

**EFG – Hermes Holding Company**  
**(Egyptian Joint Stock Company)**

**Consolidated interim financial statements**  
**for the period ended 30 June 2017**  
**&**  
**Review Report**

<b>Contents</b>	<b>Page</b>
Review report	
Consolidated interim statement of financial position	1
Consolidated interim income statement	2
Consolidated interim statement of comprehensive income	3
Consolidated interim statement of changes in equity	4
Consolidated interim statement of cash flows	5
Notes to the consolidated interim financial statements	6-31
Significant accounting policies applied	32-53



## Hazem Hassan

Public Accountants & Consultants

Pyramids Heights Office Park  
Km 22 Cairo/Alex Road  
P.O. Box 48 Al Ahram  
Giza - Cairo - Egypt

Telephone : (202) 35 36 22 00 - 35 36 22 11  
Telefax : (202) 35 36 23 01 - 35 36 23 05  
E-mail : [egypt@kpmg.com.eg](mailto:egypt@kpmg.com.eg)  
Postal Code : 12556 Al Ahram

### Review Report

#### To the Board of Directors of EFG - Hermes Holding Company

##### *Introduction*

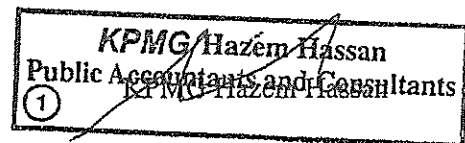
We have performed a limited review for the accompanying consolidated interim statement of financial position of EFG – Hermes Holding Company as at 30 June 2017 and the related consolidated interim statements of income, comprehensive income, changes in equity and cash flows for the six months then ended, and a summary of significant accounting policies and other explanatory notes. The company's management is responsible for the preparation and fair presentation of these interim financial statements in accordance with Egyptian Accounting Standards. Our responsibility is to express a conclusion on these consolidated interim financial statements based on our limited review.

##### *Scope of Limited Review*

We conducted our limited review in accordance with Egyptian Standard on Review Engagements 2410, "Limited Review of Interim Financial Statements Performed by the Independent Auditor of the Entity." A limited review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters in the Company, and applying analytical and other limited review procedures. A limited 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 on these consolidated interim financial statements.

##### *Conclusion*

Based on our limited review, nothing has come to our attention that causes us to believe that the accompanying consolidated interim financial statements do not present fairly, in all material respects, the consolidated financial position of the Company as at 30 June 2017, and of its consolidated financial performance and its consolidated cash flows for the six months then ended in accordance with Egyptian Accounting Standards.



Cairo, August 14, 2017

## Consolidated interim statement of financial position as at 30 June 2017

	Note no.	30/6/2017	31/12/2016
<i>(in EGP)</i>			
<b>Assets</b>			
<b>Non - current assets</b>			
Available -for- sale investments	(10)	4,434,072,409	2,647,872,907
Investment property	(11)	325,764,022	332,044,723
Fixed assets	(13)	222,302,744	206,832,514
Leased assets	(12)	1,766,548,866	1,118,296,186
Goodwill and other intangible assets	(14)	610,854,011	591,555,333
Loans	(9)	237,592,757	624,349,183
<b>Total non - current assets</b>		<b>7,597,134,809</b>	<b>5,520,950,846</b>
<b>Current assets</b>			
Cash and cash equivalents	(6)	9,366,629,696	11,507,605,161
Loans	(9)	1,858,109,545	298,447,071
Investments at fair value through profit and loss	(7)	2,277,083,825	1,980,176,083
Accounts receivables	(8)	2,900,986,595	1,798,032,731
Other assets	(15)	641,050,302	539,699,561
Assets held for sale	(5)	-	1,056,920,017
<b>Total current assets</b>		<b>17,043,859,963</b>	<b>17,180,880,624</b>
<b>Total assets</b>		<b>24,640,994,772</b>	<b>22,701,831,470</b>
<b>Equity</b>			
Share capital	(21)	3,074,472,890	3,074,472,890
Legal reserve		1,537,236,445	1,523,711,250
Share premium		1,922,267,826	1,922,267,826
Other reserves		4,522,091,879	4,019,284,955
Retained earnings		2,105,585,124	3,151,351,529
Equity attributable to owners of the Company		13,161,654,164	13,691,088,450
Non - controlling interests	(22)	239,729,985	126,816,081
<b>Total equity</b>		<b>13,401,384,149</b>	<b>13,817,904,531</b>
<b>Liabilities</b>			
<b>Non - current liabilities</b>			
Deferred tax liabilities	(18)	464,950,847	511,680,444
Loans and borrowings	(20)	1,367,830,568	922,687,524
<b>Total non - current liabilities</b>		<b>1,832,781,415</b>	<b>1,434,367,968</b>
<b>Current liabilities</b>			
Due to banks and financial institutions	(16)	724,761,184	726,622,841
Accounts payable - customer's credit balances		6,219,738,770	4,312,536,665
Creditors and other credit balances	(17)	1,614,346,230	1,600,645,784
Current tax liability		23,815,409	123,516,578
Provisions	(19)	488,042,175	501,582,751
Loans and borrowings	(20)	336,125,440	184,654,352
<b>Total current liabilities</b>		<b>9,406,829,208</b>	<b>7,449,558,971</b>
<b>Total liabilities</b>		<b>11,239,610,623</b>	<b>8,883,926,939</b>
<b>Total equity and liabilities</b>		<b>24,640,994,772</b>	<b>22,701,831,470</b>

