

BPE Holding for Financial Investment "S.A. E"
Separate Condensed Interim Financial Statements
For the Six months ended June 30, 2017
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, 2017 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, 2017, 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 11, 2017


Kamel M Saleh, FCA
F.E.S.A.A. (No. A. 8510)
CMA Registration No "69"



BPE Holding for Financial Investments "S.A.E"
Separate Condensed Interim Statement of Financial Position as at June 30, 2017

	<u>Note</u>	<u>June 30, 2017</u> <u>EGP</u>	<u>December 31, 2016</u> <u>EGP</u>
<u>Assets</u>			
<u>Non-current assets</u>			
Investments in subsidiaries (net)		9 453 732	9 453 732
Investments in joint venture	(4)	56 571 215	55 321 240
Investments in associates (net)		153 856 436	153 856 436
Available for sale investments		141 262 077	141 262 077
Investment properties (net)	(5)	113 627 643	113 786 799
Total-non current assets		474 771 103	473 680 284
<u>Current assets</u>			
Due from related parties	(6,16)	1 140 367	1 080 532
Other debit balances	(7)	6 829 431	6 929 566
Notes receivable - Short term	(8)	-	60 623 232
Cash at banks	(9)	291 596 478	202 783 160
Total current assets		299 566 276	271 416 490
Total assets		774 337 379	745 096 774
<u>Equity and liabilities</u>			
<u>Equity</u>			
Issued and paid-up capital	(10)	584 464 310	584 464 310
Legal reserve		10 577 468	6 997 113
Retained earnings		104 004 637	35 977 893
Net profit for the period / year		32 725 517	71 607 099
Total equity		731 771 932	699 046 415
<u>Non-Current liabilities</u>			
Deferred tax liabilities		22 367 308	22 367 308
Total-non current liabilities		22 367 308	22 367 308
<u>Current liabilities</u>			
Due to related parties	(16)	2 990 062	2 912 837
Accounts payable and other credit balances	(11)	3 510 206	7 072 343
Other financial liabilities		5 799 975	5 799 975
Provisions		7 897 896	7 897 896
Total current liabilities		20 198 139	23 683 051
Total equity and liabilities		774 337 379	745 096 774

- 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 on condensed separate interim financial statements attached.

BPE Holding for Financial Investments "S.A.E"
Separate Condensed Interim Income Statement of Income for the period ended on June 30, 2017


	Note	Six months ended		Three months ended	
		June 30, 2017	June 30, 2016	June 30, 2017	June 30, 2016
		EGP	EGP	EGP	EGP
Income and Profits					
Dividends income from available for sale investments	(12)	17 686 985	11 620 260	-	11 620 260
Dividends income from investments in associate	(13)	10 120 763	-	-	-
Company's remuneration for membership in the BOD of the investees	(14)	3 746 058	1 165 013	-	1 165 013
Gain on sale of investments in joint venture		-	31 075	-	-
Rental income		450 000	450 000	225 000	225 000
Foreign exchange difference		-	10 398 093	-	148 956
Reversal of impairment loss on notes receivable	(8)	3 209 132	-	-	-
Credit interest on deposits		7 176 805	1 080 079	4 904 179	590 030
		42 389 743	24 744 520	5 129 179	13 749 259
Expenses and Losses					
Depreciation of investment properties		(159 156)	(159 156)	(79 578)	(79 578)
Management fees		(5 825 675)	(5 825 675)	(2 912 838)	(2 912 838)
Consulting fees and other expenses		(1 490 827)	(1 128 308)	(939 967)	(688 865)
Foreign exchange difference		(172 560)	-	(380 421)	-
Net profit for the period before income tax		34 741 525	17 631 381	816 375	10 067 978
Current income tax		(2 016 008)	(2 033 560)	(746 847)	(358 652)
Net profit for the period after income tax		32 725 517	15 597 821	69 528	9 709 326
Basic and diluted earnings per share from the net profit for the Period	(15)	0.56	0.27	0.001	0.17

