



**Grant Thornton**  
Mohamed Hilal

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# Evolutionary Systems Egypt – L.L.C

Financial Statements and Auditor's Report

December 31, 2020

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## Independent auditor's report

Translation from Arabic

To: The Associates  
Evolutionary Systems Egypt (L.L.C)

### Financial statement report

- We have audited the accompanying financial statements of Evolutionary Systems Egypt (L.L.C), which comprise the statement of financial position as at December 31, 2020 and the income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

### Management's responsibility for the financial statements

- Management is responsible for the preparation and presentation of these financial statements in accordance with Egyptian Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selection 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 financial statements based on our audit. We conducted our audit in accordance with the Egyptian Auditing Standards within the view of the current Egyptian laws and regulations. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
- An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 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 financial statements



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

#### Opinion

- In our opinion, the financial statements referred to above and the accompanying notes present fairly, in all material respects, the financial position of Evolutionary Systems Egypt (S.A.E) as of December 31, 2020 and of its financial performance, and its cash flows for the year then ended in accordance with the Egyptian Accounting Standards within the view of the Egyptian laws and regulations.

#### Emphasis of matter

- Reference to note no. (14-2) from the notes of financial statements, which clarified the impact of recent outbreak of "Covid - 19" on the company's operating environment including the values of assets , liabilities and its recoverable amounts , business results and the status of the related uncertainty.

#### Report on other legal and regulatory requirements

- The company keeps proper accounting records which include all that is required by law and the statutes of the company and the accompanying financial statements are in agreement therewith.
- The financial information contained in the report of the Board of Directors as required by the companies Law No. 159 for the year 1981 is in agreement with the company's accounting records within the limit that such information is recorded therein.

Mohamed Hossam Hilal, CPA, ESAA

R.A.A no. 30440

Grant Thornton Mohamed Hilal

Cairo July 29, 2021

*Samir A.*

Grant Thornton - Mohamed Hilal

Public Accountants  
The Egyptian Member Firm of  
Grant Thornton International



# Statement of financial position

## As at December 31, 2020

	Notes	31/12/2020 EGP	31/12/2019 EGP
<b>Assets</b>			
<b>Non-Current Assets</b>			
Fixed assets (Net)	3	42,216	34,469
Right of use Assets	3-1	134,848	0
<b>Total Non-Current Assets</b>		<b>177,064</b>	<b>34,469</b>
<b>Current Assets</b>			
Account Receivable and Other Debtors	4	1,513,656	877,296
Cash and Banks	5	94,571	240,339
<b>Total Current Assets</b>		<b>1,608,227</b>	<b>1,117,635</b>
<b>Total Assets</b>		<b>1,785,291</b>	<b>1,152,104</b>
<b>Equity and Liabilities</b>			
<b>Equity</b>			
Paid up capital		5,000	5,000
Legal reserve		2,500	2,500
Retained earnings	10	820,136	337,803
Net profit for the year		494,773	486,838
<b>Total Equity</b>		<b>1,322,409</b>	<b>832,141</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Account payable and other creditors	6	462,882	319,963
<b>Total Current Liabilities</b>		<b>462,882</b>	<b>319,963</b>
<b>Total Liabilities</b>		<b>462,882</b>	<b>319,963</b>
<b>Total Equity and Liabilities</b>		<b>1,785,291</b>	<b>1,152,104</b>

\* The accompanying accounting principles and the notes to the financial statements from note no. (1) to (14) are integral part of these financial statements and must be read with them.

Auditor's report is attached

Board Member

Chairman



# Income statement

## For the year ended December 31, 2020

	Note	<u>2020</u>	<u>2019</u>
		<u>EGP</u>	<u>EGP</u>
Net revenue		5,296,152	6,457,225
<b>Less:</b>			
Cost of revenue	7	4,558,466	5,812,345
<b>Gross profit</b>		<u>737,686</u>	<u>644,880</u>
<b>Less:</b>			
General and administrative expenses	8	36,062	69,320
<b>Operating profit</b>		<u>701,625</u>	<u>575,560</u>
<b>Add (Less) :</b>			
Foreign exchange (Loss)/Gain		(88,857)	73,351
Solidarity Share		(12,886)	(16,326)
social contribution		(13,240)	0
<b>Net profit Before Taxes</b>		<u>586,642</u>	<u>632,585</u>
Income Tax		(91,869)	(145,747)
<b>Net Profit After Taxes</b>		<u>494,773</u>	<u>486,838</u>
<b>Profit per Quota for the year</b>	9	<u>9,895</u>	<u>9,737</u>

\* The accompanying accounting principles and the notes to the financial statements from note no. (1) to (14) are integral part of these financial statements and must be read with them.

