

BPE Holding for Financial Investment "S.A.E"
Separate Condensed Interim Financial Statements
For the Three months ended March 31, 2017
Together with Review Report

Review Report

To: The Board of Directors of BPE Holding for Financial Investment "S.A.E."

Introduction

We have reviewed the accompanying separate condensed interim financial statements of BPE Holding for Financial Investment – S.A.E which comprise the separate condensed interim statement of financial position as of March 31, 2017 and the related separate interim statements of income, comprehensive income, changes in equity and cash flows for the Three months period then ended, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and fair presentation of the separate condensed interim financial statements in accordance with Egyptian Accounting Standard No. (30) "Interim financial statements". Our responsibility is to express a conclusion on these separate condensed interim financial statements based on our review.

Scope of Review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying separate condensed interim financial statements do not present fairly in all material respects the separate financial position of the entity as at March 31, 2017, and of its separate financial performance and its separate cash flows for the Three months then ended in accordance with Egyptian Accounting Standard No. (30) "Interim financial statements".

Cairo, October 11, 2017



BPE Holding for Financial Investments "S.A.E"
Separate Condensed Interim Statement of Financial Position as at March 31, 2017

	<u>Note</u>	<u>March 31, 2017</u> <u>EGP</u>	<u>December 31, 2016</u> <u>EGP</u>
<u>Assets</u>			
<u>Non-current assets</u>			
Investments in subsidiaries (net)		9 453 732	9 453 732
Investments in joint venture		55 321 240	55 321 240
Investments in associates (net)		153 856 436	153 856 436
Available for sale investments		141 262 077	141 262 077
Investment properties (net)	(7)	113 707 221	113 786 799
Total-non current assets		473 600 706	473 680 284
<u>Current assets</u>			
Due from related parties	(6,14)	1 140 333	1 080 532
Other debit balances	(5)	19 041 556	6 929 566
Notes receivable - Short term	(8)	60 832 364	60 623 232
Cash at banks	(4)	221 180 326	202 783 160
Total current assets		302 194 579	271 416 490
Total assets		775 795 285	745 096 774
<u>Equity and liabilities</u>			
<u>Equity</u>			
Issued and paid-up capital	(9)	584 464 310	584 464 310
Legal reserve		10 577 468	6 997 113
Retained earnings		104 004 637	35 977 893
Net profit for the priod / year		32 655 989	71 607 099
Total equity		731 702 404	699 046 415
<u>Non-Current liabilities</u>			
Deferred tax liabilities		22 367 308	22 367 308
Total-non current liabilities		22 367 308	22 367 308
<u>Current liabilities</u>			
Due to related parties	(14)	2 921 623	2 912 837
Accounts payable and other credit balances		5 106 079	7 072 343
Other financial liabilities		5 799 975	5 799 975
Provisions		7 897 896	7 897 896
Total current liabilities		21 725 573	23 683 051
Total equity and liabilities		775 795 285	745 096 774

- The attached notes form an integral part of the separate condensed interim financial statements , and to be read therewith.

Chief Financial Officer
Ahmed Abdel Monem Madbouly

Chief Executive Officer
Dr. Mohamed Abdel Monem Omran

Chairman
Mohamed Hazem Adel Barakat

- Review report on condensed separate financial statements attached.

BPE Holding for Financial Investments "S.A.E"
Separate Condensed Interim Income Statement of Income
for the Three months ended on March 31, 2017

	<u>Note</u>	<u>Three months ended</u>	
		<u>March 31, 2017</u>	<u>March 31, 2016</u>
		<u>EGP</u>	<u>EGP</u>
<u>Income and Profits</u>			
Dividends income from available for sale investments	(10)	17 686 985	-
Dividends income from investments in associate	(11)	10 120 763	-
Company's remuneration for membership in the BOD of the investees	(12)	3 746 058	
Gain on sale of investments in joint venture		-	31 075
Rental income		225 000	225 000
Foreign exchange difference		207 861	10 249 137
Reversal of impairment loss on notes receivable	(8)	3 209 132	
Credit interest on deposits		2 272 626	490 049
		<u>37 468 425</u>	<u>10 995 261</u>
<u>Expenses and Losses</u>			
Depreciation of investment properties		(79 578)	(79 578)
Management fees		(2 912 837)	(2 912 837)
Consulting fees and other expenses		(550 860)	(439 443)
Net profit for the period before income tax		<u>33 925 150</u>	<u>7 563 403</u>
Current income tax		(1 269 161)	(1 674 908)
Deferred tax		-	-
Net profit for the period after income tax		<u>32 655 989</u>	<u>5 888 495</u>
Basic and diluted earnings per share from the net profit for the Period	(13)	<u>0.56</u>	<u>0.10</u>

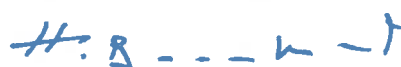
- The attached notes form an integral part of these separate condensed interim financial statements, and to be read therewith.

