

B Investments Holding
"S.A.E."
Separate Financial Statements
For the Year Ended December 31, 2018
Together with Auditor's Report

*Translation of Independent Auditor's
Report Originally Issued in Arabic*

INDEPENDENT AUDITOR'S REPORT

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

Report on the Separate Financial Statements

We have audited the accompanying separate financial statements of B Investments Holding "S.A.E." which comprise the separate statement of financial position as of December 31, 2018, and the related separate statements of income, comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Separate Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these separate financial statements based on our audit. We conducted our audit in accordance with the Egyptian Standards on Auditing and applicable Egyptian Laws. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the separate financial statements are free from material misstatement.

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

made by management, as well as evaluating the overall presentation of the separate financial statements.

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

Opinion

In our opinion, the separate financial statements referred to above present fairly, in all material respects, the separate financial position of B Investments Holding "S.A.E." as of December 31, 2018, and of its separate financial performance and its separate cash flows for the year then ended in accordance with Egyptian Accounting Standards and the related applicable Egyptian laws and regulations.

Report on the Legal and Other Organizational Requirements

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

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

Cairo: March 28, 2019



B Investments Holding
Separate Statement of Financial Position as at December 31, 2018

	<u>Note</u>	<u>December 31, 2018</u>	<u>December 31, 2017</u>
		<u>EGP</u>	<u>EGP</u>
Assets			
Non-current assets			
Investments in subsidiaries (net)	(6)	9 453 732	9 453 732
Investments in joint ventures (net)	(7)	258 762 025	71 571 040
Investments in associates (net)	(8)	153 856 436	153 856 436
Available for sale investments	(9)	141 262 077	141 262 077
Investment properties (net)	(10)	113 283 717	113 468 487
Loans to associates	(11)	105 294 533	94 717 354
Project under construction	(12)	7 893 989	-
Total-non current assets		789 806 509	584 329 126
Current assets			
Other debit balances (net)	(13)	15 502 601	8 203 724
Due from related party (net)	(14)	6 000	-
Treasury bills	(15)	416 658 384	105 464 030
Cash at banks	(16)	87 564 146	94 831 788
Total current assets		519 731 131	208 499 542
Total assets		1 309 537 640	792 828 668
Equity and liabilities			
Equity			
Issued and paid-up capital	(21)	800 122 080	584 464 310
Reserves	(22)	251 345 904	10 577 468
Retained earnings		147 029 450	104 004 637
Net profit for the year		70 605 783	45 289 276
Total equity		1 269 103 217	744 335 691
Non-Current liabilities			
Deferred tax liabilities	(23)	9 437 090	8 922 951
Total-non current liabilities		9 437 090	8 922 951
Current liabilities			
Due to related parties	(17-25)	5 016 014	2 951 376
Accounts payable and other credit balances	(18)	5 980 742	7 865 578
Income tax		13 192 988	18 355 176
Provisions	(19)	6 807 589	10 397 896
Total current liabilities		30 997 333	39 570 026
Total equity and liabilities		1 309 537 640	792 828 668

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

Chief Financial Officer
Ahmed Abdel Monem Madbouly

Ahmed Madbouly
- Auditor's report attached.

Chief Executive Officer
Dr. Mohamed Abdel Monem Omran

Dr. Mohamed Abdel Monem Omran

Chairman
Mohamed Hazem Adel Barakat

Mohamed Hazem Adel Barakat

B Investments Holding
Separate Statement of Income for the year ended December 31, 2018

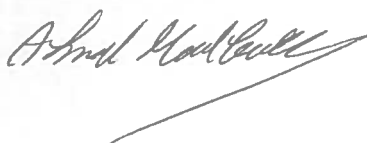
	<u>Note</u>	<u>December 31, 2018</u>	<u>December 31, 2017</u>
		<u>EGP</u>	<u>EGP</u>
<u>Income and profits</u>			
Dividends income from available for sale investments		26 207 721	22 592 864
Dividends income from investments in associates and joint ventures		2 207 003	12 706 183
Company's remuneration for membership in the BOD of associate		1 065 806	3 746 058
Rental income	(10)	2 700 000	3 150 000
Reversal of impairment in notes receivable		-	3 209 132
Provisions no longer required	(19)	2 500 000	-
Foreign exchange differences		1 802 676	-
Finance income	(26)	84 211 050	34 251 093
		120 694 256	79 655 330
<u>Expenses and losses</u>			
Depreciation of investment properties	(10)	(330 450)	(318 312)
Management fees	(28)	(16 311 803)	(11 651 349)
Consulting fees and other expenses	(27)	(15 438 372)	(9 889 942)
Board of directors allowances		(152 700)	-
Formed provisions		-	(2 500 000)
Impairment in due from related parties		-	(1 143 958)
Impairment in other debit balances	(20)	(2 954 500)	-
Foreign exchange differences		-	(3 951 673)
Net profit for the year before income tax		85 506 431	50 200 096
Income tax		(14 386 509)	(18 355 176)
Deferred tax	(23)	(514 139)	13 444 356
Net profit for the year		70 605 783	45 289 276
Basic and diluted earnings per share	(24)	0.48	0.39