*Wafar Tal*



Statement of comprehensive income  
For the year ended December 31, 2020

	<u>2020</u>	<u>2019</u>
	<u>EGP</u>	<u>EGP</u>
Net Profit after taxes	494,773	486,838
Other comprehensive income	0	0
<b>Total comprehensive income for the year</b>	<u><u>494,773</u></u>	<u><u>486,838</u></u>

\* The accompanying accounting principles and the notes to the financial statements from note no. (1) to (14) are integral part of these financial statements and must be read with them.

Wafar 

## Statement of cash flows

### For the year ended December 31, 2020

Translation from Arabic

	Note	<u>2020</u> <u>EGP</u>	<u>2019</u> <u>EGP</u>
<b><u>Cash flows from operating activities</u></b>			
Net Profit Before income tax		586,642	632,585
<b><u>Adjustments to reconcile net profit to net cash provided from operating activities</u></b>			
Fixed assets depreciation	3	11,253	29,196
Right-of-Use Assets Amortization		291,548	0
Adjustments Retearning earning according EAS 49		(4,505)	0
Interest Expenses		3,321	0
Foreign exchange (gain)/Loss		88,857	0
Net profit before changing in working capital		<u>977,116</u>	<u>661,781</u>
change in Account Receivable and Other Debtors		(641,460)	(830,468)
change in Account payable and other creditors		51,050	(5,602,806)
Net cash(Used in) provided from operating activities		<u>386,706</u>	<u>(5,771,493)</u>
<b><u>Cash flows from investing activities</u></b>			
Acquisition of plant, property & equipment		(19,000)	(45,085)
Acquisition of Right-of-Use Assets		(426,396)	0
Net cash (used in) investing activities		<u>(445,396)</u>	<u>(45,085)</u>
<b><u>Cash flows from financing activities</u></b>			
Interest expenses		(3,321)	0
Net cash (used in) financing activities		<u>(3,321)</u>	<u>0</u>
Net change in cash and cash equivalents		<u>(62,011)</u>	<u>(5,816,578)</u>
Cash & cash equivalents at the beginning of the year		240,339	6,056,917
Foreign currency exchange difference		(83,757)	0
Cash & cash equivalents at the end of the year	5	<u>94,571</u>	<u>240,339</u>

\* The accompanying accounting principles and the notes to the financial statements from note no. (1) to (14) are integral part of these financial statements and must be read with them.





## Statement of changes in equity For the year ended December 31, 2020

Note	Paid up Capital		Legal reserve		Retained earnings		Net profit for the year		Total	
	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP
Balance as at December 31, 2018	5,000	0	0	151,898	188,405	188,405	188,405	345,303	0	0
Closing of 2018 Profit in retained earnings	0	0	0	188,405	(2,500)	0	(188,405)	0	0	0
Legal reserve	0	2,500	0	0	0	0	0	486,838	0	486,838
Net profit for the year 2019	0	0	0	0	0	0	0	486,838	0	486,838
Balance as at December 31, 2019 before Adj	5,000	2,500	2,500	337,803	486,838	486,838	486,838	832,141	0	832,141
Adjustments on retained earnings according to EAS 49	0	0	0	(4,505)	0	0	0	(4,505)	0	(4,505)
Balance as at December 31, 2019 after Adj	5,000	2,500	2,500	333,298	486,838	486,838	486,838	827,636	0	827,636
Closing of 2019 Profit in retained earnings	0	0	0	486,838	0	0	(486,838)	0	0	0
Net profit for the year 2020	0	0	0	0	0	0	494,773	494,773	0	494,773
Balance as at December 31, 2020	5,000	2,500	2,500	820,136	494,773	494,773	494,773	1,322,409	0	1,322,409

\* The accompanying accounting principles and the notes to the financial statements from note no. (1) to (14) are integral part of these financial statements and must be read with them.

*Wafar Sal*



# Notes to the financial statements

## For the year ended December 31, 2020

### 1. Introduction

#### A. Company background

Evolutionary Systems Egypt (S.A.E) is an Egyptian Corporate Company incorporated in according to the Egyptian law no. 159/1981 and was registered in the Commercial registrar on 29/9/2014

As per article no. 3 from the company's bylaw, the Duration of the Company shall be 25 years, beginning from the date of the Company is recorded in the Commercial Register. Every extension of the company duration must be according to the law no. 159/1981 and it's implementing Regulations.

As per article no. 4 from the company's bylaw, the Company's legal domicile is 37 Ali Ameer Street from Makram Ebbed Street - Nasr City First -Cairo-Arab Republic of Egypt. The board of the Company may establish Branches, offices or Agencies thereof in Egypt or abroad except in the governorates of North and South Sinai and the Kantara East – which need a pre-approval by GAFL.

