TAQA Arabia

ANNUAL REPORT 2016

A World
OF ENERGY

“HOW HIGH YOU REACH IS DRIVED FROM HOW BIG YOU THINK.”

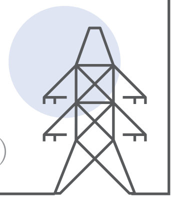
Contents

KEY FINANCIAL INDICATORS

TAQA Arabia is the largest standing private sector energy distribution company in Egypt. With over 19 years of experience, TAQA offers diversified sources of energy, investing and operating energy infrastructure including gas transmission and distribution, power generation and distribution, and marketing of all petroleum products.

750
Thousand
Customers
Connected to Natural Gas
(2015: 700 Thousand)

more than
1100 Mkwhr
Power
Generated & Distributed over the past 5 years
(2015: 1000 MKwhr)



2.5 BN
In Investments
(2015: 2.3 BN)

47
Oil & Gas
Stations in Different Parts of Egypt
(2015: 43 Sttions)

3.8
Thousand
Employees
(2015: 3.4 Thousand)

"Business does not operate as usual in this diverse region, where cultural norms often dictate the way businesses develop and impact their potential for growth. Longstanding relationships with key players in the public and private sectors have given TAQA Arabia the knowledge base and experience to know what partnerships to develop, when to invest, and which projects to add to our successful portfolio."

"WE CREATE VALUE BY DOING THINGS NOBODY ELSE CAN"

18 YEARS OF EXPERIENCE

7
Countries
Across the Middle East and Africa
(2015: 6 Countries)

28
Companies
Established and Incorporated
(2015: 23 Companies)

EXECUTIVE OVERVIEW

Energy is all around us; it is a fundamental factor of everyday life. Spanning over nearly two decades of operation, we have learned that not only can energy enhance prosperity, but it can also solely eradicate poverty.

" **TAQA Arabia** emerged from a vision to meet the region's diverse energy needs and become the top-ranking diversified energy distribution company in Egypt. Our strategy is based on capitalizing on the vast, untapped energy opportunities in Egypt as well as the Middle East and Africa. We seek to meet the region's increasing demand for energy, which is the result of rapid industrial development. We have undergone strategic expansion that has extended our operation to six different countries in the region. "

Eng. Khaled Abu Bakr
TAQA Arabia Executive Chairman

28%
GROWTH IN REVENUES

160
MILLION EGP PROFITS

2.6
BILLION EGP TOTAL ASSETS

2.3
BILLION EGP REVENUES

MOVING INTO THE FUTURE

TAQA IS CONSTANTLY STRIVING TO REACH THE NEXT STAGE OF SUCCESS.

Our management is founded through a core of wide-ranging knowledge of the region and a caliber of leadership which exceeds that of our competitors. This positions TAQA Arabia to take advantage of markets in which it operates in four ways:

1. A key component of our tactical approach is our commitment to market innovation, which is an integral part of our medium- and long-term strategies. Innovation allows us to stay ahead of the competition and continually open new markets.
2. The ever increasing demand for energy across the Middle East and Africa, coupled with historical lack of investment in energy infrastructure, tactically positions TAQA Arabia to fulfill the region's needs.
3. As regional governments promote more private initiatives, TAQA Arabia, with its firm history of strong historical performance and long-term contracts, has the first-move advantage to capitalize on these opportunities, thus upholding our leading position in the market.
4. Supported by solid financials, we are ideally positioned to capitalize on market opportunities while withstanding economic volatility.

SOLUTION-BASED STRATEGY

Energy is the foundation of life as we know it. It allows everything from minor biological cells to thriving massive factories to grow and flourish. It is the key factor contributing to human advancement, assisting us in achieving consistent greatness. The passion to discover new, innovative ways to harness this power and turn our dreams into realities is the root of our endeavor to make energy accessible to all.

Global trends have been consciously shifting towards renewable energy sources such as wind, solar, and bio-fuels. By entering the market of renewable energy development, TAQA has given companies and residents access to cleaner, more sustainable sources of power.

AT A GLANCE

In response to the growing demand for energy and the extensive resources in the Middle East and Africa, TAQA Arabia was established in 2006 to exploit the available resources and generate sufficient energy for under-served markets.

Since its launch, TAQA has become the largest private energy distribution company in Egypt. With investments amounting to *insert new figures here* through four distinct business arms; gas, EPC, power, and oil marketing.

These four arms allow us to be a one-stop destination for energy distribution. The gas arm handles concessions, distribution and sales; the EPC arm covers engineering, procurement and construction; the power arm oversees electricity generation and renewable energy; and the oil marketing arm controls gas and conversion stations. This comprehensive coverage of multiple sectors of the energy industry has streamlined our operations, increased our efficiency, and yielded impressive returns for our shareholders, partners, customers, and governments.

POWER

TAQA Power's backbone is Global Energy, a company established in 1999 and acquired by TAQA in 2006. The firm's scope of activities is an extensive one, encompassing engineering as well as electricity generation and distribution.

It's clients range from industrial, residential, commercial, oil and gas to tourism firms all across Egypt. TAQA Power's electricity generation solutions are tailored to meet our client's specific needs and provide efficient power management, emergency power supplies, and distributed power transformation. On the distribution end, TAQA Power exploits its immense engineering strength, which includes construction, management, operation, and maintenance of medium (11, 22, and 33 kV) and low-voltage electricity distribution networks. The company's customized distribution networks ensure that clients have the safe and reliable electricity solutions that we strive to offer. In addition, this arm implements strategic planning and capital expenditure calculations for project infrastructure, covering services such as electricity, diesel, water, wastewater treatment, natural gas, district cooling, and provision of utilities for medium to large-scale development projects.

EPC

Operating in Egypt, Qatar, Iraq, and the UAE, TAQA EPC is the company's engineering, procurement, and construction arm.

It is responsible for designing and building pipeline connections as well as connecting customers and clients to the national grid.

The construction division offers innovative energy and infrastructure solutions to a roster of over 1.1 million domestic and international customers. TAQA EPC operates House Gas, the largest private gas construction company in Egypt. TAQA EPC's engineering, design, and technical studies division is known as the Engineering Gulf of Suez Company (EGUSCO). EGUSCO is considered one of the leading engineering consultants in the Middle East & Africa for natural gas and liquefied-petroleum gas. It is the only private sector engineering solutions provider that caters to both public and private third-party clients.

OIL MARKETING

2016 marks the eighth operating year for TAQA Oil Marketing in the Egyptian market. This year also saw increased political stability in the country, which put the wheels of the economy in motion following a period of stagnation caused by the unrest and turmoil of the preceding few years.

Despite these setbacks, TAQA Oil Marketing owns and operates 43 full service stations in Egypt. TAQA for Marketing Oil Products S.A.E. was established in 2008 as the first privately owned Egyptian company licensed to market petroleum products, including fuels and lubricants through a retail network of service stations under the TAQA brand name and is Egypt's sole distributor of Castrol product and the leading global lubricants manufacturer. TAQA Oil Marketing began local production of select Castrol products in the fourth quarter of 2009. Castrol products in the Egyptian market fulfill the demands of motorists across all classes and passionate bikers through an extensive range of automotive engine oils, manual and automatic transmission fluids, chain lubricants, and brake fluids in addition to a range of commercial diesel engine oils to cover the needs of fleets, owner operators and B2B segments.

Compressed Natural Gas

TAQA Oil Marketing offers natural gas conversions for vehicles through its affiliate Master Gas, which has been converting approximately 2,000 cars every year via six conversion centres nationwide.

GAS

TAQA Gas handles all downstream activity aspects, ranging from the development to the operation of natural gas distribution networks in residential cities and industrial zones, via its four subsidiaries: City Gas, Repco Gas, Trans Gas, and Nile Valley Gas.

It distributes to a total of more than 700,000 customers in over 14 governorates. TAQA Gas also specializes in the technical assessment of projects prior to installation.

GAS ARM

The growing demand for natural gas for residential and industrial projects has made TAQA Gas the fastest growing sector of the global energy market.

Consequently, TAQA Arabia has invested heavily in its gas arm, allowing it to become Egypt's market leader in gas distribution.

The arm distributes natural gas to a notable number of residential and industrial clients through its four subsidiaries, City Gas, Repco Gas, Trans Gas, and Nile Valley Gas concessions.

Despite political and economic unrest in the region, TAQA Gas has consistently managed to increase the number of residential and industrial clients it serves.

3.4
BILLION EGP
CUBIC METERS ANNUALLY

725
THOUSAND
CUSTOMERS

TAQA Gas' four subsidiaries specialize in all downstream activity aspects, including development, operation, and maintenance of gas networks in residential cities and industrial zones.

TO REACH UP TO

1.2 million customers GAS GRID TO COVER

SERVICES

TAQA Gas' four subsidiaries specialize in all downstream activity aspects, including development, operation, and maintenance of gas networks in residential cities and industrial zones. They handle concession and maintenance operations, pressure reduction stations, high-pressure transmission pipelines, medium and low-pressure distribution networks, technical assistance, customer service, customer invoicing, gas marketing, and 24-hour emergency services.

These operations include more than 530 pressure reduction stations, regulators with capacities of up to 210,000 cubic meters per hour, and a network of pipes stretching more than four million meters in length and ranging from two to 32 inches in diameter.

TAQA Gas also specializes in technical assessment of projects, analyzing design, performing qualitative risk analysis, and determining techno-economic feasibility studies and environmental impact.

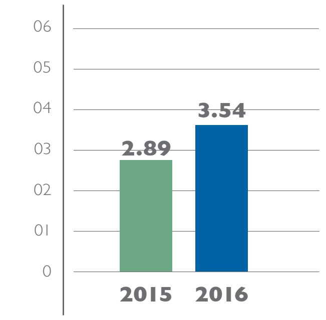
2016 HIGHLIGHTS

- Residential customers increased by over 14.9% in 2016, reaching 833 thousand
- Industrial customers escalated to 190, a growth of 4% over the previous year

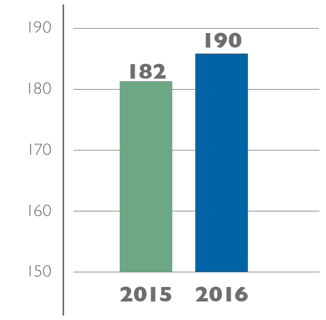
DISTRIBUTION

TAQA Gas distributes over 3.5 billion cubic meters of natural gas annually to a vast array of customers in more than 11 governorates. The arm's focal work is to build, operate, and maintain substation through which it distributes gas to surrounding localities. Currently, the company performs collections, operations, and maintenance for over 725,000 customers. The number of industrial users reached 190, including three fertilizer factories, three power stations, 14 CNG stations, and more than 70 touristic compounds and hotels.

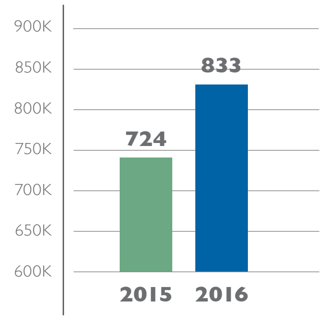
Gas Sales Volume BCM



NO.OF INDUSTRIAL CUSTOMERS



NO.OF RESIDINTIAL CUSTOMERS



GAS BUSINESS HISTORICAL RESULTS

	2015	2016
Gas Sales Volume BCM	2.89	3.54
No. of Operated Residential Customers	724570	833000
No. Of industrials Customers	182	190
NGV Converted Cars	81	96
CNG Quantities million (SCM)	14.2	14.03

POWER ARM

TAQA Power operates in Egypt and across the Middle East and Africa, providing a certain level of excellence that has proven to be global.

Recently, TAQA proudly signed a Joint Development Agreement with Edison to develop and build a 180 MW combined cycle utilizing Natural Gas. This project will be the first IPP project of its kind in Egypt to be completely independent using the Egyptian Electricity Unified Grid for power transmissions exclusively to TAQA Power clients.

In the last quarter of 2015, TAQA Power certificates were audited by external TUV auditors who recommenced the ongoing validity of the ISO certification for ISO 9001:2008, ISO 14001:2004, and OHSAS 18001:2007.

The Egyptian Electricity Regulatory Licenses also renewed TAQA's electricity generation and distribution licenses, including defined geographical zones for TAQA Power projects.

1,023 KW/H
ELECTRICITY GENERATION & DISTRIBUTION VOLUMES IN 2015

4,674
RESIDENTIAL & INDUSTRIAL CUSTOMERS

TAQA Arabia Power

TAQA Power operates in Egypt and across the Middle East and Africa, providing a consistent level of excellence.

2016 HIGHLIGHTS

Business Growth:

In terms of customer base:

- TAQA Power grew its residential/commercial segment, to reach 4,795 customers in 2016, jumping by 3 % from 4,674 in 2015
- TAQA Power also grew its industrial/touristic segment, to reach 246 customers in 2016, jumping by 19% from 207 in 2015.
- Electricity volumes dropped by 1%, amounting 1,016 GWH in 2016 versus 1,023 GWH in 2015, due to the touristic problems.
- Revenues jumped by 4%, amounting 532 MEGP in 2016 versus 513 MEGP in 2015.
- Gross profit dropped by 22%, amounting 115 MEGP in 2016 versus 148 MEGP in 2015, mainly due to the touristic problems in addition to the foreign currency exchange rate floatation.

Business Excellence

- TUV SUD audited TAQA Power certificates on January 2017, TUV SUD recommended the ongoing validity of the ISO certifications for ISO 9001: 2008, ISO 14001:2004, and OHSAS 18001:2007.

Egyptian Electricity Regulatory Licenses

- Annual renewal of electricity generation and distribution licenses, including defined geographical zones for TAQA Power projects.
- Obtained the renewal of the interim license for the PV project in the Feed-In Tariff- Program for TAQA Arabia Solar SPV.
- Obtained the renewal of the interim license for the PV project in the Feed-In Tariff- Program for TAQA Solar Reserve Solar SPV.

