

E-Finance for Financial and Digital Investments Company (S.A.E)
(E-finance for Technology Solutions Company (Formerly))

Interim Separate Financial Statements
For the Financial Year Ended 30 June 2021
And Review Report



Hazem Hassan
Public Accountants & Consultants

Translation of review report
originally issued in Arabic

B (105) – Avenue (2) – Smart Village
Km 28 Cairo – Alex Desert Road
Giza – Cairo – Egypt
Postal Code : 12577

Telephone : (202) 35 37 5000 – 35 37 5005
E-mail : Egypt@kpmg.com.eg
Fax : (202) 35 37 3537
P.O. Box : (5) Smart Village

Review Report on Interim Separate Financial Statements

To: Shareholders of E-Finance for Financial and Digital Investment Company
(E-finance for Technology Solutions Company (Formerly)) (S.A.E)

Introduction

We have performed a review for the accompanying interim separate statement of financial position of E-Finance for Financial and digital investment Company (E-Finance for Technology Solutions Company (Formerly)) (S.A.E) as at June 30, 2021 and the related interim separate statements of profit or loss, comprehensive income, changes in equity, and cash flows for the period ended June 30, 2021, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and fair presentation of these interim financial statements in accordance with Egyptian Accounting Standard No. (30) "Interim Financial Reporting". Our responsibility is to express a conclusion on these interim separate financial statements based on our review.

Scope of Review

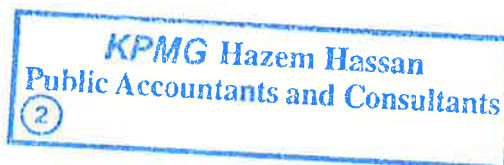
We conducted our review in accordance with Egyptian Standard on Review Engagements 2410, "Review of Interim Separate Financial Statements Performed by the Independent Auditor of the Entity." A review of interim Separate financial statements consists of making inquiries, primarily of persons responsible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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim separate financial statements do not fairly and clearly present in all material aspects the financial position of the Company as at 30 June 2021, and its financial performance and its cash flows for the period ended June 30, 2021, According to Egyptian Accounting Standard No. (30) "Interim Separate Financial reporting".

KPMG

KPMG Hazem Hassan
Public accountants and consultants



Cairo August 11, 2021

**E-Finance for Financial and Digital Investments Company
(E-finance for Technology solutions Company (Formerly)) (S.A.E)
Interim Separate Statement of Financial position as of June 30 , 2021**

	<u>Note No.</u>	<u>30/6/2021</u> <u>L.E.</u>	<u>31/12/2020</u> <u>L.E.</u>
<u>Non current assets</u>			
Fixed assets	(5-2)/6	69 859 813	69 221 667
Prepaid employee benefits	7	4 627 496	5 410 500
Investments in subsidiaries	(5-4)/9	890 902 512	855 902 537
Other financial assets	(5-3)/8	136 351 000	135 851 000
Deferred tax assets	(10-2)/(5-6)	9 110 141	8 380 757
Total non current assets		1 110 850 962	1 074 766 461
<u>Current assets</u>			
Accounts receivable & other debit balances	11	35 955 092	1 690 308
Due from related parties	26-1	12 529 263	-
Cash and cash equivalents	(5-10)/12	230 710 214	430 527 096
Total current assets		279 194 569	432 217 404
Total assets		1 390 045 531	1 506 983 865
<u>Shareholders equity & Liabilities</u>			
<u>Shareholders equity</u>			
Paid-in capital	(5-11)/13	800 000 000	800 000 000
Reserves	(5-12)/14	64 727 152	64 727 152
Retained earnings		105 406 223	330 807 876
Total Shareholder's Equity for parent Company		970 133 375	1 195 535 028
<u>Liabilities</u>			
<u>Non- Current Liabilities</u>			
Employee benefits obligations (End of service)	(5-8)/17	48 187 531	47 618 472
Total non current liabilities		48 187 531	47 618 472
<u>Current liabilities</u>			
Accounts payable & other credit balances	16	11 580 781	37 096 325
Income tax payable	(10-4)/(5-6)	-	78 605 765
Due to related parties	26-2	227 839 835	148 128 275
Dividends Payable		132 304 009	-
Total current liabilities		371 724 625	263 830 365
Total Liabilities		419 912 156	311 448 837
Total liabilities and shareholders equity		1 390 045 531	1 506 983 865

The attached notes from (1) to (32) are an integral part of these interim separate financial statements and to read with them.
The Review report is attached.

Chairman & Managing Director



Chief Of Financial Sector



E-Finance for Financial and Digital Investments Company
(E-finance for Technology solutions Company (Formerly)) (S.A.E)

Interim Separate Statement of Profit or Loss for the period ended on June 30, 2021

	<u>Note No.</u>	<u>From April 1 till</u> <u>June 30, 2021</u>	<u>From April 1 till</u> <u>June 30, 2020</u>	<u>Period Ended at</u> <u>June 30, 2021</u>	<u>Period Ended at</u> <u>June 30, 2020</u>
		<u>L.E.</u>	<u>L.E.</u>	<u>L.E.</u>	<u>L.E.</u>
Revenue	18/(5-15)	-	243 042 167	2 956 010	574 524 820
Cost of revenues	19	(11 364 432)	(140 831 596)	(21 892 714)	(342 575 916)
Gross profit		(11 364 432)	102 210 571	(18 936 704)	231 948 904
Other revenue	20	4 127 500	1 225 991	8 236 763	1 550 731
General & administrative expenses	21	(9 695 861)	(30 167 557)	(17 581 662)	(52 522 797)
Marketing and selling expenses	22	(1 792 230)	(1 285 166)	(1 792 780)	(3 196 931)
Other expenses	23	(456 000)	(197 000)	(1 211 500)	(448 000)
Operating Profit/ (Loss)		(19 181 023)	71 786 839	(31 285 883)	177 331 907
Finance cost	24	(23 465)	(2 210 639)	(132 656)	(3 363 653)
Finance Income	25	4 283 029	6 022 763	13 103 504	15 536 599
Net (Loss)/ profit for the period before tax		(14 921 459)	75 598 963	(18 315 035)	189 504 853
Income tax expense	(10-1)/(5-6)	(209 120)	(18 924 995)	433 783	(42 901 619)
Net (Loss)/ profit for the period after tax		(15 130 579)	56 673 968	(17 881 252)	146 603 234
Basic Earning Per Share	(5-14)	-0.0093	0.04	-0.0017	0.14

The attached notes from (1) to (32) are an integral part of these interim separate financial statements and to read with them.

**E-Finance for Financial and Digital Investments Company
(E-finance for Technology solutions Company (Formerly)) (S.A.E)**

Interim Separate Statement of Comprehensive income for the period ended on June 30, 2021

	<u>From April 1 till</u> <u>June 30, 2021</u>	<u>From April 1 till</u> <u>June 30, 2020</u>	<u>Period Ended at</u> <u>June 30, 2021</u>	<u>Period Ended at</u> <u>June 30, 2020</u>
	<u>L.E.</u>	<u>L.E.</u>	<u>L.E.</u>	<u>L.E.</u>
Net (Loss)/ profit for the period	(15 130 579)	56 673 968	(17 881 252)	146 603 234
<u>Other comprehensive income items:-</u>				
Actuarial gain (losses) from employee benefit plan	-	-	-	-
Income Tax related to other comprehensive income	-	-	-	-
Total comprehensive Income for the year	(15 130 579)	56 673 968	(17 881 252)	146 603 234

The attached notes from (1) to (32) are an integral part of these interim separate financial statements and to read with them.

**E-Finance for Financial and Digital Investments Company
(E-finance for Technology solutions Company (Formerly)) (S.A.E)**

Interim Separate Statement of Cash flows for the period ended on June 30, 2021.

	<u>Period Ended at</u> <u>June 30, 2021</u> <u>L.E.</u>	<u>Period Ended at</u> <u>June 30, 2020</u> <u>L.E.</u>
<u>Cash flow from operating activities</u>		
Net loss/(profit) for the period	(17 881 252)	146 603 234
<u>Adjustments to reconcile net profit to</u>		
<u>Net cash flow from operating activities</u>		
Fixed assets depreciation	1 017 794	16 045 957
Amortization of intangible assets	-	40 724
Amortization of ROU	-	6 707 082
Income tax expense	(433 783)	42 901 619
Dividend income from investments available for sale	-	-
Debit interest	132 656	986 696
Credit interest	(1 809 987)	(5 155 937)
Finance expenses- lease	-	2 376 717
Capital gain	-	(412 975)
Amortization of advance payment- employee benefits	864 848	-
Employee end of service benefit formed	2 432 532	14 154 241
	<u>(15 677 192)</u>	<u>224 247 358</u>
Change in inventory	-	11 669 600
Change in work in process	-	10 468 932
Change in accounts receivable & other debit balances	(34 346 633)	(45 505 683)
Change in due from related parties	(14 334 330)	(17 727 855)
Change in due to related parties	79 711 561	33 805 834
Change in Accounts payable & other credit balances	(25 515 544)	(82 428 693)
Payment of employee end of service benefits obligation	(58 406)	-
Net Cashflow result from operating activities	<u>(10 220 544)</u>	<u>134 529 493</u>
Debit interest paid	(132 656)	(986 696)
Income taxes paid	(78 901 366)	(59 708 665)
Payment to employee benefits - Cars	-	(878 436)
Net cash flow provided from operating activities	<u>(89 254 566)</u>	<u>72 955 696</u>
<u>Cash flow from investing activities</u>		
Proceeds from disposal of fixed assets	-	972 834
Payments for the acquisition of held-to-maturity investments	-	(38 247 135)
Payment to acquire associate and subsidiaries	(34 999 975)	(160 950 000)
Payment of purchasing investments available for sale	(500 000)	(32 600 000)
Payment of purchasing fixed assets and projects under construction	(1 655 936)	(10 186 303)
Credit Interest collected	1 809 987	5 155 937
Net cash flow (used in) investing activities	<u>(35 345 924)</u>	<u>(235 854 667)</u>
<u>Cash flow from financing activities</u>		
Interest paid and financing expense-lease contracts	-	(2 376 717)
Lease contract liability paid	-	(3 630 440)
Payment of Dividends	(75 216 392)	(150 594 065)
Net cash flow (used in) result from financing activities	<u>(75 216 392)</u>	<u>(156 601 222)</u>
Net change in cash & cash equivalent during the period	<u>(199 816 882)</u>	<u>(319 500 193)</u>
Cash & cash equivalent at beginning of the period	424 990 075	502 780 870
Cash & cash equivalent at end of the period	<u>225 173 193</u>	<u>183 280 677</u>

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The attached notes from (1) to (32) are an integral part of these interim separate financial statements and to read with them.

E-Finance for Financial and Digital Investments Company
(E-finance for Technology solutions Company (Formerly)) (S.A.E)

Interim Separate Statement of change in shareholders equity for the period ended on June 30, 2021.