The accompanying notes and accounting policies from page (6) to page (53) are an integral part of these financial statements and are to be read therewith.

" Review report attached "

Mona Zulficar  
Chairperson

Karim Awad  
Group Chief Executive Officer

## Consolidated interim income statement for the period ended 30 June 2017

	Note	2017		2016	
		For the period from 1/4/2017 to 30/6/2017	For the period from 1/1/2017 to 30/6/2017	For the period from 1/4/2016 to 30/6/2016	For the period from 1/1/2016 to 30/6/2016
<i>(in EGP)</i>					
<b>Continuing operations</b>					
<b>Revenues</b>					
Fee and commission income	(29)	567,198,266	1,003,107,154	231,395,115	436,307,346
Securities gains		241,407,239	538,254,650	5,224,019	19,139,128
Revenues from leasing activities		127,210,829	221,015,942	47,399,809	82,687,217
Changes in the investments at fair value through profit and loss		1,318,967	9,785,217	(3,847,030)	3,860,381
Interest and dividend income		244,136,687	415,416,424	62,818,170	76,857,143
Foreign currencies exchange differences		(9,297,770)	43,952,668	1,840,406	155,816,969
Other income		11,918,643	45,998,396	6,510,607	22,264,484
<b>Total revenues</b>		<u>1,183,892,861</u>	<u>2,277,530,451</u>	<u>351,341,096</u>	<u>796,932,668</u>
<b>Expenses</b>					
Fee and commission expense		(47,934,004)	(87,411,523)	(13,568,599)	(25,600,556)
Interest expense		(118,263,061)	(215,337,943)	(49,559,859)	(78,630,673)
General administrative expenses	(28)	(517,411,761)	(978,017,397)	(196,296,292)	(469,402,648)
Provisions	(19)	(7,055,881)	(13,808,035)	(7,309,069)	(12,521,498)
Depreciation and amortization	(11),(12),(13)	(48,764,009)	(86,982,242)	(23,891,573)	(44,299,159)
Impairment loss on assets	(25)	(3,504,245)	(3,504,245)	(484,132)	(484,132)
<b>Total expenses</b>		<u>(742,932,961)</u>	<u>(1,385,061,385)</u>	<u>(291,109,524)</u>	<u>(630,938,666)</u>
Profit before income tax		440,959,900	892,469,066	60,231,572	165,994,002
Income tax expense	(26)	(38,375,970)	(127,089,527)	(9,688,806)	(19,188,425)
<b>Profit from continuing operations</b>		<u>402,583,930</u>	<u>765,379,539</u>	<u>50,542,766</u>	<u>146,805,577</u>
<b>Discontinued operation</b>					
Loss from discontinued operation, net of tax	(5-1)	-	-	(118,090,994)	(278,018,143)
<b>Profit (loss) for the period</b>		<u>402,583,930</u>	<u>765,379,539</u>	<u>(67,548,228)</u>	<u>(131,212,566)</u>
<b>Profit (loss) attributable to:</b>					
Owners of the Company		394,834,708	753,458,228	(69,947,923)	(198,063,313)
Non - controlling interests	(22)	7,749,222	11,921,311	2,399,695	66,850,747
		<u>402,583,930</u>	<u>765,379,539</u>	<u>(67,548,228)</u>	<u>(131,212,566)</u>