RESIDENTIAL & COMMERCIAL

400 MW

POWER GENERATION HIGHLIGHTS:

- Joint Development Agreement signed with Edison on July 2015, to develop and build a 180 MW combined cycle utilizing Natural Gas. The project will be the first IPP project in Egypt completely independent, and will use the Egyptian Electricity Unified Grid for power transmissions to TAQA Power clients.
- TAQA Power activated on March 2016 its first power exporting contract from E-Styrenics power generation plant at Dekhela port, Alexandria to 6th Of October Industrial Parks, through the Egyptian Electricity unified grid.
  - TAQA Power successfully continued providing 24/7 power supply for the following:
  - Several touristic hotels in Marsa Alam, Red Sea, Egypt (Hilton, Habeyeba,…etc) by light-fuel-oil-fired power plants with capacity of 8.3 MW.
  - Scimitar Oil Production Co., Red Sea, Egypt by Natural Gas fired power plant with capacity of 6.2 MW.
  - ASEC Menya 1,2 & 3 Cement factory in Menya Governorate, Upper Egypt with total capacity of 32.8 MW.
  - “GCF” Greater Cairo Foundries, Manufactural (pipes) with capacity of 4.8 MW.
  - The Egyptian Polystyrene Production Co “E-Styrenics”, Dekhila port, Alexandria by Natural Gas fired power plant of 12.15 MW.
  - Edita factory in 6th of October (FMCG), power supply contract 1.2 MW since October 2016.

Feed-In Tariff Program

TAQA Power has engaged in Feed-In Tariff project, and in 2015, TAQA established two new companies:

- TAQA Arabia Solar S.A.E – 50 MW PV in Benban (Aswan)
- TAQA Solare Reserve S.A.E – 50 MW PV in Benban (Aswan)

Both projects under development now, EPC contract has been awarded and financial closure is expected before October 2017.

Under the FIT program TAQA is developing a 50 MW wind project- Kom Ombo 200 MW PV Project

TAQA Power, prequalified consortium with the leading French developer Neoen, is in the development phase of Kom Ombo project, Egyptian Electricity Transmission Company “EETC” issued the draft RFP, and submission date is expected in Q4, 2016.

Renewable BOO Projects

TAQA & SolarReserve consortiums has been qualified among other local & international bidders to bid for the upcoming BOO Projects:

- 200 MWBOO, West of Nile PV Project
- 100 MW BOO, West of Nile CSP project

Both projects are in the tendering phase and expected to be signed by Q4, 2017

NEW LINE OF BUSINESS:

Energy Efficiency & Services:

New line of business providing a broad range of energy solutions including designs and implementation of energy savings projects, retrofitting and energy conservation to reduce the energy cost, then benefit from the energy savings with the client

Off grid- PV Project

Currently TAQA power is developing several off-grid PV projects to replace part of the electricity supply from Diesel Oil to PV

POWER DISTRIBUTION HIGHLIGHTS:

General:

- TAQA Power signed on 12-May-2016 new contract with Egyptian centres for Real Estate Development for distributing electricity in Mall of Arabia, 6th of October. The commercial operation will start upon receiving Egyptian Electricity Regulatory authority approval for adding the project’s geographical zone to TAQA Power license.
- TAQA Power continued successfully the operation of Nabq Substation (66/22KV). With a capacity of 120 MVA, in Sharm El-Sheikh. This is the first privately owned Station providing energy via its own power facilities
- TAQA Power continued successfully the operation of 6th Of October Industrial Parks medium voltage side of the substation.
- TAQA Power is smoothly operating the Futtaim- Cairo Festival City Mall, the biggest mixed used retail / commercial / residential complex in Egypt.
- TAQA Power is smoothly operating the distribution and metering system in Emaar-Up Town Cairo reputable project in heart of Cairo at Mokattam.
- TAQA Power supervised / endorsed internal distribution networks for Industrial Park in 6th October, Futtaim - Cairo Festival City, City Stars Nabq, Nakhil New Cairo Concession.
- TAQA Power successfully continued providing 24/7 power supply for
  - 104 hotels and touristic residential projects in Nabq touristic center, Sharm El Sheikh, Red Sea, Egypt with capacity of 100 MW, over an area of 27 Million sqm.
  - 9 hotels in Taba Golden Coast touristic center, Taba Gulf of Aqaba, Red Sea, Egypt with capacity of 11.6 MW, over an area of 4 Million sqm.
  - 103 factories in 6th of October city, Egypt new 9 Million sqm Industrial Park established by the Industrial Development Authority.
  - 4,795 residential / commercial customers in New Cairo Concessions, over an area of 8 Million sqm as follows:

1. 3,745 Customer in Nakhil
2. 347 Customers in Kattameya Residence
3. 192 Customers in Swan Lake
4. 16 Customers in Porto Cairo
5. 5 Customers in Cairo Festival City
6. 325 End-users in Cairo Festival City Mall
7. 23 Customers in Porto Cairo Mall
8. 47 Customers in Emeralds Mall
9. 27 Customers in Maxim
10. 73 Customers in Marina City

- Wady Degla and Smash, schools, institutes in New Cairo.
- 98 Residential Customers Emaar-Up Town, Mokattam, Cairo, over an area of 4 Million sqm.

POWER BUSINESS HISTORICAL RESULTS

	2009	2010	2011	2012	2013	2014	2015	2016	Growth
Sold Electricity-Million Kwhr	435	575	659	573	489.6	833	1023	1,016	-1%
No. of Touristic/Industrial Customers	70	99	123	127	159	174	207	246	19%
No. of Residential/ Commercial Customers	273	487	1098	1647	2260	3193	4674	4795	3%
Contracted Capacity MW	700	864	886	956	912.3	948.7	970	977	1 %

EPC ARM

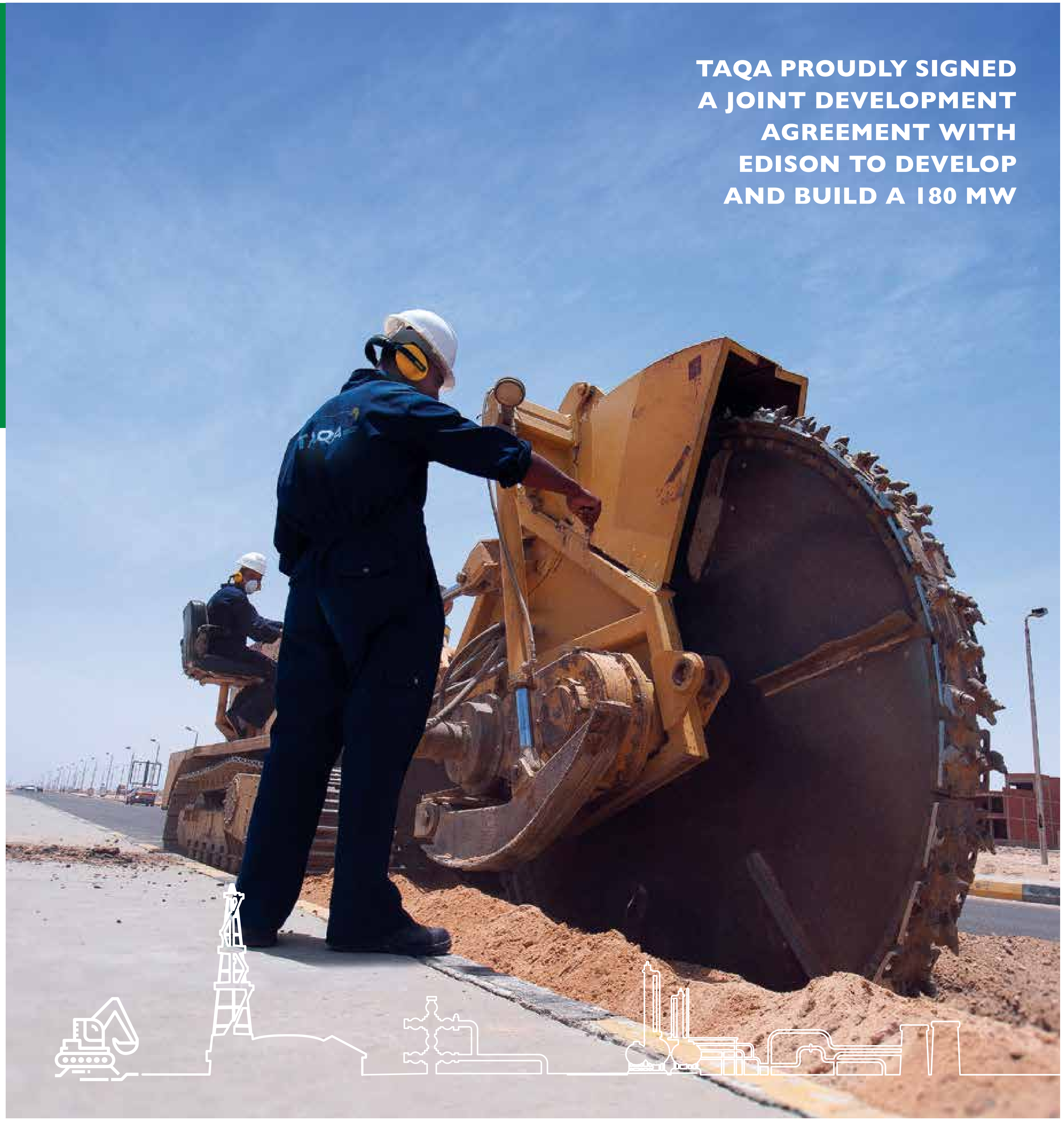
Operating in Egypt, Qatar, Iraq, and the UAE, TAQA EPC is the company's engineering, procurement, and construction arm.

It is solely responsible for designing and building pipeline connections as well as connecting clienteles and consumers to the national grid.

The construction division alone offers energy and infrastructure solutions to over one million domestic and international, loyal customers. The largest private gas construction company in Egypt; House Gas is operated by TAQA EPC. Our engineering, design, and technical studies division is known as the Engineering Gulf of Suez Company (EGUSCO) which is considered to be one of the leading engineering consultants in the Middle East & Africa for natural gas and liquefied-petroleum gas. It is the only private sector engineering solutions provider that caters to both public and private third-party clients.

139
INDUSTRIAL CUSTOMERS

55 THOUSAND
RESIDENTIAL CUSTOMERS



TAQA Arabia E.P.C.

TAQA EPC is the company's leading lever for engineering, procurement and construction, guaranteeing a scope of fully-fledged services to incoming markets and clients. Our multi-faceted facilities enable our engineers to offer clients proficient construction progress on site at the most competitive prices in the market. The work produced by TAQA EPC has molded it into one of the leading engineering consulting firms in the Middle East and Africa for natural gas and liquefied petroleum gas pipelines.

TAQA EPC is a subcontractor for the group's Qatari, Iraqi, and Emirati operations, acting as a feeding industry to the remaining arms. Furthermore, it is the Middle East and Africa's pimary expert in gas and utility solutions. We plan to expand our investments in industrial projects, all the while maintaining quality services to domestic customers. TAQA EPC has successfully met its targets to reduce the costs, risks, and obligations associated with domestic conversions.

TAQA EPC is the company's leading lever for engineering, procurement and construction, guaranteeing a scope of fully-fledged services to incoming markets and clients.

2250 Km
HIGH PRESSURE PIPELINE

CONSTRUCTION SERVICES

The construction division offers energy and infrastructure solutions to over 1.1 million domestic and international customers including public and private companies. Examples of companies we have extended our reach to is RMG Donkin, Emesons, Akfel Grou, EDF Power, Group Suez, and EBIC Fertilizer Group.

We also offer an array of construction services ranging from gas and electricity connections, water sanitation, duel fuel supplies, water networks, pipelines, sewer construction, and telecom duct works.

Our turnover record in the delivery of turnkey projects is admirable, and we provide a wide range of construction services due to our multi-accredited, unmatched teams. TAQA EPC expanded its electromechanical activities to be included in the new power plants in Egypt as well as being awarded contracts with the General Petroleum Company.

ENGINEERING AND DESIGN SERVICES

TAQA EPC's engineering, design, and technical studies division is known as the Engineering Gulf of Suez Company (EGUSCO) which is considered to be one of the leading engineering consultants in the Middle east & Africa for natural gas and liquefied-petroleum gas.

Its engineering and consultancy services cover gas pipeline engineering, route selection, optimization of pipeline systems, coating and protection standards, process design, contracting philosophy, execution plan, project schedule, security framework, strategic planning, cost forecasting, and draft tender packages. It also covers feasibility, marketing, planning studies, and business plan development, such as technical and economic audits and natural gas utilization consulting services.

2016 HIGHLIGHTS

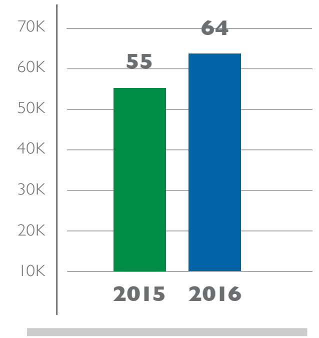
Construction Highlights - Potential Projects Budget 2016

TAQA EPC expanded its electromechanical activities to be included in the new power plants in Egypt as well as being awarded contracts with the General Petroleum Company.

