

B Investments Holding
"S.A.E."
Separate Financial Statements
For the Year Ended December 31, 2019
Together with Auditor's Report

*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 Separate Financial Statements

We have audited the accompanying separate financial statements of B Investments Holding "S.A.E." which comprise the separate statement of financial position as of December 31, 2019, and the related separate statements of profits and losses , 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 Separate Financial Statements

These separate financial statements are the responsibility of the Company's management, Management is responsible for the preparation and fair presentation of these separate financial statements in accordance with the Egyptian Accounting Standards and the prevailing Egyptian laws and regulations. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the separate 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 separate financial statements based on our audit. We conducted our audit in accordance with the Egyptian Standards on Auditing and applicable Egyptian Laws. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the separate financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the separate financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the separate 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 separate 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 separate 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 separate financial statements.

Opinion

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

Report on the Legal and Other Organizational Requirements

The Company maintains proper books of accounts, which include all that is required by the law and the statutes of the Company and the financial statements agree thereto.

The financial information referred to in the Board of Directors Report is prepared in compliance with Law No. 159 for 1981 and its executive regulation thereto and is in agreement with the Company's books of accounts.

Cairo, March 26, 2020

Samy Habib

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



Translation of financial statements

Originally Issued in Arabic

B Investments Holding S.A.E.
Separate Statement of Financial Position as of December 31, 2019

	Note	December 31, 2019 EGP	December 31, 2018 EGP
Assets			
Non-current assets			
Investments in subsidiaries (net)	(6)	9 453 732	9 453 732
Investments in joint ventures (net)	(7)	331 652 325	258 762 025
Investments in associates (net)	(8)	153 856 436	153 856 436
Available for sale investments	(9)	141 262 077	141 262 077
Investment properties (net)	(10)	95 046 535	113 283 717
Loans to associates	(11)	103 932 539	105 294 533
Project under construction	(12)	-	7 893 989
Total-non current assets		835 203 644	789 806 509
Current assets			
Notes receivable		1 920 993	-
Treasury bills (net)	(13)	368 486 593	416 658 384
Due from related parties (net)	(14)	2 043 042	6 000
Other debit balances (net)	(15)	12 214 329	15 502 601
Cash at banks	(16)	70 388 197	87 564 146
Total current assets		455 053 154	519 731 131
Total assets		1 290 256 798	1 309 537 640
Equity and liabilities			
Equity			
Issued and paid-up capital	(21)	800 122 080	800 122 080
Reserves	(22)	254 876 193	251 345 904
Retained earnings		132 739 271	147 029 450
Net profit for the year		68 492 934	70 605 783
Total equity		1 256 230 478	1 269 103 217
Non-Current liabilities			
Deferred tax liabilities	(23)	4 892 547	9 437 090
Total-non current liabilities		4 892 547	9 437 090
Current liabilities			
Due to related parties	(17)	4 691 395	5 016 014
Accounts payable and other credit balances	(18)	7 953 630	5 980 742
Current income tax		14 448 097	13 192 988
Provisions	(19)	2 040 651	6 807 589
Total current liabilities		29 133 773	30 997 333
Total equity and liabilities		1 290 256 798	1 309 537 640

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

Chief Financial Officer
Ahmed Abdel Monem Madbouly

Chief Executive Officer
Dr. Mohamed Abdel Monem Omran

Chairman
Mohamed Hazem Adel Barakat

Auditor's report attached.

H. E. - - - - -

B Investments Holding S.A.E.**Separate Statement of profits and losses for the year ended December 31 2019**

