B Investments Holding
"S.A.E."

Consolidated Financial Statements
For the Year Ended December 31, 2019
Together with Auditor's Report

Deloitte.

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Translation of Independent Auditor's Report Originally Issued in Arabic

INDEPENDENT AUDITOR'S REPORT

To: The Shareholders' of B Investments Holding "S.A.E."

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of B Investments Holding "S.A.E.", which comprise the consolidated statement of financial position as of December 31, 2019, and the related consolidated statements of profits or losses, other comprehensive income, changes in equity and cash flows for the 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. Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with the Egyptian Accounting Standards and the prevailing Egyptian laws. This 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, 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 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 consolidated 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 consolidated financial statements.

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

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Opinion

The consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of B Investments Holding "S.A.E." as of December 31, 2019, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the Egyptian Accounting Standards and the related Egyptian laws and regulations.

Cairo, March 26, 2020.

Samy Habib

Samy Habib Deif, ACCA
F.E.S.A.A (R.A.A. 13485)

Saleh, Barsoum, Abdel Aziz & Co.
Accountants & Auditors

Translation of consolidated financial statements
Originally Issued in Arabic

B Investments Holding "S.A.E"

Consolidated Statement of Financial Position as of December 31, 2019

	Note	December 31, 2019	December 31, 2018
		EGP	EGP
Assets			
Non-current assets			
Intangible assets (net)	(6)	2 399 772	2 721 176
Investments in associates (net)	(7)	456 790 500	389 773 536
Available for sale investments	(8)	141 262 077	141 262 077
Investments in joint venture (net)	(9)	527 602 112	427 405 040
Investment properties (net)	(10)	95 046 535	113 283 717
Loans to associate	(11)	103 932 539	105 294 533
Project under constructions	(12)	-	7 893 989
Total-non current assets		**1 327 033 535**	**1 187 634 068**
Current assets			
Inventory (net)	(13)	-	-
Accounts receivable (net)	(14)	-	-
Notes receivable		1 920 993	-
Due from related parties (net)	(15)	3 640 965	1 227 651
Other debit balances (net)	(16)	12 214 329	15 502 601
Treasury bills (net)	(17)	368 486 593	416 658 384
Cash at banks	(18)	70 452 489	87 730 873
Total current assets		**456 715 369**	**521 119 509**
Total assets		**1 783 748 904**	**1 708 753 577**
Equity and liabilities			
Equity			
Issued and paid-up capital	(23)	800 122 080	800 122 080
Reserves	(24)	272 743 406	280 205 967
Retained earnings		497 438 259	388 477 481
Net profit for the year attributable to shareholders of the Parent Company		173 238 436	193 856 740
Equity attributable to shareholders of the parent company		**1 743 542 181**	**1 662 662 268**
Non-controlling interests		5 807 869	5 082 911
Total equity		**1 749 350 050**	**1 667 745 179**
Non-Current liabilities			
Deferred tax liabilities	(25)	4 892 547	9 437 090
Total non- current liabilities		**4 892 547**	**9 437 090**
Current liabilities			
Due to related parties	(19)	4 691 395	5 016 014
Accounts payable and other credit balances	(20)	8 326 164	6 554 717
Current income tax		14 448 097	13 192 988
Provisions	(21)	2 040 651	6 807 589
Total current liabilities		**29 506 307**	**31 571 308**
Total equity and liabilities		**1 783 748 904**	**1 708 753 577**

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

Chief Financial Officer	Chief Executive Officer	Chairman
Ahmed Abdel Monem Madbouly	Dr. Mohamed Abdel Monem Omran	Mohamed Hazem Adel Barakat

- Auditor's report attached

B Investments Holding "S.A.E"

Consolidated Statement of Profits and Losses for the year ended December 31, 2019

	Note	December 31, 2019 EGP	December 31, 2018 EGP
Revenues & profits			
Dividends income from available for sale investments	(29)	27 692 943	26 207 721
Group's share of profits of associates & joint venture entities	(28)	122 777 750	126 263 759
Company's remuneration for membership in the BOD of associates		-	1 065 806
Finance income	(30)	77 127 954	84 211 050
Provisions no longer required		-	2 500 000
Other income		1 451 476	3 394 871
Gain from selling investment property		1 613 373	-
Foreign exchange gain		-	1 802 676
		230 663 496	**245 445 883**
Expenses & losses			
Management fees	(31)	(18 612 600)	(16 311 803)
Consulting fees and other expenses		(8 573 732)	(16 305 898)
BOD allowances		(130 944)	(152 700)
Investment properties' depreciation		(580 638)	(330 450)
Foreign exchange loss		(19 136 787)	-
Impairment in other debit balances		-	(2 954 500)
Net profit for the year before tax		**183 628 795**	**209 390 532**
Income tax		(14 410 649)	(14 386 509)
Deferred tax		4 544 549	(514 139)
Net profit for the year		**173 762 695**	**194 489 884**
Attributable as follow:			
Attributable to the shareholders' of the Parent Company		173 238 436	193 856 740
Non-controlling interests		524 259	633 144
Net profit for the year		**173 762 695**	**194 489 884**
Basic and diluted earnings per share	(26)	**1.07**	**1.32**

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

Chief Financial Officer	Chief Executive Officer	Chairman
Ahmed Abdel Monem Madbouly	Dr. Mohamed Abdel Monem Omran	Mohamed Hazem Adel Barakat

B Investments Holding "S.A.E"

Consolidated Statement of Comprehensive Income for the year ended December 31, 2019

	December 31, 2019 EGP	December 31, 2018 EGP
Net profit for the year	**173 762 695**	**194 489 884**
Other comprehensive income		
Translation reserve difference of subsidiaries' financial statements	501 747	12 910
Company`s shares in Other comprehensive income items in joint venture entities' financial statements	(11 293 898)	613 770
Total other comprehensive income for the year	**(10 792 151)**	**626 680**
Total comprehensive income for the year	**162 970 544**	**195 116 564**
Distributed as follows:		
Interests attributable to shareholders of the parent company	162 245 586	194 478 256
Non-controlling interests	724 958	638 308
Total comprehensive income for the year	**162 970 544**	**195 116 564**

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

Chief Financial Officer	Chief Executive Officer	Chairman
Ahmed Abdel Monem Madbouly	Dr. Mohamed Abdel Monem Omran	Mohamed Hazem Adel Barakat

B Investments Holding "S.A.E"

Consolidated Statement of Changes in Equity for the year ended December 31, 2019

	Note	Issued and paid-up capital	Capital issuance costs	Legal reserve	The Group's share in the combination reserve of joint ventures	Translation reserve of subsidiaries financial statements	The Group's share in the other comprehensive income of in joint venture entities' financial statements	Retained earnings	Equity attributable to shareholders of the Parent Company in net profit of the year	Total Equity attributable to shareholders of the Parent Company	Non-controlling interests	Total equity
		EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP
Balance as of January 1, 2018		**584 464 310**	-	**10 577 468**	**(4 522 300)**	**8 224 400**	**24 536 447**	**257 564 834**	**133 177 110**	**1014 022 269**	**4 444 603**	**1018 466 872**
Net profit of the year		-	-	-	-	-	-	-	193 856 740	**193 856 740**	633 144	**194 489 884**
Items of other comprehensive income												
Translation reserve of subsidiaries' financial statements		-	-	-	-	7 746	-	-	-	**7 746**	5 164	**12 910**
The Group's share in the other comprehensive income		-	-	-	-	-	613 770	-	-	**613 770**	-	**613 770**
Total Other Comprehensive income		**-**	**-**	**-**	**-**	**7 746**	**613 770**	**-**	**193 856 740**	**194 478 256**	**638 308**	**195 116 564**
The company's shareholders transactions												
Capital increase		215 657 770	(4 111 018)	242 614 991	-	-	-	-	-	**454 161 743**	-	**454 161 743**
Transferred to retained earnings		-	-	-		-	-	133 177 110	(133 177 110)	**-**	-	**-**
Transferred to legal reserve		-		2 264 463	-	-	-	(2 264 463)	-	**-**	-	**-**
Total company's shareholders transactions		**215 657 770**	**(4 111 018)**	**244 879 454**		**-**	**-**	**130 912 647**	**(133 177 110)**	**454 161 743**	**-**	**454 161 743**
Balance as of December 31, 2018		**800 122 080**	**(4 111 018)**	**255 456 922**	**(4 522 300)**	**8 232 146**	**25 150 217**	**388 477 481**	**193 856 740**	**1 662 662 268**	**5 082 911**	**1 667 745 179**
Balance as of January 1, 2019		**800 122 080**	**(4 111 018)**	**255 456 922**	**(4 522 300)**	**8 232 146**	**25 150 217**	**388 477 481**	**193 856 740**	**1 662 662 268**	**5 082 911**	**1 667 745 179**
Net profit of the year		-	-	-	-	-	-	-	173 238 436	**173 238 436**	524 259	**173 762 695**
Items of other comprehensive income												
Translation reserve of subsidiaries' financial statements		-	-	-	-	301 048	-	-	-	**301 048**	200 699	**501 747**
The Group's share in the other comprehensive income		-	-	-	-		(11 293 898)	-	-	**(11 293 898)**	-	**(11 293 898)**
Total Other Comprehensive income		**-**	**-**	**-**	**-**	**301 048**	**(11 293 898)**	**-**	**173 238 436**	**162 245 586**	**724 958**	**162 970 544**
The company's shareholders transactions												
Transferred to legal reserve	(24)	**-**	**-**	3 530 289	**-**	**-**	**-**	(3 530 289)	**-**	-	**-**	**-**
Transferred to retained earnings		**-**	**-**	**-**	**-**	**-**	**-**	193 856 740	(193 856 740)	-	**-**	**-**
Dividends distributions	(34)	**-**	**-**	**-**	**-**	**-**		(81 365 673)	**-**	**(81 365 673)**	**-**	**(81 365 673)**
Total company's shareholders transactions		**-**		**3 530 289**	**-**	**-**	**-**	**108 960 778**	**(193 856 740)**	**(81 365 673)**	**-**	**(81 365 673)**
Balance as of December 31, 2019		**800 122 080**	**(4 111 018)**	**258 987 211**	**(4 522 300)**	**8 533 194**	**13 856 319**	**497 438 259**	**173 238 436**	**1743 542 181**	**5 807 869**	**1 749 350 050**