#### B. Company's Main Purpose

As per article no. 2 from the company's bylaw, the company's main purpose is to Analysis, design and documentation of software program, data bases and application of all kind.

### 2. Significant Accounting Policies

#### A. Basis of Preparing Financial Statements

The financial statements have been prepared in accordance with the applicable Egyptian Laws and Regulations as well as the Egyptian Accounting Standards on the basis of historical costs.

The Directors meeting of the company approved the financial statements at August 3, 2021.

#### B. Foreign Currency Transactions

The company records all transactions in Egyptian pounds. Foreign Currency transactions are evaluated based on the rate declared at the date of the transaction. At the date of the financial position, monetary assets and liabilities are revaluated based on the rate declared in the market at the date of the financial position. Differences resulting from foreign currency exchange are charged to the income statement

#### C. Accounting Estimates

In compliance with the Egyptian Accounting Standards, the company's management must prepare projections based on reasonable estimates that identify the effect of such estimates on the values of assets, liabilities, revenues and expenditures over the forecasted years. However, there will usually be differences between the projection and the actual results because events and circumstances frequently do not occur as expected, and those differences may be material.



**D. Financial Instruments**

Financial instruments are represented in the company's financial assets and liabilities where financial assets includes cash and bank balances, accounts receivable, other debtors accounts and other debit balances while financial liabilities include bank overdraft, creditors, other credit accounts and long term liabilities.

According to the evaluation methodology implemented for valuation of company's assets and liabilities, the present value of company's financial instruments do not materially differ from their book value as of the date of the financial statements.

**E. Fixed Assets and Depreciation**

Fixed assets are recorded at historical cost inclusive of all related expenses incurred to prepare the assets for intended use.

Depreciation of the fixed assets is calculated on the basis of the estimated useful lives using the straight-line method of depreciation at the following annual rates:

<u>Asset</u>	<u>Depreciation Rate</u>
Computers	25%
Furniture and Fixtures	20%
Leasehold Improvements	Lower of Estimated Useful Life or Rental Period

**F. Impairment of Fixed Assets**

In case it may become apparent that the company cannot reasonably expect to recover the cost of certain plant assets, either through use or through sale, the asset should be written down to its net realizable value where the difference between its recorded cost and the net realizable value should be charged to impairment loss account in the income statement.

The company's management perform a periodic re-evaluation of the asset impairment losses. And in case of a indicating an increase in the net realizable value of a previously drawn down asset, the company's management reverse the impairment losses previously recorded for such asset and re-evaluate the impairment loss provided that the net book value of the asset after re-evaluation of impairment loss should never exceed the initial book value at date of acquisition.

**G. Debts**

Debts are recorded at cost where the balance of the current instalments due within one year from date of the financial statements are classified under current liabilities while the balance of instalments due within a period in excess of one year from date of the financial statements is classified among long term liabilities in the balance sheet.

**H. Trade Payables and Accruals**

Trade payables are recorded at their face value while accruals are recorded based on expected future payments that will be incurred in exchange for goods and/or services that have been received.

**I. Legal Reserves**

In accordance with the Egyptian laws and regulations, the company deducts an amount equal to 5% of the annual profits to constitute the legal reserve. This deduction shall stop whenever the total reserve would reach an amount equal to half of the company's issued capital. Whenever there is a decrease, then deduction shall have to be continued.



**J. Revenue Recognition**

Revenue is recognized when risks and benefits related to ownership of services are transferred to the buyer upon delivery of services to the client and issuance of related invoices. Sales revenues are disclosed in the financial statements net of sales discounts.

Accrued interest revenues are recognized as accrued.

**K. Expenses Realization**

All operating expenses are realized as incurred on accrual basis where expenses are charged to the income statement in the period it was incurred.

**L. Interest Cost**

Interest cost is included in income statement as Financing Expenses except for capitalized interest cost which represent the portion of the actual interest cost incurred that is directly related to construction and/or acquisition of fixed assets that qualify for interest cost capitalization where such portion is added to the asset cost and is depreciated on the basis of the estimated useful life of such asset in accordance with the Egyptian accounting standard for capitalization of interest.

**M. Cash Flow Statement**

Cash flow statement is prepared using the indirect method. For the purpose of preparing the cash flow statement, cash and cash equivalents includes cash on hand, cash in banks , checks under collections, high liquidity short term investments with very low risk and bank overdraft balance that is not included in the overall bank credit facilities package. The balance of Bank overdraft that is part of the company's credit facilities is included in the current liabilities in the balance sheet.