	<u>Note</u>	<u>December 31, 2019</u>	<u>December 31, 2018</u>
		<u>EGP</u>	<u>EGP</u>
<u>Income and profits</u>			
Dividends income from available for sale investments	(26)	27 692 942	26 207 721
Dividends income from joint ventures investments	(27)	16 816 724	2 207 003
Company's remuneration for membership in the BOD of associates		-	1 065 806
Rental income of investment properties	(10)	650 000	2 700 000
Provisions no longer required		-	2 500 000
Foreign exchange differences		-	1 802 676
Finance income	(28)	77 127 954	84 211 050
Gain from selling investment properties	(10)	1 613 373	-
		123 900 993	120 694 256
<u>Expenses and losses</u>			
Depreciation of investment properties	(10)	(580 638)	(330 450)
Management fees	(30)	(18 612 600)	(16 311 803)
Consulting fees and other expenses	(29)	(7 080 990)	(15 438 372)
Board of directors allowances		(130 944)	(152 700)
Impairment in other debit balances		-	(2 954 500)
Foreign exchange differences		(19 136 787)	-
Net profit for the year before income tax		78 359 034	85 506 431
Income tax		(14 410 649)	(14 386 509)
Deferred tax		4 544 549	(514 139)
Net profit for the year		68 492 934	70 605 783
Basic and diluted earnings per share	(24)	0.42	0.48

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

Chief Financial Officer

Ahmed Abdel Monem Madbouly



Chief Executive Officer

Dr. Mohamed Abdel Monem Omran

Chairman

Mohamed Hazem Adel Barakat



B Investments Holding S.A.E.

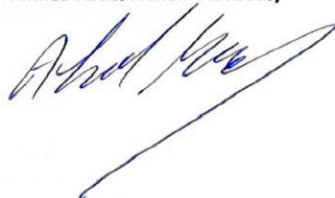
Separate statement of Comprehensive Income for the year ended December 31, 2019

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
	<u>EGP</u>	<u>EGP</u>
Net profit for the year	68 492 934	70 605 783
Other comprehensive income	-	-
Total other comprehensive income for the year	-	-
Total comprehensive income for the year	<u>68 492 934</u>	<u>70 605 783</u>

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

Chief Financial Officer

Ahmed Abdel Monem Madbouly



Chief Executive Officer

Dr. Mohamed Abdel Monem Omran

Chairman

Mohamed Hazem Adel Barakat



B Investments Holding S.A.E.
Separate Statement of Changes in Equity for the year ended December 31, 2019

	Note	Issued and paid-up capital	Legal reserve	Capital issuance costs	Retained earnings	Net profit for the year	Total equity
		EGP	EGP	EGP	EGP	EGP	EGP
Balance as of January 1, 2018		584 464 310	10 577 468	-	104 004 637	45 289 276	744 335 691
Items of other comprehensive income							
Net profit for the year		-	-	-	-	70 605 783	70 605 783
Other comprehensive income		-	-	-	-	-	-
Total Other Comprehensive income		-	-	-	-	70 605 783	70 605 783
The company's shareholders transactions							
Capital increase		215 657 770	242 614 991	(4 111 018)	-	-	454 161 743
Transferred to legal reserve		-	2 264 463	-	(2 264 463)	-	-
Transferred to retained earnings		-	-	-	45 289 276	(45 289 276)	-
Total company's shareholders transactions		215 657 770	244 879 454	(4 111 018)	43 024 813	(45 289 276)	454 161 743
Balance as of December 31, 2018		800 122 080	255 456 922	(4 111 018)	147 029 450	70 605 783	1269 103 217
Balance as of January 1, 2019		800 122 080	255 456 922	(4 111 018)	147 029 450	70 605 783	1269 103 217
Items of other comprehensive income							
Net profit for the year		-	-	-	-	68 492 934	68 492 934
Other comprehensive income		-	-	-	-	-	-
Total Other Comprehensive income		-	-	-	-	68 492 934	68 492 934
The company's shareholders transactions							
Transferred to legal reserve	(22)	-	3 530 289	-	(3 530 289)	-	-
Dividends distributions	(34)	-	-	-	(81 365 673)	-	(81,365,673)
Transferred to retained earnings		-	-	-	70 605 783	(70 605 783)	-
Total company's shareholders transactions		-	3 530 289	-	(14 290 179)	(70 605 783)	(81 365 673)
Balance as of December 31, 2019		800 122 080	258 987 211	(4 111 018)	132 739 271	68 492 934	1 256 230 478