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

B Investments Holding "S.A.E"

Consolidated Statement of Cash Flows for the year ended December 31, 2019

	Note	December 31, 2019 EGP	December 31, 2018 EGP
Cash flows from operating activities			
Net profit for the year before tax		183 628 795	209 390 532
Adjustments to reconcile net profit to cash flows from operating activities			
Group's share of profits of associates & joint venture entities	(28)	(122 777 750)	(126 263 759)
Dividends income from available for sale investments		(27 692 943)	(26 207 721)
Tax expenses on dividends distribution of joint venture entities	(29)	885 091	-
Depreciation of investment properties	(10)	580 638	330 450
Foreign exchange differences		18 717 229	(1 802 676)
Impairment losses on other debit balances		-	2 954 500
Credit interest - treasury bills		(63 527 157)	(60 777 500)
Credit interest		(13 600 797)	(23 433 550)
Capital gain	(10)	(1 613 372)	-
Utilization of the provision	(21)	(4 766 938)	(1,090,307.00)
Provisions no longer required		-	(2 500 000)
Operating loss before changes in working capital		**(30 167 204)**	**(29 400 031)**
(Increase) in due from related parties		(2 413 314)	(51 582)
(Increase) in notes receivable		(1 920 993)	-
(Increase) in other debit balances		(8 414 298)	(6 741 673)
(Decrease) / increase in due to related parties		(324 619)	2 064 384
Increase / (decrease) in accounts payable and other credit balances		1 949 600	(1 759 874)
Proceeds from dividends income from available for sale investments		27 692 943	26 207 721
Proceeds of dividends income from joint ventures investments		16 816 723	-
Income tax paid during the year		(1 000 043)	(18 355 176)
Net cash flows (used in) operating activities		**2 218 795**	**(28 036 231)**
Cash flows from investing activities			
Proceeds from credit interest		71 130 336	12 755 380
Payments to acquire investments in joint ventures		(72 890 300)	(187 190 985)
Payments to acquire investment properties	(10)	(20 836 094)	(8 039 669)
Net proceeds from sale investment properties	(10)	47 520 000	-
Change in long term deposits		3 726 986	(3 838 388)
Net proceeds from redemption and sale (Payments) of treasury bills		(324 218 780)	166 241 530
Net cash flows (used in) investing activities		**(295 567 852)**	**(20 072 132)**
Cash flows from financing activities			
Proceeds from capital increase		-	463 664 205
Payment for new shares issuance cost		-	(10 695 983)
Paid dividends distributions	(34)	(81 365 673)	-
Net cash flows (used in) / generated by financing activities		**(81 365 673)**	**452 968 222**
Net change in cash and cash equivalents during the year		(374 714 730)	404 859 859
Cash and cash equivalents at the beginning of the year	(18)	431 453 206	26 593 776
Effects of exchange rate changes on balances of cash held in foreign currencies		419 558	(429)
Cash and cash equivalents at the end of the year	(18)	**57 158 034**	**431 453 206**

Non-Cash transaction:

The following non-cash transactions were eliminated:

A- The transfers from project under construction to investment property with an amount of EGP 7 893 989.

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

1. General information

B Investments Holding “S.A.E.” (BPE Holding for Financial investments-formerly) “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 new Location is 24 Talaat Harb Street, Cinema Radio Building – 1 st Floor - Cairo. The necessary legal procedures are going on to register the company’s new location in the 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 assemble meeting 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.

On May 8, 2018 the Company’s extraordinary general assembly decided to change the Company name to be B investments Holding, the change was registered in the Company’s commercial register on July 8, 2018.

2. Statement of compliance

The consolidated financial statements have been prepared in accordance with the Egyptian Accounting Standards issued by the Minister of Investment’s decree No. 110 of 2015 and applicable Egyptian laws and regulations. The Egyptian Accounting Standards require referral to International Financial Reporting Standards “IFRS” for certain types of transactions or events when no Egyptian Accounting Standard or legal requirement exists to address treatment for these transactions and treatments.

On March 18, 2019, the Minister of Investment and International Cooperation introduced amendments to some provisions of the Egyptian Accounting Standards issued thereby by virtue of Decree No. 110 of 2015 , which include some new accounting standards as well as introducing amendments to certain existing standards which was issued by decision of the minister of investment No. 96 for 2019 and published in the official gazette on 25 April 2019. The most prominent amendments are as follows:

New or Amended Standards	A Summary of the Most Significant Amendments	Date of Implementation
The new Egyptian Accounting Standard No. (47) "Financial Instruments"	1-The new Egyptian Accounting Standard No. (47), "Financial Instruments", supersedes the corresponding related issues included in the Egyptian Accounting Standard No. (26), "Financial Instruments: Recognition and Measurement". Accordingly, Egyptian Accounting Standard No. 26 was amended and reissued after cancelling the paragraphs pertaining to the issues addressed in the new Standard No. (47) and the scope of the amended Standard No. (26) Was specified and intended to deal only with limited cases of Hedge Accounting according to the choice of the enterprise. 2- Pursuant to the requirements of the Standard, financial assets are classified based on their subsequent measurement whether at amortized cost, or fair value through other comprehensive income or at fair value through profit or loss, in accordance with the enterprise business model for managing financial assets and the contractual cash flow characteristics of the financial asset. 3-When measuring the impairment of financial assets the Incurred Loss Model is replaced by the Expected Credit Loss (ECL) Models, which requires measuring the impairment of all financial assets measured at amortized cost and financial instruments measured at fair value through other comprehensive	This standard No. (47) applies to financial periods beginning on or after January1st, 2020, and the early implementation thereof is permitted; provided that the amended Egyptian Accounting Standards No.(1), (25), (26) and (40) are adjusted together on 2019 at the same date to be simultaneously applied.

	income from their initial recognition date regardless whether there is any indication of the occurrence of loss event. 4- based on the requirements of this standard the following standards were amended : -Egyptian Accounting Standard No. (1) "Presentation of Financial Statements" as amended in 2019. -Egyptian Accounting Standard No. (4) - "Statement of Cash Flows". -Egyptian Accounting Standard No. (25) - "Financial Instruments: Presentation. -Egyptian Accounting Standard No. (26) - "Financial Instruments: Recognition and Measurement". - Egyptian Accounting Standard - EAS No. (40) - "Financial Instruments: Disclosures "	-These amendments are effective as of the date of implementing Standard No. (47)
The new Egyptian Accounting Standard No. (48) "Revenue from Contracts with Customers"	1-The new Egyptian Accounting Standard No.(48) "Revenue from Contracts with Customers" shall supersede the following standards and accordingly such standards shall be deemed null and void: a. Egyptian Accounting Standard No. (8) - "Construction Contracts" as amended in 2015. b. Egyptian Accounting Standard No. (11) – "Revenue" as amended in 2015. 2-For revenue recognition, Control Model is used instead of Risk and Rewards Model. 3-incremental costs of obtaining a contract with a customer are recognized as an asset if the	This Standard No (48) applies to financial periods beginning on or after January1st, 2020, and the early implementation thereof is permitted.