	<u>Paid up Capital</u>	<u>Legal Reserve</u>	<u>General Reserve</u>	<u>Retained earnings</u>	<u>Total</u>
	<u>L.E.</u>	<u>L.E.</u>	<u>L.E.</u>	<u>L.E.</u>	
Balance as at 1/1/ 2021	800 000 000	44 727 152	20 000 000	330 807 876	1 195 535 028
<u>Comprehensive Income</u>					
Net profit for the period ended 30 June 2021	-	-	-	(17 881 252)	(17 881 252)
Other comprehensive income items	-	-	-	-	-
Total comprehensive income	-	-	-	(17 881 252)	(17 881 252)
<u>Transaction with the company's shareholders</u>					
Dividends according to the ordinary general assembly meeting held in March 17, 2021	-	-	-	(207 520 401)	(207 520 401)
Total transaction with shareholders	-	-	-	(207 520 401)	(207 520 401)
Balance as of June 30, 2021	800 000 000	44 727 152	20 000 000	105 406 223	970 133 375

The attached notes from (1) to (32) are an integral part of these interim separate financial statements and to read with them.

E-Finance for Financial and Digital Investments Company
(E-finance for Technology solutions Company (Formerly)) (S.A.E)

Interim Separate Statement of change in shareholders equity for the period ended on June 30, 2021.

	<u>Capital</u>	<u>Legal Reserve</u>	<u>General Reserve</u>	<u>Retained earnings</u>	<u>Total</u>
	<u>L.E.</u>	<u>L.E.</u>	<u>L.E.</u>	<u>L.E.</u>	<u>L.E.</u>
Balance as at 1/1/ 2020	800 000 000	27 489 236	20 000 000	263 258 068	1110 747 304
<u>Comprehensive income</u>					
Net profit for the period ended 30 June 2020	-	-	-	146 603 234	146 603 234
Other comprehensive income items	-	-	-	-	-
Total comprehensive income				146 603 234	146 603 234
Transaction with the company's shareholders					
Dividends according to the ordinary general assembly meeting held in March 19, 2020	-	-	-	(263 258 068)	(263 258 068)
Total transaction with shareholders				(263 258 068)	(263 258 068)
Balance as of June 30 , 2020	800 000 000	27 489 236	20 000 000	146 603 234	994 092 470

The attached notes from (1) to (32) are an integral part of these interim separate financial statements and to read with them.

1- Company's background

1-1 Legal entity

- The company was established in the name of Raya for Technology of Operating Financial Institutions Company, and the name has been modified to E-Finance for Financial and digital investment Company- S.A.E- an Egyptian joint stock company - Giza Commercial Registry No. 15026 on 08/06/2005 in accordance with the provisions of Law No. 8 of 1997 Law of Guarantees And investment incentives, as amended by Law No. 72 of 2017 and Law No. 159 of 1981 and its executive regulations.
- The divided company will be a successor to the dividing company on September 30, 2020, and the company will replace it legally in terms of its rights and obligations, and that is in regards to the rights and obligations devolved to it in accordance with what was included in the decision issued by the economic performance sector in the division (from the committee formed pursuant to a decision No. 380 of 2020), and the split company shall replace the dividing company in all contracts and agreements concluded before the division, as well as in all lease contracts concluded by the dividing company before the division. rights and obligations, as well as in all licenses granted to the dividing company prior to the division.
- The duration of the company is twenty-five years, starting from the date of registration in the commercial register.
- The company's headquarters: Building No. A3B 82 - Smart Village - Kilo 28 Cairo-Alexandria Desert Road - Giza.

2-1- Company's Purpose:

- Providing specialized operating services for information and communication technology systems, whether inside or outside the Arab Republic of Egypt (except for the Sinai region, prior approval of the authority is required) and these services include the following:
- Managing, operating and maintaining all devices, equipment and computer networks.
- Production, issuance, printing, packaging, management and operation of a smart card system.
- Managing and operating the applications for providing banking services over the phone and through the Internet, electronic payment services, and electronic circulation of secured documents.
- Establishing, managing and operating the systems and management of customer service centers through the phone, and implementing, managing and operating the networks and central activity for the internal systems of the banks.
- Establishing and managing training centers for preparing researchers and information technology transfer centres.
- Train of operating, managing and maintaining the computer, the card system and applications for providing banking services, customer service centers and applications for electronic payment services.
- Technology business incubators and entrepreneurship support.
- The information and communication technology industry, including its industrial activities, design and development of electronics, data centers and outsourcing activities, software development and technology education.

- Description, design and development of computer systems of various kinds.
- Production and development of embedded systems, their operation and training on them.
- Description and design work for data transmission and circulation networks.
- Implementation and management of data transmission and circulation networks.

2- Financial statement approval

The financial statements were approved for issuance by the Company' Board of Directors on August 11, 2021

3- Basis of preparing separate financial statements

The interim separate financial statements are prepared according to the going concern assumption and the historical cost basis, except for financial assets and liabilities that are recorded at fair value and amortized cost. The historical cost in general depends on the fair value of the consideration that is delivered to obtain the assets.

3-1 Compliance by the Accounting Standards and Laws:

The interim separate financial statements were prepared according to the Egyptian Accounting Standards and the applicable Egyptian laws and regulations.

3-2 Presentation Currency:

The interim financial statements were prepared and presented in the Egyptian pound, and all the financial data was presented in the Egyptian pound.

3-3 Consolidated financial statements

The company has subsidiaries and parent companies, and the company is required to prepare consolidated financial statements in accordance with Egyptian Accounting Standard No.42 "Consolidated Financial Statements" and Article 188 of the executive regulations of the Companies Law No. 159 of 1981.

The company prepares consolidated financial statements for its subsidiaries and can be consulted to obtain a picture of the financial position, business results and cash flows of the group as a whole.

3-4 Use of estimates and professional judgment

Preparing these separate financial statements requires management to make judgments and estimates that affect the values of revenues, expenditures, assets and liabilities included in the separate financial statements and the accompanying disclosures, as well as disclosure of contingent liabilities at the date of the financial statements. The uncertainty surrounding these assumptions and estimates may result in results that require substantial adjustments to the carrying value of the affected assets and liabilities in future periods.

Estimates and associated assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised.

The following are the main judgments and estimates that materially affect the company's consolidated financial statements:

Judgement

During the process of applying the company's accounting policies, management has taken the following judgements that have a significant impact on the amounts recognized in the separate financial statements:

The existence of significant influence of investments in equity instruments

The company's management decided that it has no significant influence on its investments in equity shares in some of its invested investments because the company does not have the ability to participate in the financial and operational policy decisions of the investee companies. Ownership structure and management of the other shareholders holding the majority of the shares.

Estimates and assumptions

The following are the main assumptions regarding the future and other major sources of estimation in case of uncertainty in the history of the financial position, which involves significant risk that causes a material adjustment to the carrying values of assets and liabilities during the next financial year. The company made its assumptions and estimates based on the available criteria when preparing the financial statements. However, the current circumstances and assumptions related to future developments may change due to market changes or the existence of conditions beyond the company's control, and these changes are reflected in the assumptions when they occur.

The useful life of fixed assets

The company's management determines the estimated useful life of fixed assets for the purpose of calculating depreciation. This estimate will be determined after considering the expected useful life of the asset or the physical depreciation of the assets. Management periodically reviews the estimated useful life and depreciation method in order to ensure that the method and duration of depreciation is consistent with the expected pattern of economic benefits arising from these assets.

Impairment of Receivable balances, notes receivable and other debit balances

An estimate of the collectible amount of receivable balances, receivables and other Debit is made when collection of the full amount is no longer expected. For individually significant amounts, this estimation is performed on an individual basis. As for amounts that are not individually significant, but which have exceeded their maturity date, they are assessed in aggregate an impairment applied according to the time period that has elapsed since their maturity date, based on historical recovery rates.

Impairment of non-financial assets

The Company assesses whether there are indicators of impairment in the value of non-financial assets in each reporting period. Non-financial assets are tested for impairment of value when there are indications that the carrying amount may not be recoverable. When calculating the value in use, management estimates the expected future cash flows from the asset or cash-generating unit and chooses the appropriate discount rate in order to calculate the present value of those cash flows.

Defined Benefit Plan

The defined benefit plan cost and the present value of the obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. This includes determining the discount rate, future salary increases, mortality rates, and employee turnover. Due to the complexities involved in valuation and its long-term nature, the defined benefit obligation is highly sensitive to changes in these assumptions, and all assumptions are reviewed at each financial position date.

The factor most subject to change is the discount rate. When determining the appropriate discount rate, the management takes into consideration the market return on high quality (company / government) bonds. The death rate is based on the death tables available in the country. These mortality tables change only at intervals in response to demographic changes. Future salary increases depend on the country's expected future inflation rates.

3-5 Fair value measurement

Fair value is the price that would be obtained to sell an asset or that would be paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability either occurs

- In the primary market for the asset, liability, or
- In the absence of the primary market, in the most beneficial market for the asset or liability

The fair value of the asset or liability is measured using the assumptions that market participants will use when pricing the asset or liability on the assumption that market participants will act in their economic interest. The fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits through using the asset in its best and best use or selling it to another participant who will use the asset in its best and best use.

The company uses valuation methods that are considered appropriate according to the circumstances and for which sufficient information is available to measure fair value, while maximizing the use of relevant observable inputs and limiting the use of unobservable inputs.

All assets and liabilities that are measured or disclosed in the financial statements are classified at fair value into categories of the fair value hierarchy. This is described, as follows, based on the lowest level input that is significant to the entire measurement on the fair value measurement as a whole:

- The first level: it is the quoted prices (unadjusted) in an active market for identical assets or liabilities.
- Second level: evaluation techniques in which the lowest level inputs that are important for the entire measurement are directly or indirectly observable.
- Third level: evaluation techniques in which the lowest level inputs that are important for the entire measurement are unnoticed.

4 New publications and amendments made to the Egyptian Accounting Standards

On March 18, 2019, the Minister of Investment and International Cooperation issued Resolution No. 69 of 2019 amending some standards of the Egyptian accounting standards issued by Minister of Investment's Decree No. 110 of 2015 and including some new accounting standards and amendments to some of the existing standards. It was published in the Egyptian facts on April 7, 2019.

4-1 New standards issued but not yet implemented

The following are the standards that have been issued, but are not yet in effect, up to the date the company's consolidated financial statements were issued. The Company intends to implement these standards when they become valid.

Egyptian Accounting Standard No. (47) "Financial Instruments"

Egyptian Accounting Standard No. (47) "Financial Instruments" which replaced the Egyptian Accounting Standard No. (26) "Financial Instruments: Recognition and Measurement." Egyptian Accounting Standard No. (47) was issued in April 2019 and the implementation of the standard begins on or after January 1, 2020 in Egypt (that was allowed to be postponed to 31 December 2021), with the possibility of early adoption the exception of hedge accounting, retrospective application is required but modification of comparative information is not mandatory. For hedge accounting, the requirements apply prospectively, with some limited exceptions. The company has chosen not to implement the Egyptian Accounting Standard No. (47) early.