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 period ended on June 30, 2017

	<u>Six months ended</u>		<u>Three months ended</u>	
	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>
	<u>EGP</u>	<u>EGP</u>	<u>EGP</u>	<u>EGP</u>
Net profit for the period after income tax	32 725 517	15 597 821	69 528	9 709 326
Other Comprehensive Income	-	-	-	-
Total Other Comprehensive Income for the period	-	-	-	-
Total Comprehensive Income for the period	<u>32 725 517</u>	<u>15 597 821</u>	<u>69 528</u>	<u>9 709 326</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
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BPE Holding for Financial Investments "S.A.E."
Separate Condensed Interim Statement of Changes in Equity for the period ended June 30, 2017

	<u>Issued and paid-up capital</u> EGP	<u>Legal reserve</u> EGP	<u>Retained earnings</u> EGP	<u>Net profit of the period</u> EGP	<u>Total</u> EGP
Balance as of January 1, 2016	584 464 310	6 997 113	45 960 695	(9 982 802)	627 439 316
Other Comprehensive Income	-	-	-	15 597 821	15 597 821
Net profit for the period	-	-	-	15 597 821	15 597 821
Total Comprehensive Income	-	-	-	15 597 821	15 597 821
The company's shareholders transactions					
Transferred to retained earnings	-	-	(9 982 802)	9 982 802	-
Total of the company's shareholders transactions	-	-	(9 982 802)	9 982 802	-
Balance as of June 30, 2016	584 464 310	6 997 113	35 977 893	15 597 821	643 037 137
Balance as of January 1, 2017	584 464 310	6 997 113	35 977 893	71 607 099	699 046 415
Other Comprehensive Income	-	-	-	32 725 517	32 725 517
Net profit for the period	-	-	-	32 725 517	32 725 517
Total Comprehensive Income	-	-	-	32 725 517	32 725 517
The company's shareholders transactions					
Transferred to legal reserve	-	3 580 355	(3 580 355)	-	-
Transferred to retained losses	-	-	71 607 099	(71 607 099)	-
Total of the company's shareholders transactions	-	3 580 355	68 026 744	(71 607 099)	-
Balance as of June 30, 2017	584 464 310	10 577 468	104 004 637	32 725 517	731 771 932

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

Chief Financial Officer
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BPE Holding for Financial Investments "S.A.E."
Separate Condensed Interim Statement of Cash Flows for the period ended June 30, 2017

<u>Note</u>	<u>June 30, 2017</u> <u>EGP</u>	<u>June 30, 2016</u> <u>EGP</u>
<u>Cash flows from operating activities</u>		
Net profit for the period before income tax	34 741 525	17 631 381
<u>Adjusted by :</u>		
Foreign exchange difference	172 560	(10 249 137)
Reverse notes receivable impairment	(3 209 132)	-
Depreciation of investment properties	159 156	159 156
Operating gain before changes in working capital	31 864 109	7 541 400
Change in notes receivable	63 832 364	803 771
Increase in due from related parties	(59 835)	(32 234)
(Decrease) Increase in other debit balances	100 135	(706 510)
Increase in due to related parties	77 225	10 976
Decrease in accounts payable and other credit balances	(5 578 145)	(102 250)
Net Cash flows generated by operation	90 235 853	7 515 153
<u>Cash flows from investment activities</u>		
Payments to acquire investments in joint venture	(1 249 975)	(3 753 600)
Proceeds from sale of investments in associate	-	3 395 350
payments to buy investments in monetary funds	-	(4 036 672)
Change in long term deposits	(41 514 415)	-
Net cash flows used in investment activities	(42 764 390)	(4 394 922)
Net change in cash and cash equivalents during the period	47 471 463	3 120 231
Cash and cash equivalents at the beginning of the period	110 250 273	51 635 761
Effects of foreign exchange rate changes on balances of cash held in foreign currencies	(172 560)	5 905 017
Cash and cash equivalents at the end of the period	(9) 157 549 176	60 661 009

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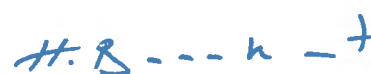
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BPE Holding for Financial Investments "S.A.E."
Subject to the provisions of Law No. 95 for year 1992 and its executive regulations
Notes to the Separate Condensed Interim Financial Statements
For the six months ended June 30, 2017

1. General information

BPE 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.