	enterprise expects to recover those costs and the costs of fulfilling the contract are to be recognized as an asset when certain conditions are met 4- the standard requires that contract must have a commercial substance in order for revenue to be recognized 5- Expanding in the presentation and disclosure requirements.	
The new Egyptian Accounting Standard No. (49) "Lease Contracts"	1- The new Egyptian Accounting Standard No. (49) "Lease Contracts" shall supersede and revoke Standard No. (20),"Accounting Rules and Standards related to Financial Leasing" issued in 2015. 2- The Standard introduces a single accounting model for the lessor and the lessee where the lessee recognizes the usufruct of the leased asset as part of the company's assets and recognizes a liability that represents the present value of the unpaid lease payments under the company's liabilities, taking into account that the lease contracts are not classified in respect of the lessee as operating l or finance lease contracts. 3- As for the lessor, he shall classify each lease contract either as an operating lease or a finance lease contract. 4- As for the finance lease, the lessor must recognize the assets held under a finance lease contract in the Statement of Financial Position and present them as amounts receivable with an amount equivalent to the	This standard No. (49) Applies to financial periods beginning on or after January 1st, 2020, and the early implementation thereof is permitted if Egyptian Accounting Standard No. (48) "Revenue from Contracts with Customers" for year 2019 is simultaneously applied. Except for the above-mentioned date of enforcement, Standard No. (49) applies to lease contracts for year 2019 that were subjected to Finance Lease Law No. 95 of 1995 and its amendments and were treated according to Egyptian Accounting Standard No. 20,"Accounting rules and standards related to financial leasing", as well as the finance lease contracts that arise under and are subjected to Law No. 176 of 2018 to the

	amount of the net investment in the lease contract. 5- As for operating leases, the lessor must recognize the lease payments of operating lease contracts as income either based on the straight-line method or based on any other regular basis	effect of regulating both financial leasing and factoring activities starting from the beginning of the annual reporting period in which Law No. (95) Of 1995 was revoked and Law No. (176) of 2018 was issued.
Egyptian Accounting Standard No. (42) as amended " Consolidated Financial Statements"	Some paragraphs related to the exclusion of the Investment Entities from the consolidation process were added. This amendment has resulted in introducing an amendment to some of the standards related to the subject of the Investment Entities. The standards that were amended are as follows: - (ESA 15) Related Party Disclosures - (ESA 17) Consolidated and Separate Financial Statements - (ESA 18) Investments in Associates - (ESA 24) Income Taxes - (ESA 29) Business Combinations - (ESA 30) Interim financial reporting. - EAS (44) Disclosure of Interests in Other Entities.	This standard No. (42) applies to financial periods beginning on or after January 1st, 2020, and the early implementation thereof is permitted. -The new or amended paragraphs pertaining to the amended standards concerning the investment entities shall apply on the effective date of Egyptian Accounting Standard No. (42) "Consolidated Financial Statements", as amended and issued in 2019.
Egyptian Accounting Standard No. (22) as amended " Earning per share"	The scope of the standard has been modified to be mandatory for issued separate, consolidated or single financial statements for all entities.	This standard No (22) applies to financial periods beginning on or after January1st, 2019.

3. <u>Basis for preparation of consolidated financial statements</u>

The consolidated financial statements have been prepared on the historical cost basis except for the revaluation of certain properties and financial instruments that are measured at revalued amounts or fair values or amortized cost. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

4. Critical accounting judgments and key sources of estimation uncertainty

In the application of the company's accounting policies, management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources.

Those estimates and associated assumptions are based on management historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates, therefore those estimates and underlying assumptions are reviewed on an ongoing basis.

Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods, if the revision affects both current and future periods.

The following are the critical judgments and estimates that the management has made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognized in the consolidated financial statements:

Assessing and determining basis of preparation

Management reviews its assumptions and judgments including those used to conclude on the extent of the Company's ability to control, jointly control, or exercise significant influence on its investees whenever a significant event or amendment to the conditions prevailing in its contractual agreements or changes in conditions associated with the preparation process of the financial statements.

Provisions and contingent liabilities

Management assess events and circumstances that might led to a commitment on the company's side resulting from performing its normal economic activities, management uses estimates and assumptions to assess whether the provision's recognition conditions have been met at the financial statement date, and analyze information to assess whether past events led to current liability against the company and estimates the future cash outflows and timing to settle this obligation in addition to selecting the method which enable the management to measure the value of the commitment reliably.

Impairment of financial assets

At the end of each reporting period, the management reviews the carrying amounts of its financial assets to determine whether there is any indication that those assets have suffered an impairment loss. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). The management assesses whether there is an objective evidence that, as a result of one or more events (a "loss event") that occurred after the initial recognition of a financial asset or a group of financial assets, the estimated future cash flows of an asset or a group of assets have been affected.

The management monitors impairment losses recognized, and where an impairment loss subsequently reverses, the carrying amount of a financial asset or a group of financial assets is increased to the revised estimate of its recoverable amount, but the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset.

Impairment of non- financial assets

Non- financial assets are reviewed to determine whether there are any indications that the net carrying amount of these assets may not be recoverable and that they have suffered an impairment loss that needs to be recognized. In order to determine whether any such elements exists it is necessary to make subjective measurements, based on information obtained within the Company and in the market considering the past experience.

When indicators exist that an asset may have become impaired, the Company estimates the impairment loss using suitable valuation techniques. The identification of elements indicating that a potential impairment exists and estimates of the amount of the impairment, depend on factors that may vary in time, affecting management's assessments and estimates.

Recognition and measurement of current tax liabilities

The Company's profit is subject to income tax, which requires using of significant estimates to determine the total income tax liability. As determining the final tax liability for certain transactions could be difficult during the reporting period, the Company records current tax liabilities using its best estimate about the taxable treatment of these transactions and the possibility of incurring of additional tax charges that may result from tax inspections. When a difference arises between the final tax assessment and what has been recorded, such difference is recorded as an income tax expense and current tax liability in the current period and is considered as a change in accounting estimates.

Significant accounting policies are set out below:

5. Significant accounting policies

a. Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) made up to December 31 each year. Control is achieved when the Company

- Has power over the investee;
- Is exposed or has rights to variable returns from its involvement with the investee and
- Has the ability to use its power to affects its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it considers that it has power over the investee when the voting rights are sufficient to give it the particular ability to direct the relevant activities of the investee unilaterally. The company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power including

- The size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders
- Potential voting rights held by the Company, other vote holders or other parties
- Rights arising from other contractual arrangements and
- Any additional facts and circumstances that indicate that the Company has or does not have the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, the results of subsidiaries acquired or disposed of during the year are included in profit or loss from the date of the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of the subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Where necessary, adjustments are made to the financial statements of the subsidiaries to bring the accounting policies used into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between the members of the Group are eliminated on consolidation.

Non-controlling interests in subsidiaries are identified separately from the Group's equity therein. Those interests of non-controlling shareholders that are present ownership interests entitling their holders to a proportionate share of net assets upon liquidation may initially be measured at fair value or at the non-controlling interests proportionate share of the fair value of the acquiree's identifiable net assets. The choice of measurement is made on an acquisition by acquisition basis. Other non-controlling interests are initially measured at fair value. Subsequent to the acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests share of subsequent changes in equity. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's interest in subsidiaries that do not result in a loss of control are accounted for as equity transactions. The carrying amount of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to the owners of the Company.

When the Group losses control of a subsidiary, the gain or loss on disposal recognized in profit or loss is calculated as the difference between the aggregate of the fair value of the consideration received and fair value of any retained interest and the previous carrying amount of the assets (including goodwill) less liabilities of the subsidiary and any non-controlling interests. All amounts previously recognized in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary.

b. <u>Business combination</u>

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method unless the transaction does not constitute an acquisition in form or substance. Application of the purchase method involves the following steps:

- Identifying an acquirer,
- And measuring the cost of the business combination,
- And allocating, at the acquisition date, the cost of the combination to the assets acquired and liabilities and contingent liabilities assumed.

The cost of the business combination is measured as the aggregate of the fair values, at the (date of exchange), of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination.

The acquirer recognizes the acquiree’s identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under EAS (29)"Business Combination" at their fair values at the acquisition date, except for non-current assets (or disposal groups) that are classified as held for sale in accordance with EAS (32) "Non-current Assets Held for Sale and Discontinued Operations", that are recognized and measured at fair value less costs to sell.