Chief Financial Officer
Ahmed Abdel Monem Madbouly

Chief Executive Officer
Dr. Mohamed Abdel Monem Omran

Chairman
Mohamed Hazem Adel Barakat





BPE Holding for Financial Investments "S.A.E"
Separate Condensed Interim Other Comprehensive Income Statement
for the Three months ended on March 31,2017

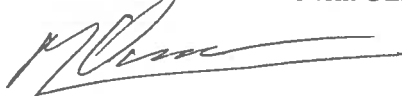
	<u>March 31, 2017</u>	<u>March 31, 2016</u>
	<u>EGP</u>	<u>EGP</u>
Net profit for the period after income tax	32 655 989	5 888 495
Other Comprehensive Income	-	-
Total Other Comprehensive Income for the period	-	-
Total Comprehensive Income for the period	32 655 989	5 888 495

- The attached notes form an integral part of these separate condensed interim financial statements, and to be read therewith.

Chief Financial Officer
Ahmed Abdel Monem Madbouly



Chief Executive Officer
Dr. Mohamed Abdel Monem Omran



Chairman
Mohamed Hazem Adel Barakat



BPE Holding for Financial Investments "S.A.E."

Separate Condensed Interim Statement of Changes in Equity for the Three months ended March 31, 2017

	<u>Issued and paid-up capital</u> EGP	<u>Legal reserve</u> EGP	<u>Retained earnings</u> EGP	<u>Net profit of the period</u> EGP	<u>Total</u> EGP
Balance as of January 1, 2016	584 464 310	6 997 113	45 960 695	(9 982 802)	627 439 316
Other Comprehensive Income					
Net profit for the period	-	-	-	5 888 495	5 888 495
Total Comprehensive Income	-	-	-	5 888 495	5 888 495
The company's shareholders transactions					
Transferred to retained earnings	-	-	(9 982 802)	9 982 802	-
Total of the company's shareholders transactions	-	-	(9 982 802)	9 982 802	-
Balance as of March 31, 2016	584 464 310	6 997 113	35 977 893	5 888 495	633 327 811
Balance as of January 1, 2017	584 464 310	6 997 113	35 977 893	71 607 099	699 046 415
Other Comprehensive Income					
Net profit for the period	-	-	-	32 655 989	32 655 989
Total Comprehensive Income	-	-	-	32 655 989	32 655 989
The company's shareholders transactions					
Transferred to legal reserve	-	3 580 355	(3 580 355)	-	-
Transferred to retained losses	-	-	71 607 099	(71 607 099)	-
Total of the company's shareholders transactions	-	3 580 355	68 026 744	(71 607 099)	-
Balance as of March 31, 2017	584 464 310	10 577 468	104 004 637	32 655 989	731 702 404

- The attached notes form an integral part of these separate condensed interim financial statements, and to be read therewith.

Chief Financial Officer

Ahmed Abdel Monem Madbouly



Chief Executive Officer

Dr. Mohamed Abdel Monem Omran



Chairman

Mohamed Hazem Adel Barakat



BPE Holding for Financial Investments "S.A.E."
Separate Condensed Interim Statement of Cash Flows for the Three months ended March 31, 2017


	<u>Note</u>	<u>March 31, 2017</u>	<u>March 31, 2016</u>
		<u>EGP</u>	<u>EGP</u>
<u>Cash flows from operating activities</u>			
Net profit for the period before income tax		33 925 150	7 563 403
<u>Adjusted by :</u>			
Foreign exchange difference		(207 861)	(10 249 137)
Reversal of impairment loss on notes receivable		(3 209 132)	-
Depreciation of investment properties		79 578	79 578
Operating gain (losses) before changes in working capital		30 587 735	(2 606 156)
Change in notes receivable		3 000 000	401 883
Increase in due from related parties		(59 801)	(20 693)
Increase in other debit balances		(12 111 990)	(319 520)
Increase (decrease) in due to related parties		8 786	(2 389)
Decrease in accounts payable and other credit balances		(3 235 425)	(314 655)
Net Cash flows generated by (used in) operation		18 189 305	(2 861 530)
Income tax paid during the period		-	-
Net Cash flows generated by (used in) operation		18 189 305	(2 861 530)
<u>Cash flows from investment activities</u>			
Payments to acquire investments in joint venture		-	(3 753 554)
Proceeds from sale of investments in subsidiaries		-	3 395 350
Change in long term deposits		-	-
Net cash flows used in investment activities		-	(358 204)
Net change in cash and cash equivalents during the period		18 189 305	(3 219 734)
Cash and cash equivalents at the beginning of the period		110 250 273	51 635 761
Effects of foreign exchange rate changes on balances of cash held in foreign currencies		152 548	5 905 017
Cash and cash equivalents at the end of the period	(4)	128 592 126	54 321 044