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

Chief Financial Officer
Ahmed Abdel Monem Madbouly

Chief Executive Officer
Dr. Mohamed Abdel Monem Omran

Chairman
Mohamed Hazem Adel Barakat

A. B. - - - - -

B Investments Holding S.A.E.
Separate Statement of Cash Flows for the year ended December 31, 2019

<u>Note</u>	<u>December 31, 2019</u>	<u>December 31, 2018</u>
	<u>EGP</u>	<u>EGP</u>
<u>Cash flows from operating activities</u>		
Net profit for the year before income tax	78 359 034	85 506 431
<u>Adjusted by :</u>		
Reversal of dividends income from available for sale investments	(27 692 942)	(26 207 721)
Reversal of dividends income from joint ventures investments	(16 816 724)	(2 207 003)
Foreign exchange differences	18 717 229	(1 802 676)
Utilization of provisions	(19) (4 766 938)	(1 090 307)
Credit interest - treasury bills	(63 527 157)	(60 777 500)
Credit interest	(13 600 797)	(23 190 028)
Impairment losses on other debit balances	-	2 954 500
Provisions no longer required	-	(2 500 000)
Capital gain	(10) (1 613 373)	-
Depreciation of investment properties	(10) 580 638	330 450
Operating (loss) before changes in working capital	(30 361 030)	(28 983 854)
Increase in due from related parties	(2 140 341)	(6 000)
Increase in notes receivables	(1 920 993)	-
Increase in other debit balances	(8 414 298)	(7 113 052)
(Decrease) / increase in due to related parties	(324 619)	2 064 638
Increase / (decrease) in accounts payable and other credit balances	1 972 888	(1 885 069)
Paid income tax during the year	(1 000 043)	(18 355 176)
Proceeds from dividends income from available for sale investments	27 692 942	26 207 721
Proceeds from dividends income from joint ventures investments	16 816 724	-
Net Cash flows generated by / (used in) operation	2 321 230	(28 070 792)
<u>Cash flows from investment activities</u>		
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 sales of (payments for) treasury bills	(324 218 780)	166 241 530
Net cash flows used in investment activities	(295 567 852)	(20 072 132)
<u>Cash flows from financing activities</u>		
Proceeds from capital increase	-	463 664 205
Payment for new shares issuance cost	-	(10 695 983)
Paid dividends distributions	(33) (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	(374 612 295)	404 825 298
Cash and cash equivalents at the beginning of the year	(16) 431 286 479	26 461 610
Effects of foreign exchange rate changes	419 558	(429)
Cash and cash equivalents at the end of the year	(16) 57 093 742	431 286 479

Non-cash transaction:

The non-cash transactions represented in the transfers from project under construction to investment property with an amount of EGP 7 893 989 were eliminated.

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

Chief Financial Officer

Ahmed Abdel Monem Madbouly



Chief Executive Officer

Dr. Mohamed Abdel Monem Omran

Chairman

Mohamed Hazem Adel Barakat



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 – 1st 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 primary business activity is investing in other entities, in accordance with its established investment policy. The Company aims to identify, research, negotiate, make and monitor the progress of and sell, realize and exchange investments and distribute proceeds of such investments with the principle objective of providing shareholders with a high relative overall rate of return by means of both income, capital growth and exit.

On January 11, 2016 the Company's extraordinary general assembly decided to change the Company name to be BPE Holding for Financial Investments, the change was registered in the Company's commercial register on February 24, 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 separate 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 laws and regulations. The Egyptian Accounting Standards require referral to International Financial Reporting Standards "IFRS", when no Egyptian Accounting Standard or legal requirement exists to address certain types of 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"	<p>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.</p> <p>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.</p> <p>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 income from their initial recognition date regardless whether there is any indication of the occurrence of loss event.</p> <p>4- based on the requirements of this standard the following standards were amended :</p> <p>-Egyptian Accounting Standard No. (1)</p>	<p>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.</p> <p>-These amendments are effective as of the date of implementing Standard No. (47)</p>

"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 "

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 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.

This standard No (48) applies to financial periods beginning on or after January1st, 2020, and the early implementation thereof is permitted.