The company's financial assets meet the conditions for classification as either amortized cost, FVTPI, or FVTPL.

The new impairment model requires recognition of impairment in value based on expected credit losses rather than credit losses incurred, as is the case in Egyptian Accounting Standard No. (26). It applies to financial assets classified at amortized cost, debt instruments measured at fair value through other comprehensive income, contract assets under Egyptian Accounting Standard No. 48 "Revenue from Contracts with Clients", lease receivables, loan commitments and some financial guarantee contracts.

The new standard also requires more clarifications and changes in view. This is expected to change the nature and extent of the company's disclosures about its financial instruments.

The new standard requires the company to review accounting procedures and internal controls related to financial instruments for which reports are issued. These changes have not yet been finalized. Nevertheless, the company made a preliminary assessment of the potential impacts of applying Egyptian Accounting Standard No. (47) based on its financial position on June 30, 2021.

On its initial assessment, the company does not believe that the new classification requirements, if applied on June 30, 2021, will have a material impact on the account of receivables, other receivables, suppliers, other credit balances, loans and investments in debt and equity instruments that are managed on a fair value basis.

The company believes that impairment losses are likely to increase, but not significantly, for assets that fall within the scope of impairment in Egyptian Accounting Standard No. (47).

The expected impact as a result of applying the standard as follows:

The company does not expect a significant impact from applying the classification and measurement requirements in accordance with Egyptian Accounting Standard No. (47).

Classification and measurement

- A- The company intends to keep investments in equity instruments (shares) that are currently classified as available for sale for the foreseeable future, and accordingly the company will apply the option to classify these investments as at fair value through other comprehensive income. Therefore, the effect of converting cost-proven investments to fair value may be important.
- B- Regarding receivable and other receipts, the company keeps those items for collecting contractual cash flows which give the company only the principal amount and interest.

The company analyzed the contractual cash flows and the company decided that the criteria for classifying these items at amortized cost are satisfied and therefore it will not reclassify those items.

Impairment

Egyptian Accounting Standard No. (47) requires the company to recognize expected credit losses on financial instruments at amortized cost and debt instruments classified at fair value through other comprehensive income on the basis of the probability of default within 12 months or over the life of the instrument.

The company will apply the simplified approach and thus recognize the impairment losses over the life of the instrument with respect to the clients and other proceeds item and it is expected on the adoption that there is no impact on applying the standard.

4-2 New standards that was issued and applied

The company applied the new Egyptian accounting standard 48 "Revenue from client contracts" and Egyptian accounting standard 49 "Lease Contracts" since 1 January 2020.

Egyptian Accounting Standard No. (48) "Revenue from contracts with customers"

Egyptian Standard No. (48) was issued in April 2019 and comes into effect from January 1, 2020 (That was allowed to be postponed to 1 January 2021), and the standard establishes a five-step model for accounting for revenue from contracts with clients. Egyptian Standard No. 48 establishes a comprehensive framework for determining whether, in what amount and when revenue should be recognized. The standard replaces the current revenue recognition guidelines, including Egyptian Accounting Standard No. (11) "Revenue" and Egyptian Accounting Standard No. (8) "Construction Contracts". Under Egyptian Accounting Standard No. 48, revenue is recognized at an amount that represents the consideration to which the entity expects to be entitled in exchange for transferring goods or performing services promised to a customer.

The standard should be applied retrospectively for annual periods beginning on or after 1 January 2020, and early application is permitted (that was allowed to be postponed to 1 January 2021). The company has chosen to implement the standard early, and the company applied the new standard using the modified retrospective effect. The impact of applying the Egyptian Accounting Standard No. 48 "Revenue from contracts with customers" is to recalculate the revenue recognition method in accordance with the requirements of the Egyptian Standard No. (48) "Revenue from contracts with customers".

Egyptian Accounting Standard No. (49) "Lease Contracts"

Egyptian Accounting Standard No. (49) was issued in April 2019 and its effective date begins January 1, 2020. That was allowed to be postponed to January 1, 2021 the company chooses to adopt the standard early This standard will replace the Egyptian Accounting Standard 20 "Accounting rules and standards related to financial leasing operations."

Egyptian Accounting Standard No. 49 now requires lessees to recognize rental obligations that reflect future lease payments and a "usufruct" for nearly all lease contracts. There is an optional exemption for some short-term leases and leases for low-value assets.

The company adopted the standard on 1 January 2020 (As specified in note 5 -21) The company calculated the present value of the lease obligations on the first application date January 1, 2020 at the current value of the remaining lease payments, and the company chose to measure the value of the "usufruct" in an amount equal to the lease contract obligations, and thus no differences were created on the retained earnings at the date of the first application. next

- A- Use a single discount rate on the lease contract portfolio.
- B- The standard will not be applied for accounting for lease contracts whose lease term expires within 12 months from the date of the first application.
- C- Not to separate the non-rental component, if any.

4-3 Amendments to New standards that was implemented

Amended Egyptian Accounting Standard No. (38) "employee benefits"

Some paragraphs have been added and amended to amend the accounting rules for amending, reducing and settling the employee benefits system.

Standard No. (38) amended shall be applied to financial periods beginning on or after January 1, 2020, and early adoption is permitted.

Management is currently applying the standard.

Amended Egyptian Accounting Standard No. (22) "Earnings per share"

The scope of application of the standard has been modified to make it binding on consolidated or separate financial statements issued for all entities.

Management is currently applying the standard.

Amended Egyptian Accounting Standard No. (4) "Statement of Cash Flows"

An entity is required to provide disclosures that enable users of financial statements to evaluate changes in liabilities that arise from financing activities, including both changes arising from cash flows or non-cash changes.

Management is currently applying the standard.

Amended Egyptian Accounting Standard No. (42) "Consolidated Financial Statements"

Some paragraphs have been added for excluding investment establishments from consolidation. This amendment has resulted in amending some standards related to the subject of investment establishments. The following are the standards that have been amended:

- Egyptian Accounting Standard No. (15) " Related Parties Disclosure "
- Egyptian Accounting Standard No. (17) "Separate Financial Statements"
- Egyptian Accounting Standard No. (18) "Investments in Associate and Joint Ventures"
- Egyptian Accounting Standard No. (24) "Income taxes"
- Egyptian Accounting Standard No. (29) "Business Combination"
- Egyptian Accounting Standard No. (30) "Interim Financial Reporting"
- Egyptian Accounting Standard No. (44) "Disclosure of shares in other entities."

The amended Standard No. (42) applies to financial periods beginning on or after January 1, 2020, and early application is permitted. New or amended paragraphs are also applied for standards that have been amended regarding investment facilities on the effective date of Egyptian Accounting Standard No. (42).
"Revised consolidated financials 2019."

Management is currently applying the standard.

5 The significant accounting policies applied

The accounting policies set out below are applied consistently during the financial periods presented in these consolidated financial statements;

5-1 Translating transactions in foreign currencies

The company hold its accounts in Egyptian pounds, and are recognized transactions denominated in foreign currencies books on the basis of the prevailing price of foreign currency as proof of treatment, at the end of each financial period are translated with items on monetary foreign currencies using the closing rate, and are translated nature Non-monetary items that are measured at The fair value is denominated in a foreign currency using the exchange rates prevailing on the date on which the fair value is determined, and items of a non-monetary nature that are measured at the historical cost are translated into the price.

Gains or losses from translation of non-monetary items that are measured at fair value are recognized in a manner consistent with the recognition of gains or losses from the change in the fair value of the item. That is, translation differences related to items for which gains or losses from change in fair value are recognized in other comprehensive income items or in the statement of profit or loss within other comprehensive income items or in the statement of profit or loss, respectively.

5-2 Fixed assets

Recognition and measurement of Fixed assets are recognized at cost minus the accumulated depreciation and impairment losses. If the significant components of an item of fixed assets have different useful lives, then they are accounted for as separate items (major components) within those fixed assets. Profits or losses arising from disposal of fixed assets are recognized in the statement of profit or loss.

Subsequent expenditure on the acquisition of the asset is only capitalized if it is expected that they will give rise to an outflow of future economic benefit to the company.

Depreciation is charged to the consolidated income statement according to the straight-line method based on the estimated useful life of each type of fixed assets, so that it reflects the benefit from the economic benefits of the assets, and the company's management reviews the remaining useful lives of fixed assets periodically to determine whether they are compatible with ages. Previously estimated useful life, and if there is a significant difference, the assets are depreciated over the estimated remaining period.

	Assets Useful life
Buildings and facilities	50 years
Network and light stream	4 years
Air conditioners and elevators	10 years
Computer	From 1 to 7 years
Furniture, tools and electrical appliances	From 2 to 4 years

Fixed assets are disposed when they are disposed of or when no future economic benefits are expected from their use or sale in the future. Any profits or losses that arise when the asset is disposed are recognized in the consolidated statement of profit or loss in the period in which the asset is disposed.

Land is recognized at its historical cost and is not depreciated.

The company determines, at each financial position date, whether there is an indication that a fixed asset has impaired. When the book value of the asset exceeds its recoverable amount, it is considered that there is impairment of the asset and thus it is reduced to its recoverable value. Impairment loss is recognized in the separate statement of profit or loss.

The loss resulting from impairment is only refunded if there has been a change in the assumptions used to determine the asset's recoverable value since the last loss resulting from impairment was proven, and the refund of the loss resulting from the impairment is limited so that the book value of the asset does not exceed its recoverable amount or the book value that was It will be determined (net of depreciation) unless the impairment loss is recognized with respect to the asset in previous years. And the response to the loss resulting from impairment is recorded in the statement of profit or loss.

5-3 Financial instruments

A) Financial assets

Initial recognition and measurement

Financial assets are classified, upon initial recognition, as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments and available-for-sale financial assets. All financial assets are initially recognized at fair value plus, in the case of financial assets other than those measured at fair value from profit or loss, transaction costs that are directly related to the acquisition of a financial asset.

Subsequent measurement

For the purposes of subsequent measurement, financial assets are classified into the following categories:

- Financial assets at fair value through profit or loss
- Loans and receivables
- Held-to-maturity investments
- Financial assets available for sale

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading purposes and financial assets identified upon initial recognition as financial assets at fair value through profit or loss. Financial assets are classified as held for trading if the intention is to hold them for the purpose of selling or repurchasing in the near future. The Company has not designated any financial assets at fair value through profit or loss. Financial assets are recorded at fair value through profit or loss in the statement of financial position at fair value, with the net changes in fair value recognized as financing costs (net negative fair value changes) or finance income (net positive fair value changes) in the statement of profit or loss.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not traded in an active market. After the initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest rate method - less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortization is included in financing income in the profit statement. The losses arising from impairment of value are included in the statement of profit or loss in the financing costs of the loans and in the costs of sales or other operating expenses of the customers' item. This category generally applies to receivables and other debits.

Held-to-maturity investments

Non-derivative financial assets with fixed or determinable payments and fixed maturity dates are classified as held to maturity investments when the company has the positive intention and ability to hold them to maturity. After the initial measurement, the investments held to maturity are measured at amortized cost using the effective interest rate - less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortization is included in finance income in the statement of profit or loss. The losses arising from impairment are included in the statement of profit or loss as a finance cost.