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

Chief Financial Officer
Ahmed Abdel Monem Madbouly

Chief Executive Officer
Dr. Mohamed Abdel Monem Omran

Chairman
Mohamed Hazem Adel Barakat





B Investments Holding

Separate Statement of Comprehensive Income for the Year Ended December 31, 2018

	<u>December 31, 2018</u>	<u>December 31, 2017</u>
	<u>EGP</u>	<u>EGP</u>
Net profit for the year	70 605 783	45 289 276
Other comprehensive income	-	-
Total comprehensive income for the year	<u>70 605 783</u>	<u>45 289 276</u>

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

B Investments Holding
Separate Statement of Changes in Equity for the Year Ended December 31, 2018

<u>Note</u>	<u>Issued and paid-up capital</u> EGP	<u>Legal reserve</u> EGP	<u>Capital issuance costs</u> EGP	<u>Retained earnings</u> EGP	<u>Net profit for the year</u> EGP	<u>Total equity</u> EGP
	584 464 310	6 997 113	-	35 977 893	71 607 099	699 046 415
Items of other comprehensive income						
	-	-	-	-	-	-
	-	-	-	-	45 289 276	45 289 276
	-	-	-	-	45 289 276	45 289 276
The company's shareholders transactions						
	-	3 580 355	-	(3 580 355)	-	-
	-	-	-	71 607 099	(71 607 099)	-
	-	3 580 355	-	68 026 744	(71 607 099)	-
	584 464 310	10 577 468	-	104 004 637	45 289 276	744 335 691
	584 464 310	10 577 468	-	104 004 637	45 289 276	744 335 691
Items of other comprehensive income						
	-	-	-	-	70 605 783	70 605 783
	-	-	-	-	70 605 783	70 605 783
The company's shareholders transactions						
	-	2 264 463	-	(2 264 463)	-	-
	-	-	-	45 289 276	(45 289 276)	-
	215 657 770	242 614 991	(4 111 018)	-	-	454 161 743
	215 657 770	244 879 454	(4 111 018)	43 024 813	(45 289 276)	454 161 743
	800 122 080	255 456 922	(4 111 018)	147 029 450	70 605 783	1 269 103 217

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

B Investments Holding
Separate Statement of Cash Flows for the Year Ended December 31, 2018

	<u>Note</u>	<u>December 31, 2018</u>	<u>December 31, 2017</u>
		<u>EGP</u>	<u>EGP</u>
<u>Cash flows from operating activities</u>			
Net profit for the year before income tax		85 506 431	50 200 096
<u>Adjusted by :</u>			
Foreign exchange differences		(1 802 676)	3 951 673
Reversal of impairment in notes receivable		-	(3 209 132)
Credit interest - treasury bills	(26)	(60 777 500)	(6 421 384)
Credit interest	(26)	(23 190 028)	(27 829 709)
Formed provisions		-	2 500 000
Provisions no longer required	(19)	(2 500 000)	-
Utilization of the provision		(1 090 307)	-
Impairment in due from related parties		-	1 143 958
Impairment in other debit balances	(13)	2 954 500	-
Depreciation of investment properties	(10)	330 450	318 312
Operating (loss)gain before changes in working capital		(569 130)	20 653 814
Decrease in notes receivable		-	63 832 364
Increase in due from related parties		(6 000)	(63 427)
Increase in other debit balances		(9 320 055)	(2 775 461)
Increase in due to related parties		2 064 638	38 539
Increase (Decrease) in accounts payable and other credit balances		(1 885 069)	793 235
Decrease in other liabilities		-	(5 799 975)
Paid income tax during the year		(18 355 176)	-
Net Cash flows (used in) generated by operation		(28 070 792)	76 679 089
<u>Cash flows from investment activities</u>			
Proceeds from credit interest		12 755 380	29 331 012
Payments to acquire investments in joint ventures	(7)	(187 190 985)	(16 249 800)
Payments to acquire investment properties	(10)	(145 680)	-
Payments for project under construction	(12)	(7 893 989)	-
Payments loan to associates		-	(94 717 354)
Change in long term deposits		(3 838 388)	24 162 709
Net proceeds from sale and redemption of (Payments to acquire) treasury bills	(15)	166 241 530	(99 042 646)
Net cash flows used in investment activities		(20 072 132)	(156 516 079)
<u>Cash flows from financing activities</u>			
Proceeds from capital increase		463 664 205	-
Payment for new shares issuance cost		(10 695 983)	-
Net cash flows generated by financing activities		452 968 222	-
Net change in cash and cash equivalents during the year		404 825 298	(79 836 990)
Cash and cash equivalents at the beginning of the year	(16)	26 461 610	110 250 273
Effects of foreign exchange rate changes		(429)	(3 951 673)
Cash and cash equivalents at the end of the year	(16)	431 286 479	26 461 610