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

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) for year 2019 "Revenue from Contracts with Customers" is simultaneously applied. Except for the above-mentioned date of

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 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 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.

enforcement, Standard No. (49) for year 2019 applies to lease contracts 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 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 January 1st, 2019.

3. Separate financial statements' basis of preparation

The separate financial statements have been prepared on the historical cost basis except for financial assets and financial liabilities that are measured at fair value, and financial assets and financial liabilities that are designated at initial recognition as at fair value through profit or loss. The Company's investments in subsidiaries, jointly ventures and associates are accounted for using the cost method (less impairments, if existed), and they are presented in the accompanying separate financial statements based on the company's direct equity interest rather than on its interest in reported results and the investees companies' net assets. For a better understanding of the financial position, business results and cash flows of the company and its subsidiaries, jointly ventures and associates, reference should be made to the Company's consolidated financial statements.

4. Critical accounting judgments and key sources of uncertain estimation

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 separate 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.

5. Significant accounting policies

The following is a presentation for the most important implemented policies for preparing financial statements:

a. Investments in subsidiaries

A subsidiary company is an entity including an unincorporated entity such as a partnership that is controlled by another entity (known as the parent).

Control is achieved when the Group has the right into variable returns through its contribution in the investee when exposed or entitled to variable returns and have the ability to effect that returns through its power on investee, the company control the investee when the company has the following:

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

b. Investments in associates

An associate company is an entity over which the company is in a position to exercise significant influence, but not control or joint control, through participation in the financial and operating policy decisions of the investee.

Investments in associate companies are carried at cost, unless classified as non-current investments held-for-sale in which case, they are measured at the lower of the carrying amount or fair value less cost to sell. And the company don't follow the Equity method to account for its investments in associates in the attached separate financial statements according to phrase (17) of the EAS (18).

In case of an objective evidence that an impairment loss has been incurred on investments in associate companies at the date of the financial statements, the carrying amount of the investment is reduced to the recoverable amount with impairment losses recognized immediately in the profit or loss.

c. Investments in joint venture

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

Investments in jointly controlled entities are carried at cost, unless classified as non-current investments held-for-sale in which case, they are measured at the lower of the carrying amount or fair value less cost to sell. In case of an objective evidence that an impairment loss has been incurred on investments in jointly controlled entities at the date of the financial statements, the carrying amount of the investment is reduced to the recoverable amount with impairment losses recognized immediately in separate statement of profits and losses.

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. 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.

An investment property is derecognized upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on de-recognition of the property is included in the separate statement of profits and losses in the period in which the property is derecognized. 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 separate 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:

<u>Description</u>	<u>Life time by years</u>	<u>Depreciation Rate</u>
Buildings	50	2%

f. 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.

g. Separate statement of Cash flows

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

h. Foreign currency translation

The financial statements are presented in Egyptian pounds, being the currency of the primary economic environment in which the entity operates (its functional currency). 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 that are 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 translated 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.

i. 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:

- Revenue is measured reliably.
- It is highly expected the flow of economic benefits related to the entity.
- Accurate measurement possibility to complete the operation at the financial position date.
- Accurate measure to the costs of the operation and the relevant costs.

The Company`s revenue represented below:

- 1) 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.
- 2) Interest income is accrued on a timely basis, by reference to the principal outstanding and at the interest rate applicable until maturity.

j. 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 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 separate 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.

k. Provisions

Provisions are recognized when the Company 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 value of time. This increase is recognized in the separate statement of profits and losses as finance costs.

l. Dividends

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

m. 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.

n. 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 subsidiary, 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 separate 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.

O. 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 separate 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. Moreover, that if the separation conditions is applicable on the established contracts and have the same general properties as the separate financial derivatives.