Financial assets available for sale

Available-for-sale financial assets include investments in stocks and debt securities. Investments in equities classified as available for sale are those investments that are not designated as held for trading or are not designated at fair value through profit or loss. Debt securities in this category are those assets that are held for an indefinite period of time and can be sold in response to liquidity needs or in response to changes in market conditions.

After the initial measurement, financial assets available for sale are measured at fair value, with unrealized gains or losses recognized in other comprehensive income and recorded as a reserve of available-for-sale assets until the investment is excluded, at which time the accumulated gains or losses are recognized in other income or when the investment is determined. It is exposed to impairment when the accumulated losses from the available-for-sale financial assets reserve are reclassified to the statement of profit or loss under financing costs. Interest earned while holding available-for-sale financial assets is recognized as interest income using the effective interest rate method.

Dividends from financial assets available for sale in equity instruments are recognized in the statement of profit or loss in investment income.

Derecognition of financial assets

A financial asset is mainly excluded (or where necessary, part of the financial asset or part of a group of similar financial assets) (i.e. excluded from the balance sheet) when:

- The right to receive cash flows from the asset has expired, or
- The group has transferred its rights to receive cash flows out of an asset or incurred an obligation to pay fully received cash flows without material delay to a third party under a “passage” agreement, or (a) the group transfers nearly all of the risks and benefits of the asset or (b) the group fails to transfers or retains all risks and rewards of the asset but transfers control of the asset.

When the group transfers its rights to receive cash flows from an asset or enters into a pass-through arrangement, it evaluates whether, and to what extent, it has retained the risks and benefits associated with ownership and has not transferred or retained substantially all of the risks and benefits associated with the asset and has not transferred its control over the asset. Then, the asset is recognized to the extent that the group's relationship with it continues. In that case, the group continues to recognize the liabilities related to the asset. The associated liability and the transferred asset are measured on a basis that reflects the rights and obligations that the group has retained.

The continuation of the relationship in the form of a security over the transferred asset is measured by the original carrying amount of the asset and the maximum amount that the group can be required to repay - whichever is lower.

b) The Financial liabilities:
Initial recognition and measurement

Financial liabilities are classified, upon initial recognition, as financial liabilities at fair value through profit or loss or - as loans or creditors, as appropriate. All financial liabilities are recognized initially at fair value, with costs directly attributable to transactions deducted in the case of loans and creditors. Includes company financial liabilities, suppliers, creditors, other liabilities and loans.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as shown below:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities specified upon initial recognition of fair value through profit or loss. Financial liabilities are classified as held for trading liabilities when obtained with the purpose of repurchasing them in the near future. Profits or losses from liabilities held for trading are recognized in the statement of profit or loss. Specific financial liabilities are determined upon initial recognition of fair value through profit or loss on the initial recognition date and only if the controls in Egyptian Accounting Standard No. (26) are met. The group has not identified any financial liability at fair value through profit or loss.

Loans

This category is considered the most suitable for the group. After initial recognition, the loans are subsequently measured at amortized cost using the effective interest rate method. Profits and losses are recognized in the statement of profit or loss upon exclusion of liabilities, as well as through the depreciation process using the effective interest rate method.

Amortized cost is calculated by taking any discount or premium on acquisition, fees and costs that are an integral part of the effective interest rate. Effective interest rate amortization is included in financing costs in the statement of profit or loss. This category applies to all loans generally.

Derecognition of financial liabilities

A financial liability is derecognised when it is discharged, cancelled or expired. When an existing financial obligation is substituted for another from the same lender under significant different terms or the terms of the current obligation are modified substantially, such replacement or amendment is treated as an exclusion of the original financial obligation with the recognition of the new obligation. The difference between the book values is recorded in the profit or loss statement.

C) Offsetting financial instruments

Financial assets and financial liabilities are offset and recorded net in the statement of financial position only when there is a current enforceable right to settle the amounts stated in the net and the company has the intention to settle the assets with liabilities on a net basis or collect the assets and pay the liabilities simultaneously.

5-4 Investment in Subsidiaries

Investments in subsidiaries are investments controlled by the company. The Company controls the investee when it is exposed to, or is entitled to, variable returns through its participation in the investee and has the ability to affect those returns through its power over the investee.

Specifically, the company controls an investee if, and only if, the company has: Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee).

Exposure to the variable returns resulting from the partnership in the investee, or its ownership of rights to these returns.

The ability to use its power over the investee to influence the amount of returns from it.

In general, there is an assumption that having most voting rights leads to control. To support this presumption and when the Company has less than the majority of the voting or similar rights of an investee, the Company considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- Contractual arrangements with other vote holders of the investee company
- Right arising from other contractual arrangements
- The company's voting rights and potential voting rights

The company reassesses whether or not the company controls the investee if facts and circumstances indicate that there are changes to one or more of the three elements of power.

- Accounting in subsidiaries is carried out at cost, including the cost of the transaction, and in the event of impairment in the value of the investment, the book value is adjusted with the value of the impairment and included in the statement of interim profits and losses for each investment separately.

5-5 Investments in Associates

An associate company is an entity over which the company has a significant influence through participation in the financial and operating decisions of that entity, but it does not amount to control or joint control. Investments in associates are accounted for at cost, unless they are classified as non-current investments held for sale, in which case they are measured at book value or fair value, deducting the costs necessary to sell, whichever is lower. The company does not follow the equity method in accounting for its investments in associate companies in the interim separate financial statements in application of paragraph (44) of Egyptian Accounting Standard No. (18). However, in the event that some indications and indications of the possibility of impairment losses in the value of investments in associate companies appear on the date of the interim financial statements, the book value of those investments shall be reduced to their recoverable value, and the resulting impairment losses shall be immediately included in the statement of interim profits or losses.

5-6 Income tax

Tax income counted according to the Egyptian Tax Law.

1- Current tax

Current taxes for the current period and previous periods that have not been paid yet are recognized as a liability, but if the taxes that were actually paid in the current period and previous periods exceed the value due for these periods, then this increase is recognized as an asset. Current tax liabilities (assets) for the current and prior periods are measured at the value expected to be paid to (recovered from) the tax authority, using tax rates (and tax laws) in effect at the end of the financial period.

Current income tax related to recognized items is recognized directly in equity in owner's equity statement and not in the statement of profit or loss.

Management periodically assesses the positions taken in the tax returns in relation to cases in which the applicable tax regulations are subject to interpretation and makes provisions where appropriate.

2- Deferred tax

Deferred income tax is recognized by following the liabilities method on temporary differences between the recognized value of the asset or liability for tax purposes (tax basis) and its value included in the statement of financial position (accounting basis) at the end of the financial period.

The deferred tax liability is recognized for all temporary differences that are subject to tax, except for the following:

- When the deferred tax liability arises from the first recognition of goodwill and the first recognition of the asset or liability in a process that does not represent a business combination which, at the date of the operation's origination, had no effect on both the accounting profit and the tax profit (tax loss).
- With regard to taxable temporary differences related to investments in subsidiaries and sister companies and stakes in joint ventures, when the parent company, investor, or stake holder is able to control the timing of the reversal of the temporary differences and it is likely that the temporary differences will not be reversed in the foreseeable future.

A deferred tax asset is recognized for all deductible temporary tax differences to the extent that the tax profit is expected to be sufficient to offset the deductible temporary difference, tax deductions and carry forward tax losses, except for the following:

- When the deferred tax asset relates to deductible temporary tax differences that arose from the initial recognition of an asset or liability in a process that does not represent a business combination and at the date of the operation's establishment, it had no effect on both the accounting profit and the tax profit (tax loss).

- For deductible temporary differences related to investments in subsidiaries and sister companies and stakes in joint ventures, they are recognized only to the extent that it is likely that the temporary differences will reflect (i.e. become taxable as deductions) in the foreseeable future and that there will be a future tax profit. Which can be used for these temporary differences' opposite.

At the end of each financial period, the entity reassesses the carrying amount of the deferred tax asset and is reduced to the extent that sufficient expected tax profits are no longer available to benefit from all or part of the deferred tax asset. Unrecognized deferred tax assets are reassessed at the end of each financial period, and deferred tax assets that have not been previously recognized are recognized to the extent that it becomes probable that a future tax profit will allow the value of the deferred tax asset to be absorbed.

Deferred tax is included as income or expense in the statement of profit or loss for the period, except for the tax that results from a transaction or event in the same period or other period directly within equity.

The entity makes a set-off between the deferred tax asset and the deferred tax liability only if the establishment has a legal right to set off a set-off between the current tax asset and the current tax liability, and the deferred tax assets and deferred tax liabilities relate to income taxes imposed by the same tax administration on the same taxable entity.

5-7 Provisions

Provisions are recognized when there is a current or constructive legal obligation as a result of a past event and it is expected that an outflow of economic benefits will be required to be used to settle the advance. If the effect of the time value of money is material, then the value of provisions is determined by discounting the expected future cash flows by discounting the pre-tax deduction rate if the current assessment of the assessment reflects the current estimate. The balance of provisions is reviewed at the date of the financial position and amended as necessary to reflect the current best estimate.

5-8 End of Service Benefits

The group manages a defined benefit plan for its employees. This plan is not funded. The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method.

The re-measurements that include actuarial profits or losses are recognized immediately in the statement of financial position and the counterparty, whether indebted or creditor of the retained earnings, is through other comprehensive income in the period in which they occur. Reclassification of measurements is not made to the statement of profit or loss in subsequent periods.

The cost of past service is recognized as an expense on one of the following dates - whichever comes first:

- When an amendment or reduction to the system occurs. or
- When the entity recognizes the costs of the related restructuring.

The group calculates the net interest expense by applying a discount rate to the defined benefit obligation. The group recognizes changes in the following defined benefit obligation under "cost of revenue" and "general and administrative expenses" in the profit or loss statement (as per the functional classification):

- Service costs which include current service cost, past service costs, curtailment gains and losses, non-routine adjustments and adjustments
- Net interest expense

5-9 Social Insurance

The group makes contributions to the National Organization for Social Insurance and is calculated as a percentage of employees' salaries. The group's obligations are limited to these contributions, which are expensed when due.

5-10 Cash and cash equivalents

Cash and cash equivalents include cash balances in the fund, current accounts with banks, time deposits, treasury bills and investment fund deposits, which do not exceed three months - if any - and the bank balance is considered an overdraft, which will be paid upon request as part of the group's management of funds for the purposes of preparing the cash flow statement.

5-11 Share capital

Issuance of shares

The additional costs directly related to the issuance of new shares are calculated by deducting these net costs from equity after deducting income tax, if any.

Share capital repurchase

The value paid to purchase equity capital shares recorded in equity must be recognized as a change in the equity value including the purchase expenses. Shares purchased are classified as treasury shares and deducted from total equity.