The accompanying notes and accounting policies from page (6) to page (53) are an integral part of these financial statements and are to be read therewith.

## Consolidated interim statement of comprehensive income for the period ended 30 June 2017

	2017		2016	
	For the period	For the period	For the period	For the period
	from 1/4/2017 to 30/6/2017	from 1/1/2017 to 30/6/2017	from 1/4/2016 to 30/6/2016	from 1/1/2016 to 30/6/2016
<i>(in EGP)</i>				
Profit (loss)	402,583,930	765,379,539	(67,548,228)	(131,212,566)
<b>Other comprehensive income:</b>				
<b>Items that are or may be reclassified to profit or loss</b>				
Foreign operations - foreign currency translation differences	675,671,184	693,962,807	(1,058,035,162)	212,356,562
Available -for- sale - net change in fair value	85,656,059	(46,206,336)	(181,215,448)	159,197,797
Foreign currency translation differences - reclassified to retained earnings	(15,051,727)	(15,051,727)	(32,105,365)	(36,808,275)
Foreign currency translation differences - reclassified to profit or loss	-	-	(1,305,981,943)	(1,305,981,943)
Available -for- sale - net change in fair value reclassified to profit or loss	-	(168,551,437)	(67,657,211)	(67,657,211)
Related tax	(19,308,848)	50,342,147	98,441,568	(18,425,271)
<b>Other comprehensive income, net of tax</b>	<u>726,966,668</u>	<u>514,495,454</u>	<u>(2,546,553,561)</u>	<u>(1,057,318,341)</u>
<b>Total comprehensive income</b>	<u>1,129,550,598</u>	<u>1,279,874,993</u>	<u>(2,614,101,789)</u>	<u>(1,188,530,907)</u>
<b>Other comprehensive income attributable to :</b>				
Owners of the Company	727,273,242	502,806,924	(2,070,636,829)	(1,061,711,181)
Non - controlling interests	<u>(306,574)</u>	<u>11,688,530</u>	<u>(475,916,732)</u>	<u>4,392,840</u>
	<u>726,966,668</u>	<u>514,495,454</u>	<u>(2,546,553,561)</u>	<u>(1,057,318,341)</u>
<b>Total comprehensive income attributable to :</b>				
Owners of the Company	1,122,107,950	1,256,265,152	(2,140,584,752)	(1,259,774,494)
Non - controlling interests	<u>7,442,648</u>	<u>23,609,841</u>	<u>(473,517,037)</u>	<u>71,243,587</u>
	<u>1,129,550,598</u>	<u>1,279,874,993</u>	<u>(2,614,101,789)</u>	<u>(1,188,530,907)</u>

The accompanying notes and accounting policies from page (6) to page (53) are an integral part of these financial statements and are to be read therewith.

