> <u>USD</u>	<u>Carrying Amount</u> <u>USD</u>	<u>Fair value</u> <u>USD</u>
Available for sale investments	32 308 787	32 308 787	28 860 567	28 860 567
Held to maturity financial assets	242 931 584	242 931 584	245 736 907	245 736 907
Due from Egyptian General Petroleum Corporation	1 860 546	1 860 546	2 802 262	2 802 262
Debtors	121 556 313	121 556 313	103 759 326	103 759 326
Cash and cash equivalents	261 180 188	261 180 188	224 894 312	224 894 312
Financial assets at fair value through profit or loss	10 912 766	10 912 766	15 024 540	15 024 540
Trade & notes receivable	73 215 331	73 215 331	58 500 466	58 500 466
Secured bank loans	(42 623 989)	(42 623 989)	(44 165 773)	(44 165 773)
Unsecured bank facilities	(104 800 267)	(104 800 267)	(86 315 072)	(86 315 072)
Suppliers & subcontractors	(23 106 050)	(23 106 050)	(13 050 716)	(13 050 716)
Due to Egyptian General Petroleum Corporation	(18 156 399)	(18 156 399)	(32 534 911)	(32 534 911)
Creditors	(72 361 267)	(72 361 267)	(60 501 847)	(60 501 847)
Other long-term liabilities	(881 223)	(881 223)	(290 197)	(290 197)
	<u>482 036 320</u>	<u>482 036 320</u>	<u>442 719 864</u>	<u>442 719 864</u>

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

58- Capital commitments

Total capital commitments amounted to USD 800 528 as at June 30, 2018 represented in the amount of contributions in long – term investments which have not been requested to be paid till the consolidated balance sheet date (2017: USD 3.78 million).

59- Contingent liabilities

In addition to amounts provided for in the consolidated statement of financial position, there are contingent liabilities as at June 30, 2018 totaled USD 22. 88million (2017: USD 17.15 million) represented in the following:

- Uncovered letters of credit amounting to USD 13 869 514 (2017: USD 7 075 824).
- Letters of guarantee issued by banks on the account of the Group and in favor of others amounting to USD 9 012 448 (2017: USD 10 077 426).

- Due to the delay in the execution of the contract concluded between one of the subsidiaries and one of its customers on October 12, 2009 the customer filed a lawsuit against the Company claiming for a compensation due to the said delay and subject matter is still considered before the court. The court issued in ruling to the effect of referring the lawsuit again to the Experts office and a session to consider the said lawsuit was determined to be held on June 18, 2014 then it was postponed several times till March 2018, Based on the legal advisor's opinion, it is probable that the court shall issue its judgment in favor of the Company, in addition the claim of the customer to amend the contract value in proportion with the actual cost of the said project.

60- Tax status

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

Corporate profit tax

- The Company enjoyed a tax exemption for 5 years according to Investment Law No. 8 of 1997 and ended on December 31, 2003.
- Tax inspection for corporate profit tax from inception till 2004 was carried out and the resulting tax differences were settled.
- Years from 2005 till 2008 The Company's records were not requested for inspection within the determined sample by the Tax Authority till authorizing of these financial statements for issuance.
- 2009 till 2012 is currently inspected.
- Years 2013 & 2014, the Company was notified by tax inspection request Form no. (31) and the preparation of inspection documents are currently under process.
- Regarding years from 2015 till 2017, the annual tax returns were submitted on the due date according to the provisions of Law No. 91 of 2005 and the Company's has not been notified of tax inspection yet by the Tax Authority.

Salary tax

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

Stamp tax

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

Property tax

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

61- Comparative figures

Some comparative figures of the consolidated statement of financial position were restated to comply with the presentation of the current financial period .Items affected by reclassification are as the follows:

	USD
<u>Consolidated statement of financial position</u>	
Increase of investment held to maturity balance	25 889 359
Decrease of investment in treasury bills balance	25 889 359