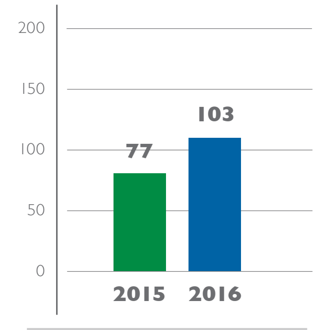
EPC BUSINESS HISTORICAL RESULTS

	2015	2016
Total Connected Residential Customers	55,010	64,455
Residential Customers Revenue	77,460	103,392
Number Of Industrial Customers	139	88
Industrial Customers Revenue	44,881	39,833

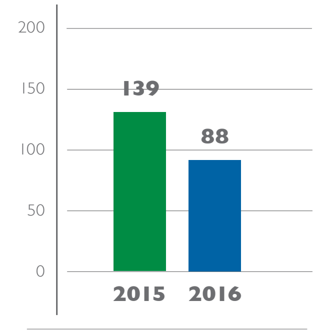
TOTAL CONNECTED RESIDENTIAL CUSTOMERS



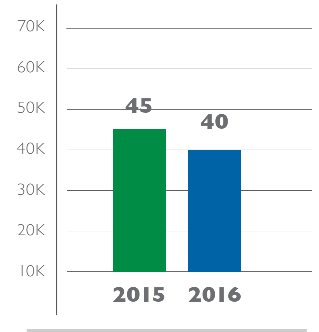
RESIDENTIAL CUSTOMERS REVENUE



NO. OF INDUSTRIAL CUSTOMERS



INDUSTRIAL CUSTOMERS REVENUE



OIL MARKETING ARM

TAQA Oil Marketing is the first privately owned Egyptian company licensed to market petroleum products.

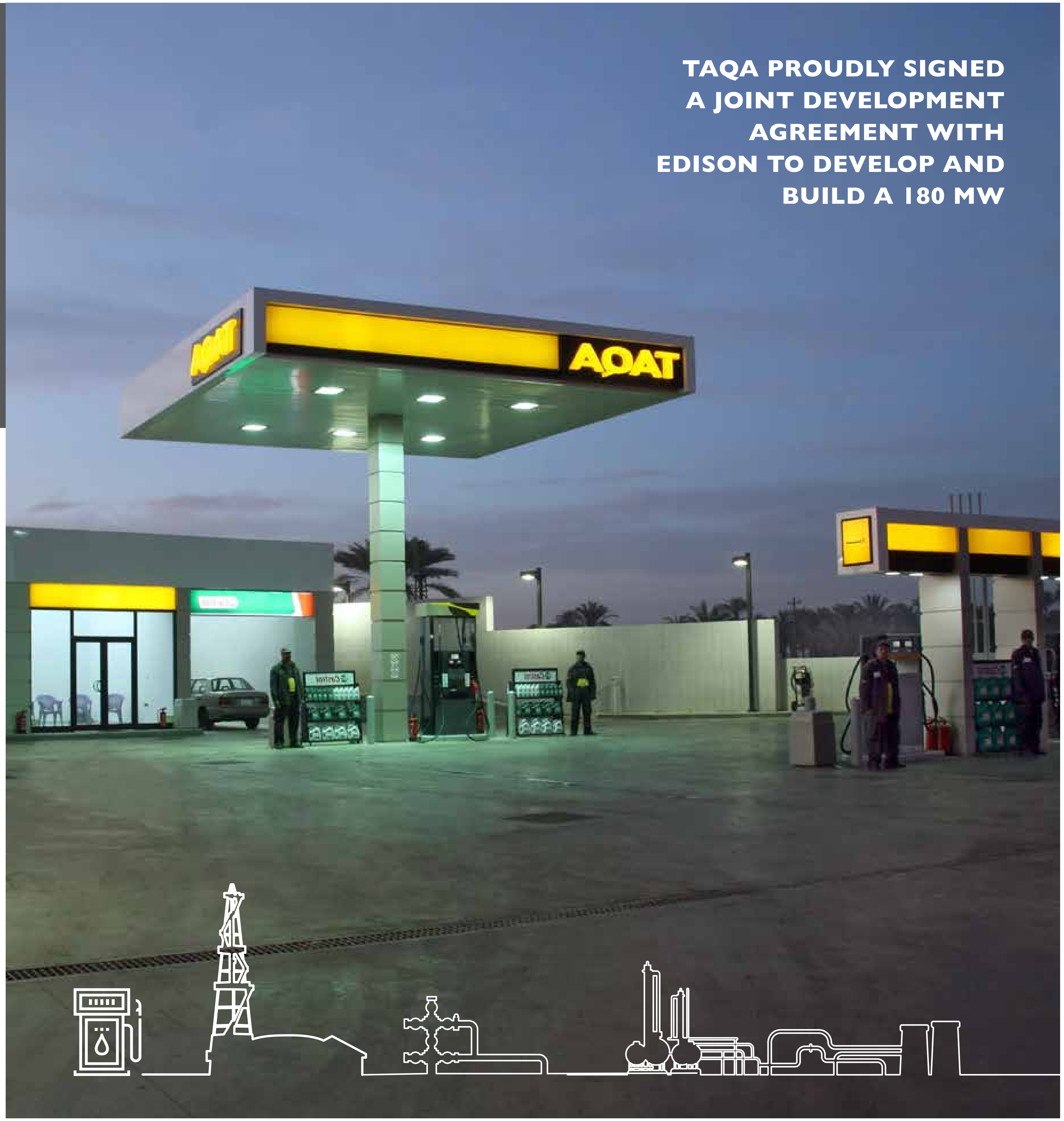
including fuels and lubricants through a retail network of service stations under the TAQA brand name.

The company focuses on servicing rural areas across Egypt, where the need for such stations is more pronounced.

39
STATIONS
SERVICE STATIONS

4352
TON LUBRICANTS SALES
EVERY YEAR

TAQA PROUDLY SIGNED A JOINT DEVELOPMENT AGREEMENT WITH EDISON TO DEVELOP AND BUILD A 180 MW



TAQA Arabia Oil Marketing

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Castrol master gas

TAQA MARKETING RESULTS

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Castrol products in the Egyptian market fulfil the demands of motorists across all classes and passionate bikers through an extensive range of automotive engine oils, manual and automatic transmission fluids, chain lubricants, and brake fluids in addition to a range of commercial diesel engine oils to cover the needs of fleets, owner operators and B2B segments.

TAQA Suez Fuels Terminal:

The terminal continued during 2016 to support the company's sales and financial results following the successful 2015 performance and achievements. During 2016, the terminal serviced around 39 TAQA customers and 7 major oil marketing companies including COOP, NPCO (Wataneya), Nile Petroleum, Libya Oil and Emarat Misr.

Comparing to 2015, during which the terminal achieved a total annual throughput of 782 M liters representing a monthly average of 65 M Liters, the year 2016 was even more successful as the terminal achieved an annual throughput of 929 M Liters representing a monthly average of 77 M Liters, which shows an increase of 19 % in the total annual throughput between 2015 and 2016.

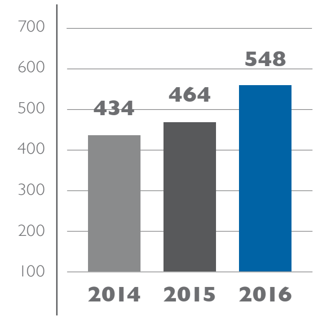
2016 HIGHLIGHTS

- Net Profit of EGP 34 million with an incremental 17.9% against budget.
- EGP 1667.7 million of gross sales revenues, increasing revenues by almost 30.7 % compared by 2015 revenues " EGP 1276.3 Million"
- Inaugurating four additional stations during 2016
- Additional CAPEX in service stations and Suez terminal reached of EGP 13.2 million in 2016.

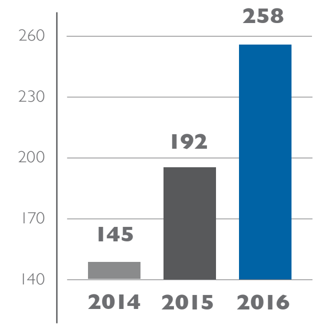
TAQA OIL MARKETING RESULTS 2015

	Unit	2014	2015	2016	2016 Vs. 2015
Number of Stations		31	35	39	11.43%
Gas Oil	Million liters	433.6	463.6	547.85	18.17%
Gasoline	Million liters	144.9	192.01	257.60	34.16%
Lubricants Tons	Tons	2,190	3,463	4,352	25.66%
Refined Products Sales Growth	KBD	9.97	11.2	13.76	22.85%

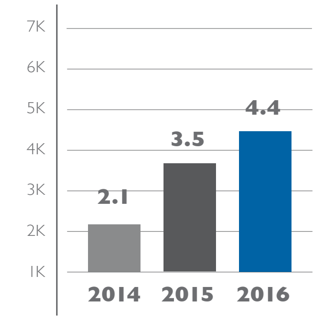
GAS OIL / MILLION LITERS



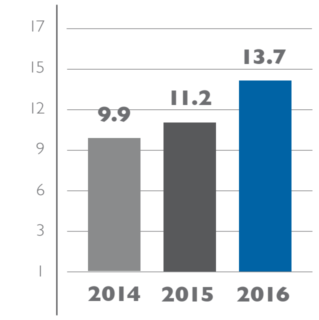
GASOLINE / MILLION LITERS



LUBRICANTS / TONS



REFINED PRODUCTS SALES GROWTH / KDB



RENEWABLE ENERGY

"TAQA Arabia is leading the way being the first company to install the metrological station required for readings of solar radiation both in BenBan and Zaafarana"

FEED-IN TARIFF PROJECTS (PV & WIND)

TAQA Arabia has been qualified to develop a 50MW project and an SPV was established for that purpose under the name of TAQA Arabia Solar.

In September 2014, the cabinet of ministers approved in its session #11 the issuance of the feed in tariff for electricity projects produced from renewable energy resources (Solar PV & Wind) with a target for the first regulatory period (2015-2017) to connect 4,300MW of both PV and Wind energy.

The electricity transmission company (EETC) & distribution companies are committed to purchase the produced electricity from RE power plants at the prices announced by the Cabinet of Ministers through Power Purchase Agreements (PPA) for 25 years for Pv projects and 20 years for wind projects.

Earlier in April 2015, TAQA Arabia has been qualified to develop a 50MW project and an SPV was established for that purpose under the name of TAQA Arabia Solar. A plot of land has been allocated for the project in Benban Area (near Aswan). Later an interim License was issued and a cost sharing agreement was signed with the Egyptian Electricity and transmission company as well as with the new and Renewable energy authority for that purpose.

TAQA Arabia has been qualified in a consortium with SolarReserve to develop a 50Mw project in Zaafarana.

Later in May 2015, TAQA Arabia was also qualified in a consortium with SolarReserve; an American based international market player (based on 50% - 50% basis) to develop another 50 MW project. Another SPV was established under the name of TAQASolar Reserve, along with another plot of land allocated for a project in Zaafarana.

An interim license was also issued and a cost sharing agreement has been signed with the Egyptian Electricity and transmission company as well as with the new and Renewable energy authority.

TAQA Arabia has appointed DNV an international consultant for the project consultancy and pre-feasibility studies, and has since then been the first company to install the metrological station required for readings of solar radiation and various aspects in Benban area, making TAQA Arabia a step ahead of other developers. Another metrological station has been installed and is already acquiring important reading and analysis in Zaafarana.

Within the Feed-in Tariff, TAQA Arabia has also been qualified to develop a 50 MW Wind project in Gulf of Suez area.

RENEWABLE BOO PROJECTS

TAQA Arabia with SolarReserve have been qualified for a 200 MW PV project and a 100 MW CSP project, both in the West of the Nile area under a BOO scheme.

- 200 MW BOO, West of Nile PV Project
- 100 MW BOO, West of Nile CSP project

TAQA Arabia & The French NEON has been qualified among other local & international bidders to bid for the upcoming Boo projects.

- 200 MW BOO, Kom Ombo PV Project

BOO projects are in the tendering phase and expected to be signed by Q4, 2016.

CORPORATE SOCIAL RESPONSIBILITY

SUCCESSFULLY BUILT MORE THAN
20,000 Homes

TAQA Arabia is exclusively committed to community endeavors as part of its corporate social responsibility program.

> Our work includes building power stations, offering low-cost electricity for impoverished neighborhoods, and providing jobs and on the clock training. We highly value the significance of giving back and enriching the environment and communities in which we live.

In 2012, we upheld this tradition by contributing to Habitat for Humanity Egypt through a fruitful American Chamber of Commerce fundraising event. The main goal of Habitat's work in Egypt is to build and renovate countless homes for 10% of Egypt's impoverished citizens by 2023. To this day, the foundation has successfully built more than 20,000 homes for over 100,000 people who would otherwise find themselves homeless.

TAQA Arabia's helping hand doesn't stop there. We also contributed to Dar Al Orman foundation; an organization that improves living conditions and development in villages struggling with extreme poverty issues. We also continue to provide gas to mosques and churches and residential customers at a reduced rate, and sometimes completely free of charge.

In addition, we have also funded the building and equipping of an eye clinic in Suez that provides constant medical care to the entire community as a means of boosting the public health initiative.

TAQA Arabia is also a cooperative partner with Injaz; a non-profit organization that encourages entrepreneurship in Egypt. The organization helps young people achieve their goals through their Master Class Program which assists them in gaining the necessary entrepreneurial skills to start their own businesses.

Coupled with our Injaz partnership we also contributed to the work of the Salesian Don Bosco Institute which provides technical and professional training to thousand of youth to give them the skills needed to find the ideal employment situation for them and therefore develop Egypt's capital.

CORPORATE GOVERNANCE

TAQA Arabia places a strong emphasis on strong corporate governance and is constantly seeking to create resourceful, streamlined processes from the top down.

To us, our employees are one of the most essential pillars in achieving any of our goals and making sure we meet our challenges as the company strives to move forward. In 2011, the Corporate Governance Department was established in order to recognize and implement global standards and paramount practices to grow the company's unmatched market leadership around the world.

HUMAN RESOURCE DEVELOPMENT

Human resources are our strongest and most valuable assets, and the development of these assets is an extremely vital step towards the success of our company. Despite a challenging and ever-changing investment climate on our hands, we have not laid off any employees in 2011. On the contrary, we focused on training programs in effective crisis management and related fields and continued to uphold our commitment to technical training across each of our business arms. TAQA Arabia also sponsored countless summer trips for more than 285 employees in 2011, covering an estimated 80 to 90% of their expenses in order to help them enjoy some time off with their families.