Goodwill arising on acquisition date is recognized as an asset and initially measured at cost, being the excess of the cost of the business combination over the Group’s interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognized.

If, after reassessment, the Group’s interest in the net fair value of the acquiree’s identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, the excess is recognized immediately in the consolidated statement of profits and losses.

The non-controlling interest in an acquiree is initially measured at the non-controlling interest proportionate share in the fair value of the assets, liabilities and contingent liabilities recognized.

When a business combination agreement provides for an adjustment to the cost of the combination contingent on future events, the Group includes the amount of that adjustment in the cost of the combination at the acquisition date if the adjustment is probable and can be measured reliably.

A business combination agreement may allow for adjustments to the cost of the combination that are contingent on one or more future events. The Group usually estimates the amount of any such adjustment at the time of initially accounting for the combination, even though some uncertainty exists. If the future events do not occur or the estimate needs to be revised, the cost of the business combination is adjusted accordingly.

However, when a business combination agreement provides for such an adjustment, that adjustment is not included in the cost of the combination at the time of initially accounting for the combination if it either is not probable or cannot be measured reliably. If that adjustment subsequently becomes probable and can be measured reliably, the additional consideration shall be treated as an adjustment to the cost of the combination.

The Company currently holds the following direct and indirect interests in its subsidiaries:

Subsidiary	**Country of Domicile**	**December 31, 2019**	**December 31, 2018**
		%	**%**
Beard AG Company “Beard”	Switzerland	60	60

c. Interests in associates and joint venture entities

A joint venture is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control.

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates and jointly controlled entities are incorporated in these financial statements using the equity method of accounting. Investments classified as held for sale, are accounted for in accordance with EAS (32) "Non-current Assets Held for Sale and Discontinued Operations", where they are stated at the lower of their carrying amount or fair value (less costs to sell).

Under the equity method, investments in associates and jointly controlled entities are carried in the consolidated balance sheet at cost as adjusted for post-acquisition changes in the Group's share of the net assets of the associate / jointly controlled entity, less any impairment in the value of individual investments. Losses of an associate / jointly controlled entity in excess of the Group's interest in that associate/ jointly controlled entity (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate / jointly controlled entity) are recognized only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

On acquisition of the investment, any difference between the cost of the investment and the investor's share of the net fair value of the associate's / jointly controlled entity's identifiable assets, liabilities and contingent liabilities is accounted for in accordance with EAS (29) Business Combination, Therefore:

- Any excess of the cost of acquisition over the group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the investment recognized at the date of acquisition is recognized as goodwill. The goodwill is included within the carrying amount of the investment and is assessed for impairment as part of the investment.
- Any excess of the group's share of the net fair value of the investee's identifiable assets, liabilities and contingent liabilities over the cost of acquisition is excluded from the carrying amount of the investment and is instead recognized immediately in profit or loss in the determination of the group's share of the investee's profit or loss in the period in which the investment was acquired.

Where a group entity transacts with an associate of the Group, profits and losses are eliminated to the extent of the Group's interest in the relevant associate. Losses may provide evidence of an impairment of the asset transferred, in which case appropriate provision is made for impairment for that asset.

The following table provides a list of the Group's associates and jointly controlled entities:

	Country of Domicile	December 31, 2019	December 31, 2018
Associates		Ownership %	Ownership %
Al Retail For Trade and Investment	Egypt	22.79	22.79
Madinet Nasr for Housing and Development S.A.E "MNHD"	Egypt	7,5	7,5
Metalar*	Egypt	51.92	51.92
Infinity Solar 1 B.V	Netherland	24.6	24.6
Infinity Solar 2 B.V	Netherland	17.5	17.5
Infinity Solar 3 B.V	Netherland	17.5	17.5
Jointly controlled entities			
Inergia Technologies for Information S.A.E. "Inergia"	Egypt	68.04	68.04
Red Sea venture for Solar Energy	Egypt	49.50	49.50
Giza Systems Company S.A.E "Giza Systems"**	Egypt	44.71	44.71
Ebtikar Holding for Financial Investments	Egypt	20.25	19.35
Gourmet Egypt.com Foods S.A.E (Gourmet)	Egypt	52.90	52.90

*Metalar is indirectly owned through the Company's investment in Beard, (subsidiary).

**Giza Systems is indirectly owned through the Company's investment in Inergia (Inergia owns 65.7% of Giza Systems' shares).

d. Available for sale investments

Available for sale investments are initially recognized, at acquisition, at fair value plus transaction costs which include fees and commissions paid to agents, advisors, brokers and dealers, taxes levied by regulatory agencies and securities exchanges, and transfer taxes and duties.

After initial recognition, AFS investments are subsequently measured at fair value with gains or losses resulting from fair value measurement recognized directly in equity, until the investment is derecognized, at which time the cumulative gain or loss previously recognized in equity are then recognized in the profit or loss.

In case there is objective evidence that an impairment loss has been incurred on AFS investments at the date of the financial statements, the cumulative loss that had been previously recognized in equity are removed from equity and recognized in profit or loss even though the investments have not been derecognized.

Unlisted equity securities classified as AFS, for which no quoted market price is available in an active market and whose fair value cannot be measured reliably are stated at cost.

e. Goodwill

Goodwill arising on the acquisition of a subsidiary represents the excess of the cost of acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the subsidiary or jointly controlled entity recognized at the date of acquisition. Goodwill is initially recognized as an asset at cost and is subsequently measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired.

If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognized for goodwill is not reversed in a subsequent period.

On disposal of a subsidiary or a jointly controlled entity, the attributable amount of goodwill is included in the determination of the profit or loss on disposal. This applies as well on investments in associates, where goodwill is included within the carrying amount of the investment.

The Group's policy for goodwill arising on the acquisition of an associate / jointly controlled entity is described above at "Investments in associates and jointly controlled entities".

f. Investment properties

Investment properties are properties held to earn rentals and or for capital appreciation. Investment properties are measured initially at cost including transaction costs, and are subsequent to the initial recognition reported in the balance sheet at historical cost, less any accumulated depreciation and impairment losses.

Gain or loss on de-recognition is calculated as the difference between the net disposal proceeds and the carrying amount of the asset.

Investment property, except for land, is depreciated using the straight line method, depreciation is charged to the consolidated statement of profits and losses over the useful life of each investment property.

The following are estimated useful lives for investment properties that are used to calculate depreciation:

Description	Life time by years	Depreciation Rate
Buildings	50	2%

g. Intangible assets

Non-monetary assets that don't have physical substance, but can be identified separately, acquired for operating purpose, and expected to generate future economic benefits are treated as intangible assets. Intangible assets (excluding goodwill) include "Beard" related trademarks. Intangible assets are measured at cost, which represents the cash price at the initial recognition. In case of deferral of payments for periods exceed the normal credit terms, difference between cash price and total amount is recognized as interest.

Intangible assets are with indefinite useful lives and are tested for impairment annually.

h. Cash and cash equivalents

Cash and cash equivalents are comprised of cash at banks, short-term demand deposits with maturities less than three months that are readily convertible to specified amounts of cash.

i. Consolidated statement of Cash flows

The consolidated statement of cash flows is prepared applying the indirect method.

j. Foreign currency translation

The individual financial statements of each group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency).

For the purpose of the consolidated financial statements, the results and financial position of each group entity are expressed in Egyptian pounds; which is the functional currency of the Company and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual entities, transactions in currencies other than Egyptian pounds are recorded at the rates of exchange prevailing at the dates of the transactions. At each balance sheet date, monetary assets and liabilities denominated in foreign currencies are retranslated to Egyptian pounds at the rates prevailing at the balance sheet date.

Non-monetary assets and liabilities carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognized in profit or loss in the period in which they arise, except for exchange differences arising on non-monetary assets and liabilities carried at fair value, where translation differences are recognized as part of changes in fair value.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign and local subsidiaries whose reporting currencies are different from the presentation currency of the Group (EGP), are expressed in Egyptian Pounds using exchange rates prevailing at the balance sheet date, equity items are expressed in Egyptian Pounds using the historical exchange rates at the date of acquisition or incorporation. Income and expense items are translated at the average exchange rates for the year.

Exchange differences arising, if any, are classified as equity and recognized in the Group's foreign currency translation reserve.

k. Revenue recognition and measurement

Revenue is measured at the fair value of the consideration received or receivable net of tax and discounts. Generally revenue is recognized when it is highly probable that the economic benefits associated with the transaction will flow to the company; and the revenue amount can be measured reliably if the following conditions are available:

1) Revenue is measured reliably.
2) It is highly expected the flow of economic benefits related to the entity.
3) Accurate measurement possibility to complete the operation at the balance sheet date.
4) Accurate measure to the costs of the operation and the relevant costs.

