

BPE Holding for Financial Investment "S.A.E"
Separate Condensed Interim Financial Statements
For the six months ended June 30, 2016
Together with Review Report

*Translation of Review Report
Originally Issued in Arabic*

Review Report

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

Introduction

We have reviewed the accompanying separate condensed interim financial statements of BPE Holding for Financial Investment – S.A.E which comprise the separate condensed interim statement of financial position as of June 30, 2016 and the related separate interim statements of income, comprehensive income, changes in equity and cash flows for the six months period then ended, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and fair presentation of the separate condensed interim financial statements in accordance with Egyptian Accounting Standard No. (30)" Interim financial statements". Our responsibility is to express a conclusion on these separate condensed interim financial statements based on our review.

Scope of Review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying separate condensed interim financial statements do not present fairly in all material respects the separate financial position of the entity as at June 30, 2016, and of its separate financial performance and its separate cash flows for the six months then ended in accordance with Egyptian Accounting Standard No. (30)" Interim financial statements".

Cairo, October 13, 2016



Kamel M. Saleh, FCA
F.E.S.A.A. (R.A.A. 0510)
CMA Registration No "69"

BPE Holding for Financial Investments "S.A.E"
Separate Condensed Interim Statement of Financial Position as at June 30, 2016

	<u>Note</u>	<u>June 30, 2016</u> EGP	<u>December 31, 2015</u> EGP
<u>Current assets</u>			
Cash at banks	(4)	97 399 851	84 030 483
Investment in monetary funds	(5)	4 036 672	-
Due from related parties	(6-1, 14)	458 441	426 207
Other debit balances	(7)	3 840 953	3 134 443
Notes receivable - current portion		59 400 000	59 400 000
Total current assets		165 135 917	146 991 133
<u>Non-current assets</u>			
Investments in subsidiaries (net)		9 453 732	9 453 732
Investments in joint venture	(8)	61 048 390	57 294 790
Investments in associates (net)	(9)	153 856 436	157 251 786
Available for sale investments		141 262 077	141 262 077
Investment properties (net)	(10)	113 945 955	114 105 111
Notes receivable - non current portion	(11)	5 041 168	5 844 939
Deferred tax assets		-	812 799
Total-non current assets		484 607 758	486 025 234
Total assets		649 743 675	633 016 367
<u>Equity</u>			
Issued and paid-up capital		584 464 310	584 464 310
Legal reserve		6 997 113	6 997 113
Retained earnings		35 977 893	45 960 695
Net profit (Loss) for the priod / year		15 597 821	(9 982 802)
Total equity		643 037 137	627 439 316
<u>Non-Current liabilities</u>			
Deferred tax liabilities		1 220 761	-
Total-non current liabilities		1 220 761	-
<u>Current liabilities</u>			
Due to related parties	(6-2,14)	2 912 837	2 901 861
Accounts payable and other credit balances		2 372 940	2 475 190
Provisions		200 000	200 000
Total current liabilities		5 485 777	5 577 051
Total equity and liabilities		649 743 675	633 016 367

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

Chief Financial Officer
Ahmed Abdel Monem Madbouly

Chief Executive Officer
Dr. Mohamed Abdel Monem Omran

Chairman
Mohamed Hazem Adel Barakat

- Review report attached.

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

Separate Condensed Interim Income Statement of Income for the six months ended on June 30, 2016

	Note	six months ended		three months ended	
		June 30, 2016	June 30, 2015	June 30, 2016	June 30, 2015
		EGP	EGP		
Income and Profits					
Dividends revenue from Available for sale investments		11 620 260	5 737 870	11 620 260	-
Company's remuneration for membership in the BOD of the investees		1 165 013	933 783	1 165 013	-
Gain on sale of investments in joint venture		31 075	-	-	-
Rental income		450 000	450 000	225 000	225 000
Finance income	(12)	11 478 172	7 758 744	738 986	871 247
		<u>24 744 520</u>	<u>14 880 397</u>	<u>13 749 259</u>	<u>1 096 247</u>
Expenses and Losses					
Depreciation of investment properties		(159 156)	(156 976)	(79 578)	(78 488)
Management fees		(5 825 675)	(5 825 675)	(2 912 838)	(2 912 838)
Consulting fees and other expenses		(1 045 808)	(1 888 314)	(643 865)	(1 384 644)
Professional fees		(82 500)	(75 000)	(45 000)	(45 850)
Impairment of notes receivable		-	(7 050 703)	-	-
Formed provision		-	(100 000)	-	(50 000)
Net profit (losses) for the period before income tax		<u>17 631 381</u>	<u>(216 271)</u>	<u>10 067 978</u>	<u>(3 375 573)</u>
Current income tax		<u>(2 033 560)</u>	<u>(316 501)</u>	<u>(358 652)</u>	<u>666 467</u>
Net profit (losses) for the period after income tax		<u>15 597 821</u>	<u>(532 772)</u>	<u>9 709 326</u>	<u>(2 709 106)</u>
Basic and diluted earnings per share from the net profit (losses) for the Period	(13)	<u>0.27</u>	<u>(0.01)</u>	<u>0.17</u>	<u>(0.05)</u>