HEALTH, SAFETY AND THE ENVIRONMENT

Part of our investment is targeted to safeguard the health of our valuable employees and customers while minimizing the effect of thus activities on the environment. Our QHSE departments ensure the utmost compliance with health, safety and environmental standards while maintaining our view of achieving a zero percent rate of defective operations, accidents, and zero environmental hostility.

CAPITAL EXPENDITURE AND INVESTMENT

TAQA Arabia has acquired and incorporated 23 companies, many of which had more than 30 years of market experience.

TAQA GAS

TAQA GAS SIGNED AN AGREEMENT WITH EGAS TO CONNECT **308,000** NEW DOMESTIC CLIENTS IN THE UPCOMING YEARS

TAQA EPC

MAJOR EXPANSIONS IN INDUSTRIAL PROJECTS' INVESTMENTS, WITH PROJECTED REVENUES OF **EGP 70 MILLION**

TAQA POWER

TAQA POWER SECURED ERA'S BOARD OF DIRECTORS' DECISION TO BUILD ITS **220/22KV SUBSTATION**

TAQA MARKETING

INAUGURATING FOUR ADDITIONAL STATIONS WITH A TOTAL INVESTMENT OF **EGP 8.9 MILLION**

During 2015, the government took important steps to address and overcome Egypt's energy challenges. Several new exploration agreements were announced in addition to an agreement to import liquefied natural gas to meet the growing demand of the Egyptian electricity market.

The government also signed contracts to connect 2.4 million households to natural gas over the coming three years. Later in 2015, a huge gas discovery was made in the east Mediterranean in the Zohr field explored by the Italian ENI. This discovery estimated at 30 trillion cubic feet that would reshape the energy outlook of the whole region while transforming Egypt from an energy importer to an important gas exporter.

As for local oil consumption, a plan for full oil price liberalization over the coming five years has already been set and is gradually being implemented. The electricity sector has also witnessed important changes, including a prime ministerial decree that set the prices up to 2019 and the launch of the Feed- In-Tariff Program aiming to add 4.3 GW of solar and wind capacity by the private sector. With a clearer vision in place, the energy sector is set to attract further private investments in the coming years. Despite any challenges present in Egypt, TAQA Arabia has continuously managed to maintain a steadfast commitment to pursuing investments, thereby guaranteeing predictable returns to its shareholders.

While the company is seeking lucrative small and medium opportunities in the market, we are also undertaking various mega-projects. The past years, TAQA Power was pre-qualified to develop 150 MW of solar and wind projects under the Feed-In-Tariff Program, as well as the 200 MW Kom Ombo BOO solar.

Another pre-qualification has also been appointed to develop a 200MW PV project in the west of Nile area and a 100MW CSP project also under the BOO scheme.

Despite difficult operating conditions, the gas arm alone was able to increase the number of residential connections to reach 83,000 with an increase of 10,000 residents compared to the previous year. This brings the total number of customers being provided top quality operation and maintenance services up to 727,000. TAQA Gas' target is to reach 1,000,000 resident connections by the year 2018, proving it's powerful presence in the Egyptian market.

TAQA EPC acts as a feeding industry to the remaining arms and is responsible for designing and building pipeline connections as well as connecting customers and clients to the national grid. Currently the EPC arm is negotiating several transactions in various industries to provide exclusive EPC services for the utilities connections and infrastructure.

With the attempt of the Egyptian government to support the electricity generation market to cover the market gaps, it is currently executing a 14.4 GW of fossil power generation based on combined cycle configuration on fast track basis over two phases: phase 1 for up to 4.4 GW in an open cycle configuration by the end of 2016; and phase 2 for up to 14.4 GW in a combined cycle configuration by mid-2018, which will enhance the electricity power generation of the country.

Under the Fit Program, TAQA Arabia is currently developing a 2 x 50 MW solar project, and was able to secure to plots; one in BenBan fully owned by TAQA and the other in Zaafara with a US partner. The construction of the project is expected to be in Q3 2016 and the commercial operation date is set to be in Q2 2017.

TAQA was able to mandate the IFC and OPIC for debt financing of both projects.

TAQA Marketing currently operates in full within the Suez terminal, with a capacity reaching up to 14 million liters and a maximum annual throughout equaling 2,100 million liters.

Over the course of 2015, TAQA Marketing brought on stream five new service stations, bringing its total up to 42 stations across 14 different governorates.

TAQA Marketing is planning to fully invest in an additional terminal in Alexandria to hedge its risk against supply shocks.

EXECUTIVE MANAGEMENT TEAM

Khaled Abu Bakr

Executive Chairman

Eng. Abu Bakr, is a veteran entrepreneur of the energy industry, played a key role in the development of the gas and power private sector in Egypt and the region. Over the past 30 years he was instrumental in helping grow the sustainable role of the public and private sector in the Egyptian gas and energy sector. Eng. Abu Bakr, is the Co-founder of TAQA Arabia. Eng. Abu Bakr is the regional coordinator for Middle East and Africa in the international gas union, and chairman of the Egyptaian gas association, as well as being a board member of several business organizations in the field of industry's power, gas, and oil.

Pakinam Kafafi

Chief Executive Officer

Pakinam Kafafi built her career at EFG-Hermes, where she rose to the position of Vice President of EFG-Hermes Investment Banking, and became a member of EFG-Hermes Group. In 2003, she held the position of Strategy and Investment General Manager at Gas & Energy Group (Genco). In 2006, Kafafi joined TAQA Arabia at the capacity of Investment Director to be soon promoted as the CEO, bringing to the company over 22 years of experience in the investment field. As the CEO, Kafafi oversees the strategic direction of the company and leads the operations.

Ms. Kafafi is an active and highly-respected member of the local business community and was the Co-Chair of the "Women in Business Committee" at the American Chamber of Commerce.

Peter Mofeed

Chief Financial Officer

Peter Mofeed benefits from a vast experience in the finance and investments, he held a multitude of positions in prestigious organizations, such as the Commercial International Bank (CIB) where he moved between the corporate and investment banking departments and finally was assigned the role of Vice President of CI Investment Banking, an advisory firm established by CIB. He also headed the finance department in Ezz Steel. Mofeed joined TAQA Arabia in 2010 as the Chief Financial Officer, his focus is to evaluate new projects and arrange the necessary financing for the Group's subsidiaries.

ARMS MANAGING DIRECTORS

Amr Abu Bakr

TAQA EPC

With over twenty years of impressive success in the natural gas sector, running operational functions and leading large-scale projects, from inception to successful completion, Amr Abu Bakr escalated through various positions in a number of reputable companies such as Misr Hotels, Egypta Gas Co., EUGESCO and Nile Valley, until being appointed as the Technical Managing Director of TAQA EPC in 2013. Abu Bakr utilizes strong successful managerial experience in corporate operations, establishes quality, safety and financial operational standards to produce positive impact on overall performance of the organization.

Tarek El Hawary

TAQA Gas

With a strong technical background dating back to 1985, Tarek El Hawary started his career as a Site Engineer at Egypt Gas Co., he then moved to House Gas as a Project Manager, where he worked on network construction and customer conversions. In 2005, El Hawary joined City Gas, a subsidiary of TAQA Arabia, as a Deputy MD and then Managing Director for Technical Affairs. In this capacity, he supervised the work crew, resolved technical difficulties and made sure that quality and productivity were kept up to par.

Hesham Wagdy

TAQA Power

Privileged to build his professional career with the strongest players in the FMCG and Power Systems fields, Hesham Abdel Dayem is an influential leader, possessing a wealth of diversified experience from the top multinational, domestic and semi-governmental sectors. Before joining TAQA Arabia, Eng. Abdel Dayem was the Executive Director and Board Member of Industrial Modernization Centre (IMC), in addition to being a board member in a number of institutions and key committees related to the ministry of Trade and Industry. As a believer in human capital, Abdel Dayem transforms organizations through utilizing modern management practices to create positive and results oriented working environments.

Mohamed Nafea

TAQA Oil Marketing

Throughout his 21 years of professional practice in oil marketing, Mohamed Nafea held various positions in Mobil Oil Egypt, Mobil Oil Morocco, and Exxon Mobil Egypt. Relying on a broad experience, Nafea was appointed as President and Fuels Marketing Manager of Mobil Oil Morocco and Retail Marketing Manager of Exxon Mobil Egypt, where he led the marketing and sales of fuels, convenience products and other back court offers through a retail chain of 409 outlets.

FINANCIAL HIGHLIGHTS

TAQA Arabia consolidated statement recorded a solid 17% profits growth year over year

FINANCIAL REVIEW

TAQA Arabia consolidated statement recorded a solid 17% profits growth year over year, realizing EGP 105.5 million of net profits in 2014.

Minority Interests also have recorded an increase of 44%. TAQA Arabia's consolidated revenues increased by 46% versus 2013, registering EGP 1.495 billion, whereas sales costs augmented by 54% versus previous year, realizing EGP 301 million gross profit in 2014. The number of converted clients amplified with a difference of over 20,000 new clients, reaching a total of 73,222 converted clients in 2014.

In 2014, TAQA EPC's focus was on expanding the engineering and designing capabilities in response to the growing scope of projects. Sales revenues dropped by 42% versus 2013, reaching EGP 110,983, while customers' base decreased by 8% to be 54,974 residential and industrial customers.

Due to the lack of natural gas, TAQA Gas volume decreased by 20% versus 2013, recording a total of 3.7 billion cubic meters, however, the number of customers increased by 13% in 2014. In terms of revenues, TAQA Gas recorded a 5% growth year over year achieving EGP 439 million and contributed again with the highest profits, generating EGP 85 million, 66% from the consolidated profits.

Generating more than 50% from the total consolidated revenues, TAQA Oil Marketing realized EGP 967 million, 79% growth year over year and 20% above budget. The Profits amounted to EGP 13.5 million, 10% from the consolidated profits and 69% above budget.

2014 witnessed a boost on many levels for TAQA Power, from volume and clients' base to revenues and profits generation. The number of clients escalated by 41% to be 3,193 residential and 174 industrial customers, volumes grew by 21% amounting to 590 GW/H, revenues increased by 45% realizing EGP 389 million and profits augmented by 23% attaining EGP 31 million, 24% from the consolidated profits.

INCOME STATEMENT REPORTING TAQA CONSOLIDATED

	Act.2016	Act.2015	vs 2015	% of Growth
Local Gas Volume BCM	3.6	3.1	0.5	17%
Converted Customers	93,653	82,455	11,198	14%
Local Volume KW - Hr	647.2	730.9	(83.7)	-11%
Sales	2,821.4	2,299.9	521.6	23%
Cost of sales	(2,470.2)	(1,953.1)	(517.1)	26%
Gross profit	**351.3**	**346.8**	**4.5**	**1%**
Gross Profit/Sales	**12%**	**15%**	**-3%**	**-17%**
Administrative Expenses	(116.7)	(106.5)	(10.2)	10%
Provisions			0.0	#DIV/0!
Non recurring items	0.2	(0.1)	0.3	-469%
EBITDA	**234.8**	**240.2**	**(5.4)**	**-2%**
Non Operating items	8.8	(30.5)	39.3	N/A
Depreciation and Amortization	(46.5)	(40.5)	(6.0)	15%
EBIT	**197.1**	**169.2**	**27.9**	**16%**
Interest Income / (Expense)	63.0	62.0	1.0	2%
Profit Before Tax	**260.1**	**231.2**	**28.9**	**12%**
Deferred and income tax expense	(71.7)	(65.1)	(6.6)	10%
Profit From Continuing Operation	**188.4**	**166.1**	**22.3**	**13%**
Minority Interest	(8.1)	(6.1)	(2.0)	33%
Profit for the period	**180.3**	**160.0**	**20.3**	**13%**
Net Profit / Sales	**6%**	**7%**	**-1%**	**-8%**

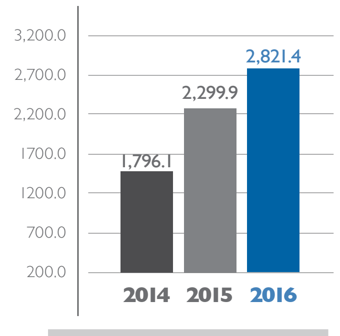
INCOME STATEMENT REPORTING TAQA CONSOLIDATED

In Million EGP	Local Gas			Regional Gas	Total			Taqa Others	Taqa Cons.
	EPC	LDC	Total		Gas	Power	Marketing		
Sales	153.0	388.9	(375.9)	(66.3)	622.3	532.1	1,667.7		2,821.4
Cost of sales	(131.9)	(244.0)	166.0	14.1	(442.2)	(417.4)	(1,605.7)	(4.8)	(2,470.2)
Gross profit	**21.1**	**144.9**	**(51.0)**	**(15.3)**	**180.1**	**114.7**	**61.9**	**(4.8)**	**351.3**
Administrative Expenses	(11.3)	(39.7)	0.0		(66.4)	(23.6)	(3.5)	(23.3)	(116.7)
Provisions		0.0	1.1	3.1	0.0			0.0	0.0
Non recurring items	1.0	0.1	116.1	1.9	4.2	0.3		(4.3)	0.2
EBITDA	**10.8**	**105.2**	**37.7**	**(42.5)**	**117.9**	**91.4**	**58.5**	**(32.4)**	**234.8**
Non Operating items	(1.2)	38.9	(8.3)	(0.6)	(4.8)	(7.0)	(6.1)	26.7	8.8
Depreciation and Amortization	(1.7)	(6.7)	145.4	(41.2)	(8.9)	(27.7)	(9.5)	(0.3)	(46.5)
EBIT	**7.9**	**137.5**	**45.7**	**(0.1)**	**104.2**	**56.7**	**42.9**	**(6.0)**	**197.1**
Interest Income / (Expense)	0.8	44.8	191.1	(41.3)	45.5	0.2	0.9	16.3	63.0
Profit Before Tax	**8.7**	**182.3**	**(42.5)**		**149.7**	**56.9**	**43.8**	**10.3**	**260.1**
Deferred and income tax expense	(2.3)	(40.2)	148.6	(41.3)	(42.5)	(17.8)	(9.8)	(1.6)	(71.7)
Profit From Continuing Operation	**6.5**	**142.1**	**(0.8)**	**(3.2)**	**107.3**	**39.1**	**34.0**	**8.7**	**188.4**
Minority Interest		(0.8)	147.7	(44.5)	(4.0)	(4.1)		0.0	(8.1)
Profit for the period	**6.5**	**141.3**	**98.9**	**(25.2)**	**103.3**	**35.0**	**34.0**	**8.7**	**180.3**