**N. Deferred Taxes**

According to the Egyptian Accounting Standards, deferred tax assets an/or deferred tax liabilities resulting from timing differences between the taxable value of assets and liabilities and their historical value should be calculated. Deferred tax asset is determined based on the existence of timing differences that will result in a reduction of the company's future taxable profit while deferred tax liability is determined based on the existence of timing differences that will result in an increase in the company's future taxable profit.

The deferred tax is calculated based on average annual tax rate applied during quarterly reporting periods.



**O .New issues amendments to the Egyptian Accounting Standards:**

- New publications and amendments were made to the Egyptian accounting standards:
- On March 18, 2019, the Minister of Investment Decision No. 69 of 2019 was issued to amend some provisions of the Egyptian Accounting Standards issued by Resolution No. 110 of 2015 which was published in the Official Gazette on April 7, 2019, provided that they are implemented for financial periods in accordance with the Appendix of the Effective Date and the transitional provisions of each One criterion separately, bearing in mind that the early application of these standards is permitted on conditions in accordance with the transitional provisions of each standard, and the following is a summary of the most important amendments that may have an important impact on the financial statements of the company:
- The creation of 3 accounting standards represented in the Egyptian Accounting Standard No. (47) For financial instruments in line with International Reports Standard No. (9), and Egyptian Accounting Standard No. (48) For revenue from contracts with clients, in accordance with International Standard Report No. (15) To replace Egyptian Accounting Standard No. (11) Related to revenue and Egyptian Accounting Standard No. (8) For construction contracts, the latest of which is Accounting Standard No. (49) For executive leasing contracts for the Financial Leasing and Factoring Law No. 176 of 2018, to replace Egyptian Accounting Standard No. (20) Financial leasing, in accordance with the international reporting standard R. M (16).
- Introducing an Egyptian accounting interpretation called "public services concession arrangements", which pertains to partnership projects between the government and the private sector.
- Amendments to Standards No. 1-4-25-26-83-40-42:

New or Amended Standards	Date of Implementation	A Summary of the Most Significant Amendments	The Possible Impact on the Financial Statements
<b>Egyptian Accounting Standard No. 1 Presentation of Financial Statements</b>	<ul style="list-style-type: none"> <li>• Its application applies to financial periods beginning on or after January 1, 2020 and early application is permitted if the Egyptian Accounting Standard No. (47) of Financial Instruments 2019 is applied at the same time.</li> </ul>	<ul style="list-style-type: none"> <li>• adding other items to display in the statement of comprehensive income that comply with the new Egyptian Accounting Standard No. 47,</li> <li>• Amendment of the Clearing Clauses for Revenue Clauses consistent with the new Egyptian Accounting Standard No. 48,</li> <li>• Amendment paragraphs to compare the possibility of adding a third list,</li> <li>• Requiring a third financial position list to be presented in cases of policy amendment, retrospective amendment, or reclassification,</li> </ul>	<ul style="list-style-type: none"> <li>• The company did not amend any of its policies during the period, and accordingly, a third financial position list will not be displayed.</li> <li>• The company does not need to display additional comparison lists other than the offer and considers its sufficiency in providing sufficient information for the lists reader.</li> </ul>



<p><b>Egyptian Accounting Standard No. 4 Statement of Cash Flows</b></p>	<ul style="list-style-type: none"> <li>• Applies to financial periods beginning on or after January 1, 2019,</li> <li>• Except paragraphs "40A" and "42A" to "42B" take effect on or after January 1, 2020, early application is permitted if Egyptian Accounting Standard No. (42) amended 2019 is applied on the same date,</li> </ul>	<p>Canceling the disclosure of:</p> <ul style="list-style-type: none"> <li>- the amount of cash and the like in subsidiary companies or other business activities that have been achieved or have lost control,</li> <li>- The amount of assets and liabilities other than cash and the like in subsidiary companies or business activities that have acquired or lost control over them.</li> </ul> <p>This applies to investment in a subsidiary that is measured at fair value through profit or loss by the investment establishment.</p> <ul style="list-style-type: none"> <li>• Cash flows are not reported on changes in ownership shares in a subsidiary within financing activities if the company is an investment entity according to the definition contained in the amended Standard 42 2019.</li> </ul>	<p>Not applicable - the company has no investment in subsidiary companies.</p> <p>The company is not an investment company.</p>
<p><b>Egyptian Accounting Standard No. 8 Construction contracts</b></p>	<ul style="list-style-type: none"> <li>• As of the effective date of Standard (48) "Revenue from Contracts with Clients"</li> </ul>	<ul style="list-style-type: none"> <li>• This standard will be withdrawn</li> </ul>	<p>Not applicable - The company does not have construction contracts</p>
<p><b>Egyptian Accounting Standard No. 11 Revenue</b></p>	<ul style="list-style-type: none"> <li>• As of the effective date of Standard (48) "Revenue from Contracts with Clients"</li> </ul>	<ul style="list-style-type: none"> <li>• This standard has been withdrawn</li> </ul>	<p>The company did not early applying this amendment</p>
<p><b>Egyptian Accounting Standard No. 15 Disclosure of related parties</b></p>	<ul style="list-style-type: none"> <li>• As of the effective date of Egyptian Accounting Standard No. 42 amended 2019 "Consolidated Financial Statements"</li> </ul>	<ul style="list-style-type: none"> <li>• Excluding transactions between an investment establishment and its subsidiary facilities that are measured at fair value through profit or loss, from the obligation to exclude transactions between group facilities and existing balances when preparing the consolidated financial statements,</li> <li>• Referring to the definition of the terms "control of an investment establishment by joint control, significant influence" with other standards and their use according to the meaning stated in these standards</li> </ul>	<ul style="list-style-type: none"> <li>• Not applicable - the company is not an investment company</li> </ul>