- The attached notes form an integral part of these separate condensed interim financial statements, and to be read therewith.

Chief Financial Officer
Ahmed Abdel Monem Madbouly

Chief Executive Officer
Dr. Mohamed Abdel Monem Omran

Chairman
Mohamed Hazem Adel Barakat


BPE Holding for Financial Investments "S.A.E."
Subject to the provisions of Law No. 95 for year 1992 and its executive regulations
Notes to the Separate Condensed Interim Financial Statements
For the Three months ended March 31, 2017

1. General information

BPE Holding for Financial investments (Formerly- Beltone Capital Holding for Financial Investments) "S.A.E." "The Company" was established under the provisions of Law No 95 for 1992 and its executive regulations. The Company was registered on December 31, 2005 under No 52455 at South Cairo Commercial Register pursuant to the Capital Market Authority license No. 348 dated April 11, 2006. Then The Company registered on October 24, 2012 under No 63264 at South Cairo Commercial Register.

The Company's purpose is to participate in incorporation of other entities, which issue securities, or increase their capital. The Company may have interest or participate in any form with corporate companies pursuing similar activities, or which may assist it in realizing its purpose in Egypt or abroad. The Company may also merge, purchase or become a subsidiary to companies according to the provisions of law and its executive regulation. The Company's duration is 20 years commencing from the Commercial Register date.

The Company's principle business activity is investment in other entities, in accordance with its established investment policy. The Company aims to identify, research, negotiate, make and monitor the progress of and sell, realize and exchange investments and distribute proceeds of such investments with the principle objective of providing shareholders with a high relative overall rate of return by means of both income, capital growth and exit.

On January 11, 2016 the Company's extraordinary general assembly decided to change the Company name to be BPE Holding for Financial Investments, the change was registered in the Company's commercial register on February 24th, 2016.

The Board of Directors authorized these separate financial statements for issue on October 11, 2017.

2. Statement of compliance the separate condensed interim financial statements".

The separate condensed interim financial statements have been prepared according with Egyptian Accounting Standard No. (30)" Interim financial statements".

3. Significant accounting policies applied

The separate condensed interim financial statements have been prepared using the same accounting policies applied in the prior year.

4. Cash and cash equivalent

For the purpose of preparing cash flow statement, the cash and cash equivalents are comprised of the following:

	<u>March 31, 2017</u>	<u>December 31, 2016</u>
	<u>EGP</u>	<u>EGP</u>
Current accounts –local currency	1 809 519	1 608 796
Current accounts –foreign currency	3 815 598	218 648
Time deposits - local currency	32 135 730	16 990 809
Time deposits - foreign currency	183 419 479	183 964 907
	<u>221 180 326</u>	<u>202 783 160</u>

For the purpose of preparing cash flow statement cash and cash equivalent are represented are follows:

	<u>March 31, 2017</u>	<u>March 31, 2016</u>
	<u>EGP</u>	<u>EGP</u>
Cash at banks	221 180 326	91 059 886
<u>(less)</u> Time deposits – more than 3 months	<u>(92 588 200)</u>	<u>(36 738 842)</u>
	<u>128 592 126</u>	<u>54 321 044</u>

5. Other debit balance

	<u>March 31, 2017</u>	<u>December 31, 2016</u>
	<u>EGP</u>	<u>EGP</u>
Deposits held with others	46 795	46 795
Accrued interest	1 606 002	3 957 888
Accrued rent	1 610 443	1 385 443
Accrued income	13 866 820	--
Prepaid expense	417 368	62 957
Debit income tax	47 852	47 852
Withholding tax	9 000	9 000
Hazem Ahmed Hazem	659 770	659 770
Mohamed Shehab El-din	652 610	652 610
Advances to suppliers	124 896	107 251
	<u>19 041 556</u>	<u>6 929 566</u>

The increase in other debit balance by an amount EGP 12 111 990 due to the increase in accrued income by an amount EGP 13 866 820 which represented in the declared dividends revenue of investment in associate (MNHD) by an amount EGP 10 120 763 and the Company's remuneration for the membership in the BOD of the associate by an amount EGP 3 746 058 according to the resolution of the shareholder's ordinary general assemble meeting on March 29, 2017.