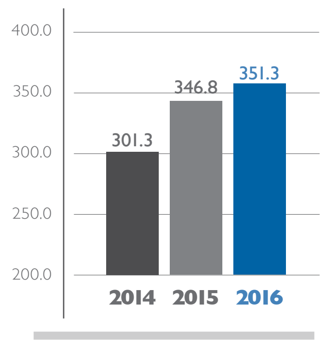
FINANCIAL RESULTS

	2014	2015	2016
Revenue	1,796.1	2,299.9	2,821.4
% Growth	46%	28%	23%
Gross Profit	301.3	346.8	351.3
% Growth	18%	15%	1%
EBITDA	175.5	240.2	234.8
% Growth	26%	37%	-2%
NIAT	**105.5**	**160.0**	**180.3**
% Growth	17%	52%	13%

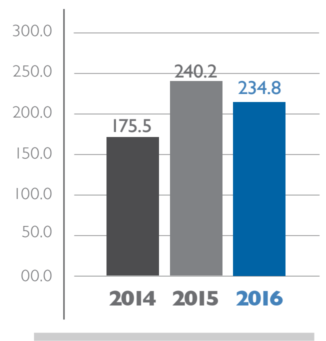
REVENUE



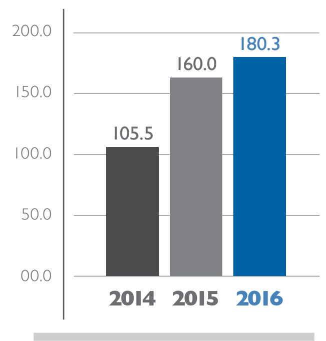
GROSS PROFIT



EBITDA



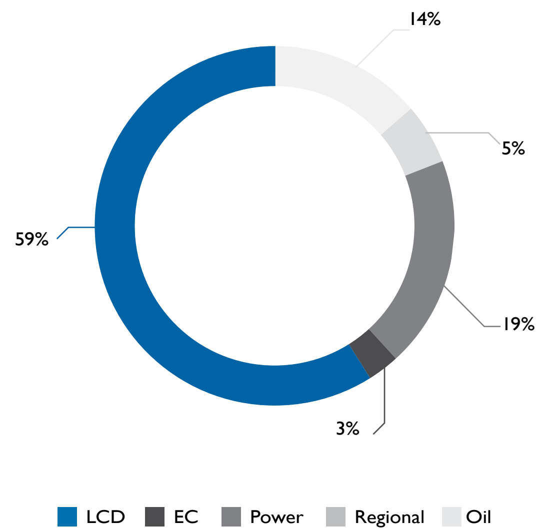
NIAT



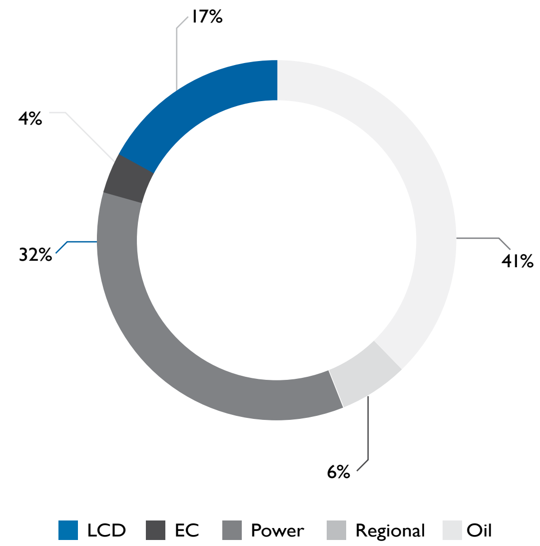
REVENUE & GROSS PROFIT SPLIT

	Revenue	%	Gross profit	%
LDC	388.9	14%	144.9	41%
EC	153.0	5%	21.1	6%
Power	532.1	19%	114.7	32%
Regional	80.4	3%	14.1	4%
Oil	1,667.7	59%	61.9	17%
Gross profit	**2,822.1**		**356.7**	

REVENUE EGP 2,821.4 M



GP EGP 306.3 M



FINANCIAL STATEMENTS

Taqa Arabia Company

(An Egyptian Joint Stock Company)

Consolidated financial statements for the financial year ended **31 December 2016** and auditor's report

AUDITOR'S REPORT

**To the Shareholders of Taqa Arabia Company
(An Egyptian Joint Stock Company)**

Report on the consolidated financial statements

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

Management's responsibility for the consolidated financial statements

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

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Egyptian Standards on Auditing and in the light of the prevailing Egyptian laws. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Taqa Arabia Company as of 31 December 2016 and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the Egyptian Accounting Standards and the Egyptian laws and regulations relating to the preparation of these consolidated financial statements.

KPMG Hazem Hassan

KPMG Hazem Hassan
Public Accountants and Consultants

Cairo, 2 February 2017

TAQA Arabia Company (An Egyptian Joint Stock Company)

1. CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS OF 31 DECEMBER 2016

In Egyptian Pound	Note No.	31/12/2016	31/12/2015
Non-current assets			
Property, plant and equipment	(5)	494 889 900	502 247 786
Projects under construction	(6)	52 734 915	9 585 737
Intangible assets	(7)	12 808 430	12 969 131
Goodwill	(8)	393 100 684	393 100 684
Trade receivables and other debit balances	(10)	28 514 360	34 319 306
Other investments	(11)	702 000	2 316 541
Deferred tax assets	(22)	313 737	546 711
Total non-current assets		**983 064 026**	**955 085 896**
Current assets			
Inventories	(9)	226 471 185	121 059 979
Trade receivables and other debit balances	(10)	706 687 663	486 331 545
Due from related parties	(12)	42 019 076	46 214 173
Loan - notes receivables	(13)	366 920 830	321 684 205
Investments in treasury bills		527 097 029	420 189 260
Cash and cash equivalents	(14)	562 344 775	299 046 630
Total current assets		**2 431 540 558**	**1 694 525 792**
Total assets		**3 414 604 584**	**2 649 611 688**
Equity			
Share capital	(19)	676 176 900	676 176 900
Share premium		6 501 700	6 501 700
Reserves	(20)	38 723 096	58 212 646
Retained earnings		607 425 114	474 410 251
Interim dividends		-	(27 991 685)
Equity attributable to owners of the Company		**1 328 826 810**	**1 187 309 812**
Non-controlling interest		**47 960 443**	**37 012 129**
Total equity		**1 376 787 253**	**1 224 321 941**
Non-current liabilities			
Loans and borrowings	(16)	183 158 695	220 588 035
Long term liabilities	(21)	162 119 017	132 857 442
Deferred tax liabilities	(22)	51 452 148	50 102 867
Total non-current liabilities		**396 729 860**	**403 548 344**
Current liabilities			
Bank facilities	(15)	160 093 143	41 975 020
Loans and borrowings	(16)	81 355 326	61 888 971
Trade payables & other credit balances	(17)	1 155 907 935	844 494 570
Due to related parties	(12)	-	8 960 725
Provisions	(18)	243 731 067	64 422 117
Total current liabilities		**1 641 087 471**	**1 021 741 403**
Total liabilities		**2 037 817 331**	**1 425 289 747**
Total equity and liabilities		**3 414 604 584**	**2 649 611 688**

* The notes on pages (6) to (31) are an integral part of these consolidated financial statements.

** Auditor's report "attached".

Mr. Ahmed El-Rouby
Deputy Chief Financial Officer

Mr. Peter Mofeed
Chief Financial Officer

Mrs. Pakinam Kafafi
Managing Director

TAQA Arabia Company (An Egyptian Joint Stock Company)

2. CONSOLIDATED STATEMENT OF INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

In Egyptian Pound	Note No.	2016	2015
Revenue	(23)	2 821 441 839	2 299 875 898
Cost of revenue	(24)	(2 512 593 858)	(1 989 774 455)
Gross profit		**308 847 981**	**310 101 443**
Other income		7 207 967	4 133 596
Administrative expenses	(25)	(112 411 532)	(97 565 440)
Other expenses	(26)	(190 759 921)	(54 233 409)
Finance income	(27)	115 904 310	93 691 161
Finance costs	(28)	(52 945 259)	(31 710 080)
Foreign currency translation differences		184 224 698	6 796 731
Profit before tax		**260 068 244**	**231 214 002**
Income tax expense	(29)	(71 684 513)	(65 095 268)
Profit for the year		**188 383 731**	**166 118 734**
Profit attributable to:			
Owners of the Company		180 299 856	160 047 548
Non-controlling interest		8 083 875	6 071 186
Profit for the year		**188 383 731**	**166 118 734**

* The notes on pages (6) to (31) are an integral part of these consolidated financial statements.

TAQA Arabia Company (An Egyptian Joint Stock Company)

3. CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

In Egyptian Pound	2016	2015
Profit for the year	**188 383 731**	**166 118 734**
Other comprehensive income		
Items that are or may be reclassified subsequently to profit or loss:		
Foreign currency translation differences	(17 202 356)	2 587 024
Other comprehensive income for the year	**(17 202 356)**	**2 587 024**
Total comprehensive income for the year	**171 181 375**	**168 705 758**
Attributed to:		
Owners of the Company	160 810 306	161 709 191
Non-controlling interests	10 371 069	6 996 567
	171 181 375	**168 705 758**

* The notes on pages (6) to (31) are an integral part of these consolidated financial statements.

TAQA Arabia Company (An Egyptian Joint Stock Company)

4. CONSOLIDATED STATEMENT OF CHANGE IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

In Egyptian Pound	"Share capital"	"Share premium"	"Legal reserve"	"Translation reserve"	"Other equity"	"Retained earnings"	Interim dividends	"Equity attributable to owners of the Company"	Non-controlling interest	"Total equity"
Balance as of 1 January 2015	**676 176 900**	**6 501 700**	**13 209 451**	**42 118 954**	**(2 670 051)**	**373 851 518**	**-**	**1 109 188 472**	**31 920 938**	**1 141 109 410**
Total comprehensive income										
Profit for the year	-	-	-	-	-	160 047 548	-	160 047 548	6 071 186	166 118 734
Other comprehensive income	-	-	-	1 661 643	-	-	-	1 661 643	925 381	2 587 024
Total comprehensive income	**-**	**-**	**-**	**1 661 643**	**-**	**160 047 548**		**161 709 191**	**6 996 567**	**168 705 758**
Transactions with owners of the company										
Dividends for non controlling interest	-	-	-	-	-	-	-	-	(1 803 356)	(1 803 356)
Non controlling share in board of directors and employees profit share	-	-	-	-	-	-	-	-	(102 020)	(102 020)
Transfer to legal reserve	-	-	2 339 685	-	-	(2 339 685)	-	-	-	-
Dividends	-	-	-	-	-	(40 008 617)	-	(40 008 617)	-	(40 008 617)
Board of directors and employees profit share	-	-	-	-	-	(17 140 513)	-	(17 140 513)	-	(17 140 513)
Transfer to legal reserve from interim dividends	-	-	1 552 964	-	-	-	(1 552 964)	-	-	-
Interim dividends for shareholders	-	-	-	-	-	-	(23 794 849)	(23 794 849)	-	(23 794 849)
Board of directors and employees profit share from interim dividends	-	-	-	-	-	-	(2 643 872)	(2 643 872)	-	(2 643 872)
Total transactions with owners of the company	**-**	**-**	**3 892 649**	**-**	**-**	**(59 488 815)**	**(27 991 685)**	**(83 587 851)**	**(1 905 376)**	**(85 493 227)**
Balance as of 31 December 2015	**676 176 900**	**6 501 700**	**17 102 100**	**43 780 597**	**(2 670 051)**	**474 410 251**	**(27 991 685)**	**1 187 309 812**	**37 012 129**	**1 224 321 941**
Balance as of 1 January 2016	**676 176 900**	**6 501 700**	**17 102 100**	**43 780 597**	**(2 670 051)**	**474 410 251**	**(27 991 685)**	**1 187 309 812**	**37 012 129**	**1 224 321 941**
Total comprehensive income										
Profit for the year	-	-	-	-	-	180 299 856	-	180 299 856	8 083 875	188 383 731
Other comprehensive income	-	-	-	(19 489 550)	-	-	-	(19 489 550)	2 287 194	(17 202 356)
Total comprehensive income	**-**	**-**	**-**	**(19 489 550)**	**-**	**180 299 856**	**-**	**160 810 306**	**10 371 069**	**171 181 375**
Transactions with owners of the company										
Transfer to retained earnings	-	-	-	-	-	(27 991 685)	27 991 685	-	-	-
Non controlling interest dividends	-	-	-	-	-	-	-	-	(2 826 622)	(2 826 622)
Board of directors and employees profit share	-	-	-	-	-	(19 293 308)	-	(19 293 308)	(350 708)	(19 644 016)
Non controlling interest share in subsidiary	-	-	-	-	-	-	-	-	3 754 575	3 754 575
Total transactions with owners of the company	**-**	**-**	**-**	**-**	**-**	**(47 284 993)**	**27 991 685**	**(19 293 308)**	**577 245**	**(18 716 063)**
Balances as of 31 December 2016	**676 176 900**	**6 501 700**	**17 102 100**	**24 291 047**	**(2 670 051)**	**607 425 114**	**-**	**1 328 826 810**	**47 960 443**	**1 376 787 253**

* The notes on pages (6) to (31) are an integral part of these consolidated financial statements.