<p><b>Egyptian Accounting Standard No. (17) Independent Financial Statements</b></p>	<ul style="list-style-type: none"> <li>• As of the effective date of Egyptian Accounting Standard No. 42 amended 2019 "Consolidated Financial Statements"</li> </ul>	<ul style="list-style-type: none"> <li>• Adding some paragraphs regarding investment establishments to determine: - Assembly exemption status, - Requiring the parent company if it is accounting for its investments in subsidiaries at fair value through profits or losses in its independent lists if it measures its investments in subsidiaries at fair value through profits or losses.</li> </ul>	<ul style="list-style-type: none"> <li>• Not applicable - the company is not an investment company</li> </ul>
<p><b>Egyptian Accounting Standard No. 18 Investments in sister companies</b></p>	<ul style="list-style-type: none"> <li>• As of the effective date of Egyptian Accounting Standard No. 42 amended 2019 "Consolidated Financial Statements"</li> </ul>	<ul style="list-style-type: none"> <li>• Adding an investment to a company that is not an investment company in itself but has ownership in a sister establishment or a joint venture that is an investment company, that when the company applies the equity method, it may choose to maintain a fair value measurement that this investment company applies to the ownership shares of its sister enterprise or project The subscriber in subsidiary facilities, thus eliminating the need to make adjustments in order for the accounting policies of the sister company or the joint venture to comply with the accounting policies of the company</li> </ul>	<p>Not applicable - the company does not have investments in affiliates</p>
<p><b>Egyptian Accounting Standard No. 20 Accounting rules and standards related to financial leasing operations</b></p>	<ul style="list-style-type: none"> <li>• The effective date of the amendment has not been determined in the standard and is believed to be effective from January 1, 2019</li> </ul>	<ul style="list-style-type: none"> <li>• This standard will be withdrawn</li> </ul>	<ul style="list-style-type: none"> <li>• The company calculates and discloses the earnings per share according to the provisions of the old standard and there is no change to that.</li> </ul>
<p><b>Egyptian Accounting Standard No. 22 Earnings per share</b></p>	<ul style="list-style-type: none"> <li>• This amendment is introduced and shall apply to financial periods beginning on or after January 1st, 2020.</li> </ul>	<ul style="list-style-type: none"> <li>• The scope of the standard has been modified to include all lists of independent, consolidated or individual, not only lists of companies registered or on the way to be registered.</li> </ul>	<p>The Management is currently assessing the potential impact of implementing the amendment of the standard on the financial statements</p>



