

BPE holding for Financial Investments
"S.A.E."
Consolidated 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 Investments "S.A.E"

Introduction

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

Basis for Qualified Conclusion

As disclosed in more details in note (2) to the consolidated financial statements, one of the Company's joint venture entities, which is accounted for in the attached consolidated condensed interim financial statements using the equity method, applying the International Accounting Standard no. 17 - Leases as issued by the International Accounting Standard Board to account for its financially leased administrative building, which constitutes a departure from the Egyptian Accounting Standard no. 20 - Accounting for finance lease agreements.

The effect of this departure is overstating the investments in joint venture entities, the consolidated net profit for the period and the consolidated opening retained earnings by EGP 24 374 845 EGP 4 261 358 and EGP 20 113 487 respectively.

Qualified Conclusion

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

Cairo, October 13, 2016



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

BPE holding for financial investments "S.A.E"
Consolidated Condensed Interim Statement of Financial Position as at June 30, 2016

	<u>Note</u>	<u>June 30, 2016</u> <u>EGP</u>	<u>December 31, 2015</u> <u>EGP</u>
<u>Current assets</u>			
Cash at banks	(5)	97 554 088	84 121 735
Investment in money market fund	(6)	4 036 672	-
Due from related parties	(16.7-1)	4 973 070	4 344 919
Inventory (net)		-	-
Accounts and notes receivable (net)		59 400 000	59 400 000
Other debit balances	(8)	3 844 077	3 134 476
Total current assets		169 807 907	151 001 130
<u>Non-current assets</u>			
Notes receivable - Long term	(9)	5 041 168	5 844 939
Intangible assets (net)		2 712 486	2 360 115
Investments in associates (net)	(10)	222 580 318	214 821 812
Available for sale investments		141 262 077	141 262 077
Investments in joint venture	(11)	102 560 020	93 358 387
Investment properties	(12)	113 945 955	114 105 111
Deffered tax assets		-	812 799
Total non-current assets		588 102 024	572 565 240
Total assets		757 909 931	723 566 370
<u>Equity</u>			
Issued and paid-up capital		584 464 310	584 464 310
Legal reserve		6 997 113	6 997 113
Other reserves		11 266 874	11 475 561
Retained earnings		109 613 935	92 844 700
Net profit for the period/ year attributable to shareholders of the Parent Company		32 720 188	16 769 235
Equity attributable to shareholders of the Parent Company		745 062 420	712 550 919
Non-controlling interests		5 814 781	5 182 625
Total equity		750 877 201	717 733 544
<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	(16.7-2)	2 958 224	2 901 971
Accounts payable and other credit balances		2 653 745	2 730 855
Provisions		200 000	200 000
Total current liabilities		5 811 969	5 832 826
Total equity and liabilities		757 909 931	723 566 370

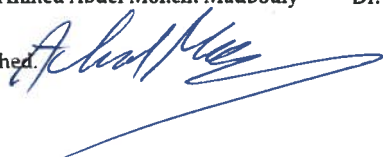
-The attached notes form an integral part of these consolidated condensed interim financial statements, and to be read therewith.

Chief Financial Officer
Ahmed Abdel Monem Madbouly

Chief Executive Officer
Dr. Mohamed Abdel Monem Omran

Chairman
Mohamed Hazem Adel Barakat

- Review report attached.




BPE holding for financial investments "S.A.E"
Consolidated Condensed Interim 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
Revenues & Profits				
Dividend distribution income from available for sale investments	11 620 260	5 737 870	11 620 260	-
Gains on sale of investments in associates and joint venture entities	31 075	-	-	-
Group's share of profits of associates and joint venture entities (13)	17 452 572	5 561 080	9 558 882	12 528 061
Finance income (14)	11 478 172	7 758 744	738 986	871 247
Other income	1 771 961	1 522 620	1 491 484	303 446
	<u>42 354 040</u>	<u>20 580 314</u>	<u>23 409 612</u>	<u>13 702 754</u>
Expenses & Losses				
Management fees	(5 825 675)	(5 825 675)	(2 912 838)	(2 912 838)
Consulting fees	(631 072)	(368 413)	(425 552)	(226 593)
Other expenses	(504 231)	(1 612 963)	(280 990)	(1 228 680)
Investment Properties depreciation	(159 156)	(156 976)	(79 578)	(78 488)
Provisions formed	-	(100 000)	-	(50 000)
Doubtful debts	-	(7 050 703)	-	-
Professional fees	(82 500)	(75 000)	(45 000)	(45 850)
Net profit for the period before income tax	<u>35 151 406</u>	<u>5 390 584</u>	<u>19 665 654</u>	<u>9 160 305</u>
Current income tax	<u>(2 033 560)</u>	<u>(316 501)</u>	<u>(358 652)</u>	<u>666 467</u>
Net profit for the period after income tax	<u>33 117 846</u>	<u>5 074 083</u>	<u>19 307 002</u>	<u>9 826 772</u>
Attributable as follow:				
Attributable to the shareholders' of the Parent Company	32 720 188	4 898 165	19 074 798	9 682 491
Non-controlling interests	397 658	175 918	232 204	144 281
Net profit for the period	<u>33 117 846</u>	<u>5 074 083</u>	<u>19 307 002</u>	<u>9 826 772</u>
Basic and diluted earnings per share (15)	<u>0.56</u>	<u>0.08</u>	<u>0.33</u>	<u>0.17</u>