The company`s revenue represented below:

- Dividend income from investments is recognized when the shareholder's right to receive payment has been established and is measured at the fair value of the consideration received or receivable.
- Interest income is accrued on a timely basis, by reference to the principal outstanding and at the interest rate applicable until maturity.

l. Inventory

Inventory is stated at the lower of cost and net realizable value. Costs are being determined using the weighted average method to price goods sold. Net realizable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

m. Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of past events and that it is probable that an outflow of economic resources will be required to settle the obligation, the costs to settle related obligations are probable and a reliable estimate is made of the amount of the obligation. The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows. Where discounting is used, the carrying amount of a provision increases in each period to reflect the passage of time. This increase is recognized in the profit or loss as finance costs.

n. Taxation

A provision for potential tax claims is generally recognized based on management comprehensive study for prior years' tax assessments and disputes.

Deferred tax assets and liabilities are recognized on temporary differences between the assets and liabilities tax basis set by the Egyptian Tax Law and its executive regulations, and their reported amounts per the accounting principles used in the preparation of the consolidated financial statements.

Accordingly, during each reporting period, an estimated income tax expense is recognized in the profit or loss that represents the sum of the tax currently payable and deferred tax with actual income tax expense recognized at year-end.

Current tax payable is calculated based on taxable profit of the year as determined in accordance with applicable local laws and regulations using tax rates enacted by the balance sheet date. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realized, based on tax rates and tax laws that have been enacted by the balance sheet date.

Deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity unless those related items recognized in equity have affected taxable profit and calculation of current tax expense for the year, then the related deferred tax is recognized in the consolidated statement of profits and losses.

Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax assets and liabilities are accounted for using the balance sheet liability method and are reported in the balance sheet as non-current assets and liabilities.

o. Dividends

Dividends declared to the shareholders and Board of Directors are recognized as a liability in the financial statements in the year in which these dividends have been approved by the Company's shareholders.

p. Earnings per Share

Basic and diluted earnings per share are calculated based on dividing the profit or loss, according to the financial statements (net of employees statutory profit share and Board of Directors profit share, if any), attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the year.

q. Impairment of assets

Non-financial assets

At each balance sheet date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. The company considers each investment, whether a jointly controlled entity, or associate, as a single cash generating unit.

Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and those not yet available for use are tested for impairment annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are 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 for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, to the extent the revised estimate does not exceed what the carrying amount would have been determined had the impairment loss not been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in the consolidated statement of profits and losses.

Financial assets

Financial assets other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

For equity investments classified as AFS, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment.

For financial assets carried at amortized cost, the amount of the impairment is the difference between the asset’s carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade and other receivables, where the carrying amount is reduced through the use of an allowance account. When a receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss.

With the exception of AFS equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after an impairment was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

Impairment losses previously recognized in profit or loss for an investment in an AFS equity investment is not subsequently reversed through profit or loss. Any subsequent appreciation in the value of an AFS equity investment, for which an impairment loss had been previously recognized in profit or loss, is reversed directly through equity.

r. Financial instruments

Financial assets

Financial assets are recognized and derecognized on the "trade date" where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value, plus transaction costs, except for financial assets classified as at fair value through profit or loss, which are initially measured at fair value.

Financial assets are classified into the following specified categories: investment in treasury bills, cash at banks, due from related parties, credit facilities to related parties, and certain items within other debit balances. The classification depends on the nature and purpose of the financial asset and is determined at the time of initial recognition.

Financial derivatives

Derivatives (including separable embedded derivatives) are initially recognized at fair value, while attributable transaction costs are recognized in profit or loss when incurred.

Changes in fair value of derivatives during each financial period are charged to the consolidation consolidated statement of profits and losses.

Embedded derivatives resulting from contractual terms contained in agreements in which the company may enter as a party with respect of both financial and non-financial instruments. Embedded derivatives that meet recognition criteria are recognized separately from the host contract and are measured at fair value through profit or loss in accordance with the accounting requirements.

Effective interest method

The effective interest method is a method of calculating the amortized cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period.

The return on all debt instruments is recognized on an effective interest basis except as a financial asset at fair value through profit or loss where the yield is included in the net change in fair value.

Financial liabilities and equity instruments issued by the Company

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received or net value of the transferred assets, net of direct issue costs.

Financial liabilities

Financial liabilities are classified into the following specified categories: accounts payable, due to related parties and other credit balances and they are initially measured at fair value, net of transaction costs and are subsequently measured at amortized cost using the effective interest method, with interest expense recognized on an effective yield basis.

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period.

The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

6. Intangible assets (net)

	December 31, 2019 EGP	December 31, 2018 EGP
Balance at beginning of the year	5 318 894	5 318 894
Retranslation differences	(519 350)	123 458
Impairment in intangible assets	(2 399 772)	(2 721 176)
Balance at end of the year	**2 399 772**	**2 721 176**

Intangible assets balance comprises cost of acquired trademarks by Beard AG (subsidiary) including the related registration fees.

7. Investments in associates (net)

	No. of Shares	Ownership %	December 31, 2019 EGP	December 31, 2018 EGP
Al Retail For Trade and Investment	727 526	22.79%	340 116	347 112
Madinet Nasr for Housing and Development "MNHD"	108 077 416	7.5%	440 925 833	375 560 391
Metalar		51.92%	62 291 404	66 896 422
Infinity Solar 1 B.V	246	24.6%	--	--
Infinity Solar 2 B.V	175	17.5%	--	--
Infinity Solar 3 B.V	175	17.5%	--	--
Less: Impairment in investments (Metalar) - Note no. 22			(46 766 853)	(53 030 389)
			456 790 500	**389 773 536**

Al Retail For Trade and Investment

The recognized share of loss for the current year amounted to EGP 6 996 (December 31, 2018: EGP 22 389), Note-(28).

MNHD

Investment in Madinet Nasr for Housing and Development (MNHD) was classified as investments in associates as the Company has significant influence over MNHD through its direct stake and the stake owned by BIG Investments Group B.V.I Co. (related party) which holds a stake of 19.93% of the total shares of MNHD, therefore both companies own collectively 27.44% of MNHD's shares, and that have been done after taking into considerations that both BIG for Investment B-V-I and B Investments Holding are managed by a management contract (solo) between both companies and BPE Partners S.A.E.The recognized share of profit for the current year amounted to EGP 65 365 441 (December 31, 2018: EGP 73 527 722), Note-(28).

Metalart

The recognized share of profit for the current year amounted to EGP 1 116 822 (December 31, 2018: EGP 1 639 446), Note-(28). In addition to the profits resulted from currency translation differences amounted by EGP 501 747 .

Infinity Solar B.V (1,2&3)

In partnership with Infinity Solar Energy SAE and Ib Vogt, the Company invested in three solar power generation plants located in Ben Ban, Egypt with a total capacity of 130 MW. The investment is financed through equity and debt from international development finance institutions including the European Bank for Reconstruction and Development (EBRD) and the International Finance Corporation (IFC) and the shareholders of the solar energy companies. Additionally, these solar projects are part of the second round of the Ministry of Electricity's Feed-in Tariff (FiT) program to encourage the development of renewable energy resources in the country as well as private sector involvement in energy generation.

The shareholders' agreements signed by the Company and other shareholders regulate the operation and management of the solar companies and the relationship between shareholders. The terms of shareholders' agreements entitle the company to exercise significant influence over the solar entities' through participation in the financial and operating policy decisions of the investees and accordingly are accounted for as investments in associates.

The shareholders' agreements provide that the planned investment period will be four years starting from the commercial operation date of the solar plants where the ompany will exit the investments through sale, otherwise the company will have the option to put all of its shares in the solar entities after the elapse of the mentioned four years' period, the option will be excisable at any time during a period of 2.5 years.

The company subscribed for shares in the capital of the solar entities, each share capital has par value of USD 1. The issued shares are not paid and are only payable on the call of each investee. Each solar entity is a private company with limited liability incorporated under the laws of the Netherlands, and each solar entity ultimately invests in a joint stock company that undertake the solar power generation related activities in Egypt.

The finance made by the Company to the three solar entities, which takes the form of shareholders loans, reached EGP 103.9 million equivalent to USD 6.5 million at December 31, 2019 (note 11).