<b>Egyptian Accounting Standard No. 24 Income Taxes</b>	<ul style="list-style-type: none"> <li>As of the effective date of Egyptian Accounting Standard No. 42 amended 2019 "Consolidated Financial Statements"</li> </ul>	<ul style="list-style-type: none"> <li>Abolishing the exclusion of all cases of business collection from recognition of its current and deferred tax as revenue or expenses, whereby the current tax and deferred tax will be recognized as revenue or expense and included in the income statement in cases of business collection when an investment company has acquired a subsidiary company, even in cases that arise from constructive payments transactions On shares,</li> </ul>	<ul style="list-style-type: none"> <li>Not applicable - the company is not an investment company</li> </ul>
<b>Egyptian Accounting Standard No. 25 Financial instruments - presentation</b>	<ul style="list-style-type: none"> <li>It applies to financial periods beginning on or after January 1, 2020, and early application is permitted if Egyptian Accounting Standard No. (47) "Financial Instruments" 2019 is applied at the same time.</li> </ul>	<ul style="list-style-type: none"> <li>Some amendments were included in this standard to comply with the updated Egyptian Accounting Standard No. 47 "Financial Instruments".</li> </ul>	<ul style="list-style-type: none"> <li>The company did not early applying this amendment</li> </ul>
<b>Egyptian Accounting Standard No. 26 Financial instruments - recognition and measurement</b>	<ul style="list-style-type: none"> <li>It applies to financial periods beginning on or after January 1, 2020, and early application is permitted if Egyptian Accounting Standard No. (47) "Financial Instruments" 2019 is applied at the same time.</li> </ul>	<ul style="list-style-type: none"> <li>Some amendments were included in this standard in order to comply with the new Egyptian Accounting Standard No. 47 "Financial Instruments", whereby paragraphs on topics covered in the new Standard (47) were withdrawn and the scope of the amended Standard (26) was determined to deal with only limited cases of hedge accounting according to the company's election.</li> </ul>	<ul style="list-style-type: none"> <li>Not applicable - The company does not have a hedge accounting</li> </ul>
<b>Egyptian Accounting Standard No. 29 Business aggregation</b>	<ul style="list-style-type: none"> <li>As of the effective date of the revised Egyptian Accounting Standard No. 42, 2019</li> <li>"Consolidated Financial Statements"</li> </ul>	<ul style="list-style-type: none"> <li>Excluding the investment establishment's acquisition of an investment in a subsidiary that requires it to be measured at fair value through profit or loss from the scope of application of the standard,</li> </ul>	<ul style="list-style-type: none"> <li>Not applicable - The company does not have investments in subsidiaries.</li> </ul>
<b>Egyptian Accounting Standard No. 30 Periodic financial statements</b>	<ul style="list-style-type: none"> <li>As of the effective date of the revised Egyptian Accounting Standard No. 42, 2019</li> <li>"Consolidated Financial Statements"</li> </ul>	<ul style="list-style-type: none"> <li>adding some disclosures to establishments that become or stop being other facilities even though they own less than half of the voting rights in the other company,</li> </ul>	<ul style="list-style-type: none"> <li>Not Applicable - the company does not issue interim financial statements</li> </ul>



<b>Egyptian Accounting Standard No. 31 Impairment of assets</b>	<ul style="list-style-type: none"> <li>The decision did not specify the effective date of the standard, and it is believed to take effect from the date of entry into force of the standards 47 , 34</li> </ul>	<ul style="list-style-type: none"> <li>Real estate investments that are measured at fair value as well as financial assets that fall within the scope of Egyptian Accounting Standard No. (47) are excluded from the scope of application of this standard</li> </ul>	<ul style="list-style-type: none"> <li>Not applicable - The company is not measuring its investment in property at the fair value.</li> </ul>
<b>Egyptian Accounting Standard No. 32 Non-current assets held for sale and discontinued operations</b>	<ul style="list-style-type: none"> <li>The decision did not specify the effective date of the standard, and it takes place in two concerts from the date on which the standard 34 becomes effective</li> </ul>	Real estate investments measured at fair value are excluded from the scope of application of this standard	<ul style="list-style-type: none"> <li>Not applicable - The company is not measuring its investment in property at the fair value.</li> </ul>
<b>Egyptian Accounting Standard No. 34 Real Estate Investment</b>	<ul style="list-style-type: none"> <li>This amendment applies to financial periods beginning on or after January 1, 2019</li> </ul>	<ul style="list-style-type: none"> <li>Real estate investment trusts are obligated only to use the fair value model when measuring subsequent to all real estate</li> </ul>	<ul style="list-style-type: none"> <li>Not applicable - The company is not measuring its investment in property at the fair value.</li> </ul>
<b>Egyptian Accounting Standard No. 38 Employee benefits</b>	<ul style="list-style-type: none"> <li>As of the financial periods beginning on or after January 1, 2020, early application is permitted</li> </ul>	<ul style="list-style-type: none"> <li>Accounting rules have been amended to amend and reduce the employee benefits system</li> </ul>	The company did not early applying this amendment
<b>Egyptian Accounting Standard No. 42 Consolidated financial statements</b>	<ul style="list-style-type: none"> <li>As of the financial periods beginning on or after January 1, 2020, early application is permitted</li> </ul>	<ul style="list-style-type: none"> <li>Added paragraphs for excluding investment establishments from grouping</li> </ul>	<ul style="list-style-type: none"> <li>Not applicable - the company is not an investment company</li> </ul>
<b>Egyptian Accounting Standard No. 44 Disclosure of shares in other facilities</b>	<ul style="list-style-type: none"> <li>As of the effective date of Egyptian Accounting Standard No. 42 amended 2019 "Consolidated Financial Statements"</li> </ul>	<ul style="list-style-type: none"> <li>The required disclosures for shares in unconsolidated subsidiaries (investment establishments) have been identified.</li> </ul>	<ul style="list-style-type: none"> <li>Not applicable - the company is not an investment company</li> </ul>
<b>Egyptian Accounting Standard No. 47 Financial instruments</b>	<ul style="list-style-type: none"> <li>As of the financial periods beginning on or after January 1, 2020, early application is permitted</li> </ul>	<ul style="list-style-type: none"> <li>This standard aims to set the principles of the financial report on financial assets and financial obligations</li> </ul>	The company did not early applying this amendment