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 core 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. Investments in subsidiaries (net)

	<u>No. of</u>	<u>Ownership</u>	<u>December 31,</u>	<u>December 31,</u>
	<u>Shares</u>	<u>%</u>	<u>2019</u>	<u>2018</u>
			<u>EGP</u>	<u>EGP</u>
Beard A.G. Company "Beard"	39 000	60 %	18 703 076	18 703 076
Payments under Investments in subsidiaries*			18 162 758	18 162 758
<u>Less:</u> Impairment in Beard A.G.**			(27 412 102)	(27 412 102)
			<u>9 453 732</u>	<u>9 453 732</u>

* The Company paid these amounts to Beard A.G., and will be used in increasing the subsidiary's capital when other shareholders of the subsidiary Company pay their stakes. The necessary legal procedures will be undertaken to execute the capital increase and amend the commercial register of the subsidiary company.

** Impairment in Beard which was formed during prior years. The management reviews the impairment in investment at the end of each year.

7. Investments in joint ventures (net)

	<u>No. of</u>	<u>Ownership</u>	<u>December 31,</u>	<u>December 31,</u>
	<u>Shares</u>	<u>%</u>	<u>2019</u>	<u>2018</u>
			<u>EGP</u>	<u>EGP</u>
Inergia Technologies for Systems S.A.E" Inergia	5 532 124	%68.04	55 321 240	55 321 240
Ebtikar Holding for Financial Investment	1 180 593	%20.25	150 000 000	77 109 700
Gourmet Egypt.Com Foods S.A.E.	3 127 950	%52.9	92 627 255	92 627 255
Payments under capital increase in Gourmet Egypt.Com Foods S.A.E.	--	--	33 703 830	33 703 830
Red Sea Venture for Solar Energy	7 425	%49.5	5 727 150	5 727 150
<u>Less:</u> Impairment in investments (Red Sea Venture for Solar Energy)			(5 727 150)	(5 727 150)
			<u>331 652 325</u>	<u>258 762 025</u>

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.

Ebtikar Holding for Financial Investment

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 company's capital, the company has subscribed to 409 496 shares with total amount of EGP 72,890,300.

Gourmet Egypt .com S.A.E.

During September 2018, the Company signed a shareholders agreement for acquiring shares in the capital of Gourmet Egypt (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 have joint control over Gourmet. Acquisition cost reached an amount of EGPM 126,3 by the end of 2018 that included an amount of EGPM 33.7 recorded as credit balance to shareholders in Gourmet's books until the completion of the capital increase procedures of the investee.

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 years as a result of the cessation of the investee's business activities.

8. **Investments in associates (net)**

	<u>No. of Shares</u>	<u>Ownership %</u>	<u>December 31, 2019</u>	<u>December 31, 2018</u>
<u>Name of Company</u>			<u>EGP</u>	<u>EGP</u>
Al Retail for Trade and Investment	727 526	22.79%	7 275 258	7 275 258
Madinet Nasr for Housing and Development S.A.E	108 077 416	7.51%	153 854 685	153 854 685
Infinity Solar 1 B.V	246	24.6%	--	--
Infinity Solar 2 B.V	175	17.5%	--	--
Infinity Solar 3 B.V	175	17.5%	--	--
<u>Less:</u> Impairment in (Al Retail for Trade and Investment)			(7 273 507)	(7 273 507)
			<u>153 856 436</u>	<u>153 856 436</u>

Madinet Nasr for Housing and Development (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.

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 company 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 103.9M equivalent to USD 6.5M at December 31, 2019 - Note (11).

9. **Available for sale investments**

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

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 in 2013 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.

10. Investment properties (Net)

	<u>Mohandseen Administration</u>		<u>Maadi Administration</u>		<u>Total</u>
	<u>Building</u>		<u>Building</u>		
	<u>EGP</u>		<u>EGP</u>		<u>EGP</u>
<u>Cost</u>	<u>Land</u>	<u>Building</u>	<u>Land</u>	<u>Building</u>	
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
<u>Accumulated depreciation</u>					
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.

The investment properties are 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 issued 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 the Export Development Bank of Egypt (EBE) and recognized a gain from sale in the separate statement of profits and losses by an amount of EGP 1 613 372.

11.Loans to associates

	<u>December 31,</u> <u>2019</u> <u>EGP</u>	<u>December 31,</u> <u>2018</u> <u>EGP</u>
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
	<u>103 932 539</u>	<u>105 294 533</u>

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 103.9M equivalent to USD 6.5M, and earn interest rate of 10 % per annum.