The group's share in the losses of Infinity Solar B.V (1,2&3) has not been recognized, as the losses are recognized up to the recorded investment carrying amount which is Nil by end of 2019 , the group's share in non-recognized losses amounted to EGP 1 434 241,EGP 3 309 836, EGP 1 770 243 respectively.

Summarized financial information in respect of each of the Group's material associates of December 31, 2019 is set out below.
The summarized financial information below represents amounts in associates' financial statements prepared in accordance with EAS Standards.

EGP 000'	**Total Assets**	**Total Equity**	**Total Revenue**	**Profit (Loss)**
Al Retail For Trade and Investment	1 946	1 910	242	205
MNHD*	16 065 008	4 355 167	2 200 628	980 895
Metalar	57 170	37 665	33 332	2 151
Infinity Solar B.V 1	741 682	(38 253)	95 330	(5 830)
Infinity Solar B.V 2	1 260 687	(77 144)	128 390	(18 913)
Infinity Solar B.V 3	102 405	(20 848)	4 330	(20 116)

*The fair value of the investment in MNHD reached EGP 520 933 145, EGP 4.82 per share according to quoted market price at 31 December 2019.

8. Available for sale investments

Name of Company	**No. of Shares**	**Ownership %**	**December 31, 2019 EGP**	**December 31, 2018 EGP**
Total Egypt LLC "Total"	412 809	7.97%	141 262 077	141 262 077
			141 262 077	**141 262 077**

* Pursuant to the shareholders' agreement signed in 2013 with Total OM "parent company of Total Egypt", the Company invested EGP 141 262 077 in Total, and accounts for its investment as an available for sale investment. The Company's share in Total was 13.01% as at December 31, 2013. During 2014, Total called for a capital increase and the Company did not subscribe in this capital increase, which diluted the Company's interest from 13.01% to 7.97%. The commercial register of Total has been amended to reflect the capital increase on September 24, 2014.

The shareholders' agreement signed between the Company and Total O M "parent company of Total Egypt" stipulates that the Company has a put option to sell all or part of the shares owned to Total O M, the put option is exercisable starting from the sixth year until the thirteenth year from the date of signing the shareholders' agreement. In contrast,

Total O M has the option to call all of the shares owned by the Company starting from the eight year until the thirteenth year from the date of signing the shareholders' agreement.

9. Investments in joint Venture (net)

	Ownership %	No. of Shares	December 31, 2019 EGP	December 31, 2018 EGP
Inergia Technologies for Information Systems "Inergia"	68.04	5 532 124	237 726 399	221 751 348
Red Sea Venture for Solar Power	49.5	7 425	5 727 150	5 727 150
Ebtikar Holding for Financial Investments	20.25	1 180 593	155 454 294	78 362 267
Gourmet Egypt .com Foods*	52.9	3 127 950	100 717 589	93 587 595
Payments under capital increase in Gourmet Egypt.Com Foods S.A.E.*	--	--	33 703 830	33 703 830
Less: : Impairment in investments (Red Sea Venture for Solar Energy)			(5 727 150)	(5 727 150)
			527 602 112	**427 405 040**

Inergia Technologies for Information Systems "Inergia"

Pursuant to the shareholders' agreement, Inergia an SPV created late 2006 by the Company and the management team of Giza Systems Company "S.A.E" "Giza Systems" for the purpose of owning a controlling stake in Giza Systems. Currently, Inergia owns a stake of 65.7% in Giza Systems' shares.

Despite of owning 68.04% of the share capital and voting rights in Inergia Technologies for information Systems Company, but according to the contractual terms contained in shareholders' agreement for Inergia Company referred to above with the parties managing Giza Systems, both contracting parties have joint control over Inergia and Giza Systems.

The recognized share of profit for the current year amounted to EGP 44 970 762 (December 31, 2018: EGP 48 861 296), Note-(28) and the impact resulted from the company's share in the retranslation reserve related to foreign operations' loss in the investee's equity amounted to EGP 11 293 898 after deduction of dividends received during the year amounted to EGP 16 816 724 .

Red sea venture for solar energy

Investment in Red Sea Venture for Solar Energy "S.A.E" is initially recognized as a jointly controlled entity based on the preliminary agreement between the company and the other shareholders which provide that the decision making process will be jointly made by the parties to the agreement. The company recognized impairment for the total amount of investment in prior year as a result of the cessation of the investee's business activities.

Ebtikar Holding for Financial Investments

On June 12, 2017 the company subscribed in the capital of Ebtikar Holding for Financial Investments. As per the article of association the company, management company and others hold 50% of Ebtikar Holding for Financial Investment's capital and the management company holds (representing itself and its managed entities) 50% of votes at board meetings.

During 2019, Ebtikar's board of Directors decided to increase the investee's capital, the company has subscribed to 409 496 shares with an amount of EGP 72 890 300.

The recognized share of profit for the current year amounted to EGP 4 201 727 (December 31, 2018: EGP 1 252 566), Note-(28) .

*Gourmet Egypt .Com Foods

During September 2018, the Company signed a shareholders agreement for acquiring a capital of Gourmet Egypt.Com Foods (SAE), the acquisition was completed during October 2018, the company holds 52.9% of Gourmet's share capital, the terms of shareholders agreement of Gourmet provides the contracting parties joint control over Gourmet. Acquisition amount by end of 2018 reached an amount of EGPM 126, 3 included an amount of EGPM 33.7 is recorded credit balance to shareholders in Gourmet's books till the completion of the capital increase procedures of the investee.

The recognized share of profit for the current year amounted to EGP 7 129 994 (December 31, 2018: EGP 960 340), Note-(28).

Summarized financial information in respect of each of the Group's material joint Ventures of December 31, 2019 is set out below.

The summarized financial information below represents amounts in joint Ventures' financial statements prepared in accordance with EAS Standards.

EGP 000'	**Total assets**	**Total equity**	**Total revenue**	**Profits (loss)**
Inergia Technologies for Information Systems	85 556	84 706	29 571	27 712
Giza Systems	2 545 075	583 776	3 151 161	115 001
Ebtikar Holding for Financial Investments	1 055 947	782 674	77 652	20 920
Gourmet Egypt .com Foods	201 424	52 089	498 279	13 478

10. Investment properties (net)

	Mohandseen Administration Building EGP		Maadi Administration Building EGP		Total EGP
Cost	**Land**	**Building**	**Land**	**Building**	
On January 1, 2018	**40 585 000**	**6 410 639**	**57 922 825**	**9 504 959**	**114 423 423**
Additions during the year	--	--	--	**145 680**	**145 680**
On December 31, 2018	**40 585 500**	**6 410 639**	**57 922 825**	**9 650 639**	**114 569 103**
On January 1, 2019	**40 585 000**	**6 410 639**	**57 922 825**	**9 650 639**	**114 569 103**
Additions during the year	--	--	--	2 053 766	**2 053 766**
Transferred from project under construction	--	--	--	26 676 317	**26 676 317**
Disposal during the year*	(40 585 000)	(6 410 639)	--	--	**(46 995 639)**
On December 31, 2019	--	--	**57 922 825**	**38 380 722**	**96 303 547**
Accumulated depreciation					
On January 1, 2018	--	**384 639**	--	**570 297**	**954 936**
Depreciation during the year	--	128 213	--	202 237	**330 450**
On December 31, 2018	--	**512 852**	--	**772 534**	**1 285 386**
On January 1, 2019	--	**512 852**	--	**772 534**	**1 285 386**
Depreciation during the year	--	96 160	--	484 478	580 638
Disposal accumulated depreciation during the year	--	(609 012)	--	--	**(609 012)**
On December 31, 2019	--	--	--	**1 257 012**	**1 257 012**
Netbook value as of December 31, 2019	--	--	**57 922 825**	**37 123 710**	**95 046 535**
Netbook value as of December 31, 2018	**40 585 000**	**5 897 787**	**57 922 825**	**8 878 105**	**113 283 717**

- A lease agreement for Maadi administration building was signed with Daikin Egypt - operating lease agreement – the lease term will commence after completion of the decorations and facilities with monthly rental payments of EGP 325,000. The building was delivered at November 1, 2019.

These properties were registered in the name of the company. The fair value of the investment properties reached EGP 98 794 300 according to the most recent real state valuation report prepared by an independent valuator at December 31, 2019.

* On September 24, 2019 the company sold Mohandseen administration building for an amount of EGP 48 million to Export Development Bank of Egypt (EBE) and recognized a gain from sale in the consolidated statement of profits and losses by an amount of EGP 1 613 372.