TAQA Arabia Company (An Egyptian Joint Stock Company)

5. CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

In Egyptian Pounds	No.	2016	2015
Profit for the year		**188 383 731**	**166 118 734**
Adjustments for:			
Depreciation		45 699 181	39 676 918
Amortization		378 551	751 848
Provision formed		185 799 023	40 196 006
Impairment in other investment		1 614 541	-
Loan – notes receivables revenues		(45 236 625)	(40 424 205)
		376 638 402	**206 319 301**
Changes in:			
Inventories		(105 411 206)	(27 840 815)
Trade and other receivables		(214 551 172)	(78 012 105)
Related parties		(4 765 628)	(19 674 740)
Provision used		(6 490 073)	(2 305 713)
Trade and other payables		342 257 195	92 093 619
Board of directors and employees profit share		(19 644 016)	(12 797 131)
Net cash flows provided by operating activities		**368 033 502**	**157 782 416**
Cash flows from investing activities			
Payments for purchase of property ,plant and equipment and projects under construction		(81 201 270)	(52 083 382)
Investments in treasury bills & deposits due after 3 months		(74 857 686)	(438 689 586)
Payments for intangible assets		(217 850)	(4 494 000)
Loan - notes receivables		-	(62 579 227)
Disposals of property, plant and equipment		632 002	1 362 880
Net cash used in investing activities		**(155 644 804)**	**(556 483 315)**
Cash flows from financing activities			
Loans and borrowing		(17 962 985)	179 543 338
Change in bank facilities		118 118 123	(47 971 398)
Dividends		(2 826 622)	(55 367 804)
Non controlling interest share in subsidiary		3 754 575	-
Net cash flows provided by financing activities		**101 083 091**	**76 204 136**
Changes in cumulative translation difference		(18 123 561)	2 504 779
Cash and cash equivalents at the beginning of the year		280 546 304	600 538 288
Net changes in cash and cash equivalents		313 471 789	(322 496 763)
Cash and cash equivalents at the end of the year	**(14)**	**575 894 532**	**280 546 304**

* The notes on pages (6) to (31) are an integral part of these consolidated financial statements.

TAQA Arabia Company (An Egyptian Joint Stock Company)

6. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

In Egyptian Pounds	"Land & buildings &Leasehold Improvements"	"Machinery& equipments"	"Motor vehicles"	"Furniture & office equipment & computer"	"Generators& networks & pipeline & station equipment"	Total
Cost						
Balance as of 1 January 2015	120 970 411	105 734 890	19 113 094	35 425 734	373 028 074	654 272 203
Additions	20 061 672	19 458 262	1 340 390	3 048 802	29 923 120	73 832 246
Transfer from assets held for sale	40 995	560 725	-	428 724	5 609 628	6 640 072
Disposals	-	(481 265)	(160 000)	(302 886)	(1 736 792)	(2 680 943)
Cumulative translation difference	-	133 417	30 089	75 512	-	239 018
Balance as of 31 December 2015	**141 073 078**	**125 406 029**	**20 323 573**	**38 675 886**	**406 824 030**	**732 302 596**
Balance as of 1 January 2016	141 073 078	125 406 029	20 323 573	38 675 886	406 824 030	732 302 596
Additions	9 295 031	8 279 103	5 045 070	3 207 146	12 225 742	38 052 092
Disposals	(326 573)	(19 539 011)	(497 436)	(13 619 270)	(319 322)	(34 301 612)
Cumulative translation difference	-	2 125 580	443 074	1 160 232	-	3 728 886
Balance as of 31 December 2016	**150 041 536**	**116 271 701**	**25 314 281**	**29 423 994**	**418 730 450**	**739 781 962**
Accumulated depreciation and impairment						
Balance as of 1 January 2015	22 177 197	49 424 058	15 205 149	27 499 771	75 688 053	189 994 228
Depreciation	6 574 515	5 935 023	1 579 736	2 697 626	22 890 018	39 676 918
Transfer from assets held for sale	40 995	70 783	-	401 246	1 073 684	1 586 708
Accumulated depreciation of disposals	-	(481 265)	(160 000)	(301 539)	(375 259)	(1 318 063)
Cumulative translation difference	-	34 030	26 780	54 209	-	115 019
Balance as of 31 December 2015	**28 792 707**	**54 982 629**	**16 651 665**	**30 351 313**	**99 276 496**	**230 054 810**
Balance as of 1 January 2016	28 792 707	54 982 629	16 651 665	30 351 313	99 276 496	230 054 810
Depreciation	8 582 888	7 103 041	1 742 061	1 456 855	26 814 336	45 699 181
Accumulated depreciation of disposals	(325 810)	(19 523 663)	(497 436)	(13 225 643)	(97 058)	(33 669 610)
Cumulative translation difference	-	1 423 750	416 004	967 927	-	2 807 681
Balance as of 31 December 2016	**37 049 785**	**43 985 757**	**18 312 294**	**19 550 452**	**125 993 774**	**244 892 062**
Net carrying amount						
As of 31 December 2016	**112 991 751**	**72 285 944**	**7 001 987**	**9 873 542**	**292 736 676**	**494 889 900**
As of 31 December 2015	**112 280 371**	**70 423 400**	**3 671 908**	**8 324 573**	**307 547 534**	**502 247 786**

* The notes on pages (6) to (31) are an integral part of these consolidated financial statements.

TAQA Arabia Company (An Egyptian Joint Stock Company)

7. CNOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

1. COMPANY'S BACKGROUND

- TAQA Arabia Company S.A.E "the Company" established under the provisions of Law No. 159 of 1981 and its executive regulations.
- The registered office of the company is 2 Kasr El Dobara Sq., Garden City, Cairo, Egypt.
- These consolidated financial statements comprise the Company and its subsidiaries (together referred to as the "Group").
- The group is primarily involved in:
- Construct, manage, operate and maintain natural gas transmission and distribution lines.
- Construct, manage, operate and maintain power plants, electricity transformers and distribution networks.
- Construct, manage, operate and maintain water desalination stations, refineries, water purification, distribution networks, transmission lines, as well as pumping stations, processing and purification, sewage and industrial drainage grid.
- Distribute electricity, natural gas and water to the company or to third parties, subject to the provision of laws, regulations and decrees applicable licensing condition for the exercise of such activities.
- The ultimate parent company for the group is Qalaa Holding Company.

2. LIST OF SUBSIDIARIES

Set out below is a list of subsidiaries under direct control of the company:

Company name	Country	Ownership Interest	
		2016	2015
Gas and Energy Company (Taqa Gas) - SAE	Egypt	100 %	100 %
Taqa for Electricity, Water and Cooling - SAE	Egypt	100 %	100 %
Taqa for Marketing Petroleum Products - SAE	Egypt	100 %	100 %
Gas and Energy Group Limited – LLC	B.V.I	100 %	100 %
Genco for Mechanical and Electricity Work- LLC	Qatar	100 %	100 %
Qatar Gas Group Limited - LLC	Qatar	45 % *	45 % *
Arab Company for Gas Services – LLC	Libya	49 % *	49 % *
Arabian Libyan Company for Energy – LLC	Libya	65 %	65 %
Taqa Arabia Solar - SAE	Egypt	100 %	-
Taqa Solar Reserve - SAE	Egypt	75 %	-

* TAQA Arabia Company has an effective control over these companies in accordance with the agreement with other shareholders

3. BASIS OF PREPARATION

i) Statement of Compliance

These consolidated financial statements have been prepared in accordance with Egyptian Accounting Standards ("EAS") and relevant Egyptian laws and regulations.

ii) Basis of measurement

The consolidated financial statements have been prepared on historical cost basis except for certain financial instruments, which are measured at fair value.

iii) Functional and presentation currency

The consolidated financial statements are presented in Egyptian Pound referred to as "Egyptian Pound" or "EGP", which is the group's functional currency.

iv) 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 accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

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 and in any future periods affected.

Measurement of fair values

The fair value of financial instruments is determined based on the market value of the financial instrument or identical financial instruments at the date of the financial statements without deduction of any expected future selling cost. The value of financial assets is measured based on quoted prices for buying an asset in an active market and the value of the financial liability is measured based on the price with which the liability is expected to be settled.

In case that active market is not readily accessible to determine the fair value of the financial instruments, the fair value is determined using different valuation methods taking into consideration the prices of recent transactions. And considering the quoted prices for other similar instruments – discounted cash flow method- or any other reliable valuation method.

When using the discounted cash flow method as a base for valuation, the future cash flows are estimated based on management best estimate. And the discount rate used is determined based on the market price of financial instruments similar in nature and conditions at the date of the financial statements.

4. SIGNIFICANT ACCOUNTING POLICIES

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

4.1 Basis of consolidation

a) Business combination

- The Group accounts for business combination using the acquisition method when control is transferred to the Group.
- The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired.
- Any goodwill that arises is tested annually for Impairment. Any gain on a bargain purchase in recognized profit or loss immediately.
- Transaction cost are expensed as incurred, except if related to the issue of debt or equity securities.
- The consideration transferred does not include amounts related to the settlement of pre-exiting relationship. Such amounts are generally recognised in profit or loss.
- Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that met the definition of financial instrument is classified as equity, then it is not re-measured and settlement is accounted for within equity. Otherwise, other contingent consideration is re-measured at fair value at each reporting date and subsequent changes in the fair value of the contingent consideration are recognized in profit or loss.

b) 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.

c) Non-controlling interests

NCI are measured at their proportionate share of the acquirer'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.

d) Loss of control

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

e) Investments accounted for equity method

Investments that are accounted for using the equity method comprise interests in associates and joint venture. And have no right to its assets and obligations for its liabilities associated with the arrangements.

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.

Investments in associates and 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 share of the profit or loss and OCI of equity-accounted investees.

f) Transaction elimination on consolidation

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

4.2 Basis of consolidation

a) Foreign currency transactions

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

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

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

Non - monetary assets and liabilities 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 recognised in profit or loss.

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

- Available – for - sale equity investments (except on impairment, in which case foreign currency differences that have been recognised in OCI are reclassified to profit or loss).
- A financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective.
- Qualifying cash flow hedges to the extent that the hedges are effective.

b) Foreign Operations

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

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

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

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

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

4.3 Discontinued operation

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

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

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

4.4 Revenues

Revenue are measured at the fair value of the consideration received or receivable and is recognized when it is probable that the economic benefits associated with the transaction will flow to the entities and the amount of the revenue can be measured reliably.

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.

Minimum commission

Minimum Commission is recognized in the income statement when it accrues at the higher of the actual commission or minimum commission guaranteed by EGPC.

Gas sales revenues

For actual gas sales, the company remits the funds it collects to EGPC net of its actual commission, which is calculated as a percentage of gas consumption.

Cars conversion revenues

Revenue is recognized upon the completion of preparing cars to function using natural gas instead of Benzene upon issuing the invoice to the client.

Natural gas revenues

Revenues is recognized when supplying cars with natural gas.

Refined oil and lubes revenues

Revenues is recognized when refined oil products and lubes products are delivered to the customers.

Power service revenues

Revenues of services is recognized when the conditions of the signed contracts are fulfilled with others on accrual basis and according to the specified period in the contracts.

Interest income

Interest income is recognized when incurred on accrual basis.

4.5 Employee benefit

a) Short – term employee benefits

Short - term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

b) The company contributes to the government

social insurance share 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 income statement using the accrual basis of accounting

c) Employees' profit sharing

As per the Companies Law, employees are entitled to receive not less than 10% of the distributed profits, after deducting a percentage to support the legal reserve, according to the rules proposed by the Company's board of directors and after the approval of General Assembly Meeting which should not exceed the total employees' annual salaries. Employees' share in profit is recognized as dividends of profit and shown in the statement of changes in equity and as an obligation in the financial year at which the declaration has been authorized.

4.6 Finance income and finance costs

The Group's finance income and finance costs include:

- interest income
- interest expense
- Dividends income
- Dividends on preference shares issued classified as financial liabilities
- The net gain or loss on the disposal of available-for-sale financial assets
- The net gain or loss on financial assets at fair value through profit or loss
- The foreign currency gain or loss on financial assets and financial liabilities
- The gain on the remeasurement to fair value of any pre-existing interest in an acquire in a business combination
- The fair value loss on contingent consideration classified as a financial liability
- Impairment losses recognized on financial assets (other than trade receivables)
- The net gain or loss on hedging instruments that are recognized in profit or loss
- The reclassification of net gains previously recognized in OCI.

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

4.7 Income Tax

The recognition of the current tax and deferred tax as income or expense in the profit or loss for the period, except in cases in which the tax comes from process or event recognized - at the same time or in a different period - outside profit or loss, whether in other comprehensive income or in equity directly or business combination.

a) Current income tax

The recognition of the current tax for the current period and prior periods and that have not been paid as a liability, but if the taxes have already been paid in the current period and prior periods in excess of the value payable for these periods, this increase is recognized as an asset. The taxable current liabilities (assets) for the current period and prior periods measured at expected value paid to (recovered from) the tax authority, using the current tax rates (and tax laws) or in the process to issue in the end of the financial period. Dividends are subject to tax as part of the current tax. But do not be offset for tax assets and liabilities only when certain conditions are met.

b) Deferred tax

Deferred tax is recognised 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 recognised 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 is not:
  a. A business combination.
  b. And not affects neither 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 recognised 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 reassessed at each reporting date, and recognised 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.

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

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

4.8 Inventories

Inventories are measured at the lower of cost and net realizable value. The cost of inventories is based on the moving average principle. In the case of manufactured inventories and work in progress, cost includes an appropriate share of overheads based on the normal operating capacity.

4.9 Property, plant and equipment

a) Recognition and measurement

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

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

Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

b) Subsequent expenditure

Subsequent expenditure is capitalised 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 for each item, and is generally recognised in profit or loss.