	Attributable to owners of the Company											
	Share capital	Legal reserve	Share premium	Other reserves					Retained earnings	Total	Non - controlling interests	Total equity
				General reserve	Translation reserve	Fair value reserve	Hedging reserve	Other reserves				
<i>(in EGP)</i>												
<b>Balance as at 31 December, 2016</b>	3,074,472,890	1,523,711,250	1,922,267,826	158,269	2,730,222,070	1,315,347,003	(26,442,387)	-	3,151,351,529	13,691,088,450	126,816,081	13,817,904,531
<b>Total comprehensive income</b>												
Profit	-	-	-	-	-	-	-	-	753,458,228	753,458,228	11,921,311	765,379,539
Other comprehensive income	-	-	-	-	669,548,366	(166,741,442)	-	-	15,051,727	517,858,651	11,688,530	529,547,181
<b>Total comprehensive income</b>	-	-	-	-	669,548,366	(166,741,442)	-	-	768,509,955	1,271,316,879	23,609,841	1,294,926,720
Transferred to legal reserve	-	13,525,195	-	-	-	-	-	-	(13,525,195)	-	-	-
<b>Transactions with owners of the Company</b>												
<b>Contributions and distributions</b>												
Dividends	-	-	-	-	-	-	-	-	(1,783,069,221)	(1,783,069,221)	-	(1,783,069,221)
<b>Changes in ownership interests</b>												
Acquisition of subsidiary with NCI	-	-	-	-	-	-	-	-	-	-	30,126,160	30,126,160
Acquisition of NCI without a change in control	-	-	-	-	-	-	-	-	(17,681,944)	(17,681,944)	(2,842,009)	(20,523,953)
Share of NCI in the increase of subsidiaries paid in capital	-	-	-	-	-	-	-	-	-	-	62,019,912	62,019,912
<b>Balance as at 30 June, 2017</b>	3,074,472,890	1,537,236,445	1,922,267,826	158,269	3,399,770,436	1,148,605,561	(26,442,387)	-	2,105,585,124	13,161,654,164	239,729,985	13,401,384,149
<b>Balance as at 31 December, 2015</b>	3,074,472,890	1,523,711,250	1,922,267,826	158,269	1,430,705,902	334,212,035	(26,442,387)	379,913,584	1,319,604,367	9,958,603,736	3,425,217,265	13,383,821,001
<b>Total comprehensive income</b>												
Profit (loss)	-	-	-	-	-	-	-	-	(198,063,313)	(198,063,313)	66,850,747	(131,212,566)
Other comprehensive income	-	-	-	-	(1,134,599,279)	72,888,098	-	-	36,808,275	(1,024,902,906)	4,392,840	(1,020,510,066)
<b>Total comprehensive income</b>	-	-	-	-	(1,134,599,279)	72,888,098	-	-	(161,255,038)	(1,222,966,219)	71,243,587	(1,151,722,632)
Reclassifications	-	-	-	-	-	-	-	(379,913,584)	379,913,584	-	-	-
<b>Transactions with owners of the Company</b>												
<b>Changes in ownership interests</b>												
Acquisition of subsidiary with NCI	-	-	-	-	-	-	-	-	-	-	104,855,291	104,855,291
Acquisition of NCI without a change in control	-	-	-	-	-	-	-	-	-	-	(77,855,292)	(77,855,292)
Disposal of subsidiary with NCI	-	-	-	-	-	-	-	-	-	-	(3,397,932,441)	(3,397,932,441)
<b>Balance as at 30 June, 2016</b>	3,074,472,890	1,523,711,250	1,922,267,826	158,269	296,106,623	407,100,133	(26,442,387)	-	1,538,262,913	8,735,637,517	125,528,410	8,861,165,927

The accompanying notes and accounting policies from page (6) to page (53) are an integral part of these financial statements and are to be read therewith.