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BPE holding for financial investments "S.A.E"
Consolidated Condensed Interim Other Comprehensive Income Statement for the six months ended on June 30, 2016

Note	Period ended		Three months ended	
	June 30, 2016	June 30, 2015	June 30, 2016	June 30, 2015
	EGP	EGP	EGP	EGP
Net profit(loss) for the period after income tax	33 117 846	5 074 083	19 307 002	9 826 772
Other Comprehensive Income				
Foreign currency translation reserve of subsidiaries' financial statements	586 249	1 810 510	38 160	368 788
Company's share of the translation reserve of jointly controlled entities	2 127 744	726 603	(31 981)	(58 613)
Total Other Comprehensive Income for the period	<u>2 713 993</u>	<u>2 537 113</u>	<u>6 179</u>	<u>310 175</u>
Total Comprehensive Income for the period	<u><u>35 831 839</u></u>	<u><u>7 611 196</u></u>	<u><u>19 313 181</u></u>	<u><u>10 136 947</u></u>
Attributable as follow:				
Attributable to the shareholders' of the Parent Company	35 199 683	6 711 074	19 065 713	9 845 150
Non-controlling interests	632 156	900 122	247 468	291 797
Total Comprehensive Income for the period	<u><u>35 831 839</u></u>	<u><u>7 611 196</u></u>	<u><u>19 313 181</u></u>	<u><u>10 136 947</u></u>

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BPE holding for financial investments "S.A.E"
Consolidated Condensed Interim Statement of Changes in Equity for the six months ended on June 30, 2016

	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP		
	Issued and paid-up capital	Legal reserve	Company's share in combination reserve of joint venture entities	Translation reserve of subsidiaries' financial statements	Company's share in translation reserve of associates & joint venture entities	Reserve resulting from liability to acquire shares	Retained earnings	Net profit for the period/year attributable to shareholders of the Parent Company	Equity attributable to shareholders of the Parent Company	Non-controlling interests	Total equity	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP	
Balance as of January 1, 2015	584 464 310	5 259 364	-	8 049 806	2 561 377	(22 900 000)	31 878 063	62 704 386	672 017 306	4 759 533	676 776 839										
Other Comprehensive Income																					
Net profit for the period	-	-	-	-	-	-	-	4 898 165	4 898 165	1 75 918	5 074 083										
Translation reserve of subsidiaries' financial statements	-	-	-	1 086 306	-	-	-	-	1 086 306	724 204	1 810 510										
Company's share of the translation reserve of jointly controlled entities	-	-	-	-	726 603	-	-	-	726 603	-	726 603										
Total Other Comprehensive Income																					
Transactions with the shareholders' of the Parent Company																					
Transferred to retained earnings	-	-	-	-	-	-	62 704 386	(62 704 386)	-	-	-										
Transferred to legal reserve	-	1 737 749	-	-	-	-	(1 737 749)	-	-	-	-										
Reverse part of the Reserve resulting from liability to acquire shares	-	-	-	-	-	-	-	-	-	-	-										
Total Transactions with the shareholders' of the Parent Company																					
Balance as of June 30, 2015	584 464 310	6 997 113	-	9 136 112	3 287 980	(13 000 000)	92 844 700	4 898 165	688 628 380	5 659 655	694 288 035										
Balance as of January 1, 2016	584 464 310	6 997 113	-	8 240 913	3 234 648	-	92 844 700	16 769 235	712 550 919	5 182 625	717 733 544										
Other Comprehensive Income																					
Translation reserve of subsidiaries' financial statements	-	-	-	351 751	-	-	-	-	351 751	234 498	586 249										
Company's share of the translation reserve of jointly controlled entities	-	-	-	-	2 127 744	-	-	-	2 127 744	-	2 127 744										
Net profit for the period	-	-	-	-	-	-	-	32 720 188	32 720 188	397 658	33 117 846										
Total Other Comprehensive Income																					
Treatment with the shareholders' of the Parent Company																					
Company's share of the combination reserve of jointly controlled entities	-	-	(2 688 182)	-	-	-	-	-	(2 688 182)	-	(2 688 182)										
Transferred to retained earnings	-	-	(2 688 182)	-	-	-	16 769 235	(16 769 235)	-	-	(2 688 182)										
Total Treatment with the shareholders' of the Parent Company																					
Balance as of June 30, 2016	584 464 310	6 997 113	(2 688 182)	8 592 664	5 362 392	-	109 613 935	32 720 188	745 062 420	5 814 781	750 877 201										