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

Chief Financial Officer
Ahmed Abdel Monem Madbouly



Chief Executive Officer
Dr. Mohamed Abdel Monem Omran

Chairman
Mohamed Hazem Adel Barakat



BPE Holding for Financial Investments "S.A.E"
Separate Condensed Interim Other Comprehensive Income Statement for the six months ended on June 30, 2016

	Note	Six months ended		Three months ended	
		June 30, 2016	June 30, 2015	June 30, 2016	June 30, 2015
		EGP	EGP	EGP	EGP
Net profit (losses) for the period after income tax		15 597 821	(532 772)	9 706 326	(2 709 106)
Other Comprehensive Income		-	-	-	-
Total Other Comprehensive Income for the period		-	-	-	-
Total Comprehensive Income for the period		15 597 821	(532 772)	9 706 326	(2 709 106)

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

Chief Financial Officer
Ahmed Abdel Monem Madbouly



Chief Executive Officer
Dr. Mohamed Abdel Monem Omran

Chairman
Mohamed Hazem Adel Barakat



BPE Holding for Financial Investments "S.A.E."
Separate Condensed Interim Statement of Cash Flows for the six months ended June 30, 2016

	Note	Six months ended	
		June 30, 2016 EGP	June 30, 2015 EGP
Cash flows from operating activities			
Net profit (losses) for the period before income tax		17 631 381	(216 271)
Adjustments to reconcile net profit (losses) to cash flows from operating activities			
Impairment of notes receivable		-	7 050 703
Formed provision		-	100 000
Foreign exchange differences		(10 249 137)	(6 069 970)
Depreciation of investment properties		159 156	156 976
Operating gain before changes in working capital		7 541 400	1 021 438
Change in notes receivable		803 771	250 000
Increase in due from related parties		(32 234)	(72 297)
Increase in other debit balances		(706 510)	(2 991 316)
Increase in due to related parties		10 976	32 686
Increase in accounts payable and other credit balances		(102 250)	(802 168)
Net Cash flows generated by (used in) operation		7 515 153	(2 561 657)
Cash flows from investing activities			
Payments to acquire investments in joint venture		(3 753 600)	(742 500)
Proceeds to acquire investments in subsidiaries		3 395 350	-
Payments to acquire investments in money market funds		(4 036 672)	(258 416)
Change in long term deposits		-	1 068 092
Net cash flows(used in) generated by investment activities		(4 394 922)	67 176
Net change in cash and cash equivalents during the period		3 120 231	(2 494 481)
Cash and cash equivalents at the beginning of the period		51 635 761	2 788 528
Effects of foreign exchange rate changes on balances of cash held in foreign currencies		5 905 017	19 513
Cash and cash equivalents at the end of the period	(4)	60 661 009	313 560

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

Chief Financial Officer
Ahmed Abdel Monem Madbouly



Chief Executive Officer
Dr. Mohamed Abdel Monem Omran

Chairman
Mohamed Hazem Adel Barakat



BPE Holding for Financial Investments "S.A.E."
Subject to the provisions of Law No. 95 for year 1992 and its executive regulations
Notes to the Separate Condensed Interim Financial Statements
For the six months ended June 30, 2016

1. General information

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

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

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

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

2. Statement of compliance the separate condensed interim financial statements

The Minister of Investment's decree No. (110) of 2015 was issued on July 9, 2015. It has been decided to replace and supersede the former Egyptian Accounting Standards for the preparation and presentation of financial statements with new version of Egyptian Accounting Standards. And the application of the former Egyptian Accounting Standards issued by Ministerial Decree No. 243 of 2006 was cancelled, effective as of the date of applying this Decree. This Decree was published in the Official Gazette, and shall be effective as of the first day of January 2016, and will be applied on the entities whose fiscal year starts on or after this date.

On May 15, 2016, the Minister of Investment issued Decree No. (53) of 2016, whereby the amended Egyptian Accounting Standards includes the addition of the Egyptian Accounting Standard (46) in the provisions of the transitional period for some amended accounting

standards. This Decree was published in the Official Gazette, and shall be effective on the day following its publication date. With respect to the standards for whom no transitional provisions were issued, management has decided to apply the requirements of amended Egyptian Accounting Standard No. (5) "The Accounting Policies, Changes in the Accounting Estimates and Errors".