Land is not depreciated. Estimated depreciation rates for each type of assets for current and comparative periods are as follow:

Asset	Estimated useful lives in years
Buildings	20 -50
Buildings on lands leased from others	Contract period
Machinery & equipment	3 -5
Motor vehicles	3 -5
Furniture, office equipment & software	4 -10
Pipelines & stations equipment	15
Generators	20
Networks	25
Leasehold improvements	3-5

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

4.10 Projects under construction

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

4.11 Intangible assets and goodwill

a) Recognition and measurement

I. Goodwill:

Arising on the acquisition of subsidiaries is measured at cost less accumulated impairment losses.

II. Other intangible assets:

Other intangible assets, including 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.

b) Subsequent expenditure

Subsequent expenditure is capitalised only when the intangible asset will increase the future economic benefits embodied in project, research, and development under construction which is recognized as intangible assets. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

c) Amortization

Amortisation 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 recognised in profit or loss. Goodwill is not amortised.

4.12 Construction contracts in progress

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

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

4.13 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 remeasurement are recognised in profit or loss.

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

4.14 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.

1) Non-derivative financial assets and financial liabilities – Recognition and derecognition

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

The Group derecognises 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 derecognised financial assets that is created or retained by the Group is recognised as a separate asset or liability. The Group derecognises 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 realise the asset and settle the liability simultaneously.

2) Non-derivative financial assets – Measurement Financial assets 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 recognised 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 recognised in profit or loss.

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 amortised cost using the effective interest method.

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 amortised cost using the effective interest method.

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 instrument are recognised in OCI and accumulated in the fair value reserve. When these assets are derecognised, the gain or loss accumulated in equity is reclassified to profit or loss.

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 recognised 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 recognised 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 amortised cost using the effective interest method.

4) Derivative financial instruments and hedge accounting

The group holds derivative financial instruments to hedge it's foreign currency and interest rate risk exposures. Embedded derivatives are separated from the host contract and accounted for separately if certain criteria are met.

Derivatives are initially measured at fair value; any directly attributable transaction costs are recognised in profit or loss as incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognised in profit or loss.

expected to occur, then the amount accumulated in equity is reclassified to profit or lose.

4.15 Share capital

1) Ordinary Shares

Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity. Income tax relating to transaction costs of an equity transaction are accounted for in accordance with EAS No. (24) "Income Tax".

2) Repurchase and reissue of ordinary shares (treasury shares)

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

4.16 Impairment

1) 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 amortised 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 recognised 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 recognised, then the previously recognised impairment loss is reversed through profit or loss.

Available-for-sale financial assets

Impairment losses on available-for-sale financial assets are recognised by reclassifying the losses which have been recognized previously in OCI and the 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 amortisation) and the current fair value, less any impairment loss previously recognised 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 recognised, then the impairment loss is reversed through profit or Impairment loss.

losses recognised in profit or loss for an investment in an equity instrument classified as available-for-sale are not reversed through profit or loss.

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 recognised in profit or loss, and is reversed if there has been a favourable change in the estimates used to determine the recoverable amount.

2) Non-financial Assets

At each reporting date, the Group reviews the carrying amounts of its non - financial assets (other than biological assets, investment property, 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 recognised if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognised 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 in the subsequent period. 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 amortisation) if no impairment loss had been recognised in previous periods.

4.17 Provisions

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

4.18 lease

A- Operational lease

Lease payments under an operating lease, excluding any incentives received from the lessor over the contract period, shall be recognized as an expense charged to the statement of income for the year on a time pattern basis and accrued base.

B- Sale and leaseback

When a company lets a property to a lessee, the legal title of this property is transferred to the lessee according to an executory contract subject to a finance lease contract signed between parties, accordingly any gain or loss resulting from the differences between the sale price and the net book value of the property is deferred and amortized over the period of the lease contract. When the property is then bought back, any unamortized gains or losses are recognized in the income statement on the buyback date.

C- Finance leasing

The accrued rental value due from finance lease contracts in addition to what the group bears for maintenance and repairing expenses of leased assets; are charged to the consolidated income statement each financial period. 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 assets depreciation policy for similar assets.

4.19 Trade, notes receivable and debtors

Trade and notes receivables, debtors and other debit balances, that do not carry interest are stated at their nominal value and are reduced by impairment losses, Impairment losses are formed when there is objective evidence that the Company is not able to collect the due amounts according to the original terms of the contracts. Impairment represents the difference between the book value and net recoverable amount which is represented in the future cash flows that the Company expects. Long-term trade and notes receivables are initially recognized at fair value and subsequently re-measured at amortized cost using the effective interest rate method.

4.20 Cash and cash equivalents

As a basis for preparation of cash flow, cash and cash equivalents comprise cash at banks and on hand, checks under collection ,treasury bills and time deposits, that have maturity date less than three months from the purchase date. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management.

4.21 Borrowing costs

- Interest expense on interest-bearing borrowings is recognized in the income statement using the effective interest rate method.
- Borrowing costs that are directly attributable to the acquisition or the construction of qualifying assets are capitalized on the related assets to bringing the asset to a working condition.

4.22 Statement of flows

The statement of cash flows prepare according to the indirect method.

4.23 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the steering committee that makes strategic decision

4.24 New Issues and Amendments issued to the Egyptian Accounting Standards (EAS) Effective as of 1/1/2016:

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

In the following table, the most prominent amendments on the financial statements:

New or Amended Standards	Summary of the Most Significant Amendments	Possible Impact on the Financial Statements
EAS (1) Presentation of Financial Statements	**Financial Position Statement** • The Standard does not require presenting the working capital presentation. The reference financial statements that was included in 2006 Standards was excluded; which presented the working capital presentation. • A statement shall be added to the statement of financial position including balances of the beginning of the first presented comparative period in case of retrospective implementation or change in an accounting policy or reclassification carried out by the entity. Income Statement (Profit or Loss)/Statement of Comprehensive Income The entity shall disclose all recognized income and expense captions during the financial period in two separate statements; one of them presents the profit or loss components (Income Statement) and the other one starts with the profit or loss and presents the other comprehensive income items (Statement of Comprehensive Income).	• Re-presenting all the presented financial statements, disclosures and their accompanying notes including the comparative figures to be in conformity with the required amendments to the Standard. • Adding a new statement, Statement of Comprehensive Income, for the current and comparative period.
EAS (10) Property, Plant and Equipment (PPE)	The financial shall disclose a reconciliation of the carrying amount – movement of the PPE and its depreciations- in the notes accompanying the financial statements at the beginning and the end of the current period and the comparable period.	Re-presenting the comparative figures related to the PPE in the notes accompanying the financial statements to be in conformity with the required amendments on the standard.

5. FIXED ASSETS

TAQA Arabia Company (An Egyptian Joint Stock Company)

5. PROPERTY, PLANT AND EQUIPMENT

Notes to the consolidated financial statements for the financial year ended 31 December 2016

In Egyptian Pound Cost	Land & buildings &Leasehold Improvements	Machinery& equipments	Motor vehicles	Furniture & office equipment & computer	Generators& networks & pipeline & station equipment	Total
Balance as of 1 January 2015	**120 970 411**	**105 734 890**	**19 113 094**	**35 425 734**	**373 028 074**	**654 272 203**
Additions	20 061 672	19 458 262	1 340 390	3 048 802	29 923 120	**73 832 246**
Transfer from assets held for sale	40 995	560 725	-	428 724	5 609 628	**6 640 072**
Disposals	-	(481 265)	(160 000)	(302 886)	(1 736 792)	**(2 680 943)**
Cumulative translation difference	-	133 417	30 089	75 512	-	**239 018**
Balance as of 31 December 2015	**141 073 078**	**125 406 029**	**20 323 573**	**38 675 886**	**406 824 030**	**732 302 596**
Balance as of 1 January 2016	**141 073 078**	**125 406 029**	**20 323 573**	**38 675 886**	**406 824 030**	**732 302 596**
Additions	9 295 031	8 279 103	5 045 070	3 207 146	12 225 742	**38 052 092**
Disposals	(326 573)	(19 539 011)	(497 436)	(13 619 270)	(319 322)	**(34 301 612)**
Cumulative translation difference	-	2 125 580	443 074	1 160 232	-	**3 728 886**
Balance as of 31 December 2016	**150 041 536**	**116 271 701**	**25 314 281**	**29 423 994**	**418 730 450**	**739 781 962**
Accumulated depreciation and impairment						
Balance as of 1 January 2015	**22 177 197**	**49 424 058**	**15 205 149**	**27 499 771**	**75 688 053**	**189 994 228**
Depreciation	6 574 515	5 935 023	1 579 736	2 697 626	22 890 018	**39 676 918**
Transfer from assets held for sale	40 995	70 783	-	401 246	1 073 684	**1 586 708**
Accumulated depreciation of disposals	-	(481 265)	(160 000)	(301 539)	(375 259)	**(1 318 063)**
Cumulative translation difference	-	34 030	26 780	54 209	-	**115 019**
Balance as of 31 December 2015	**28 792 707**	**54 982 629**	**16 651 665**	**30 351 313**	**99 276 496**	**230 054 810**
Balance as of 1 January 2016	**28 792 707**	**54 982 629**	**16 651 665**	**30 351 313**	**99 276 496**	**230 054 810**
Depreciation	8 582 888	7 103 041	1 742 061	1 456 855	26 814 336	**45 699 181**
Accumulated depreciation of disposals	(325 810)	(19 523 663)	(497 436)	(13 225 643)	(97 058)	**(33 669 610)**
Cumulative translation difference	-	1 423 750	416 004	967 927	-	**2 807 681**
Balance as of 31 December 2016	**37 049 785**	**43 985 757**	**18 312 294**	**19 550 452**	**125 993 774**	**244 892 062**
Net carrying amount						
As of 31 December 2016	**112 991 751**	**72 285 944**	**7 001 987**	**9 873 542**	**292 736 676**	**494 889 900**
As of 31 December 2015	**112 280 371**	**70 423 400**	**3 671 908**	**8 324 573**	**307 547 534**	**502 247 786**

6. PROJECTS UNDER CONSTRUCTION

In Egyptian Pound	31/12/2016	31/12/2015
Power stations	170 000	438 595
Oil stations	16 936 566	9 147 142
Solar energy projects	30 776 930	-
SAP project	4 851 419	-
	52 734 915	**9 585 737**

7. INTANGIBLE ASSETS

Intangible assets represented in the cost of licenses, and usufruct.

In Egyptian Pound	31/12/2016	31/12/2015
Beginning balance	12 969 131	9 226 979
Additions	217 850	4 494 000
Amortization	(378 551)	(751 848)
Ending balance	**12 808 430**	**12 969 131**

8. GOODWILL

Goodwill arising on the acquisition of the following companies:

In Egyptian Pound	31/12/2016
Gas and Energy Company (Taqa Gas)	197 610 943
House Gas (Subsidiary of Taqa Gas)	673 508
Master Gas (Subsidiary of Taqa Gas)	566 471
City Gas Company (Subsidiary of Taqa Gas)	12 364 500
Nile Valley Gas (Subsidiary of Taqa Gas)	98 690 816
Trans Gas (Subsidiary of Taqa Gas)	5 648 763
Repco Gas (Subsidiary of Taqa Gas)	5 982 761
Global Energy Company (Subsidiary of Taqa Electricity, Water and Cooling)	56 073 463
Qatar Gas Group	15 489 459
	393 100 684

9. INVENTORIES

In Egyptian Pound	31/12/2016	31/12/2015
Raw materials	200 874 460	102 029 122
Finished goods	16 770 126	15 492 502
Spare parts	16 029 237	11 295 237
Goods in transit	-	72 825
	233 673 823	**128 889 686**
Less: Inventories write-down	(7 202 638)	(7 829 707)
	226 471 185	**121 059 979**

10. TRADE RECEIVABLES AND OTHER DEBIT BALANCES

A) NON-CURRENT

In Egyptian Pound	31/12/2016	31/12/2015
Trade receivables	3 800 675	6 852 617
Prepaid expenses	2 584 865	5 337 869
Deposits with others	22 128 820	22 128 820
	28 514 360	**34 319 306**

B) CURRENT

In Egyptian Pound	31/12/2016	31/12/2015
Trade receivables and notes receivables	571 829 808	391 724 510
Staff loans	6 888 608	6 766 453
Deposits with other	39 521 681	18 226 531
Prepayments and advance to suppliers	62 018 546	45 082 312
Other receivables	54 446 477	47 466 987
	734 705 120	**509 266 793**
Less: Impairment	(28 017 457)	(22 935 248)
	706 687 663	**486 331 545**

11. OTHER INVESTMENTS

In Egyptian Pound	31/12/2016	31/12/2015
Available for sale financial assets	702 000	2 316 541
	702 000	**2 316 541**

12. RELATED PARTIES

In Egyptian Pound	31/12/2016	31/12/2015
Silverstone Capital Investments Ltd. (Parent company)	-	(8 960 725)
Mashreq Petroleum Company (*)	-	10 073 838
ASEC Company (*)	29 787 909	33 730 120
Simitar Egypt Company (*)	12 231 167	2 410 215
Due from related parties	**42 019 076**	**46 214 173**
Due to related parties	**-**	**(8 960 725)**

(*) Balances to the ultimate parent company's subsidiaries.

Transactions with related parties

- Transactions with Silverstone Capital Ltd. represented in cash transfer.
- Transactions with Mashreq Petroleum Company represented in payment of loan and accrued interest.
- Transactions with ASEC Company represented in electricity supplies revenue.
- Transactions with Simitar Egypt Company represented in electricity supplies revenue.

13. LOAN – NOTES RECEIVABLES

The General assembly meeting dated 20 January 2015 approved the investment in the financial instruments offered by Citadel Capital for International Investment Ltd. "subsidiary of the ultimate parent company" with an amount not exceeding EGP 350 million. The company get the loan instruments certificates from Citadel Capital for International Investments Ltd dated 9 October 2014 and 15 February 2015 amounted EGP 213 680 773 and EGP 67 579 227 respectively. The company has subscribed for an amount of EGP 281 260 000 till the financial statement date. The note bears an interest on quarterly basis on its outstanding principal amount at a rate equal to the Mid-Corridor rate announced by the Central Bank of Egypt plus 3.25% per annum. This interest shall be received on the final maturity date.