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BPE holding for financial investments "S.A.E"

Consolidated Condensed Statement of Cash Flows for the six months ended on June 30, 2016

Note	Six months ended	
	June 30, 2016	June 30, 2015
	EGP	EGP
<u>Cash flows from operating activities</u>		
Net profit for the period before tax	35 151 406	5 390 584
<u>Adjustments to reconcile net profit to cash flows from operating activities</u>		
Formed provision	-	100 000
Group's share of profits of associates and joint venture entities	(17 452 572)	(5 561 080)
Doubtful debts	-	7 050 703
Depreciation of investment properties	159 156	156 976
Foreign exchange differences	(10 249 137)	(6 069 970)
Operating profit before changes in working capital	7 608 853	1 067 213
Increase in due from related parties	(628 151)	(602 128)
Decrease in accounts and notes receivable	803 771	250 001
Increase in other debit balances	(709 601)	(2 989 588)
Decrease increase in due to related parties	56 253	(40 103)
Decrease in accounts payable and other credit balances	(77 109)	(836 955)
Net cash flows generated by (used in) operating activities	7 054 016	(3 151 560)
<u>Cash flows from investing activities</u>		
Proceeds for investments in associates	3 395 350	-
Payments for investments in joint venture	(3 753 600)	(742 500)
Payments for investments in money market funds	(4 036 672)	(258 416)
Change in long term deposits with banks	-	1 068 092
Net cash flows (used in) generated by investing activities	(4 394 922)	67 176
Net change in cash and cash equivalents during the period	2 659 094	(3 084 384)
Cash and cash equivalents at the beginning of the period	51 727 013	3 020 516
Effects of exchange rate changes on balances of cash held in foreign currencies	6 429 139	397 318
Cash and cash equivalents at the end of the period	60 815 246	333 450

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(*) On February 22, 2016 one of the shareholders of Inergia Technologies for Information Systems S.A.E "Inergia" exercised the right to purchase a number of 11 730 shares at par value, which represents 0.14% of the shares of the investee with book value EGP 117 300. The investment in Inergia company increased by EGP 5 330 774 resulting from the application of equity method accounting during the period, this increase is analyzed as follow:

- EGP 6 008 471 group's share of profit.
- EGP 2 127 744 group's share in translation reserve recorded in other comprehensive income statement.
- EGP 2 688 182 group's share in the negative combination reserve recorded directly in the equity statement.

(**) The company paid an amount of EGP 3 870 854 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.

12. 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.

13. Group's share of (losses) profits of associates and joint venture entities

	<u>Period ended</u> <u>June 30, 2016</u>	<u>Period ended</u> <u>June 30, 2015</u>
	<u>EGP</u>	<u>EGP</u>
Madinet Nasr for Housing and Development	10 453 461	5 840 688
Inergia Technologies for Information Systems	6 008 471	(808 456)
Metal Art	926 651	394 019
Beltone Retail for Trade and Investment	63 989	134 829
	<u>17 452 572</u>	<u>5 561 080</u>

14. 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.

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 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>Period ended</u>	
	<u>June 30, 2016</u>	<u>June 30, 2015</u>
	<u>EGP</u>	<u>EGP</u>
Net profit for the period attributable to the shareholders' of the Parent Company	32 720 188	4 898 165
Weighted average number of shares	58 446 431	58 446 431
Basic and diluted earnings per share	0.56	0.08

16. 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	rent account	--	457 841

* Management fees is calculated and paid to BPE partners 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 "Beltone Private Equity", which governs the following:

- 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.

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, 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.

• Beard A.G Company

The subsidiary company is subject to the Swiss tax laws as it is not a resident company under the Egyptian tax laws.

19. Fiscal year

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

20. 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.

21. Consolidated financial statements issuance date

The Board of Directors authorized these consolidated 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