6. Due from related parties

	<u>Account</u> <u>nature</u>	<u>Relationship</u> <u>nature</u>	<u>March 31, 2017</u> <u>EGP</u>	<u>December 31, 2016</u> <u>EGP</u>
Beltone Capital red sea venture for solar energy (joint venture)	Current account	Joint venture	1 140 333	1 080 532
			<u>1 140 333</u>	<u>1 080 532</u>

The increase in due from related parties by an amount 59 801 EGP due to the expense payment for Beltone Capital red sea venture for solar energy.

7. Investment properties (net)

The decrease in investment properties (net) by an amount of EGP 79 578 is due to the depreciation recorded during the period.

8. Notes receivable - short term

The increase in notes receivable is due to the reversal of the previously recognized impairment on the notes receivable due to the collection of EGP 3 000 000 during the period and EGP 1 442 364 in the subsequent period.

9. Capital

The Company's authorized capital amounted to EGP 2.4 billion, and the issued and paid-up capital amounted to EGP 584 464 310 divided into 58 446 431 shares of EGP 10 par value each.

Shareholders of the Company, pursuant to the shareholders agreement, have the option to put back to the company certain number of shares per year over predetermined period as disclosed in more details in note (17.a).

On March 7, 2016 the extraordinary general assembly approved the increase of the Company's issued capital with a maximum amount of EGP 100 million.

10. Dividends income from investments available for sale

Dividend income from investments available for sale represent declared and received dividends from TOTAL Egypt according to the ordinary general assemble meeting on February 12, 2017.

11. Dividends income from investments in associate

Dividend income from investments in associate represent declared dividends from Madinet Nasr for Housing and Development (MNHD) according to the ordinary general assemble meeting on March 29, 2017.

12. Company's remuneration for membership in the BOD of the associate

The Company's remuneration for membership in the BOD of the associate represent the Company's remuneration for membership in the BOD of Madinet Nasr for Housing and Development (MNHD) according to the resolution of the shareholder's ordinary general assemble meeting on March 29, 2017.

13. Basic and diluted earnings per share

Basic: Basic earnings per share is calculated by dividing the net profit attributable to shareholders' of the Company by the weighted average number of ordinary shares outstanding during the period.

Diluted: Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding assuming conversion of all convertible financial instruments and share options. The net profit is adjusted by omission of the cost of convertible debt instruments taking tax effect into consideration. As there are no debt instruments that are convertible to shares, so diluted and basic earnings per share are equal.

	<u>Period ended</u>	
	<u>March 31, 2017</u>	<u>March 31, 2016</u>
	<u>EGP</u>	<u>EGP</u>
Net profit for the period	32 655 989	5 888 495
Weighted average number of shares	58 446 431	58 446 431
Basic and diluted earnings per share	<u>0.56</u>	<u>0.10</u>

14. Significant related parties transactions

<u>Company name</u>	<u>Type of relation</u>	<u>Type of transaction</u> <u>/Balance</u>	<u>Value of transaction during the period</u> <u>Income (Cost)</u>	<u>Outstanding Balance</u> <u>Debt (Credit)</u> <u>March 31, 2017</u>
BPE partners	shareholder and management company	management fees *	(2 912 623)	(2 912 623)
Beltone investment Group B.V.I	A company management company	Notes Receivable	--	59 400 000
Beltone Capital red sea venture for solar energy	Joint venture	current account	--	1 140 333

* Management fees is calculated and paid to BPE Partners for Investments on a quarterly basis pursuant to the signed management agreement (note 15-b).