11. Loans to associates

	December 31, 2019 EGP	December 31, 2018 EGP
Infinity Solar 1 B.V	31 011 182	31 417 578
Infinity Solar 2 B.V	52 028 095	52 709 895
Infinity Solar 3 B.V	20 893 262	21 167 060
	103 932 539	**105 294 533**

On December 31, 2017, the Company signed shareholder loan agreements with its investees, the solar entities as disclosed in note 8. The loans were made pursuant to the shareholders' agreements governing the Company's investments in the solar entities. The Company's funding to its investees is in the form of shareholder loans that will be repaid, from the operation of the solar plants projects undertaken in Egypt by the investees of the solar entities, during the investment period and on the company's exit from the investments if sale or exercise of the put options occur before full repayment.

Total loan amount at December 31, 2019 reached EGP 103.9 million equivalent to USD 6.5 million, and earn interest rate of 10 % per annum.

12. Project under construction

	December 31, 2019 EGP	December 31, 2018 EGP
Opening balance	7 893 989	--
Additions during the year	18 782 328	7 893 989
Amount transferred to investment properties	(26 676 317)	--
	--	**7 893 989**

Project under construction represents the amounts paid for decorations and fixtures work for the administrative building located in Maadi area (Investment property – Note 10) with the aim of leasing the building in the future, On April 15, 2018 an operating lease agreement was signed for three years that will start from the delivery date after completion of the decorations and facilities ،On November 1, 2019 the building was delivered to the lessee.

13. Inventory (net)

	December 31, 2019 EGP	December 31, 2018 EGP
Goods for sale	2 982 545	3 382 001
Less: Write down to net realizable value	(2 982 545)	(3 382 001)
	--	--

14. Accounts receivable (net)

	December 31, 2019 EGP	December 31, 2018 EGP
Account receivables	1 357 284	1 539 066
Less: Impairment of accounts receivable	(1 357 284)	(1 539 066)
	--	--

15. Due from related parties (net)

	Relationship nature	Account nature	December 31, 2019 EGP	December 31, 2018 EGP
Metalar	Associate	Current account	3 360 414	3 220 194
Red Sea venture for Solar Energy	Joint venture	Current account	1 149 958	1 149 958
Infinity Solar B.V 1	Associate	Current account	678 574	--
Infinity Solar B.V 2	Associate	Current account	691 984	--
Infinity Solar B.V 3	Associate	Current account	666 484	--
Less: Impairment in due from related parties			(2 906 449)	(3 142 501)
			3 640 965	**1 227 651**

16. Other debit balances (net)

	December 31, 2019 EGP	December 31, 2018 EGP
Deposits held with others	46 795	46 795
Accrued interest	1 096 786	932 930
Accrued rental income	2 954 500	3 404 500
Accrued dividends income	--	2 207 002
Prepaid expenses	118 717	128 308
Withholding tax receivable	547 500	9 000
Withholding tax on treasury bills	10 135 329	11 332 271
Advance payment to suppliers	221 350	348 443
Other debit balances	47 852	47 852
Less : Impairment in other debit balances	(2 954 500)	(2 954 500)
	12 214 329	**15 502 601**

17. Treasury bills

	December 31, 2019 EGP	December 31, 2018 EGP
Treasury bills – more than 3 months	352 875 000	--
Treasury bills – less than 3 months	50 075 000	432 125 000
Less: unrealized interest	(34 463 407)	(15 466 616)
	368 486 593	**416 658 384**

18. Cash at banks

	December 31, 2019 EGP	December 31, 2018 EGP
Current accounts - local currency	8 356 545	14 604 697
Current accounts - foreign currencies	147 253	190 125
Time deposits at banks - foreign currencies	61 948 691	72 936 051
	70 452 489	**87 730 873**

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

	December 31, 2019 EGP	December 31, 2018 EGP
Cash at banks	70 452 489	87 730 873
Treasury bills – less than 3 months	48 654 236	416 658 384
Less: Deposit more than three months	(61 948 691)	(72 936 051)
	57 158 034	**431 453 206**

19. Due to related parties

	Relationship nature	Account nature	December 31, 2019 EGP	December 31, 2018 EGP
BPE Partners S.A.E.	Management company	Management fees	4 691 395	5 016 014
			4 691 395	**5 016 014**

20. Accounts payable and other credit balances

	December 31, 2019 EGP	December 31, 2018 EGP
Accounts payable	636 716	165 288
Accrued expenses	4 187 583	6 093 597
Withholding tax	280 871	295 832
Deferred rental income	1 300 000	--
Rent insurance	799 310	--
Retention work	1 121 684	--
	8 326 164	**6 554 717**

21. Provisions

	December 31, 2018 EGP	Used during the year EGP	December 31, 2019 EGP
Provision for claims	6 807 589	(4 766 938)	2 040 651
	6 807 589	**(4 766 938)**	**2 040 651**

The provisions relate to claims from external parties arising from the ordinary course of business. Management reviews these provisions on quarterly basis and revise the amounts based on the latest developments, or negotiations or agreements reached with claiming parties. The company has not disclosed all information relating to the provisions in accordance to the Egyptian Accounting Standards in light of that the disclosure of such information could highly affect the results of negotiations with those parties.

22. Impairment movement in financial and non-financial assets

	December 31, 2018 EGP	*Impact of foreign exchange differences EGP	December 31, 2019 EGP
Impairment in associate investment	53 030 389	(6 263 536)	46 766 853
Impairment in joint venture investment	5 727 150	--	5 727 150
Impairment intangible asset	2 721 176	(321 404)	2 399 772
Impairment in inventory	3 382 001	(399 456)	2 982 545
Impairment in accounts receivable	1 539 066	(181 782)	1 357 284
Impairment in other debit balances	2 954 500	--	2 954 500
Impairment in related parties	3 142 501	(236 052)	2 906 449
Total movement during the year		**(7 402 230)**	

* The impact of foreign exchange differences relate to the retranslation of the subsidiary's reported impairment balances using the closing exchange price.

23. Capital

The Company's authorized capital amounted to EGP 2.4 billion, and the issued and paid-up capital amounted to EGP 800 122 080 divided into 160 024 416 shares of EGP 5 par value each on December 31, 2019.

24. Reserves

	December 31, 2019 EGP	December 31, 2018 EGP
Beginning balance	255 456 922	10 577 468
Transferred from prior year net profit	3 530 289	2 264 463
Legal reserve - share premium*	--	242 614 991
Legal reserve	258 987 211	255 456 922
Capital issuance costs	(4 111 018)	(4 111 018)
Company`s shares in foreign currency translation in the joint venture	(4 522 300)	(4 522 300)
Translation reserve of financial statements	22 389 513	33 382 363
	272 743 406	**280 205 967**

The balance represents the share premium paid by the subscribers in the capital increase , which was transferred into legal reserve in accordance with the requirements of Law No. 159 of 1981.

25. Deferred tax liabilities

	Temporary difference EGP	Deferred tax liability EGP
Deferred tax liability form the depreciation of investment properties		
Balance at December 31, 2018	(1 934 121)	(435 177)
Movement during the year (allocated to the consolidated statement of profits and losses)	(898 101)	(202 073)
Movement during the year (allocated to consolidated statement of profits and losses - disposal Mohandseen Administration Building)	913 515	205 541
Balance at December 31, 2019.	**(1 918 707)**	**(431 709)**
Deferred tax liability on unrealized foreign exchange difference.		
Balance at December 31, 2018	(40 008 504)	(9 001 913)
Movement during the year (allocated to the consolidated statement of profits and losses)	20 182 555	4 541 075
Balance at December 31, 2019.	**(19 825 949)**	**(4 460 838)**
Net deferred tax balance at December 31, 2019	**(21 744 656)**	**(4 892 547)**
Movement in profit and losses at December 31, 2019		**4 544 549**

The deferred tax assets were not recognized on the following items due to insufficient assurance to realize them in the future.

	December 31, 2019 EGP	December 31, 2018 EGP
Impairment in joint venture investment	5 727 150	5 727 150
Impairment in Investment in associate	7 273 507	7 273 507
Impairment in Investment in subsidiaries	27 412 102	27 412 102
Provisions	2 040 651	6 807 589
Impairment in due from related parties	1 143 957	1 143 957
Impairment in other debit balance	2 954 500	2 954 500
	46 551 867	**51 318 805**

26. 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 year.

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.

	December 31, 2019 EGP	December 31, 2018 EGP
Net profit for the year attributable to the shareholders' of the Parent Company	173 238 436	193 856 740
Less: Board of directors profit share	(1 253 109)	(1 353 469)
	171 985 327	**192 503 271**
Weighted average number of shares	160 024 416	145 506 976
Basic and diluted earnings per share	**1.07**	**1.32**

27. Significant related parties transactions

Transactions made during the financial period consist of accounts of an ongoing basis in management fees and expenses paid on behalf of the company or the company's payment on behalf of those Parties.