## Consolidated interim statement of cash flows for the period ended 30 June 2017

	For the period ended	
	30/6/2017	30/6/2016
<i>(in EGP)</i>		
<b>Cash flows from operating activities</b>		
Profit before income tax	892,469,066	165,994,002
<b>Adjustments for:</b>		
Depreciation and amortization	86,982,242	44,299,159
Provisions formed	13,808,035	12,521,498
Provisions used	(28,093,157)	(9,148,493)
Provisions reversed	330,632	-
Gains on sale of fixed assets	549,708	(41,526)
Gains on sale of available -for- sale investments	(532,786,933)	275,565
Changes in the fair value of investments at fair value through profit and loss	(9,785,217)	(3,860,381)
Impairment loss on assets	3 504 245	484,132
Foreign currency translation differences	123 435 507	172,543,733
Foreign currencies exchange differences	(43,952,668)	(155,816,969)
Operating profit before changes in current assets and liabilities	<u>506,461,460</u>	<u>227,250,720</u>
<b>Changes in:</b>		
Other assets	66,071,513	(72,706,230)
Creditors and other credit balances	(142,527,410)	133,842,305
Accounts receivables	(1,226,280,191)	(58,859,667)
Accounts payable	1,789,807,670	577,988,631
Investments at fair value through profit and loss	(1,355,331,606)	(360,170,637)
Income tax paid	(104,411,622)	(28,080,468)
Net cash provided from operating activities	<u>(466,210,186)</u>	<u>419,264,654</u>
<b>Cash flows from investing activities</b>		
Loans	(1,048,202,532)	(114,639,951)
Payments to purchase fixed assets and other intangible assets	(23,668,505)	(2,155,343)
Proceeds from sale of fixed assets	601,106	102,849
Payments to purchase leased assets	(767,921,916)	(413,556,681)
Proceeds from sale of available -for- sale investments	1,018,667,320	3,348,563
Payments to purchase available -for- sale investments	(722,634,760)	(4,638,668)
Proceeds from sale of investments in subsidiaries	-	3,031,739,497
Proceeds from sale of held to maturity investments	-	30,000,000
Acquisition of subsidiary (net of cash acquired)	(27,051,491)	(410,147,119)
Net cash used in investing activities	<u>(1,570,210,778)</u>	<u>2,120,053,147</u>
<b>Cash flows from financing activities</b>		
Dividends paid	(1 710 760 089)	(32,268,717)
Increase in subsidiaries paid in capital	62,019,912	-
Proceeds from loans	594,020,760	532,980,698
Net cash provided from financing activities	<u>(1,054,719,417)</u>	<u>500,711,981</u>
Net increase in cash and cash equivalents	(3,091,140,381)	3,040,029,782
Cash and cash equivalents at 1 January (note no. 27)	11,733,008,893	11,737,583,463
Cash transferred to assets held for sale	-	(8,494,330,500)
Cash and cash equivalents at 30 June (note no. 27)	<u>8,641,868,512</u>	<u>6,283,282,745</u>

The accompanying notes and accounting policies from page (6) to page (53) are an integral part of these financial statements and are to be read therewith.



**EFG-Hermes Holding Company**  
**(Egyptian Joint Stock Company)**

Translation of consolidated financial  
statements originally issued in Arabic

Notes to the consolidated interim financial statements for the period ended 30 June, 2017  
(In the notes all amounts are shown in EGP unless otherwise stated)

---

**1- Background**

**1-1 Incorporation**

EFG-Hermes Holding S.A.E “the company” is an Egyptian Joint Stock Company subject to the provisions of the Capital Market Law No.95 of 1992 and its executive regulations. The company’s registered office is located in Smart Village building No. B129, phase 3, KM 28 Cairo / Alexandria Desert Road, 6 October 12577 Egypt.

**1-2 Purpose of the company**

EFG Hermes is a premiere financial services corporation that offers diverse investment banking services including securities brokerage, investment banking, Asset management and private equity. In addition to its non-bank finance products, which include leasing and micro-finance. The purpose of the company also includes participation in the establishment of companies which issue securities or in increasing their share capital, custody activities and margin trading.

**2- Basis of preparation**

**2-1 Statement of compliance**

These consolidated financial statements have been prepared in accordance with Egyptian Accounting Standards and relevant Egyptian laws and regulations.

**2-2 Authorization of the financial statements**

The financial statements were authorized for issue in accordance with a resolution of the board of directors on August 14, 2017.

**3- Functional and presentation currency**

These consolidated financial statements are presented in Egyptian pounds (EGP) which is the Company’s functional currency.

**4- Use of estimates and judgments**

In preparing these consolidated financial statements, management has made judgements, estimates and assumptions that affect the application of the Group’s accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognized prospectively.

Notes to the consolidated interim financial statements for the period ended 30 June, 2017 (Continued)  
(In the notes all amounts are shown in EGP unless otherwise stated)

---

- Estimates and assumptions about them are re-viewed on regular basis.
- The change in accounting estimates is recognized in the period where the estimate is changed whether the change affects only that period, or in the period of change and the future periods if the change affects them both.