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

3. Significant accounting policies applied

The separate condensed interim financial statements have been prepared using the same accounting policies applied in the prior year, except for changes that have resulted from the application of new Egyptian Accounting Standards issued during 2015 and effective at 1st January 2016.

The following are the most significant changes to the Egyptian Accounting Standards and their impact on the separate condensed interim financial statements, if any:

- ESA (1) presentation of financial statements

The entity shall disclose all recognized income and expense captions during the financial period in two separate statements; one of them presents the profit or loss components (Income Statement) and the other one starts with the profit or loss and presents the other comprehensive income items (Statement of Comprehensive Income). A statement shall be added to the statement of financial position including balances of the beginning of the first presented comparative period in case of retrospective application or change in an accounting policy or reclassification carried out by the entity. The standard doesn't require to present the change in working capital. There is no impact on the separate condensed financial statements from the application of the changes.

- ESA (10) Property, Plant & Equipment (PPE)

The option of using the revaluation model in the subsequent measurement of PPE has been cancelled. The movement of the fixed assets and its depreciation should be disclosed in the notes to the financial statements for the two financial periods presented (current and comparative period). There is no impact on the separate condensed financial statements.

- ESA (14) Borrowing Costs

Elimination of the previous benchmark treatment that recognized the borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset in the income statement without being capitalized on asset. There is no impact on the separate condensed financial statements.

6.2 Due to related parties

	<u>June 30, 2016</u>	<u>December 31, 2015</u>
	<u>EGP</u>	<u>EGP</u>
BPE partners (management company)	2 912 837	2 901 861
	<u>2 912 837</u>	<u>2 901 861</u>

7. Other debit balances

Other debit balances increased during the period by EGP 706 510 mainly due to the increase in accrued income.

8. Investments in joint venture

	<u>No. of</u> <u>Shares</u>	<u>Share</u> <u>Rate</u>	<u>June 30,</u> <u>2016</u>	<u>December 31,</u> <u>2015</u>
			<u>EGP</u>	<u>EGP</u>
Inergia Technologies for Information Systems S.A.E (*)	5 532 124	68.03 %	55 321 240	55 438 540
Beltone Capital Red Sea Venture for Solar Energy (**)	7 425	49.5 %	5 727 150	1 856 250
			<u>61 048 390</u>	<u>57 294 790</u>

(*) On February 22, 2016 one of the shareholders of Inergia Technologies for Information Systems S.A.E exercised the right to purchase a number of 11 730 shares at par, which represents 0.14% of the shares of the investee and that book value is EGP 117 300.

(**) The company paid an amount of EGP 3 870 900 representing its share in a capital increase of the issued capital of Red Sea Venture for Solar Energy. The company's contribution in the capital of the investee was registered on January 11, 2016.

The company, Total Egypt Company and Total Renewable Energy Company (French), the shareholders of Beltone Capital Red Sea Venture for Solar Energy Company S.A.E. signed a shareholders agreement, and a sale and purchase of shares agreement with InfraAl, which is a subsidiary to the fund of Infra Med, to acquire 49.5% of Beltone Capital Red Sea Venture for Solar Energy Company S.A.E. this transaction has been exercised in The Egyptian Exchange at September 22, 2016. This agreement is conditional with terms, including Beltone Capital Red Sea Venture for Solar Energy Company S.A.E. signing an agreement with the Electricity Transmission Company, which did not occur as of the interim financial statements date. If that is not achieved those conditions will cancel the process of transfer of ownership.

9. Investments in associates (net)

<u>Name of Company</u>	<u>No. of Shares</u>	<u>Ownership</u>	<u>June 30, 2016</u> <u>EGP</u>	<u>December 31, 2015</u> <u>EGP</u>
Beltone Retail for Trade and Investment S.A.E	727 526	22.79%	7 275 258	10 670 608
Madinet Nasr for Housing and Development S.A.E "MNHD"	37 309 255	7.46%	153 854 685	153 854 685
Less: Impairment in the value of the investments (Beltone Retail for Trade and Investment)			(7 273 507)	(7 273 507)
			<u>153 856 436</u>	<u>157 251 786</u>

- On March 20, 2016, Beltone Retail for Trade & Investment, acquired treasury shares from its shareholders, the company sold part of its shares for an amount of EGP 3 395 350 according to the ordinary general assembly for Beltone retail for trade and investment on October 6, 2015.

- On April 5, 2016, the extraordinary general assembly of MNHD approved to increase the issued capital through a retained earnings on December 31, 2015. Accordingly, the number of shares owned by the company increased from 27 906 721 shares to 37 309 255 shares of MNHD's shares.