5-12 Legal reserve

In accordance with the requirements of the Companies Law and the Company's Articles of Association, 5% of the annual net profit is deducted to form a legal reserve. The legal reserve is used to increase the share capital or reduce the company's losses. The deduction of this percentage stops when the reserve balance reaches 50% of the issued capital of the company, and if this reserve falls below the mentioned percentage, the formation of this amount must be set aside.

5-13 Employees' share of profit

In accordance with the articles of association, the group pays a cash share to the employees in the profits in accordance with the rules proposed by the company's board of directors and approved by the general assembly. The employees' share of profits is recognized as a dividend in the statement of changes in equity and as a liability during the financial year in which the group's shareholders approve this distribution.

5-14 Earnings per share in profit

The group displays the basic share of the share of its ordinary shares. The basic share is calculated by dividing the profit or loss related to the shareholders on their contribution to the ordinary shares of the company by the weighted average number of ordinary shares outstanding during the year.

5-15 Revenue from contracts with customers

Revenue from contracts with customers is recognized when control of the goods or services is transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for such transfer.

The group recognizes revenue from contracts with customers based on a five-step model as set out in EAS (48) and is given below:

Step 1 – Identify the contract(s) with a customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met;

Step 2 – Identify the performance obligations in the contract: A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer;

Step 3 – Determine the transaction price: The transaction price is the amount of consideration to which the company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties;

Step 4 – Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the company allocates the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the company expects to be entitled in exchange for satisfying each performance obligation;

Step 5 – Recognize revenue when (or as) the entity satisfies a performance obligation.

The company satisfies the performance obligation and recognizes revenue over time, if one of the following criteria is met:

- a) The performance of the company does not create an asset with an alternative use for the company, and that the company has an enforceable right to payment for performance completed to date.
- b) Company performance creates or improves a customer-controlled asset at the same time as the asset is being constructed or improved.
- c) The customer simultaneously receives and consumes the benefits provided by the entity's performance once the company has performed.

For performance obligations, if any of the above conditions are not met, revenue is recognized at the point in time at which the performance obligation is satisfied.

If the company fulfils the performance obligation by providing the services that have been promised, this creates an asset based on a contract in exchange for consideration gained from performance. In the event that the consideration received by the customer exceeds the amount of revenue that has been recognized, a contract obligation may arise.

Revenue is measured at the fair value of the consideration received or receivable, after taking into account the contractual terms of payment, and after excluding taxes and fees. The company reviews its revenue arrangements against specific criteria to ascertain whether it is acting as principal or agent.

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and that revenue and costs, where applicable, can be measured reliably.

Investment income

Investment income is recognized when the company has the right to receive the profits that it decides to distribute.

5-16 Expenses

All expenses are recognized, including the cost of revenues, general, administrative, marketing and financing expenses, and are included in the separate statement of profit or loss in accordance with the principle of accrual in the fiscal year in which those expenses were realized.

5-17 Borrowing costs

Borrowing costs directly related to the acquisition, construction or production of a qualifying asset that requires an extended period of time to prepare it for use in its intended purposes or for its sale are capitalized as part of the cost of the asset. Other borrowing costs are charged as an expense in the period in which they are recognized in the consolidated statement of profit or loss using the effective interest rate method. Borrowing costs are the interest and other costs that the group spends on borrowing the money.

5-18 Impairment in the value of financial and non-financial assets

Financial assets

The group assesses, at each financial position date, whether there is objective evidence of impairment in the value of a financial asset or a company of financial assets. A financial asset or a company of financial assets is considered to have been exposed or exposed to impairment only if there is objective evidence of impairment as a result of one or more events occurring after the initial recognition of the asset and the loss event had an effect on the estimated future cash flows of the financial asset or the company of financial assets that can be estimated Reliably. Evidence of impairment may include indications that the debtors or a company of debtors are facing significant financial difficulties, delay or default in the payment of interest or principal payments, and the possibility that they will enter bankruptcy or another financial restructuring situation where the observed data indicate that there is a measurable decline In the estimated future cash flows.

Financial assets at amortized cost

With regard to financial assets at amortized cost, the company initially assesses the extent of impairment in value at the individual level of the financial assets that are considered significant in themselves or at the collective level for financial assets that are not considered significant in themselves. If the company decides that there is no objective evidence of impairment in value for any financial asset that has been separately assessed - whether material or not - then the company places the financial asset within a group of financial assets with similar credit risk characteristics and collectively evaluates them to determine impairment - if any. For assets that are individually assessed for determining impairment and that have experienced an impairment loss that was included or continue to suffer an impairment loss, they are not included in the collective assessment of impairment.

The amount of any impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding expected future credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate.

The carrying amount of the asset is reduced through the use of an allowance account and the loss is recognized in the statement of profit or loss. Interest income (recorded as finance income in the statement of profit or loss) is still accrued at the reduced carrying amount and accrued using the interest rate used to discount future cash flows for the purpose of measuring the impairment loss. All warranties or transferred to the company.

In the event that the amount of the impairment loss is increased or decreased in the estimated value - in a subsequent year - due to the occurrence of an event after the recognition of the impairment, then the previously recorded impairment loss is increased or decreased by adjusting the impairment account. If impairment is subsequently recovered, the recovery is included in finance costs in the statement of profit or loss.

Investment Available for sale

For available-for-sale financial investments, the company assesses, at each financial position date, whether there is objective evidence that an investment or group of investments has impaired.

In the case of investments in equity instruments classified as available for sale investments, any significant or permanent decline in the fair value of the investments in equity instruments below their cost is considered objective evidence of impairment. What is "significant" is evaluated against the original cost of the investment and "perpetual" is evaluated against the period in which the fair value has been less than the original cost. When there is evidence of impairment in value, accumulated losses - which were measured as the difference between the acquisition cost and the current fair value minus any impairment loss in the value from the investment previously included in other comprehensive income - are excluded from comprehensive income and included in the statement of profit or loss. And other comprehensive income. Impairment losses are not reflected in the value of investments in equity instruments through the statement of profit or loss. The increase in the fair value after the impairment loss is recognized in other comprehensive income.

In the case of debt instruments classified as investments available for sale, the impairment loss is assessed based on the same criteria as the financial assets carried at amortized cost. However, the amount recorded as an impairment loss is a cumulative loss that is measured as a difference between the amortized cost and the current fair value, less any impairment loss in the value of that investment that was previously included in the list of profits or losses and other comprehensive income.

Future interest income continues at the reduced carrying amount of the asset based on the use of the interest rate used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of the finance income. In the event that the fair value of a financial instrument increases in a subsequent year, then the fair value of the financial instrument increases and this increase can be attributed to an event that occurred after the impairment loss was recognized in the consolidated statement of profit or loss and other comprehensive income, then the recording of the loss resulting from it is reversed Impairment in value through the statement of profit or loss and other comprehensive income.

Non-financial assets

The carrying values of the group's non-financial assets are reviewed at each financial position date to determine whether there is any indication of impairment. If any such indication exists, the group estimates the asset's recoverable amount. Impairment occurs when the carrying value of the asset or cash-generating unit exceeds the recoverable amount, which is the fair value less costs to sell or value in use - whichever is higher. The fair value less costs to sell is based on available data from binding sale transactions that are made on a non-compulsory basis for similar assets. The value in use calculation is based on the DCF model using the pre-tax discount rate to reflect current market assessments of the time value of money and the risks specific to the asset.

The losses arising from impairment in value are included in the statement of profit or loss. With regard to the losses arising from the impairment of the value of the cash-generating unit, they are distributed in principle to reduce the carrying value of any goodwill allocated to the units. Then the carrying values of other assets in the unit (company of units) are reduced on a proportional basis.

**E-Finance for Financial and Digital Investments Company
(E-finance for Technology solutions Company (Formerly)) (S.A.E)**

Notes To the Financial Statements for the period ended on June 30, 2021.

-6 Fixed Assets

	<u>Lands & Buildings</u>	<u>Computers</u>	<u>Furniture & Equipments</u>	<u>Total</u>
	<u>L.E.</u>	<u>L.E.</u>	<u>L.E.</u>	<u>L.E.</u>
<u>Cost</u>				
Cost as of 1/1/2021	85 108 582	-	-	85 108 582
Additions during the year	1 293 754	90 173	272 013	1 655 940
Cost as of 30/6/2021	86 402 336	90 173	272 013	86 764 522
<u>Accumulated depreciation</u>				
Accumulated depreciation as of 1/1/2021	15 886 915	-	-	15 886 915
Depreciation of the year	990 225	9 132	18 437	1 017 794
Accumulated depreciation as of 30/6/2021	16 877 140	9 132	18 437	16 904 709
Net book value as of 30/6/2021	69 525 196	81 041	253 576	69 859 813

Depreciation charged under the following items:

	<u>30/6/2021</u>	<u>30/6/2020</u>
	<u>L.E.</u>	<u>L.E.</u>
Cost of Revenue (Note 19)	-	10 992 754
General & Administrative expenses (Note 21)	1 017 794	5 063 600
	1 017 794	16 056 354

**E-Finance for Financial and Digital Investments Company
(E-finance for Technology solutions Company (Formerly)) (S.A.E)**

Notes To The Financial Statements for the period ended on June 30, 2021.

On December 30, 2020, as a result of the demerge, some assets were transferred to a technology company operating financial facilities (a subsidiary company) at cost.

-6 Fixed Assets

	<u>Lands & buildings</u>	<u>Total</u>
	<u>L.E.</u>	<u>L.E.</u>
<u>Cost</u>		
Cost as of 1/1/2020	84 965 789	84 965 789
Additions during the year	142 793	142 793
Balance as of 31/12/2020	85 108 582	85 108 582
<u>Accumulated depreciation</u>		
Accumulated depreciation as of 1/1/2020	13 918 933	13 918 933
Depreciation of the year	1 967 982	1 967 982
Accumulated depreciation as of 31/12/2020	15 886 915	15 886 915
Net book value as of 31/12/2020	69 221 667	69 221 667

7 Prepaid employee benefits

According to the decision of the Board of Directors held on February 25, 2020, the proposal submitted by the Personnel Affairs Department regarding adding the benefit of providing cars to the senior management and the managing director, instead of the monthly transportation allowance, was approved, after presenting the proposal to the Financial Benefits Committee, Compensation and Remuneration.