#### **4-1 Fair value measurement**

- The fair value of financial instruments are determined based on the market value of the financial instrument or similar financial instruments at the date of the financial statements without deducting any estimated future selling costs.
- The value of financial assets are determined by the values of the current purchase prices for those assets, while the value of financial liabilities is determined by the current prices that can be settled by those liabilities.
- In the absence of an active market to determine the fair value of financial instruments, the fair value is estimated using various valuation techniques, taking into consideration the prices of the transactions occurred recently, and guided by the current fair value of other similar tools substantially - discounted cash flow method - or any other evaluation method to get resulting values that can rely on.
- When using the discounted cash flow method as a way to evaluate, the future cash flows are estimated based on the best estimates of management. And the discount rate used is determined in the light of the prevailing market price at the date of the financial statements that are similar in nature and conditions.

#### **5- Discontinued operation**

- During 2010, EFG-Hermes Holding Company purchased 14 914 883 shares that represents 63.739% a controlling stake in Credit Libanais SAL (the Bank) through its wholly owned subsidiary EFG – Hermes CL Holding SAL with an amount of USD 577,8 million.
- On March 16, 2016 the company's Board of Directors approved to proceed with all necessary steps required to sell 9 408 749 shares (Phase I) represents approximately 40% of it's indirect subsidiary Credit Libanais Bank S.A.L. (total Bank's shares 23 400 000) at US\$ 33 per share (prior to payment of associated fees) to a consortium of Lebanese and Arab Investors. This sale process is subject to some conditions precedent, including the approval of the Central Bank of Lebanon. The company agreed with Credit Libanais Investment Bank S.A.L. ("CLIB"), a wholly owned subsidiary of Credit Libanais, to sell 5 506 134 shares represent the remaining stake of the Bank on Best Effort basis at the same price (Phase II).
- The company during 2016 sold 9 408 749 shares (Phase I) and 1 976 065 shares from (Phase II) and during 2017 the company sold additional 1 316 308 shares, thus the company's stake on 30 June 2017 became 2 213 761 shares representing approximately 9.4605% of the total shares of the bank. The remaining stake is presented as available -for- sale investments with an amount of EGP 1,318,626,740 on the consolidated statement of financial position as at June 30, 2017.

Notes to the consolidated interim financial statements for the period ended 30 June, 2017 (Continued)  
(In the notes all amounts are shown in EGP unless otherwise stated)

**5-1 Results of discontinued operation**

	<b>For the period from 1/4/2017 to 30/6/2017</b>	<b>For the period from 1/1/2017 to 30/6/2017</b>	<b>For the period from 1/4/2016 to 30/6/2016</b>	<b>For the period from 1/1/2016 to 30/6/2016</b>
Fee and commission income	--	--	--	194,769,780
Fee and commission expense	--	--	--	(121,841,220)
Securities gains	--	--	--	12,791,860
Share of profit of associate	--	--	--	3,501,280
Changes in the investments at fair value through profit and loss	--	--	--	349,020
Foreign currencies differences	--	--	--	10,902,720
Other income	--	--	--	10,559,240
Interest and dividend income	--	--	--	1,157,701,674
Interest expense	--	--	--	(836,197,046)
General administrative expenses	--	--	--	(228,087,340)
Net losses on loans and advances	--	--	--	(36,730,200)
Other provisions	--	--	--	(4,088,520)
Depreciation and amortization	--	--	--	(22,529,196)
Impairment loss on assets	--	--	153,786,521	(126,088,923)
Loss on sale of investment subsidiaries	--	--	(153,786,521)	(153,786,521)
Net loss before income tax	--	--	--	(138,773,392)
Income tax expense	--	--	(118,090,994)	(139,244,751)
Net loss from discontinued operation	--	--	(118,090,994)	(278,018,143)

**6- Cash and cash equivalents**

	<b>30/6/2017</b>	<b>31/12/2016</b>
Cash on hand	11,636,824	7,666,225
Cheques under collection	5,005,945	195,300
Banks - current accounts	7,896,482,060	5,701,154,305
Banks - time deposits	1,453,504,867	5,798,589,331
Balance	9,366,629,696	11,507,605,161