The significant transactions during the year are as follows:

Company name	Type of relation	Type of transaction	Value of transaction for the year
BPE Partners S.A.E.	Management company	Management fees	(18 612 600)
		Expenses paid on behalf of the company	(1 670 146)
Infinity Solar B.V 1	Associate	Credit interest	3 012 084
		Cash transfer to related party	678 574
Infinity Solar B.V 2	Associate	Credit interest	5 053 436
		Cash transfer to related party	691 984
Infinity Solar B.V 3	Associate	Credit interest	2 029 341
		Cash transfer to related party	666 484

28. Group's share of profits (Losses)of investment in associates and joint venture entities

	December 31, 2019 EGP	December 31, 2018 EGP
MNHD	65 365 441	73 527 722
Inergia Technologies for information systems	44 970 762	48 861 296
Metalar co.	1 116 822	1 639 446
Al Retail for Trade and Investment	(6 996)	22 389
Gourmet Egypt .com Foods	7 129 994	960 340
Ebtikar holding for finance investment	4 201 727	1 252 566
	122 777 750	**126 263 759**

29. Dividends income from available for sale investments

	December 31, 2019 EGP	December 31, 2018 EGP
Total Egypt Co.	27 692 942	26 207 721
	27 692 942	**26 207 721**

30. Finance income

	December 31, 2019 EGP	December 31, 2018 EGP
Interest income on time deposits and bank current accounts	3 505 936	13 912 224
Credit interest for loans to associates	10 094 861	9 521 326
Return on treasury bills	63 527 157	60 777 500
	77 127 954	**84 211 050**

31. management agreements

On 19 July 2017, The Company signed a new management agreement with BPE Partners SAE, the new management agreement became effective on the date of completion of listing the company's shares on the EGX. The trading on the company's shares started on March 29, 2018.Pursuant to the terms of the new management agreement, the management company is entitled to a management fees of 2% of the company's paid up capital up to EGP 600 million and 1.5% of any capital increase (Included share premium) of more than EGP 600 million Up to EGP 1.2 billion and 1% on any capital increase of more than EGP 1.2 billion.

Additionally, the management company is entitled to a performance fee, the performance fee will be due to the management company only on the exit of investments entered into by the Company. Performance fees for existing investments are accrued for the management company and calculated as the difference between cash proceeds net of taxes and fees received from the disposal and distribution (dividend, interest, or rent) of the investment and the adjusted cost of the existing investment. The adjusted cost is the historical cost of the investment accumulated at an acceptable rate of return on investment (10% annually) for each year following the acquisition date of the investment until the date on which the new management agreement takes effect.

Performance fees on new investments entered into by the Company starting from the date on which the new management agreement takes effect will be 15% of the gain on the investment calculated as the difference between the cash proceeds net of taxes and fees received from the disposal and distribution (dividend, interest, or rent) of the investment and the aggregate cost of such investment.

32. Financial instruments and risk management

The company's financial instruments comprise financial assets and liabilities. Financial assets comprise cash at banks, due from related parties, AFS investments, accounts receivable, balances due on others or related parties. Financial liabilities comprise, creditors, and amounts due to related parties.

The company is exposed to several financial risks arising from its ongoing activities that may affect the carrying amounts of its financial assets and liabilities as well as the relevant revenues and expenses. The significant risks related to financial instruments and significant policies and procedures adopted by management to minimize the effect of those risks, are summarized below.

Capital management

The company manages its capital to ensure that it will be able to continue as going concern, in order to generate returns for shareholders, benefits for other stakeholders and to provide an adequate return for shareholders.

The company's management reviews the capital structure of the company on a regular basis. As part of this review, the management considers the cost of capital and the risks associated with each class of capital.

Categories of financial instruments

	December 31, 2019	December 31, 2018
Financial assets		
Cash and cash equivalents	70 452 489	87 730 873
Loans and receivable	121 708 826	122 024 785
Financial assets available for sale	509 748 670	557 920 461
Financial liabilities		
Financial liabilities at amortized cost	12 736 688	11 274 899

Financal Risk Mangement Objectives

The company monitors and manages the financial risks relating to the operations of the Group through internal risk reports which analyze exposures by degree and magnitude of risks. These risks include market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

The use of financial instruments are governed by the appropriate monetary and credit policies to be approved by the Board of Directors.

Foreign currency risk

Foreign currency risk represents fluctuations in exchange rates of foreign currencies, which affects receipts and disbursements in foreign currencies as well as the evaluation of assets and liabilities denominated in foreign currencies. Management monitors the company’s foreign currencies position and the exchange rates declared by banks, and reduces overdrafts in foreign currencies, on an ongoing-basis, since most of those assets represent cash at bank, documents for investment fund with a relatively cash nature, which reduces this risk to a minimum level.

Interest rate risk

Interest rate risk represents the fluctuations in interest rates which may have an impact on the company’s results of operations and cash flows. All financial assets and liabilities are not subject to variable interest rates, thus the cash flows interest rate risk is considered limited.

Liquidity risk

Liquidity risk is represented in inability of the company to meet its financial liabilities when they become due, which are paid in cash or another financial asset. The company manages financial liquidity to ensure - as much as possible – its possession of sufficient amount of liquidity to meet its liabilities when due in the normal and exceptional circumstances without incurring unacceptable losses, or impact on the company's reputation.

The remaining contractual dues of the financial liabilities, which include the payment of estimated interest and does not the impact of the liquidation contract.

Credit risk

The credit risk is represented in the inability of clients, related parties or other parties, who are granted credit, to pay their dues. The company studies the credit position before the granting credit, and the company reviews its due balances, and loans granted to associates on a regular basis.

The company reviews this risk, and submits quarterly reports to the audit committee for this risk, and the means of facing its impact on the financial statements.

The maximum credit risk is represented as follows:

	December 31, 2019	December 31, 2018
Cash at banks	70 452 489	87 730 873
Notes receivable	1 920 993	--
Due from related parties	3 640 965	1 227 651
Other debit balances	4 486 000	7 115 830
Treasury bills	368 486 593	416 658 384
Loans to associates	103 932 539	105 294 533
	552 919 579	**618 027 271**

33. Tax position

Corporate Tax

The Company submitted its corporate tax for each year according to the provisions of the Income Tax Law and its amendments since inception date until December 31, 2018 according to the Income Tax Law No. 91 of 2005.

Years 2006/2008: The Company's books have not been inspected yet and therefore the company tax returns for those years were approved in accordance with the provisions of Law No. 91 of 2005.

Years 2009/2016: The inspection completed and differences were settled.

Years 2017/2018: The Company has not received any notices of income tax inspection.

Salary tax:

Years: 2005 /2010: The Company was notified with Form No. (38) With a deem basis of tax, the company appealed in the legal deadlines, taking into consideration that the Company has no employees and the related documents were provided.

Years: 2011 /2018: the supporting documents that the Company has no employees subject to the payroll tax were provided for inspection.

Stamp Tax

The period from the beginning of the activity until 2019: The Company has not received any notices of stamp duty inspection.

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.

- **Beard A.G**

The profits of the subsidiary are subject to the provisions of the Swiss tax law since the company is considered a non-resident company according to the Egyptian tax laws.

34.Dividends

On March 28, 2019 The Company’s board of directors proposed distribution of dividends for the year ended December 31, 2018 to the shareholders of 50 piasters per share and an amount of EGP 1 353 469 to the board of directors’ members, on May 13, 2019 the general assembly of the Company approved the proposed profits distribution.

35.Subsequent events

- On March 26, 2020 The Company’s board of directors proposed distribution of dividends for the year ending December 31, 2019 to the shareholders of 40 piasters per share and an amount of EGP 109 253 1 to the board of directors’ members, the distribution proposal will be presented to the Company’s general assembly for approval.

-Subsequent to the financial statements’ date, The recent outbreak of the novel coronavirus (COVID-19) continues to impact the global economy and markets. It has negatively affected the economies of many countries and reflected on the performance of international capital markets and international trade, the impact of this outbreak on both the international and local level is not quantifiable currently. This outbreak negatively affected the performance of the Egyptian stock.

Several decisions were taken to prevent the spread of this virus and to confront the adverse economic effects that may occur, and at the date of issuance of the financial statements, it is not possible to determine reliably the negative effects associated with this virus on the Egyptian economy as well as the company's future results.

36.Consolidated financial statements issuance date

The board of directors authorized the consolidated financial statements for the year ended December 31, 2019 for issue on March 26, 2020.