10. Investment properties (net)

The decrease in investment properties (net) by an amount of EGP 159 156 is due to the depreciation recorded during the period.

11. Notes receivable - long term

During the period the company collected EGP 803 771 from the outstanding balance.

12. Finance income

The increase in the Finance income by an amount of EGP 3 719 428 mainly resulted from the depreciation of the Egyptian pounds against the US Dollars during the period. The company has significant portion of its cash balance in US Dollars.

13. Basic and diluted earnings (losses) per share

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

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

	<u>Period ended</u>	
	<u>June 30, 2016</u>	<u>June 30, 2015</u>
	<u>EGP</u>	<u>EGP</u>
Net profit (loss) for the period	15 597 821	(532 772)
Weighted average number of shares	58 446 431	58 446 431
Basic and diluted earnings (losses) per share	0.27	(0.01)

14. Significant related parties transactions

<u>Company name</u>	<u>Type of relation</u>	<u>Type of transaction</u>	<u>Value of transaction during the period</u>	<u>Outstanding Balance</u>
			<u>Income (Cost)</u>	<u>Receivable (Payable)</u>
				<u>June 30, 2016</u>
BPE partners	shareholder and management company	management fees *	(5 825 675)	(2 912 837)
Beltone Investment Group B.V.I	A company managed by the same management company	current account	--	600
		Notes Receivable	--	59 400 000
Beltone Capital red sea venture for solar energy	Joint venture	current account	--	457 841

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

15. Shareholders and management agreements

a. Shareholders agreement

During 2006, the Company has entered into a shareholders' agreement with its shareholders and the management company "Beltone Private Equity", which governs the following:

- Formation of the Board of Directors, and its responsibilities.
- The relationship with the management company.
- Determination of the investing, operating, environmental, and anti-money laundry policies.
- Expenses incurred by the Company and those borne by the management company.
- Performance fees earned by the investment manager directly from the shareholders, in case of exit by sale or in any other form, on the condition that the recognized returns exceeding a hurdle rate according to the agreement.
- Shareholders have the right to put, over 5 calendar years, 20% per annum of their shares to the Company. The exercise price will be at an aggregate consideration equal to the shareholders' pro-rata share of the Company's net assets fair value. 46.7 million shares are

puttable from and including years 2011 to and including 2015, while 11.7 million shares (representing the capital increase shares completed in 2012) are puttable from and including years 2014 to and including 2018.

- During 2013, one shareholder exercised its right pursuant to the shareholders agreement and requested the Company to buy-back 823 984 shares. Management estimated the fair value of these shares as of December 31, 2013 in the amount of EGP 9.9 million which was recorded as other current liabilities in the statement of financial position with a corresponding decrease to shareholders' equity by the same amount recorded in the statement of changes in equity. The shareholders agreement provides that the exercise price is determined at end of the financial year during which the exercise took place, further, it provides that upon shareholder exercise of the put option, the Board of Directors of the Company – due to insufficient liquidity resulting from realized profits – has the right to postpone settlement of all or part of the shareholder's due amount for a period that could extend up to 31 December 2017.

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

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

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

The company's management is currently negotiating with its shareholders on cancelling the provisions of shareholders agreements that entitle shareholders to request the company buying back their shares.

The Company's management is currently negotiating with the shareholders on the canceling of the paragraphs of the Convention on the shareholders and which provides for the right of shareholders to sell their shares to the company.

b. Management agreement

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

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

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

16. Tax position

Corporate Tax

The Company is subject to the provisions of the Income Tax Law No. 91 of 2005 and its executive regulation. The Company submitted its corporate tax for each period according to the provisions of the Income Tax Law and its amendments since inception date until December 31, 2015 on its due date.

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

On August 20, 2015 the President of Arab Republic of Egypt has issued Law No. 96 of 2015 for modification of provisions of the income tax law that has been issued by Law No. 91 for the Year 2005, and it involved modifications that change the legal tax price on citizens income to be 22, 5 % of the annual net profit.

Stamp Tax

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

Sales Tax

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

Withholding Tax

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

17. Fiscal year

The Company's fiscal year commences on January 1st and ends on the 31st of December each year.

18. Capital commitments

Capital commitments of the company as of June 30, 2016 amounted to be EGP 1 697 896 which represent the value of the non-paid Capital of Beltone Capital Red Sea venture for solar energy.

19. Separate Condensed Interim Financial Statements issuance date

The Board of Directors authorized these separate condensed interim financial statements for issue on October 12, 2016.

Chief Financial Officer

Ahmed Abdel Monem Madbouly



Chief Executive Officer

Dr. Mohamed Abdel Monem Omran

Chairman

Mohamed Hazem Adel Barakat