12.Project under construction

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

Project under construction represents the amounts paid for decorations and fixtures' work related to 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. Treasury bills, (net)

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

14. Due from related parties (net)

	<u>Relationship</u> <u>nature</u>	<u>Account</u> <u>nature</u>	<u>December 31,</u> <u>2019</u> <u>EGP</u>	<u>December 31,</u> <u>2018</u> <u>EGP</u>
Red Sea venture for solar energy	Joint venture	Current ac.	1 149 958	1 149 958
Infinity Solar B.V 1	Associate	Current ac.	678 574	--
Infinity Solar B.V 2	Associate	Current ac.	691 984	--
Infinity Solar B.V 3	Associate	Current ac.	666 484	--
Less: Impairment in due from related party			(1 143 958)	(1 143 958)
			<u>2 043 042</u>	<u>6 000</u>

15. Other debit balances (Net)

	<u>December 31,</u> <u>2019</u> <u>EGP</u>	<u>December 31,</u> <u>2018</u> <u>EGP</u>
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)
	<u>12 214 329</u>	<u>15 502 601</u>

16. Cash at banks

	<u>December 31,</u> <u>2019</u> <u>EGP</u>	<u>December 31,</u> <u>2018</u> <u>EGP</u>
Current accounts - local currencies	8 356 545	14 604 697
Current accounts - foreign currencies	82 961	23 398
Time deposits - foreign currencies	61 948 691	72 936 051
	<u>70 388 197</u>	<u>87 564 146</u>

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

	<u>December 31,</u> <u>2019</u> <u>EGP</u>	<u>December 31,</u> <u>2018</u> <u>EGP</u>
Cash at banks	70 388 197	87 564 146
Treasury bills – with maturities of less than 3 months	48 654 236	416 658 384
Less: Time Deposits – with maturities of more than 3 months	(61 948 691)	(72 936 051)
	<u>57 093 742</u>	<u>431 286 479</u>

17. Due to related parties

	<u>Relationship</u> <u>nature</u>	<u>Account</u> <u>nature</u>	<u>December 31,</u> <u>2019</u> <u>EGP</u>	<u>December 31,</u> <u>2018</u> <u>EGP</u>
BPE Partners S.A.E	Management Company	Management fees	4 691 395	5 016 014
			<u>4 691 395</u>	<u>5 016 014</u>

18. Accounts payable and other credit balances

	<u>December 31,</u> <u>2019</u> <u>EGP</u>	<u>December 31,</u> <u>2018</u> <u>EGP</u>
Accounts payable	448 328	14 761
Accrued expenses	4 003 437	5 670 149
Withholding tax	280 871	295 832
Prepaid rent	1 300 000	--
Rent insurance	799 310	--
Retention work	1 121 684	--
	<u>7 953 630</u>	<u>5 980 742</u>

19. Provisions

	<u>December 31,</u> <u>2018</u> <u>EGP</u>	<u>Used during the</u> <u>year</u> <u>EGP</u>	<u>December 31,</u> <u>2019</u> <u>EGP</u>
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.

20. Impairment in financial and non-financial assets

	<u>December 31,</u> <u>2019</u> <u>EGP</u>	<u>December 31,</u> <u>2018</u> <u>EGP</u>
Impairment in joint venture investment	5 727 150	5 727 150
Impairment in subsidiaries	27 412 102	27 412 102
Impairment in associate investment	7 273 507	7 273 507
Impairment in due from related parties	1 143 958	1 143 958
Impairment in other debit balances	2 954 500	2 954 500
Total movement during the year	44 511 217	44 511 217

21. 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 at December 31, 2019.

22. Reserves

	<u>December 31,</u> <u>2019</u> <u>EGP</u>	<u>December 31,</u> <u>2018</u> <u>EGP</u>
Beginning balance	251 345 904	10 577 468
Transferred from prior year net profit	3 530 289	2 264 463
Share premium*	--	242 614 991
Legal reserve	254 876 193	255 456 922
Capital issuance costs	--	(4 111 018)
	254 876 193	251 345 904

* 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.