15. Shareholders and management agreements

a. Shareholders agreement

During 2006, the Company has entered into a shareholders' agreement with its shareholders and the management company "BPE Partners for Investments", which governs the following:

- Formation of the Board of Directors, and its responsibilities.
- The relationship with the management company.
- Determination of the investing, operating, environmental, and anti-money laundry policies.
- Expenses incurred by the Company and those borne by the management company.
- Performance fees earned by the investment manager directly from the shareholders, in case of exit by sale or in any other form, on the condition that the recognized returns exceeding a hurdle rate according to the agreement.
- Shareholders have the right to put, over 5 calendar years, 20% per annum of their shares to the Company. The exercise price will be at an aggregate consideration equal to the shareholders' pro-rata share of the Company's net assets fair value. 46.7 million shares are puttable from and including years 2011 to and including 2015, while 11.7 million shares (representing the capital increase shares completed in 2012) are puttable from and including years 2014 to and including 2018.
- During 2013, one shareholder exercised its right pursuant to the shareholders agreement and requested the Company to buy-back 823 984 shares. Management estimated the fair value of these shares as of December 31, 2013 in the amount of EGP 9.9 million which was recorded as other current liabilities in the statement of financial position with a corresponding decrease to shareholders' equity by the same amount recorded in the statement of changes in equity.
- The shareholders agreement provides that the exercise price is determined at end of the financial year during which the exercise took place, further, it provides that upon shareholder exercise of the put option, the Board of Directors of the Company – due to insufficient liquidity resulting from realized profits – has the right to postpone settlement of all or part of the shareholder's due amount for a period that could extend up to 31 December 2017.

During 2014 the same shareholder has exercised its right to put additional 823 984 shares back to the Company. Management has estimated the fair value of these shares as of December 31, 2014 in the amount of EGP 13 million. Thus total liability at the date of the financial statements amounted to EGP 22.9 million.

On June 25, 2015 the same shareholder sent a request to exercise the right of selling additional number of shares he owns in the company's capital, the value will be determined by the end of year 2015. on May 13, 2015 the shareholder withdrawn and irrevocably cancelled the first buy back exercise letter issued on June 28, 2013 and that was recognized at value of EGP 9.9 million additionally on July 16, 2015 the shareholder irrevocably cancelled the second and third buy back exercise letters issued on June 17, 2014 and June 25, 2015 respectively.

As a result of the withdrawal and irrevocable cancelation of the exercise letters, the Company cancelled the recorded liability with total amount of EGP 22.9 million.

b. Management agreement

The Company has signed a management agreement with BPE Partners S.A.E, whereby the management company will manage the Company for an annual management fees of 2% calculated based on the paid up capital, which will be settled on quarterly basis.

The management company is entitled to contingent success fees of 20% of realized profits exceeding cumulative hurdle rate specified in the management agreement.

No success fees were recognized during the current and prior years as the achieved results did not exceed the cumulative hurdle rate.

16. Tax position

Corporate Tax

The Company is subject to the provisions of the Income Tax Law No. 91 of 2005 and its executive regulation. The Company submitted its corporate tax for each period according to the provisions of the Income Tax Law and its amendments since inception date until December 31, 2016 on its due date.

During 2013, the Company was notified from the Tax Authority of inspection of the fiscal years from 2009 to 2010 noting that the actual inspection did not occur until issuance date of the financial statements, however it was notified to the company a Tax Claim for 2009, the company has been appealed in the legal deadlines, as there is no decision took place at the date of interim financial statements.

Stamp tax

The Company is subject to Stamp Tax Law No. 111 of 1980, amended by Law No. 143 for 2006, taking into consideration that the Company's books have not been inspected yet.

Value added Tax

The Company is not subject to provisions of the Value added Tax Law.

Withholding Tax

The Company deducts the due withholding tax according to the provisions of the Income Tax Law and submits this tax to the Tax Authority regularly and on its due date, taking into consideration that the Company's books have been inspected and no differences were identified.

17. Subsequent events

- On July 19, 2017, the Ordinary General Assembly decided to amend the management agreement between the company and the management company and to authorize the Chairman of the Board to sign the amended management contract. This contract is effective after the company's shares are listed on the Egyptian Stock Exchange. The company's shares were not listed on the Egyptian stock exchange until the financial statements issuance date.

- On July 4, 2017, Nile Engineering and Trading Company "Shams company" sent a request to exercise the right of purchase option for part of the building leased from the Company according to the lease agreement between the two parties. On July 10, 2017, the company sent to Shams company that The exercise of the right of purchase has been expired on 30 June 2017 and exercise request is rejected, in addition Shams company didn't pay the rental value from 1 October 2015 to 30 June 2017 which were outstanding until the date of notification received from Shams, which allows the company to cancel the lease agreement and reject the purchase option.

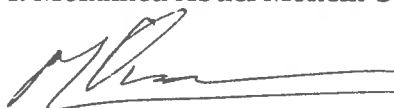
Chief Financial Officer

Ahmed Abdel Monem Madbouly



Chief Executive Officer

Dr. Mohamed Abdel Monem Omran



Chairman

Mohamed Hazem Adel Barakat