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

1. General information

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

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

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

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

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

- The Board of Directors authorized these separate financial statements for the year ended December 31, 2018 issue on March 28, 2019.

2. Statement of compliance

The separate financial statements have been prepared in accordance with the Egyptian Accounting Standards issued by the Minister of Investment's Decree No. 110 of 2015 and applicable laws and regulations. The Egyptian Accounting Standards require referral to International Financial Reporting Standards "IFRS", when no Egyptian Accounting Standard or legal requirement exists to address certain types of transactions and treatments.

3. Separate financial statements' basis of preparation

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

4. Critical accounting judgments and key sources of uncertain estimation

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

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

Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods, if the revision affects both current and future periods. The following are the critical judgments and estimates that the management has made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognized in the separate financial statements:

Provisions and contingent liabilities

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

Impairment of financial assets

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

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

Impairment of non-current assets

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

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

Recognition and measurement of current tax liabilities

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

5. Significant accounting policies

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

a. Investments in subsidiaries

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

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

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

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

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

b. Investments in associates

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

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

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

c. Investments in joint venture

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

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

d. Available for sale investments

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

After initial recognition, AFS investments are subsequently measured at fair value with gains or losses resulting from fair value measurement recognized directly in equity, until the investment is derecognized, at which time the cumulative gain or loss previously recognized in equity are then recognized in the profit or loss. In case there is objective evidence that an impairment loss has been incurred on AFS investments at the date of the financial statements, the cumulative loss that had been previously recognized in equity are removed from equity and recognized in profit or loss even though the investments have not been derecognized.

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

e. Investment properties

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

An investment property is derecognized upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on de-recognition of the property is included in the income statement in the period in which the property is derecognized. Gain or loss on de-recognition is calculated as the difference between the net disposal proceeds and the carrying amount of the asset.

Investment property, except for land, is depreciated using the straight line method, depreciation is charged to the income statement over the useful life of each investment property. The following are estimated useful lives for investment properties that are used to calculate depreciation:

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

f. Cash and cash equivalents

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

g. Cash flows statement

The cash flows statement is prepared applying the indirect method.

h. Foreign currency translation

The financial statements are presented in Egyptian pounds, being the currency of the primary economic environment in which the entity operates (its functional currency). Transactions in currencies other than Egyptian pounds are recorded at the rates of exchange prevailing at the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated to Egyptian pounds at the rates prevailing at the balance sheet date.

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

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

i. Revenue recognition and measurement

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

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

The company`s revenue represented below:

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

j. Taxation

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

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

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

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

Deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity unless those related items recognized in equity have affected taxable profit and calculation

of current tax expense for the year, then the related deferred tax is recognized in the income statement.

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

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

k. Provisions

Provisions are recognized when the company has a present obligation (legal or constructive) as a result of past events and that it is probable that an outflow of economic resources will be required to settle the obligation, the costs to settle related obligations are probable and a reliable estimate is made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation.

Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows. Where discounting is used, the carrying amount of a provision increases in each period to reflect the value of time. This increase is recognized in the Income statement as finance costs.

l. Dividends

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

m. Earnings per Share

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

n. Impairment of assets

Impairment of non-financial assets

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

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

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

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

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

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

Impairment of financial assets

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

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

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

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

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

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

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

o. Financial instruments

Financial assets

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

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

Financial derivatives

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

Changes in fair value of derivatives during each financial period are charged to the income statement.

Embedded derivatives resulting from contractual terms contained in agreements in which the company may enter as a party with respect of both financial and non-financial instruments. Embedded derivatives that meet recognition criteria are recognized separately from the host contract and are measured at fair value through profit or loss in accordance with the accounting requirements. Moreover, that if the separation conditions is applicable on the established contracts and have the same general properties as the separate financial derivatives.