**3. Fixed Assets(Net)**

	<u>Computer</u> <u>EGP</u>	<u>Furniture and</u> <u>Supplies</u> <u>EGP</u>	<u>Total</u> <u>EGP</u>
<b><u>Cost</u></b>			
Balance as at December 31, 2018	99,060	49,064	148,124
Addition during the year	45,085	0	45,085
Balance as at December 31, 2019	144,145	49,064	193,209
Balance as at January 01, 2020	144,145	49,064	193,209
Addition during the year	19,000	0	19,000
Balance as at December 31, 2020	163,145	49,064	212,209
<b><u>Accumulated depreciation</u></b>			
Balance as at December 31, 2018	90,321	39,223	129,544
depreciation of the year	19,383	9,813	29,196
Balance as at December 31, 2019	109,704	49,036	158,740
Balance as at January 01, 2020	109,704	49,036	158,740
depreciation of the year	11,226	27	11,253
Balance as at December 31, 2020	120,930	49,063	169,993
Net Book value at 31/12/2020	42,215	1	42,216
Net Book value at 31/12/2019	34,441	28	34,469
<b><u>3-1 Right-of-Use Assets</u></b>			
	<u>Amount</u>		
Opening Balance	0		
Prior Period Additions	249,648		
Additions during the year	176,748		
Balance at 31 Dec 2020	426,396		
<b><u>Accumulated Amortization</u></b>	0		
Prior Period Amortization	125,460	Note (10)	
Amortization for The Year	166,088	Note (7)	
Accumulated Amortization 31 Dec 2020	291,548		
Closing net book value 31 Dec 2020	134,848		

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**4- Receivables and prepayments**

	<u>31/12/2020</u>	<u>31/12/2019</u>
	<u>EGP</u>	<u>EGP</u>
Sundry Debtors (from related party)	1,480,268	809,075
Deposit with others - Office	14,000	14,000
Advances (Asset)	19,388	54,221
<b>Total</b>	<u>1,513,656</u>	<u>877,296</u>

**5- Cash and bank balances**

	<u>31/12/2020</u>	<u>31/12/2019</u>
	<u>EGP</u>	<u>EGP</u>
Bank - foreign currency	26	127,683
Bank - EGP	91,756	105,455
Cash-in-hand	2,789	7,201
<b>Total</b>	<u>94,571</u>	<u>240,339</u>

- The exchange rate used for US\$ is L.E 15.72 for US\$ 1

**6- Account payables And Other Creditors**

	<u>31/12/2020</u>	<u>31/12/2019</u>
	<u>EGP</u>	<u>EGP</u>
Social insurance	31,548	22,368
Sundry Creditors	12,270	0
Accrued salaries	25,730	52,325
Income tax	91,869	145,747
Accrued professional fees	90,483	10,654
Accrued Payroll Tax	64,787	67,520
Solidarity Share	0	21,349
Social contribution	13,240	0
Lease liability	132,955	0
<b>Total</b>	<u>462,882</u>	<u>319,963</u>

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## 7- Cost of Revenues

	<u>31/12/2020</u>	<u>31/12/2019</u>
	<u>EGP</u>	<u>EGP</u>
Salaries	3,875,709	5,025,857
Office Rent	0	189,000
Social insurance	181,703	203,767
Amortization of ROU Asset	166,088	0
Professional fees	123,599	35,204
Travel&Transportation	24,769	179,985
Maintenance	6,875	6,969
Interest Expenses	3,321	0
Medical Expenses and others	176,402	171,563
	<u>4,558,466</u>	<u>5,812,345</u>

## 8- General and Administration

	<u>31/12/2020</u>	<u>31/12/2019</u>
Phone & fax	9,609	8,220
Electricity and water	1,532	3,361
Stationery	1,217	2,330
Bank expenses	2,546	5,746
Computer expenses	625	1,350
Lawyer Fees	20,116	19,116
others	417	29,197
	<u>36,062</u>	<u>69,320</u>

## 9- profit per Quota :

- Earnings per Quota calculated before deducting legal reserve.