The Board of Directors authorized these separate financial statements for issue on October 11, 2017.

2. Statement of compliance the separate condensed interim financial statements".

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.

4. Investments in joint venture

	<u>No. of Shares</u>	<u>Share Rate</u>	<u>June 30, 2017 EGP</u>	<u>December 31, 2016 EGP</u>
Inergia Technologies for Information Systems S.A.E" Inergia	5 532 124	68.04%	55 321 240	55 321 240
Beltone Capital Red Sea Venture for Solar Energy	7 425	49.5%	5 727 150	5 727 150
Ibtekar for investment finance		24.9995%	1 249 975	--
<u>Less: Impairment in investments (Red Sea Venture)</u>			(5 727 150)	(5 727 150)
			<u>56 571 215</u>	<u>55 321 240</u>

On June 12, 2017 the Company invested in Ebtikar for financing investments by paying 24,9995% which represent 25% from the capital of the investees.

5. Investment properties (net)

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

6. Due from related parties

	<u>Account nature</u>	<u>Relationship nature</u>	<u>June 30, 2017 EGP</u>	<u>December 31, 2016 EGP</u>
Beltone Capital red sea venture for solar energy (joint venture)	Current account	Joint venture	1 140 333	1 080 532
			<u>1 140 333</u>	<u>1 080 532</u>

The increase in due from related parties by an amount 59 833 EGP due to the expense payment for Beltone Capital red sea venture for solar energy.

7. Other debit balance

	<u>June 30, 2017</u>	<u>December 31, 2016</u>
	<u>EGP</u>	<u>EGP</u>
Deposits held with others	46 795	46 795
Accrued interest	4 304 898	3 957 888
Accrued rent	1 610 443	1 385 443
Prepaid expense	503 195	62 957
Debit income tax	47 852	47 852
Withholding tax	9 000	9 000
Hazem Ahmed Hazem	--	659 770
Mohamed Shehab El-din	--	652 610
Advances to suppliers	307 248	107 251
	<u>6 829 431</u>	<u>6 929 566</u>

The decrease in other debit balance by an amount 100 135 due to the collection of some debit balances during the period by an amount 1 312 380 EGP and increase in accrued rent by an amount 450 000 EGP.

8. Notes receivable - short term

The decrease in notes receivable is due to the reversal of the previously recognized impairment on the notes receivable due to the collection of EGP 63 832 364 during the period.

9. Cash and cash equivalent

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

	<u>June 30, 2017</u>	<u>December 31, 2016</u>
	<u>EGP</u>	<u>EGP</u>
Current accounts –local currency	13 471 061	1 608 796
Current accounts –foreign currency	2 242 625	218 648
Time deposits - local currency	92 625 330	16 990 809
Time deposits - foreign currency	183 257 462	183 964 907
	<u>291 596 478</u>	<u>202 783 160</u>

For the purpose of preparing cash flow statement cash and cash equivalent are represented are follows:

	<u>June 30, 2017</u>	<u>June 30, 2016</u>
	<u>EGP</u>	<u>EGP</u>
Cash at banks	291 596 478	97 399 851
<u>(less)</u> Time deposits – more than 3 months	<u>(134 047 302)</u>	<u>(36 738 842)</u>
	<u>157 549 176</u>	<u>60 661 009</u>

10. 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 58 446 431 shares of EGP 10 par value each.