Effective interest method

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

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

Financial liabilities and equity instruments issued by the Company

Classification as debt or equity

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

Equity instruments

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

Financial liabilities

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

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

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

6. **Investments in subsidiaries (net)**

	No. of Shares	Ownership %	December 31, 2018 EGP	December 31, 2017 EGP
Beard A.G. Company "Beard"	39 000	60 %	18 703 076	18 703 076
Payments under Investments in subsidiaries*			18 162 758	18 162 758
Less: Impairment in Beard A.G.**			(27 412 102)	(27 412 102)
			9 453 732	9 453 732

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

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

7. **Investments in joint ventures (net)**

	No. of Shares	Ownership %	December 31, 2018 EGP	December 31, 2017 EGP
Inergia Technologies for Information Systems S.A.E" Inergia	5 532 124	%68.04	55 321 240	55 321 240
Ebtikar for Financial Investment	771 097	%19.35	77 109 700	16 249 800
Gourmet Egypt.Com Foods S.A.E.*	3 127 950	%52.9	92 627 255	--
Payments under capital increase in Gourmet Egypt.Com Foods S.A.E.*	--	--	33 703 830	
Red Sea Venture for Solar Energy	7 425	%49.5	5 727 150	5 727 150
Less: Impairment in investments (Red Sea Venture for Solar Energy)			(5 727 150)	(5 727 150)
			258 762 025	71 571 040

Inergia Technologies for Information Systems "Inergia"

Pursuant to the shareholders' agreement, Inergia an SPV created late 2006 by the Company and the management team of Giza Systems Company "S.A.E" "Giza Systems" for the

purpose of owning a controlling stake in Giza Systems. Currently, Inergia owns a stake of 65.7% in Giza Systems' shares.

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

Ebtikar for Financial Investment

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

During 2018, Ebtikar's board of Directors decided to increase the company's capital, the company has subscribed to 608 599 shares equivalent to EGP 60,859,900.

As a result, the interest of the company and the other shareholders (mentioned above) in Ebtikar for Financial Investments decreased to 43.8%, however it did not resulted in change of the ability to jointly control over the investee.

*Gourmet Egypt .com Foods

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

Red Sea Venture for Solar Energy

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

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

<u>Name of Company</u>	<u>No. of</u>	<u>Ownership</u>	<u>December 31,</u>	<u>December 31,</u>
	<u>Shares</u>	<u>%</u>	<u>2018</u>	<u>2017</u>
			<u>EGP</u>	<u>EGP</u>
Al Retail for Trade and Investment	727 526	22.79%	7 275 258	7 275 258
Madinet Nasr for Housing and Development S.A.E	90 064 514	7.51%	153 854 685	153 854 685
Infinity Solar 1 B.V	246	24.6%	--	--
Infinity Solar 2 B.V	175	17.5%	--	--
Infinity Solar 3 B.V	175	17.5%	--	--
<u>Less:</u> Impairment in (Al Retail for Trade and Investment)			(7 273 507)	(7 273 507)
			<u>153 856 436</u>	<u>153 856 436</u>

MNHD

Investment in Madinet Nasr for Housing and Development (MNHD) was classified as investments in associates as the Company has significant influence over MNHD through its direct stake and the stake owned by BIG Investments Group B.V.I Co. (related party) which holds a stake of 19.9% of the total shares of MNHD, therefore both companies own collectively 27.41% of MNHD's shares, and that have been done after taking into considerations that both BIG for Investment B-V-I and B Investments Holding are managed by a management contract (solo) between both companies and BPE Partners S.A.E.

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

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

The shareholders' agreements signed by the Company and other shareholders regulate the operation and management of the solar companies and the relationship between shareholders. The terms of shareholders' agreements entitle the company to exercise significant influence over the solar entities' through participation in the financial and

operating policy decisions of the investees and accordingly are accounted for as investments in associates.

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

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

The finance made by the Company to the three solar entities, which takes the form of shareholders loans, reached EGPM 105.3 equivalent to USD 5.89 M at December 31, 2018 (note 11).