	<u>31/12/2020</u>	<u>31/12/2019</u>
Net profit for the year after tax	494,773	486,838
Weighted average number of Quota	50	50
Profit per Quota of the year	<u>9,895</u>	<u>9,737</u>

10- Adjustments on retained earning according to EAS 49

	<u>31/12/2020</u>	<u>31/12/2019</u>
Retained Earnings 2019	0	337,803
Recorded finance interest	0	(5,835)
Recorded Amortization of right of use	0	(125,460)
Reverse lease amount for contract leasing	0	126,790
Net effect on retained earnings 2019	<u>0</u>	<u>(4,505)</u>
retained earnings 2019 after Adj	0	333,298
Net profit for 2019	0	486,838
Net profit 2020	494,773	0
Retained earnings Ending balance	<u>1,314,909</u>	<u>820,136</u>

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**11- Related Party transaction**

- Relationships have been disclosed where transactions have taken place and relationships involving controls:

<u>Name of Related Party</u>	<u>Nature of relationship</u>	<u>Country of Incorporation</u>	<u>For the year ended</u>	<u>For the year ended</u>
			<u>31/12/2020</u>	<u>31/12/2019</u>
Evolutionary Systems Consultancy LLC	Affiliates	Abu Dhabi		
Evolutionary Systems Arabia FZ LLC	Affiliates	Dubai		
<b>Transaction with above related parties during the year were:-</b>				
<u>Name of Related Party</u>	<u>Nature of transactions</u>		<u>For the year ended</u>	<u>For the year ended</u>
			<u>31/12/2020</u>	<u>31/12/2019</u>
Evolutionary Systems Consultancy LLC	Support services		4,320,885	6,457,225
Evolutionary Systems Arabia FZ LLC	Support services		975,267	0
<b>Balances with related parties outstanding are as follows:-</b>				
<u>Name of Related Party</u>	<u>Nature of balances</u>		<u>As At</u>	<u>As At</u>
			<u>31/12/2020</u>	<u>31/12/2019</u>
Evolutionary Systems Consultancy LLC	Debtors		1,480,268	809,075

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**12. Tax Status:****12-1 Corporate Income Tax**

- The company is subject to 22.5% of the taxable income according to the terms and conditions of the Egyptian corporate income tax laws.

**12-2 Salaries Tax**

- The company withholds the salaries tax from all employees in accordance with the Egyptian tax laws and remits the withheld taxes to the designated tax authority on schedule.
- Tax Authority did not inspect the company since inception till Date.

**12-3 Withholding Tax**

- The company is obligated to submit tax returns
- Tax Authority did not inspect the company since inception till Date.

**12-4 Value Add Tax**

- The company is obligated to submit tax returns
- Tax Authority did not inspect the company since inception till Date

**12-5 Stamp Tax**

- Tax Authority did not inspect the company since inception till Date.

**13. Financial Risk:****13-1 Fluctuation Risk in Foreign Currency Exchange Rates**

- Represented in the risk associated with execution of transactions in foreign currencies where the company will be subject to risk associated with fluctuations in foreign currencies exchange rates that affects cash receipts and disbursements in foreign currencies as well as the results of the revaluation of monetary assets and liabilities nominated in foreign currency.

**13-2 Liquidity Risk**

- Liquidity risk is represented in the company's ability to liquidate its monetary assets with a total net realizable value that is not materially different from its fair market value in order to cover company's monetary liabilities. The company keeps sufficient amount of cash for financing through proper credit facilities with ability to credit from local banks in addition to dealing with clients on cash basis.

**14- Significant Events****14-1 Application of the new Egyptian accounting standards**

- In accordance with the General Authority for Financial Supervision issued on April 12, 2020, the application of the new accounting standards and the accompanying amendments to the periodic financial statements during the year 2020 have been postponed, provided that these standards and these amendments are applied to the annual financial statements and the combined effect of the year is fully included by the end of 2020.
- In accordance with the General Authority for Financial Supervision issued on September 20, 2020, the application of the new accounting standards (Financial Instruments Standard - Revenue Standard from Contracts with Clients - Rent Standard) and the accompanying amendments to the lists have been postponed, provided that they are applied starting from 1-1-2021. Instead of 1-1-2020.



#### 14-2 COVID-19

- The impact of the recent outbreak of "Covid-19" epidemic on the global economy and markets continues. In addition to, it's negative impact on several aspects including labour, operations, and liquidity available to the company. Accordingly, the company's management has developed and implemented contingency plans to address these exceptional circumstances, and we are currently closely monitoring and evaluating all the developments related to the spread of the novel virus. Where all necessary measures will be taken to maintain our operational operations, and most importantly, is to protect our employees, clients and all citizens associated with the company.
- In light of our current knowledge and available information, we do not expect the Covid-19 to have an impact on the company ability to continue for the foreseeable future.





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