23. Deferred tax liabilities

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

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

	<u>December 31,</u> <u>2019</u> <u>EGP</u>	<u>December 31,</u> <u>2018</u> <u>EGP</u>
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	1 143 958	1 143 957
Impairment in other debit balance	2 954 500	2 954 500
	<u>46 551 868</u>	<u>51 318 806</u>

24. Basic and diluted profits 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.

	<u>December 31,</u> <u>2019</u> <u>EGP</u>	<u>December 31,</u> <u>2018</u> <u>EGP</u>
Net profit for the year	68 492 934	70 605 783
Less: Board of directors profit share	(1 253 109)	(1 353 469)
	<u>67 239 825</u>	<u>69 252 314</u>
Weighted average number of shares	160 024 416	145 506 976
Basic and diluted earnings per share	<u>0.42</u>	<u>0.48</u>

25. Significant related parties' transactions

Related parties transactions occurred during financial period on current accounts nature represented mainly in management fees and the expenses related to the Company or expenses the Company paid instead of related parties

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

26. Dividends income from available for sale investments

	<u>December 31,</u> <u>2019</u> <u>EGP</u>	<u>December 31,</u> <u>2018</u> <u>EGP</u>
Total Egypt Co.	27 692 942	26 207 721
	<u>27 692 942</u>	<u>26 207 721</u>

27. Dividends income from joint ventures investments

	<u>December 31,</u> <u>2019</u> <u>EGP</u>	<u>December 31,</u> <u>2018</u> <u>EGP</u>
Inergia Technologies for Information Systems	16 816 724	2 207 003
	<u>16 816 724</u>	<u>2 207 003</u>

28. Finance income

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

29. Consulting fees and other expenses

	<u>December 31,</u> <u>2019</u> <u>EGP</u>	<u>December 31,</u> <u>2018</u> <u>EGP</u>
Bank charges	42 923	220 195
Consulting fees	3 386 294	11 441 576
Travelling expenses for share promotion	201 491	321 682
Insurance expenses	290 655	302 350
Government fees	1 030 880	1 243 470
Other expenses	2 128 747	1 909 099
	<u>7 080 990</u>	<u>15 438 372</u>

30. Management agreement

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.

31. Financial instruments and risk management

The Company's financial instruments comprise financial assets and liabilities. Financial assets comprise cash at banks and treasury bills, balances due on others or related parties. Financial liabilities comprise creditors, certain creditor's, 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

	<u>December 31,</u>	<u>December 31,</u>
	<u>2019</u>	<u>2018</u>
<u>Financial assets</u>		
Cash and cash equivalents	70 388 197	87 564 146
Loans and receivable	120 110 903	120 803 134
Financial assets available for sale	509 748 670	557 920 461
<u>Financial liabilities</u>		
Financial liabilities at amortized cost	12 364 145	10 700 924

Financial Risk Management 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, 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.

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 related parties on a regular basis.

The Company reviews this risk, and submits on regular base reports to the audit committee for this risk, and the means of facing its impact on the interim financial statements. The maximum credit risk is represented as follows:

	<u>December 31,</u> <u>2019</u> <u>EGP</u>	<u>December 31,</u> <u>2018</u> <u>EGP</u>
Cash at banks	70 388 197	87 564 146
Notes receivable	1 920 993	--
Due from related parties	2 043 042	6 000
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
	<u>551 257 364</u>	<u>616 638 893</u>

32. Tax position

Corporate Tax

The Company is subject to Corporate Income Tax Law No. 91 of 2005 and its amendments. 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 settlements were made.

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 has been provided.

Years: 2011 /2018: the supporting documents that the Company has no employees and is not 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 tax returns to the Tax Authority regularly on due dates, taking into consideration that the Company's books have been inspected and no differences were identified.

33.Profit distribution

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.

34.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 1 253 109 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.

35.Separate financial statements issuance date

The Board of Directors authorized the separate financial statements for the year ended December 31, 2019 for issue on March 26, 2020.