9. Available for sale investments

<u>Name of Company</u>	<u>No. of Shares</u>	<u>Ownership %</u>	<u>December 31,</u>	<u>December 31,</u>
			<u>2018</u>	<u>2017</u>
			<u>EGP</u>	<u>EGP</u>
Total Egypt LLC "Total"	412 809	7.97%	141 262 077	141 262 077
			141 262 077	141 262 077

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

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

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10. Investment properties (Net)

	<u>Mohandseen</u>		<u>Maadi</u>		<u>Total</u>
	<u>Administration Building</u>		<u>Administration Building</u>		
	<u>EGP</u>		<u>EGP</u>		
<u>Cost</u>	<u>Building</u>	<u>Land</u>	<u>Building</u>	<u>Land</u>	<u>EGP</u>
On January 1, 2018	6 410 639	40 585 000	9 504 959	57 922 825	114 423 423
Additions during the year	--	--	145 680	--	145 680
On December 31, 2018	6 410 639	40 585 000	9 650 639	57 922 825	114 569 103
<u>Accumulated depreciation</u>					
On January 1, 2018	384 639	--	570 297	--	954 936
Depreciation during the year	128 213	--	202 237	--	330 450
On December 31, 2018	512 852	--	772 534	--	1 285 386
Netbook value as of December 31, 2018	5 897 787	40 585 000	8 878 105	57 922 825	113 283 717
Netbook value as of December 31, 2017	6 026 000	40 585 000	8 934 662	57 922 825	113 468 487

These properties were registered in the name of the company. The fair value of the Investment Properties reached EGP 122 739 565 at December 31, 2018 according to the most recent real state valuation report prepared by an independent valuator. On June 30, 2018 Mohandseen lease agreement was terminated.

11. Loans to associates

	<u>December 31, 2018</u>	<u>December 31, 2017</u>
	<u>EGP</u>	<u>EGP</u>
Infinity Solar 1 B.V	31 417 578	28 261 580
Infinity Solar 2 B.V	52 709 895	47 415 014
Infinity Solar 3 B.V	21 167 060	19 040 760
	105 294 533	94 717 354

On December 31, 2017, the Company signed shareholder loan agreements with its investees, the solar entities as disclosed in note 8. The loans were made pursuant to the

shareholders' agreements governing the Company's investments in the solar entities. The Company's funding to its investees is in the form of shareholder loans that will be repaid, from the operation of the solar plants projects undertaken in Egypt by the investees of the solar entities, during the investment period and on the company's exit from the investments if sale or exercise of the put options occur before full repayment.

Total loan amount at December 31, 2018 reached USD 5.89 M equivalent to EGP 105.3 M, and earn interest rate of 10 % per annum.

12. Project under construction

Project under construction represents the amounts paid for decorations and fixtures work for the administrative building located in Maadi area (Investment property – Note 10), On April 15, 2018 a lease agreement for the building was signed for three years that will start from the delivery date after completion of the decorations and facilities and at the financial statements date the building has not been delivered.

13. Other debit balances (Net)

	<u>December</u> <u>31,2018</u> <u>EGP</u>	<u>December 31,</u> <u>2017</u> <u>EGP</u>
Deposits held with others	46 795	46 795
Accrued interest	932 930	2 456 585
Accrued rental income	3 404 500	2 250 000
Accrued dividends income	2 207 002	2 585 420
Prepaid expenses	128 308	113 353
Debit income tax	47 852	47 852
Withholding tax receivable	9 000	9 000
Withholding tax on treasury bills	11 332 271	--
Advance payment to suppliers	348 443	694 719
Less : Impairment in other debit balances	(2 954 500)	--
	<u>15 502 601</u>	<u>8 203 724</u>

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14. Due from related party (net)

	<u>Relationship</u> <u>nature</u>	<u>Account</u> <u>nature</u>	<u>December 31,</u> <u>2018</u> <u>EGP</u>	<u>December 31,</u> <u>2017</u> <u>EGP</u>
Red Sea venture for solar energy	Joint venture	Current account	1 149 958	1 143 958
Less: Impairment in due from related party			(1 143 958)	(1 143 958)
			6 000	--

15. Treasury bills

	<u>December 31,</u> <u>2018</u> <u>EGP</u>	<u>December 31,</u> <u>2017</u> <u>EGP</u>
Treasury bills – less than 3 months	432 125 000	112 250 000
Less: unrealized interest	(15 466 616)	(6 785 970)
	416 658 384	105 464 030

16. Cash at banks

	<u>December 31,</u> <u>2018</u> <u>EGP</u>	<u>December 31,</u> <u>2017</u> <u>EGP</u>
Current accounts - local currencies	14 604 697	4 934 409
Current accounts - foreign currencies	23 398	751 718
Time-deposits - local currencies	--	20 775 483
Time deposits - foreign currencies	72 936 051	68 370 178
	87 564 146	94 831 788