Shareholders of the Company, pursuant to the shareholder's agreement, have the option to put back to the company certain number of shares per year over predetermined period as disclosed in more details in note (17.a). On March 7, 2016 the extraordinary general assembly approved the increase of the Company's issued capital with a maximum amount of EGP 100 million.

11. Accounts payable and other credit balance

The decrease in accounts payables and other credit balance by an amount EGP 3 562 137 to the payment of the accrued balances to the accounts payables during the current period.

12. Dividends revenue from investments available for sale

Dividend income from investments available for sale represent declared and received dividends from TOTAL Egypt according to the ordinary general assemble meeting on February 12, 2017.

13. Dividends revenue from investments in associate

Dividend income from investments in associate represent declared and received dividends from Madinet Nasr for Housing and Development (MNHD) according to the ordinary general assemble meeting on March 29, 2017.

14. Company's remuneration for membership in the BOD of the associate

The Company's remuneration for membership in the BOD of the associate represent the Company's remuneration for membership in the BOD of Madinet Nasr for Housing and Development (MNHD) according to the resolution of the shareholder's ordinary general assemble meeting on March 29, 2017.

15. Basic and diluted earnings per share

Basic: Basic earnings per share is calculated by dividing the net profit attributable to shareholders of the Company by the weighted average number of ordinary shares outstanding during the 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, 2017</u>	<u>June 30, 2016</u>
	<u>EGP</u>	<u>EGP</u>
Net profit for the period	32 725 517	15 597 821
Weighted average number of shares	58 446 431	58 446 431
Basic and diluted earnings per share	0.56	0.27

16. Significant related party's transactions

<u>Company name</u>	<u>Type of relation</u>	<u>Type of transaction</u> <u>/Balance</u>	<u>Value of transaction during the period</u> <u>Income (Cost)</u>	<u>Outstanding Balance</u> <u>Debt (Credit)</u> <u>June 30, 2017</u>
BPE partners	shareholder and management company	management fees *	(5 825 675)	(2 990 062)
Beltone Capital red sea venture for solar energy	Joint venture	current account	--	1 140 367

* Management fees is calculated and paid to BPE Partners for Investments on a quarterly basis pursuant to the signed management agreement (note 17-b).

17. Shareholders and management agreements

a. Shareholders agreement

During 2006, the Company has entered into a shareholders' agreement with its shareholders and the management company "BPE Partners for Investments", 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 shareholder's 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 shareholder's 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, the Company cancelled the recorded liability with total amount of EGP 22.9 million.

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.

18. 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, 2016 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 interim financial statements.

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.

Value added 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.

19. Capital commitments

Capital commitments of the company as of June 30, 2016 amounted to be EGP 5 568 750 which represent the value of the non-paid Capital of Ibtakar for investment finance – Note (4).

20. Subsequent events

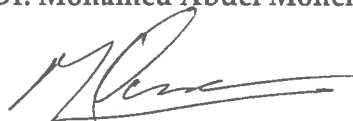
- On July 19, 2017, the Ordinary General Assembly decided to amend the management agreement between the company and the management company and to authorize the Chairman of the Board to sign the amended management contract. This contract is effective after the company's shares are listed on the Egyptian Stock Exchange. The company's shares were not listed on the Egyptian stock exchange until the financial statements issuance date.

- On July 4, 2017, Nile Engineering and Trading Company "Shams company" sent a request to exercise the right of purchase option for part of the building leased from the Company according to the lease agreement between the two parties. On July 10, 2017, the company sent to Shams company that The exercise of the right of purchase has been expired on 30 June 2017 and exercise request is rejected, in addition Shams company didn't pay the rental value from 1 October 2015 to 30 June 2017 which were outstanding until the date of notification received from Shams, which allows the company to cancel the lease agreement and reject the purchase option.

Chief Financial Officer
Ahmed Abdel Monem Madbouly



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Chairman
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