	30/6/2020	31/12/2020
	<u>L.E</u>	<u>L.E</u>
Balance beginning of the year	7 058 344	-
Additions of the year	-	12 916 875
Depreciation of the year	(864 848)	(1 734 219)
Transfer to the demerged company	-	(4 124 312)
Net Balance	6 193 496	7 058 344
<u>Distributed as follows:</u>		
Prepaid employee benefits – Short term (Note 11)	1 566 000	1 647 844
Prepaid employee benefits – Long term	4 627 496	5 410 500
Total	6 193 496	7 058 344

Amount charged to Profit & Loss statement:

	Period ended 30 June 2021	Period ended 30 June 2020
Cost or Revenue (Note 19)	913 393	-
	913 393	-

8 Other financial assets

	<u>%</u>	Cost of investment	
		30/6/2021	31/12/2020
		<u>L.E</u>	<u>L.E</u>
Egyptian Company for the Governmental Technological Services ESERVE (S.A.E.) *	%10.20	18 000 000	18 000 000
The Egyptian Company for Electronic Commerce Technology MTS (S.A.E) **	%9.99	33 599 000	33 599 000
Delta Misr Company for payments (S.A.E) ***	%10	1 000 000	500 000
The International Company for Consulting and Information Systems (ACIS) ****	%10	83 752 000	83 752 000
		136 351 000	135 851 000

- Available-for-sale financial investments are measured at cost when the fair value is not measurable
- The market risk for the available for sale investment is limited because these investments are equity instruments not dealt in active markets and with Egyptian pounds

- * Investments are the value of the contribution of 10.20% in the Egyptian State Technology Services Company ESERVE (SAE), which was Registered in the Commercial Registry under No. 105277 on May 7, 2017.
- ** The investments are the value of the contribution of 9.99% in the Egyptian Company for Electronic Commerce Technology (MTS), which was Registered in the Commercial Registry under No. 45813 on May 17, 2010.
- *** Investments are the value of the contribution of 10% in the Egypt Delta Payments Company (SAE), and the payment represents 25% of the issued capital of the company, which was Registered in the Commercial Registry under No. 8573 on February 21, 2019 (the company did not start Activity yet).
- **** Investments are the value of the cost of acquiring 1000 shares of the International Company for Consulting and Information Systems (ACIS) according to the company's fair value report. The company's contribution is 10% in the company's issued capital.

9 Financial investments in subsidiaries and parent companies

The financial investments in subsidiaries are represented in the following: -

	<u>%</u>	<u>30/6/2020</u>	<u>31/12/2020</u>
		<u>L.E</u>	<u>L.E</u>
Khales for Digital Payment Services Company (S.A.E.) *	%70	70 000 000	70 000 000
Smart Card Operation Technology Company E-Cards (S.A.E) **	%89	133 500 000	133 500 000
The Technology Company for Ecommerce Operations E-Aswaaq Misr (S.A.E) ***	%61	27 450 000	27 450 000
E-nable for Outsourcing Services (eNable) (S.A.E) ****	%99.98	24 995 000	24 995 000
Technological Operation for Financial Institution E-finance Company (S.A.E) *****	%99.99	599 957 537	599 957 537
Technological Operation for Tax solutions e tax (S.A.E) *****	%35	34 999 975	-
		890 902 512	855 902 537

- * The value of the company's contribution of 70% in the issued capital of Khales for Digital Payment Services Company (S.A.E), and the payer represents 100% of the company's share in the issued capital, which was established by registration in the Commercial Register No. 144515 on December 30, 2019.
- ** The value of the company's contribution of 89% in the issued capital of the Smart Card Operation Technology Company E-Cards (S.A.E), and the payer represents 100% of the company's share in the issued capital, which was established by registration in the Commercial Register No. 146132 on January 29, 2020 .

- *** The value of the company's contribution of 61% in the issued capital of The Technology Company for Ecommerce Operations E-Aswaaq Misr (S.A.E) and the payer represents 100% of the company's share in the issued capital, which was established by registration in the Commercial Register No. 150444 on 1 July,2020.
- **** The value of the company's contribution of 99.98% in the issued capital of the E-nable for Outsourcing Services (eNable) (S.A.E) and the payment represents 25% of the company's share in the issued capital, which was established by registration in the Commercial Register No. 159506 on 29 -December-2020.
- ***** The value of the company's contribution of 99.99% in the issued capital of the Technological Operation for Financial Institution E-finance Company (S.A.E), and the payer represents 100% of the company's share in the issued capital, which was established by registration in the Commercial Register No. 159585 dated on December 30, 2020.
- ***** The value of the company's contribution of 35% in the issued capital of the Technological Operation for Tax solutions e-tax (S.A.E), and the payer represents 100% of the company's share in the issued capital, which was established by registration in the Commercial Register No. 161093 dated on February 1, 2021.

10 Tax**10-1 Income tax**

	<u>30/6/2021</u>	<u>31/12/2020</u>
	<u>L.E</u>	<u>L.E</u>
Current Income Tax Expenses	-	97 368 311
Tax dividends income from investments available for sale	295 601	900 000
Treasury bills tax	-	1 175 866
Deferred tax (income)	(729 384)	(368 477)
	<u>(433 783)</u>	<u>99 075 700</u>
Deferred income tax on other comprehensive income	<u>-</u>	<u>954 427</u>

10-2 Deferred tax

A) Deferred tax assets (liabilities) recognized

	30/6/2020		31/12/2020	
	Assets <u>L.E</u>	Liabilities <u>L.E</u>	Assets <u>L.E</u>	Liabilities <u>L.E</u>
Depreciation of fixed assets	-	2 105 364	--	1 960 036
Obligations of the employee benefits	10 842 194	-	10 714 156	--
Unrealized foreign exchange translation	373 365	54	-	373 363
	11 215 559	2 105 418	10 714 156	2 333 399
Net deferred tax assets	9 110 141	-	8 380 757	-
Deducts the previously charged deferred tax assets	(8 380 757)	-	(24 289 203)	-
Deduct the deferred tax assets charged to the statement of other comprehensive income	-	-	954 427	-
Transferred to demerge company	-	-	15 322 496	-
Deferred taxes for the Year as income	729 384	-	368 477	-

B) Adjustment of the effective tax rate

	30/6/2021 <u>L.E</u>		31/12/2020 <u>L.E</u>
Net (Loss)/ Profit of the period before Tax	(18 315 035)		443 834 017
Income Tax Based on Tax rate	-	22.5%	99 862 654
Expenses that are not deductible and others	3 507 169		10 526 825
Revenues exempted	(14 249 285)		(12 033 227)
The tax Base	(14 862 998)		442 327 615
Current and deferred income tax	433 783	22.32%	99 075 700

10-3 Income Tax payable

	30/6/2021 <u>L.E</u>	31/12/2020 <u>L.E</u>
Income Tax at beginning of the year	78 605 765	53 408 715
Formed during the period	295 601	97 368 311
Income tax paid	(78 901 366)	(51 253 313)
Withholding tax-debit	(3 524 505)	(20 917 948)
	(3 524 505)	78 605 765

10-4 Tax position

A) corporate tax

- The company is subjected to a tax exemption until December 31, 2017, and the company was subject to tax according to the letter of the General Authority for Investment and Free Zones, starting from January 1, 2018.
- The company submits the tax return on the corporate profits tax on the legal dates, and the company pays the tax due based on these returns.
- The tax examination of the company was carried out and the dispute was ended for the years 2005/2007, and the company paid all the tax differences.
- The company's tax examination for the years 2008/2009 was re-examined and the examination and dispute for the years 2008/2015 was ended.
- The company has not been tax examined for the years from 2016 until now.

B) Payroll tax

- The company pays the tax on the legal dates and provides tax settlements in accordance with the provisions of the law.
- The company's tax inspection and assessment were carried out from the beginning of the activity until 2017, and all dues were paid.
- The company is being examined for the years 2017 and 2018
- The company has not been tax examined for the years from 2019 until now.

C) General sales tax and value added tax

- The company submits monthly tax returns regularly on legal dates.
- The tax was examined for the company until 2015, and the company was informed of the tax differences of 258 thousand Egyptian pounds, which were fully paid.
- The company's tax examination was carried out for the years from January 1, 2016 until December 31, 2018, and forms are being extracted.

D) Stamp Tax

- The tax was examined for the company from the beginning of the activity until 2014, and the company paid all tax dues.
- The company has not been tax inspected for the years from 2015 until now.

F) Withholding taxes

- Withholding taxes is paid on legal dates.
- The company has not received any tax claims to date.

11 Other Debited Balances

	30/6/2021 <u>L.E</u>	31/12/2020 <u>L.E</u>
Prepaid expenses	1 703 305	-
Accrued revenue and accrued interest	8 208 000	-
Deposits with others	1 042 800	-
Value added tax (VAT)	16 862 833	-
Prepaid employee benefits	1 566 000	1 647 844
Withholding Tax (Note 3-10)	3 524 505	-
Other debit balances	3 047 649	42 464
	<u>35 955 092</u>	<u>1 690 308</u>

12 Cash and cash Equivalents

	30/6/2021 <u>L.E</u>	31/12/2020 <u>L.E</u>
Banks – Saving Accounts	118 428 629	230 502 235
Banks - time deposits	2 560 329	2 560 329
Investment funds*	109 721 256	197 464 532
Balance of cash and cash equivalents	<u>230 710 214</u>	<u>430 527 096</u>

*Investment Funds

	30/6/2021 <u>L.E</u>	31/12/2020 <u>L.E</u>
Themar Fund, QNB	103 008 216	197 367 136
SIOULA Fund	6 612 838	-
Day to Day Account - Bank Misr	100 202	97 396
	<u>109 721 256</u>	<u>197 464 532</u>

For the purposes of preparing the statement of cash flows, cash and cash equivalents is represented in the following:

	30/6/2021 <u>L.E</u>	31/12/2020 <u>L.E</u>
Cash and Its equivalents	230 710 214	188 817 698
<u>Deduct:</u>		
Mortgaged cash investment fund documents against letters of guarantee in favor of others	(5 537 021)	(5 537 021)
Cash and cash equivalents for the purpose of preparing the cash flow statement	<u>225 173 193</u>	<u>183 280 677</u>

13 Capital

13-1 The authorized capital

The company's authorized capital has been set at 4 billion Egyptian pounds (four billion Egyptian pounds) after increasing it from 3.5 billion Egyptian pounds to four billion Egyptian pounds, an increase of 500 million Egyptian pounds based on the decisions of the extraordinary general assembly meeting of the company held on 20 December 2020

13-2 Issued and paid-up capital

- The issued capital on the date of the company's incorporation amounted to 60 million Egyptian pounds distributed over 600 thousand shares with a par value of 100 Egyptian pounds in the commercial register on 16 August 2005.
- The issued capital was increased by 60 million Egyptian pounds based on the decision of the extraordinary general assembly meeting of the company held on December 20, 2006, so that the issued and paid up capital of the company became 120 million Egyptian pounds.
- The extraordinary general assembly held on December 11, 2013 decided to transfer an amount of 55 million Egyptian pounds (fifty-five million Egyptian pounds) from the general reserve to increase the issued and paid-up capital of the company to become the issued and paid-up capital after the increase of 175 million Egyptian pounds (one hundred seventy five million Egyptian pounds) distributed in the same proportions of ownership of the shareholders and this was entered in the Commercial Registry on May 20, 2014.
- The extraordinary general assembly held on March 24, 2016 decided to transfer an amount of 50 million Egyptian pounds (fifty million Egyptian pounds) from the general reserve to increase the issued and paid-up capital of the company to become the issued and paid-up capital after the increase is 225 million Egyptian pounds (two hundred twenty five million Egyptian pounds) Distributed in the same proportions of shareholder ownership and this was entered in the Commercial Registry on August 1, 2016.
- The extraordinary general assembly convened on November 20, 2016 decided to increase the issued capital of the company by an amount of 22.5 million Egyptian pounds (twenty-two million five hundred thousand Egyptian pounds) to make the issued capital after the increase 247.5 million Egyptian pounds (two hundred forty-seven million five hundred thousand Egyptian pounds) And the payment of it is 236.25 million Egyptian pounds (two hundred thirty-six thousand and two fifty thousand Egyptian pounds) with the reduction of ownership percentages for shareholders after the entry of a new shareholder, the Egyptian Company for Investment Projects, by 9.09%, and this was indicated in the commercial register on December 29, 2016.
- The extraordinary general assembly held on March 21, 2018 decided to increase the issued capital of the company by an amount of 103 million Egyptian pounds (one hundred and three million Egyptian pounds) transferred from reserves and retained

earnings, so that the issued capital after the increase becomes 350.5 million Egyptian pounds (three hundred fifty million five hundred thousand Egyptian pounds) paid in full distributed in the same proportions of shareholder ownership.