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

	<u>December 31,</u> <u>2018</u> <u>EGP</u>	<u>December 31,</u> <u>2017</u> <u>EGP</u>
Cash at banks	87 564 146	94 831 788
Treasury bills – less than 3 months	416 658 384	--
Less: Time Deposits – More than 3 months	(72 936 051)	(68 370 178)
	<u>431 286 479</u>	<u>26 461 610</u>

17. Due to related parties

	<u>Relationship</u> <u>nature</u>	<u>Account</u> <u>nature</u>	<u>December 31,</u> <u>2018</u> <u>EGP</u>	<u>December 31,</u> <u>2017</u> <u>EGP</u>
BPE Partners S.A.E	Management company	Management fees	5 016 014	2 951 376
			<u>5 016 014</u>	<u>2 951 376</u>

18. Accounts payable and other credit balances

	<u>December 31,</u> <u>2018</u> <u>EGP</u>	<u>December 31,</u> <u>2017</u> <u>EGP</u>
Accounts payable	14 761	97 875
Accrued expenses	5 670 149	7 705 232
Withholding tax	295 832	62 471
	<u>5 980 742</u>	<u>7 865 578</u>

19. Provisions

	<u>December 31,</u> <u>2017</u> <u>EGP</u>	<u>No longer</u> <u>required</u> <u>EGP</u>	<u>Used during</u> <u>the year</u> <u>EGP</u>	<u>December 31,</u> <u>2018</u> <u>EGP</u>
Provision for claims	10 397 896	(2 500 000)	(1 090 307)	6 807 589
	<u>10 397 896</u>	<u>(2 500 000)</u>	<u>(1 090 307)</u>	<u>6 807 589</u>

20. Impairment movement in financial and non-financial assets

	<u>December 31,</u> <u>2017</u>	<u>Formed</u>	<u>December 31,</u> <u>2018</u>
	<u>EGP</u>	<u>EGP</u>	<u>EGP</u>
Impairment in joint venture investment	5 727 150	--	5 727 150
Impairment in subsidiaries investment	27 412 102	--	27 412 102
Impairment in associate investment	7 273 507	--	7 273 507
Impairment in due from related parties	1 143 957	--	1 143 957
Impairment in other debit balances	--	<u>2 954 500</u>	2 954 500
Total movement during the year		<u>2 954 500</u>	

21. Capital

The Company's authorized capital amounted to EGP 2.4 billion, and the issued and paid-up capital amounted to EGP 584 464 310 divided into 116 892 862 shares of EGP 5 par value each on December 31, 2017.

On December 20, 2017, the shareholders in the extra ordinary general assembly approved the increase of the company's issued capital with a maximum amount of EGP 375 million, the increase was effected through an initial public offering and private subscription, the subscription of such increase was offered based on the fair value of the new shares as determined by an independent financial advisor. On March, 2018 the subscriptions were allocated to shareholders by 38 131 554 shares of EGP 10.75 per share includes issuance cost of EGP 0.125 per share. The capital increase was registered in the commercial register on April 24, 2018, The capital structure after the completion of the legal procedures became issued and paid-up capital with total amount of EGP 775 122 080 divided into 155 024 416 shares of EGP 5 par value each. Total proceeds collected from the capital increase amounted to EGP 409 914 205 comprise of EGP 190 657 770 representing the par value of the issued shares, EGP 214 489 991 representing share premium of the issued shares which transferred to legal reserve, and EGP 4 766 444 representing shares' issuance fees. The collected proceeds were offset by an amount of EGP 10 625 983 representing shares' issue costs incurred by the Company.

On December 20, 2017 the extraordinary general assembly meeting approved increase the issued capital by cash increase following the private subscription through issuing shares by the same number of shares that sold through initial public offering amounted 5 000 000 share and the subscription in this increase to be limited on shareholders that selling their shares through the public offering and the subscription to be done by the same public offering price. Total proceeds from the capital increase amounted to EGP 53 750 000 which comprise of EGP 25 000 000 representing the par value of the issued shares, EGP 28 125 000 representing share premium of the issued shares and EGP

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625 000 representing shares' issuance fees and has been registered on the commercial register on July 18, 2018.

The issued and paid-up after the increase amount of EGP 800 122 080 divided into 160 024 416 shares of EGP 5 par value each.