The loans balance at financial statement date as follow:

In Egyptian Pound	31/12/2016
Loan – notes receivables	281 260 000
Accrued interest till 31/12/2015	40 424 205
Accrued interest during the financial year	45 236 625
	366 920 830

14. CASH AND CASH EQUIVALENTS

In Egyptian Pound	31/12/2016	31/12/2015
Cash on hand and at banks	455 380 032	193 643 255
Time deposit	106 964 743	73 477 710
Investment funds	-	31 925 665
	562 344 775	**299 046 630**

14-1 CASH & CASH EQUIVALENTS IN STATEMENT OF CASH FLOWS

In Egyptian Pound	31/12/2016	31/12/2015
Cash & cash equivalents in statement of financial position	562 344 775	299 046 630
(Less) / add:		
Time deposits due after 3 months	(15 391 063)	(47 536 407)
Investments in treasury bills less than 3 months	28 940 820	29 036 081
	575 894 532	**280 546 304**

15. BANK FACILITIES

In Egyptian Pound	31/12/2016	31/12/2015
Taqa Gas Group	136 138 016	34 245 722
Global for Energy	20 729 738	7 681 272
Taqa Marketing	3 093 416	-
Qatar Gas Group	131 973	48 026
	160 093 143	**41 975 020**

16. LOANS AND BORROWINGS

This note provides information about the contractual terms of the group interest-bearing loans and borrowings.

A) SHORT TERM

In Egyptian Pound	Bank	Currency	Year of maturity	31/12/2016	31/12/2015
Taqa Arabia	HSBC	EGP	2017	50 000 000	25 000 000
Global Energy	HSBC	EGP	2017	20 076 000	24 350 000
Taqa Marketing	HSBC	EGP	2017	6 309 028	8 929 288
Taqa Marketing	Cairo bank	EGP	2017	3 081 758	3 081 758
Taqa Marketing	NBE bank	EGP	2017	1 888 540	527 925
Total				**81 355 326**	**61 888 971**

B) LONG TERM

In Egyptian Pound	Bank	Currency	Year of maturity	31/12/2016	31/12/2015
Taqa Arabia	HSBC	EGP	2018/2020	150 000 000	175 000 000
Global Energy	HSBC	EGP	2018	8 776 000	15 652 000
Taqa Marketing	HSBC	EGP	2018/2020	10 026 630	16 333 688
Taqa Marketing	Cairo bank	EGP	2018/2020	6 801 893	9 883 586
Taqa Marketing	NBE bank	EGP	2018/2021	7 554 172	3 718 761
Total				**183 158 695**	**220 588 035**

The main terms and conditions of outstanding loans are as follows:

Global Energy
- Maintain certain financial ratios as stated in the contract.
- Not to change capital structure without written permission from the bank.

Taqa Marketing
- Maintain certain financial ratios as stated in the contract
- No dividends shall be distributed for TAQA Marketing Company unless all due amounts and its interest are paid

Taqa Arabia
- Mortgage on the shares invested in Nile Valley and City Gas Company.
- A pledge to transfer the profits of the subsidiaries companies to the HSBC bank account of TAQA Arabia Company. The amount transferred shall cover 1.25 from the annual payments.
- A pledge for not selling the shares of the subsidiaries companies.
- No dividends shall be distributed for TAQA Arabia Company when prejudice occurs with percentage of debt service ratio or the delay of payments for any of the financial liabilities due to the bank.
- Maintain certain financial ratios as stated in the contract

17. TRADE PAYABLES AND OTHER CREDIT BALANCES

In Egyptian Pound	31/12/2016	31/12/2015
Accounts payable	688 903 385	451 616 803
Deposits with others	19 784 471	32 914 757
Accrued expenses	173 422 438	109 404 825
Deferred income	114 106 349	93 764 677
Other payables	81 471 655	97 670 399
Tax authority	78 219 637	59 123 109
	1 155 907 935	**844 494 570**

18. PROVISIONS

In Egyptian Pound	31/12/2016	31/12/2015
Beginning balance	64 422 117	26 531 824
Provisions formed	185 799 023	006 196 40
Provisions used	(6 490 073)	(305 2 713)
Ending balance	**243 731 067**	**64 422 117**

This balance is represented in provisions for expected claims from third parties related to the companies operation. There is no sufficient disclosure in accordance with the requirements of Egyptian Accounting Standards related to this balance, as management believes that it might have negative impact on the negotiation process with third parties.

The management reviews this balance quarterly and recognize any expected claims recognized on the books based on the latest negotiations and agreements with third parties.

19. SHARE CAPITAL

The authorized capital of the company is EGP 1 200 000 000, and the issued and paid up capital is EGP 676 176 900.

20. RESERVES

In Egyptian Pound	31/12/2016	31/12/2015
Legal reserve	17 102 100	17 102 100
Translation reserve	24 291 047	43 780 597
Other equity *	(2 670 051)	(2 670 051)
	38 723 096	**58 212 646**

*This amount is represented in the excess of paid amount over book value of acquired shares due to the change in the group ownership interest in subsidiaries that don't result in a loss of control.

21. LONG TERM LIABILITIES

In Egyptian Pound	31/12/2016	31/12/2015
Gas consumption and meter deposits	106 129 130	111 971 723
Power consumption deposits	55 989 887	20 885 719
	162 119 017	**132 857 442**

22. DEFERRED TAX

In Egyptian Pound	Assets		Liabilities	
	31/12/2016	31/12/2015	31/12/2016	31/12/2015
Fixed assets	313 737	546 711	51 452 148	50 102 867
	313 737	**546 711**	**51 452 148**	**50 102 867**

23. REVENUE

In Egyptian Pound	31/12/2016	31/12/2015
Fuel and oil revenue	1 667 657 889	1 276 291 071
Electricity supplies revenue	532 085 605	513 309 498
Gas networks construction revenue	378 754 491	303 832 288
Sales commission	169 773 630	146 077 240
Gas cars conversion and gas sales revenue	17 851 741	16 044 814
Other	55 318 483	44 320 987
	2 821 441 839	**2 299 875 898**

24. COST OF REVENUE

In Egyptian Pound	31/12/2016	31/12/2015
Fuel and oil sales cost	1 599 705 503	1 255 834 012
Electricity supplies cost	395 600 836	347 265 994
Gas networks construction cost	305 481 715	232 202 240
Salaries and wages	117 932 066	99 249 333
Gas cars conversion and gas sales cost	8 841 055	9 707 640
Other	85 032 683	45 515 236
	2 512 593 858	**1 989 774 455**

25. ADMINISTRATIVE EXPENSES

In Egyptian Pound	31/12/2016	31/12/2015
Salaries and wages	72 484 787	60 704 981
Depreciation	4 081 223	3 789 090
Other	35 845 522	33 071 369
	112 411 532	**97 565 440**

26. OTHER EXPENSES

In Egyptian Pound	31/12/2016	31/12/2015
Provision and impairment	179 078 942	44 429 147
Other	11 680 979	9 804 262
	190 759 921	**54 233 409**

27. FINANCE INCOME

In Egyptian Pound	31/12/2016	31/12/2015
Loan – notes receivables revenue	45 236 625	40 424 205
Treasury bills, investment funds and interest revenues	70 667 685	53 266 956
	115 904 310	**93 691 161**

28. FINANCE COSTS

In Egyptian Pound	31/12/2016	31/12/2015
Interest expenses	52 945 259	31 710 080
	52 945 259	**31 710 080**

29. INCOME TAX EXPENSE

In Egyptian Pound	31/12/2016	31/12/2015
Income tax	61 711 684	60 591 405
Dividends tax	8 390 576	5 360 727
Deferred tax	1 582 253	(856 864)
	71 684 513	**65 095 268**

30. TAX STATUS

Taqa Arabia Company (Parent company)

Corporate income tax

- The company submits its tax return on the due dates.
- The company has not been inspected from the inception of the company till 2015
- The tax authority sent a tax discretional assessment form for year 2010 ,which appealed on the due dates.

Payroll tax

- The company submits its tax return on the due dates .The Company was submitted to inspection covering the period from inception until the end of 2008.
- The tax authority inspected years from 2009 till 2012. the inspection has resulted in tax difference which has been appealed.

31. REPORTABLE SEGMENT

The following summary describes the operations in each of the group's reportable segments:

In Egyptian Million Pounds	Gas sector 2016	Gas sector 2015	Power sector 2016	Power sector 2015	Oil sector 2016	Oil sector 2015	Fin Eng 2016	Fin Eng 2015	TAQA standalone 2016	TAQA standalone 2015	Total other operation sectors 2016	Total other operation sectors 2015	Eliminations 2016	Eliminations 2015	Total 2016	Total 2015
Revenue	622.32	511.69	532.09	513.30	1667.65	1276.29	9.26	11.96	0.00	-	9.26	11.96	(9.88)	(13.37)	2821.44	2299.87
Gross profit	174.50	155.09	87.30	125.44	52.50	36.44	3.80	3.30	0.00	-	3.80	3.30	(9.26)	(10.17)	308.84	310.10
Finance income	54.48	44.38	7.55	2.55	7.27	4.94	-	0.00	46.60	41.82	46.60	41.82	-	0.00	115.90	93.69
Finance expenses	(8.94)	(5.50)	(7.36)	(7.55)	(6.34)	(4.75)	-	0.00	(30.30)	(13.91)	(30.30)	(13.91)	-	0.00	(52.94)	(31.71)
Profit before tax	149.75	109.95	56.87	87.63	43.81	32.49	-	0.00	39.27	38.39	39.27	38.39	(29.64)	(37.25)	260.06	231.21
Profit attributed to owners of the company	99.27	73.79	38.95	64.84	34.00	25.15	0.21	0.39	37.77	35.56	37.98	35.95	(29.91)	(39.68)	180.29	160.05
Total segment assets	1791.03	1328.88	1006.74	806.81	223.73	188.48	16.88	15.31	1172.43	1095.38	1189.31	1110.69	(796.21)	(785.25)	3414.60	2649.61
Total segment liabilities	1222.98	798.46	455.10	290.10	136.96	111.81	-	11.72	433.71	394.43	433.71	406.15	(210.94)	(181.24)	2037.81	1425.28
Goodwill	338.67	338.67	56.07	56.07	-	-	-	-	-	-	-	-	(1.64)	(1.64)	393.10	393.10

The following geographical segments have been identified:

	Gross revenues 2016	Gross revenues 2015	Total assets 2016	Total assets 2015
Local	2741.01	2260.04	3313.89	2627.41
Region	80.43	39.83	100.71	22.20

32. FINANCIAL RISK MANAGEMENT

The financial instruments represented in cash and cash equivalent, investments, trade receivables and other debit balances, related parties balances, loans and borrowings, bank facilities and trade payables and other credit balances.

The Company's Board of Directors has overall responsibility for the establishment and oversight of the group's risk management framework.

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

a) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur financial loss. This risk is mainly resulting from the group's trade and other receivables .The group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The group establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables.

The carrying amount of financial assets represents the maximum credit exposure.

b) 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. The group ensures that the sufficient cash on demand to meet expected operational expenses for a suitable period, including the service of financial obligations.

The following are the contractual maturities of financial liabilities :

In Egyptian Pound 31/12/2016	Carrying amount	Less than 1 year	1-2 years	2-5 years	More 5 year
Trade payables & other credit balances	1 203 920 603	1 041 801 586	-	-	162 119 017
Loans and borrowings	264 514 021	81 355 326	127 029 736	56 128 959	-
Bank facilities	160 093 143	160 093 143	-	-	-
	1 628 527 767	**1 283 250 055**	**127 029 736**	**56 128 959**	**162 119 017**

c) 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 exposure within acceptable parameters, while optimizing the return.

D) Currency risk

The Group is exposed to currency risk on financial assets that are denominated in foreign currencies. Such risk is primarily represented in USD and Euro .In respect of monetary assets and liabilities denominated in other foreign currencies, the Group ensures that its net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates when necessary to address short-term balances.

Exposure to currency risk

The Group's exposure to foreign currency risk with main currencies was as follows:

	USD	Euro	GBP	AED	QAR
Cash on hand & at banks	20 419 115	253 771	103	2 328 076	81 109
Trade receivables & other debit balances	1 105 875	394 037	3 384	-	-
Related Parties	4 058 567	-	-	-	-
Trade payables & other credit balances	(5 985 942)	(400 099)	(47 732)	-	-
Bank facilities	(551 004)	-	-	-	-
Surplus /(deficit) of foreign currencies	**19 046 611**	**247 709**	**(44 245)**	**2 328 076**	**81 109**

Interest rate risk

The Group adopts a policy to limit the Group's exposure for interest risk, therefore the Group's management evaluates the available alternatives for finance and negotiates with banks to obtain the best available interest rates and credit conditions. Borrowing contracts are presented to the Board of Directors. The finance position and finance cost is periodically evaluated by the Group's management. The Group does not enter into hedging contracts for interest rates.

At the date of consolidated financial statements, the interest rate profile of the Group's financial instruments was as follows:-

	31/12/2016	31/12/2015
Financial instruments with a fixed rate		
Financial assets	634 061 772	493 666 970
Financial instruments with a variable rate		
Financial liabilities	424 607 164	324 452 026
Financial assets	281 260 000	281 260 000

Other market price risk

Equity price risk arises from available-for-sale equity securities and management of the Group monitors the mix of equity securities in its investment portfolio based on market indices or an objective valuation of the financial statements related to these shares.

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

The primary goal of the Company'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 at held for trading because their performance is actively monitored and they are managed on a fair value basis.

33. FAIR VALUES FOR FINANCIAL INSTRUMENTS

The fair value is the amount for which an asset could be exchanged or a liability settled between knowledgeable willing parties on an arm's length basis. The carrying value of the company's financial instruments approximates their fair values.

34. COMPARATIVE FIGURES

Some comparative figures in the income statement were reclassified to conform with the presentation of the current year income statement.