- The minutes of the Board of Directors held on November 13, 2018 decided to increase the issued capital of the company by an amount of 149.5 million Egyptian pounds (one hundred forty-nine million five hundred thousand Egyptian pounds) so that the issued capital after the increase becomes 500 million Egyptian pounds (five hundred million Egyptian pounds) paid in full distributed in the same Shareholders ownership percentages and this was entered in the Commercial Registry on December 19, 2018.
- The Extraordinary General Assembly held on December 23, 2019 decided to increase the issued capital by an amount of 300 million Egyptian pounds, to make the issued capital 800 million Egyptian pounds (eight hundred million Egyptian pounds) paid in full, and the entry was made in the company's commercial register on December 15, 2019.
- The extraordinary general assembly convened on December 23, 2019 decided to amend the par value of the share to 0.5 Egyptian pounds (fifty piasters) instead of 100 Egyptian pounds (one hundred Egyptian pounds) so that the issued capital becomes 800 million Egyptian pounds (eight hundred million Egyptian pounds) distributed on 1.6 billion shares, and these shares are distributed in the capital as follows:

<u>Shareholder</u>	<u>Equity Ratio</u>	<u>Number of shares</u>	<u>Nominal value in EGP</u>
	<u>%</u>		
The National Investment Bank	63.64	1 018 182 400	509 091 200
National Bank of Egypt	9.09	145 454 400	72 727 200
Banque Misr	9.09	145 454 400	72 727 200
Egypt Banks Company for Technological Progress	9.09	145 454 400	72 727 200
Egyptian Company for Investment Projects	9.09	145 454 400	72 727 200
	%100	1 600 000 000	800 000 000

14 Reserves

	<u>30/6/2021</u>	<u>31/12/2020</u>
	<u>L.E</u>	<u>L.E</u>
Legal Reserve *	44 727 152	44 727 152
General Reserve **	20 000 000	20 000 000
	64 727 152	64 727 152

- * In accordance with the requirements of the Companies Law and the Company's Articles of Association, 5% of the annual net profit is deducted to form a legal

reserve. The legal reserve is used to increase the share capital or reduce the company's losses. The deduction of this percentage stops when the reserve balance reaches 50% of the issued capital of the company, and in the case that this reserve falls below the mentioned percentage, the formation of this amount must be set aside.

** According to Article (54) of the company's articles of association, an extraordinary reserve is formed based on the proposal of the company's board of directors, provided that it is approved by the general assembly.

15 Credit facilities

<u>Bank</u>	Authorized facility limit on 30 June 2021 L.E or Its equivalents of Foreign Currency	Used until June 30, 2021 <u>L.E</u>	<u>Nature of facility</u>
Banque Misr	100 000 000	-	Limit to issuing local letters of guarantee
Banque Misr	50 000 000	-	Import letters of credits
Banque Misr	80 000 000	-	Current debt limit
QNB	50 000 000	-	Current debt limit
National Bank of Egypt	75 000 000	-	Current debt limit
National Bank of Egypt	75 000 000	-	Limit to issuing local letters of guarantee
Egyptian Bank for Imports Development	100 000 000	-	Current debt limit
The United National Bank	150 000 000	-	Current debt
Arab African International Bank	75 000 000	-	Limit on issuing letter of credits
Arab African International Bank	75 000 000	-	Limit to issue letters of guarantee
Arab African International Bank	500 000	-	Issuance limit for issuing credit cards with a guarantee of deposits
Commercial International Bank	150 000 000	-	Current debt limit

16 Accounts payable and other credit balances

	30/6/2021	31/12/2020
	<u>L.E</u>	<u>L.E</u>
Accounts payable	3 111 730	-
	3 111 730	-
<u>Other credit balance</u>		
Accrued expenses	3 648 102	-
Payroll tax	551 333	8 589 970
Value Added Tax (VAT)	-	24 357 005
Withholding tax	3 259 043	4 149 350
Other Credit balances	1 010 573	-
	8 469 051	37 096 325
	11 580 781	37 096 325

17 Obligations of the employee benefits system - (end of service benefits)

Based on the decision of board of directors on March 9, 2010, it has been decided to approve the leave service reward system for the employees and the managing director, whereby the company's employees benefit from it upon the end of their service period in the company in accordance with the conditions specified in the regulations approved by the company's board of directors, provided that the company's management invests the system's funds The best possible investment.

17-1 Movement in the present value of the employee end of service benefit obligations

	30/6/2021	31/12/2020
	<u>L.E</u>	<u>L.E</u>
Liability at beginning of the period	47 618 472	126 541 852
Interest Cost	1 501 686	17 715 859
Current service cost	930 846	10 981 493
Transferred to subsidiaries	(1 805 067)	(98 268 329)
Formed during the year -The Technology Company for Ecommerce Operations- E-Aswaaq Misr	-	271 723
Actuarial (gain) on the liability recognized in other comprehensive income	-	(4 241 902)
Paid from end of service benefits	(58 406)	(5 382 224)
Liabilities at end of the year	48 187 531	47 618 472

17-2 The amounts recognized in the interim separate statement of profit or loss

	30/6/2021	30/6/2020
	<u>L.E</u>	<u>L.E</u>
Current Service Cost	930 846	12 629 745
The interest cost	1 501 686	-
	<u>2 432 532</u>	<u>12 629 745</u>

18 Revenues:

	From 1 April till 30 June 2021	From 1 April till 30 June 2020	30 June 2021	30 June 2020
	<u>L.E</u>	<u>L.E</u>	<u>L.E</u>	<u>L.E</u>
Operation revenues	-	243 042 167	-	564 360 609
Dividend income from financial investments available for sale	-	-	2 956 010	10 164 211
	<u>-</u>	<u>243 042 167</u>	<u>2 956 010</u>	<u>574 524 820</u>

19 Cost of revenues

	From 1 April till 30 June 2021	From 1 April till 30 June 2020	30 June 2021	30 June 2020
	<u>L.E</u>	<u>L.E</u>	<u>L.E</u>	<u>L.E</u>
Salaries and Wages	9 624 177	47 333 585	18 520 956	89 662 590
Cost of employee benefit system	1 269 951	5 216 978	2 432 532	10 146 168
Infrastructure cost	21 820	36 532 172	25 833	104 719 184
Cost of goods sold	-	51 748 861	-	138 047 974
Employee benefits (cars)	448 484	-	913 393	-
	<u>11 364 432</u>	<u>140 831 596</u>	<u>21 892 714</u>	<u>342 575 916</u>

20 Other Revenues:

	From 1 April till 30 June 2021	From 1 April till 30 June 2020	30 June 2021	30 June 2020
	<u>L.E</u>	<u>L.E</u>	<u>L.E</u>	<u>L.E</u>
Capital (loss)	-	(408 274)	-	(412 975)
Other revenue	4 127 500	1 634 265	8 236 763	1 963 706
	4 127 500	1 255 991	8 236 763	1 550 731

21 General and Administrative Expenses

	From 1 April till 30 June 2021	From 1 April till 30 June 2020	30 June 2021	30 June 2020
	<u>L.E</u>	<u>L.E</u>	<u>L.E</u>	<u>L.E</u>
Wages and Salaries	50 488	12 305 507	72 862	23 347 634
Cost of employee end of service benefit	-	1 276 721	-	2 483 577
Depreciation of fixed assets (Note 6)	524 652	2 587 666	1 017 794	5 063 600
Amortization of intangible assets	-	2 078 575	-	2 547 785
Amortization of ROU asset	-	19 581	-	40 724
Consulting	4 279 669	1 161 527	7 133 197	2 715 245
Facility Expenses	1 305 498	360 242	2 554 493	865 606
Maintenance Expenses	588 771	121 741	858 123	954 583
Donations	2 000 000	1 500 000	2 000 000	2 000 000
Stamps and deductions	-	5 013 238	-	6 212 127
Other expenses	946 783	3 742 759	3 945 193	6 291 916
	9 695 861	30 167 557	17 581 662	52 522 797

22 Selling and Marketing Expenses

	From 1 April till 30 June 2021	From 1 April till 30 June 2020	30 June 2021	30 June 2020
	<u>L.E</u>	<u>L.E</u>	<u>L.E</u>	<u>L.E</u>
Exhibitions	1 146 863	80 468	1 146 863	791 948
Public Relations	171 285	798 568	171 285	1 815 050
Advertisements	179 094	205 000	179 094	222 100
Other Marketing Expenses	294 988	201 130	295 538	367 833
	1 792 230	1 285 166	1 792 780	3 196 931

23 Other Expenses

	From 1 April till 30 June 2021	From 1 April till 30 June 2020	30 June 2021	30 June 2020
	<u>L.E</u>	<u>L.E</u>	<u>L.E</u>	<u>L.E</u>
Attendance, remuneration and allowances for members of the Board of Directors	456 000	197 000	1 211 500	448 000
	456 000	197 000	1 211 500	448 000

24 Finance Expenses

	From 1 April till 30 June 2021	From 1 April till 30 June 2020	30 June 2021	30 June 2020
	<u>L.E</u>	<u>L.E</u>	<u>L.E</u>	<u>L.E</u>
Debit interest expense and bank charges	23 465	467 753	132 656	986 936
Finance Cost	-	1 742 886	-	2 376 717
	23 465	2 210 639	132 656	3 363 653

E-Finance for Financial and Digital Investments
E-finance for Technology solutions Company (Formerly) (S.A.E)
Notes to The Financial Statements for The Financial Period ended as of June 30, 2021

26 Related parties

Related parties are represented in investee companies, major shareholders, companies controlled by or jointly affected by these parties, pricing policies and the duration of these transactions are approved by the company's management and shareholders.