22. Reserves

	<u>December 31,</u> <u>2018</u> <u>EGP</u>	<u>December 31,</u> <u>2017</u> <u>EGP</u>
Beginning balance	10 577 468	6 997 113
Transferred from prior year net profit	2 264 463	3 580 355
Legal reserve - share premium*	242 614 991	--
Leal reserve	255 456 922	10 577 468
Capital issuance costs	(4 111 018)	--
	<u>251 345 904</u>	<u>10 577 468</u>

* The balance represents the share premium paid by the subscribers in the capital increase (note 21), which was transferred into legal reserve in accordance with the requirements of Law No. 159 of 1981.

23. Deferred tax liabilities

	<u>Temporary</u> <u>difference</u> <u>EGP</u>	<u>Deferred tax</u> <u>liability</u> <u>EGP</u>
<u>Deferred tax liability form the depreciation of investment properties</u>		
Balance at December 31, 2017	(1 432 401)	(322 290)
Movement during the year (on income statement)	(501 720)	(112 887)
Balance at December 31, 2018.	<u>(1 934 121)</u>	<u>(435 177)</u>
<u>Deferred tax liability on unrealized foreign exchange difference.</u>		
Balance at December 31, 2017	(38 225 164)	(8 600 661)
Movement during the year (on income statement)	(1 783 340)	(401 252)
Balance at December 31, 2018.	<u>(40 008 504)</u>	<u>(9 001 913)</u>
Net deferred tax at December 31, 2018.	<u>(41 942 625)</u>	<u>9 437 090</u>
Total movement in profit and losses during December 31, 2018.		<u>514 139</u>

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

	<u>December 31,</u> <u>2018</u> <u>EGP</u>	<u>December 31,</u> <u>2017</u> <u>EGP</u>
Impairment in joint venture investment	5 727 150	5 727 150
Impairment in associate Investment	7 273 507	7 273 507
Impairment in subsidiaries Investment	27 412 102	27 412 102
Provisions	6 807 589	10 397 896
Impairment in due from related parties	1 143 957	1 143 957
Impairment in other debit balance	2 954 500	--
	<u>51 318 805</u>	<u>51 954 612</u>

24. Basic and diluted profits per share

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

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

	<u>December 31,</u> <u>2018</u> <u>EGP</u>	<u>December 31,</u> <u>2017</u> <u>EGP</u>
Net profit for the year	70 605 783	45 289 276
Less: Board of directors profit share*	(1 353 469)	--
	<u>69 252 314</u>	<u>45 289 276</u>
Weighted average number of shares	145 506 976	116 892 862
Basic and diluted earnings per share	<u>.048</u>	<u>0.39</u>

* As per dividends distribution proposal by board of directors (note 33)

25. Significant related parties' transactions

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

<u>Company name</u>	<u>Type of relation</u>	<u>Type of transaction</u>	<u>Value of transaction</u>
BPE Partners S.A.E.	Management company	Management fees	(16 311 803)
		Expenses on behalf of the company	(484 111)
Infinity Solar 1 B.V	Associate	Credit interest on loans	2 840 955
Infinity Solar 2 B.V	Associate	Credit interest on loans	4 766 326
Infinity Solar 3 B.V	Associate	Credit interest on loans	1 914 045

26. Finance income

	<u>December 31,</u> <u>2018</u> <u>EGP</u>	<u>December 31,</u> <u>2017</u> <u>EGP</u>
Credit interest for loans to associates	9 521 326	--
Interest income on time deposits and bank current accounts	13 912 224	14 889 487
Interest income on notes receivable	--	12 940 222
Return on treasury bills	60 777 500	6 421 384
	<u>84 211 050</u>	<u>34 251 093</u>

27. Consulting fees and other expenses

	<u>December 31,</u> <u>2018</u> <u>EGP</u>	<u>December 31,</u> <u>2017</u> <u>EGP</u>
Bank charges	220 195	47 256
Consulting fees	11 441 576	7 807 494
Travelling expenses for share issuance	321 682	42 361
Insurance expenses	302 350	231 848
Government fees	1 243 470	1 415 758
Other expenses	1 909 099	345 225
	<u>15 438 372</u>	<u>9 889 942</u>

28. Management agreement

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

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

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

29. Financial instruments and risk management

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

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

Capital management

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

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

Categories of financial instruments

	<u>December 31,</u> <u>2018</u>	<u>December 31,</u> <u>2017</u>
<u>Financial assets</u>		
Cash and cash equivalents	87 564 146	94 831 788
Loans and receivable	120 803 134	102 921 078
Financial assets available for sale	557 920 461	246 726 107
<u>Financial liabilities</u>		
Financial liabilities at amortized cost	17 804 345	21 214 850

Financial Risk Management Objectives

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

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

Foreign currency risk

Foreign currency risk represents fluctuations in exchange rates of foreign currencies, which affects receipts and disbursements in foreign currencies as well as the evaluation of assets and liabilities denominated in foreign currencies. Management monitors the company's foreign currencies position and the exchange rates declared by banks, and reduces overdrafts in foreign currencies, on an ongoing-basis, which reduces this risk to a minimum level.