The following is a summary of the related party balances and the transactions that were executed during the year between the company and related parties

<u>Statement</u>	<u>Relations Nature</u>	<u>Transaction Nature</u>	<u>Transaction Volume during the year</u>	<u>End of the Year balance</u>	
				<u>30 June 2021 L.E</u>	<u>31 December 2020 L.E</u>
<u>26-1 Due from Related Parties:</u>					
Khales for Digital Payment Services Company	Subsidiary	Payment on behalf	15 349	15 349	-
Smart Card Operation Technology Company E-Cards	Subsidiary	Payment on behalf	1 511 875	1 511 875	-
E-nable for Outsourcing Services (eNable)	Subsidiary	Payment on behalf	5 012 285	5 012 285	-
Technological Operation for Tax solutions e-tax	Associate	Payment on behalf	5 989 754	5 989 754	-
				<u>12 529 263</u>	<u>-</u>
<u>26-2 Due to Related Parties:</u>					
Technological Operation for Financial Institution E-finance Company	Subsidiary	Collecting on behalf Payments on behalf	348 122 962 (426 950 300)	226 955 613	148 128 275
The Technology Company for Ecommerce Operations E-Aswaaq Misr	Subsidiary	Employees end of service	884 222	884 222	-
				<u>227 839 835</u>	<u>148 128 275</u>

27 Objectives and policies of financial instruments risk management

The Company is exposed to the following risks arising from the use of financial instruments:

- A) Credit risk
- B) Market risk
- C) Liquidity risk

This note provides information about the Company's exposure to each of the risks mentioned above, and the Company's objectives, policies and processes in relation to measuring and managing these risks.

The company's board of directors is responsible for developing and supervising a framework for managing the risks that the company is exposed to. The top management of the company is responsible for setting and monitoring risk management policies and submitting reports to the Board of Directors dealing with its activities on a regular basis.

The current framework for managing financial risks in the Company is a combination of formally documented risk management policies in specific areas and undocumented risk management policies used in other areas.

A) Credit risk

They are financial losses that the company incurs in the event that the client or the counterparty fails to fulfill its obligations that are regulated by the financial instrument contract, and then the company is exposed to credit risk mainly from clients, notes and other receipts, and due from related parties as well as from its financial activities, including balances with Banks.

Accounts receivable balances and notes receivable

Credit risk arises based on the company's control policy, procedures and systems related to risk management. The credit strength of the customer is measured based on a credit score card for each individual customer and the credit limit is determined based on this evaluation. The company's revenues are due to a large company of clients with financial solvency in addition to Until a large part of the company's revenues are collected in cash immediately upon implementation of the service, the outstanding balances of customers are constantly monitored, and the company conducts a study of impairment in every financial year.

The maximum exposure to risk is limited to the balances shown in (Note 15) after excluding the balance of prepaid expenses and advance payment suppliers.

Other financial assets and cash deposits

With respect to credit risk arising from the company's other financial assets at amortized cost, the entity is exposed to credit risk as a result of default by the counterparty in payment to a maximum equivalent to the carrying value of these assets.

The financial sector manages credit risk arising from bank balances, and the company limits its exposure to credit risk by depositing balances with international banks only or with reputable local banks, and local banks are subject to the supervision of the Central Bank of Egypt, and thus the risk of exposure to credit risk is weak.

The maximum exposure to risk is limited to the balances shown in (Note 16)

Due from related parties

Balances due from related parties are considered to have a minimum credit risk where the maximum exposure is equivalent to the book value of these balances.

Investments

The company limits its exposure to credit risk by preparing detailed investment studies and is reviewed by the board of directors. The company's management does not expect any failure of any of the dealing parties to fulfill its obligations.

B) Market risk

Market risk arises from the fluctuation of the fair value of future cash flows of a financial instrument as a result of changes in market prices. Examples are foreign exchange rate risk and interest rate risk, which are risks that affect the company's income. Financial instruments that are affected by market risks include interest-bearing loans and deposits, the objective of market risk management is to manage and control risk within acceptable limits while at the same time achieving remunerative returns. The company does not hold or issue derivative financial instruments.

Exposure to interest rate risk

Interest rate risk arises from fluctuations in the fair value or future cash flows of a financial instrument as a result of changes in market interest rates. The Company's exposure to risk of changes in market interest rates or not is mainly related to the company's obligations with a variable interest rate and interest-bearing deposits.

The general form of the interest rate of the company's financial instruments appears at the date of the financial statements as follows:

	30 June 2021	31 December 2020
	<u>L.E</u>	<u>L.E</u>
<u>Floating interest rate financial instruments</u>		
Financial Assets	230 710 214	430 527 096
	230 710 214	430 527 096

Exposure to foreign exchange rate risk

The following table shows the impact of a possible acceptable change in the exchange rates of the US dollar and the euro. In light of the survival of all other variable's constant, and the impact that occurred on the company's profits before taxation is due to changes in the value of assets and cash liabilities. Changes in the exchange rates of all other foreign currencies are not material.

	Exchange rate	30/6/2021	31/12/2020
<u>Foreign Currencies</u>		<u>Net Liabilities</u>	<u>Net Liabilities</u>
US Dollar	15.73	2 990	(3 324 699)
Euro	19.22	5	(56 555)

C) Liquidity risk

The company's management monitors the company's cash flows, financing and liquidity requirements of the company. The company's goal is to achieve a balance between continuity of financing and flexibility by obtaining loans from banks. The company manages liquidity risk by maintaining adequate reserves and by obtaining borrowing facilities, whereby the parent company maintains credit limits of 980.5 million Egyptian pounds by continuously monitoring expected and actual cash flows and matching the maturity of assets and financial liabilities.

The parent company has sufficient cash to pay the expected operating expenses, including the financial liabilities expenses.

The table below summarizes the maturity dates of the Company's financial obligations based on contractual undiscounted payments.

On 30 June 2021				
	Net Book Value	Less than year	From 2 to	More than 5
	<u>L.E</u>	<u>L.E</u>	<u>L.E</u>	<u>L.E</u>
Suppliers and other credit balances	11 580 781	11 580 781	-	-
Other Obligations	48 187 531	-	-	48 187 531
Due to related parties	227 839 836	227 839 836	-	-
Total	287 608 148	239 420 617	-	48 187 531

On 31 December 2020				
	Net Book Value	Less than year	From 2 to	More than 5
	<u>L.E</u>	<u>L.E</u>	<u>L.E</u>	<u>L.E</u>
Other Credit Balances	37 096 325	37 096 325	-	-
Other Obligations	47 618 472	-	-	47 618 472
Due to related parties	148 128 275	148 128 275	-	-
Total	232 843 072	185 224 600	-	47 618 472

28 Capital Management

For the purpose of managing the company's capital, it includes the capital, the issued capital and all other equity reserves of the company's shareholders.

The parent company manages its capital structure and makes adjustments to it in light of changes in business conditions as well as to meet future developments of the activity. No changes were made in the objectives, policies or processes during the year, and the Company is not subject to any external requirements imposed on its capital.

	30 June 2021	31 December 2020
Total liability	419 912 157	311 448 837
Less		
Cash & Equivalent	(230 710 214)	(430 527 096)
Net Liability	189 201 943	(119 078 259)
Total Equity	970 133 375	1 195 535 028
Percentage of net liabilities to total equity	%19.5	(% 9.9)

29 Contingent liabilities

Contingent liabilities are represented in the values of letters of guarantee that were not covered by the accounts of the Company's banks on behalf of others, except for what is covered by investment fund documents, as follows:

	30/6/2021	31/12/2020
	<u>L.E</u>	<u>L.E</u>
Letter of Guarantee	210 707 740	255 915 789

30 A system of reward and incentives for employees and managers

The extraordinary general assembly of the parent company, held on September 23, 2019, agreed to add a new chapter to the company's articles of association, which is concerned with rewarding and motivating employees and managers, which has not been done to date.

31 Capital commitments

It represents the value of the unpaid portion of the company's contribution to the capital of the investee companies, as follows:

	Contributi on Ratio	Capital commitments	
		30/6/2021	31/12/2020
	%	<u>L.E</u>	<u>L.E</u>
Delta Egypt Payments Company (S.A.E)	%10	1 000 000	500 000
E-nable for Outsourcing Services (eNable) (S.A.E)	%99.98	74 985 000	74 985 000
		<u>75 985 000</u>	<u>75 485 000</u>

32 Demerge

On December 20, 2020, the extraordinary general assembly agreed to spin-off the company according to the method of vertical division at the book value of the share and acknowledge the financial position for the financial period ending on September 30, 2020 as the basis for the date of the spin-off so that it becomes E-Finance for Technology Solutions (Joint stock company) according to The provisions of the Investment Law (the demerger company, and that spin-off results in E-Finance for Financial and Digital Investments (Joint stock company) in accordance with the provisions of the Investment Law (The demerged Company) after assigning the name from the demerger company to the demerged company. Provided that the net equity of the sharing company in the book value is an amount and its amount 1,048,789,639 Egyptian pounds, as the Economic Performance Committee excluded the value of the land and the buildings on it 69,713,889 Egyptian pounds, and the report included that the company reserves the right to increase the property rights with the value of the land and the buildings on it, immediately upon the completion of the real estate registration procedures, the net shareholders equity for the demerged company splitted from demerger company with and amount of 599 453 290 Egyptian pounds, and the demerged company becomes a subsidiary and totally owned to the demerger company so that the company purpose remains like what it was without change.

The following is a statement of the transfer balances from the demerge company on the date of the demerge:

	<u>Demerged company</u>	<u>Demerger Company</u>
	31 December 2020 <u>EGP</u>	31 December 2020 <u>EGP</u>
<u>Assets</u>		
<u>Non-current assets</u>		
Fixed assets	97 352 688	69 221 667
Right of use assets	66 235 746	-
Employee benefits long term	3 157 000	5 410 500
Projects under construction	18 799 693	-
Intangible assets	17 521	-
Financial investments in subsidiaries	-	855 902 537
Other financial assets	-	135 851 000
Deferred tax assets	15 322 496	8 380 757
Total non-current assets	200 885 144	1 074 766 461

E-Finance for Financial and Digital Investments
E-finance for Technology solutions Company (Formerly) (S.A.E)
Notes to The Financial Statements for The Financial Period ended as of June 30, 2021

Current assets

Inventory	876 215	-
Work in process	-	-
Employee benefits short term	967 312	-
Trade receivables and other debit balance	742 903 557	1 690 308
Due from related parties	148 128 275	-
Cash and cash equivalents	546 710	430 527 096
Total current assets	893 422 069	432 217 404
Total assets	1 094 307 213	1 506 983 865

Liabilities and owners' equity

Owners' equity

Paid in capital	600 000 000	800 000 000
Reserves	-	64 727 152
Retained earnings	-	330 807 876
Total owners' equity	600 000 000	1 195 545 028

Non-current liabilities

Lease liability short term	57 433 213	-
Employee benefits liability	87 718 167	47 618 472
Total non-current liabilities	145 151 380	47 618 472

Current liabilities

Provisions	10 000 000	-
Client down payment	122 610 360	-
Trade payables and other credit balances	203 802 668	37 096 325
Income tax payable	-	78 605 765
Lease contracts liability long term	12 742 805	-
Due to related parties	-	148 128 275
Total current liabilities	349 155 833	263 830 365
Total liabilities	494 307 213	311 448 837
Total liabilities and owners' equity	1 094 307 213	1 506 983 865