Interest rate risk

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

Liquidity risk

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

Credit risk

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

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

	<u>December 31, 2018</u>	<u>December 31, 2017</u>
	<u>EGP</u>	<u>EGP</u>
Cash at banks	87 564 146	94 831 788
Due from related parties	6 000	--
Other debit balances	15 502 601	8 203 724
Treasury bills	416 658 384	105 464 030
Loans to associates	105 294 533	94 717 354
	<u>625 025 664</u>	<u>303 216 896</u>

30. Tax position

Corporate Tax

The Company submitted its corporate tax for each year according to the provisions of the Income Tax Law and its amendments since inception date until December 31, 2017 according to the Income Tax Law No. 91 of 2005.

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

Years 2009/2012: The inspection, Associating and payment are done

Years 2013/2016 : -The Company was notified with Form No. (19) At August 21, 2018, the company has been appealed in the legal deadlines, and the appeal was considered through the Commission for the termination of disputes and the Commission will be issued a decision to amend the net tax base for 2013 with approval of the tax base for the years 2014/2016 and payment was done, the final clearance from the tax authority still pending.

Salary tax:

Years: 2005 /2010, The Company was notified with Form No. (38) With a deem basis of tax, the company has been appealed in the legal deadlines, taking into consideration that the Company have not employees and the related documents has been provided.

Years: 2011 /2016, the supporting documents that the Company have not employees subject to the payroll tax in addition to the years 2005/2010 were provided for inspection.

Stamp Tax

The period from the beginning of the activity until 2015: The Company has not received any notices of stamp duty inspection.

Withholding Tax

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

31. Contingent liability

Pursuant to the Purchase Agreement dated September 18, 2018, if Gourmet Egypt.com Foods recognized profits exceeds certain level of profits for the financial year ended 31 December 2019, B Investments Holding shall pay price difference for the old shareholders up to 60 MEGP.

32. Significant Events during the year

- On October 14, 2018, MNHD has received an offer from 6th of October Company for Development and Investment S.A.E. (SODIC) regarding an intent of Mandatory Purchase Offer for the company's shares by direct exchange (Share swap only).
- On October 15, 2018, MNHD Board of Directors had decided studying the offer and delegate MNHD Managing Director for appointing an independent financial advisor to present his report to Board of Directors, also appointing a legal counsel for that transaction and the exchange of information between the two companies, until MNHD receives the final offer from SODIC.
- The Ministry of Finance has issued periodic instructions no. 109 of 2018 on 9th of October 2018 related to the remittance of the contributions of the New Health Insurance Scheme according to the Comprehensive Health Insurance Law no. 2 of 2018 and its executive regulations. According to the law and its executive regulations, the Egyptian Tax Authority shall collect 0.25% of the economical authorities, sole partnerships and companies' (regardless of its type or legal structure) annual total revenues as a solidarity contribution upon filing the corporate income tax return. This contribution shall not be considered a deductible expense upon applying the provisions of the Income Tax Law.

33. Subsequent events

- On 22 January 2019, MNHD Board of Directors have decided not to complete negotiations with SODIC regarding the intention to make an obligatory purchase offer on the company's shares.
- On February 28, 2019, Ebtikar for Financial Investment Board of Director meeting approved to increase its capital by an amount of EGP 76 840 000 the Company subscribed in this capital increase, the company's interest increased from 19.35% to 19.68%. The capital increase was registered in the commercial register on March 24, 2019.
- On March 28, 2019 The company board of Directors approved dividends proposal for year ending in December 31, 2018 for shareholders of 50 piasters per share and an amount of EGP 1 353 469 for the Board of Director members, the proposal will be submitted to the Company general assembly for approval.
- On March 28, 2019, the Minister of Investment and International cooperation issued Decision No. 96 of 2019 amending some of Egyptian Accounting standards and published three accounting standards, The Egyptian Accounting Standard No. (47) for financial instruments and the Egyptian Accounting Standard No. (48) for revenue from contracts with Customers and the Egyptian Accounting Standard No. (49) For leasing contracts in implementation of the financial leasing and Allocation Act No. 176 of 2018.