**EFG-Hermes Holding Company**  
**(Egyptian Joint Stock Company)**

Translation of consolidated financial  
statements originally issued in Arabic

Notes to the consolidated interim financial statements for the period ended 30 June, 2017 (Continued)  
(In the notes all amounts are shown in EGP unless otherwise stated)

<b>7- Investments at fair value through profit and loss</b>	<b>30/6/2017</b>	<b>31/12/2016</b>
Mutual fund certificates	267,060,169	441,730,776
Equity securities	98,827,865	38,151,655
Treasury bills	1,911,195,791	1,500,293,652
	<hr/>	<hr/>
Balance	2,277,083,825	1,980,176,083
	<hr/> <hr/>	<hr/> <hr/>
 <b>8- Accounts receivables</b>		
	<b>30/6/2017</b>	<b>31/12/2016</b>
Accounts receivables	2,670,100,500	2,241,390,350
Other brokerage companies	230,886,095	(443,357,619)
	<hr/>	<hr/>
Balance	2,900,986,595	1,798,032,731
	<hr/> <hr/>	<hr/> <hr/>
 <b>9- Loans</b>		
	<b>30/6/2017</b>	<b>31/12/2016</b>
Micro project loans	408,923,964	252,992,526
Advanced Energy Systems (ADES) S.A.E	--	450,000,000
Vortex Sollar Energy Investments Sarl	1,449,185,581	--
Vortex II Holding Sarl	237,592,757	219,803,728
	<hr/>	<hr/>
Balance	2,095,702,302	922,796,254
	<hr/> <hr/>	<hr/> <hr/>
Current	1,858,109,545	298,447,071
Non-current	237,592,757	624,349,183
	<hr/>	<hr/>
Balance	2,095,702,302	922,796,254
	<hr/> <hr/>	<hr/> <hr/>

Notes to the consolidated interim financial statements for the period ended 30 June, 2017 (Continued)  
(In the notes all amounts are shown in EGP unless otherwise stated)

**10- Available - for- sale investments**

	<b>30/6/2017</b>	<b>31/12/2016</b>
Equity securities	2,767,340,981	869,415,187
Mutual fund certificates	1,666,731,428	1,778,457,720
	<hr/>	<hr/>
Balance	4,434,072,409	2,647,872,907
	=====	=====

**11- Investment property**

	<b>Buildings</b>
Balance as at 1/1/2017	345,066,343
Foreign currency translation differences	243,129
	<hr/>
Total cost as at 30/6/2017	345,309,472
	<hr/>
Accumulated depreciation as at 1/1/2017	13,021,620
Depreciation for the period	6,501,274
Foreign currency translation differences	22,556
	<hr/>
Accumulated depreciation as at 30/6/2017	19,545,450
	<hr/>
Net carrying amount as at 30/6/2017	325,764,022
	=====
Net carrying amount as at 31/12/2016	332,044,723
	=====

Investment property amounted EGP 325,764,022 as at 30 June 2017, represents the following:-

- EGP 148,181,429 the book value of the area owned by EFG – Hermes Holding Company in Nile City building.
- EGP 90,816,000 the book value of the area owned by EFG – Hermes Holding Company in the headquarters of the Company in Smart Village building.
- EGP 3,697,005 the book value of the area owned by Hermes Securities Brokerage, one of the subsidiaries, in the Elmanial branch.
- EGP 83,069,588 the book value of the area owned by EFG – Hermes UAE Limited, one of the subsidiaries, in the Index Tower – UAE.

**EFG-Hermes Holding Company**  
(Egyptian Joint Stock Company)

Translation of consolidated financial  
statements originally issued in Arabic

Notes to the consolidated interim financial statements for the period ended 30 June, 2017 (Continued)  
(In the notes all amounts are shown in EGP unless otherwise stated)

**12- Leased assets**

Particular	Land	Buildings & property	Equipment	Computer equipment	Vehicles	Impairment loss on leased assets	Total
<b>Cost</b>							
Balance as at 1/1/2017	443,259,195	390,078,615	77,925,227	5,165,707	341,456,316	--	1,257,885,060
Additions	152,272,951	181,794,266	264,524,719	--	169,329,980	--	767,921,916
Disposals	(7,022,422)	(21,177,750)	(8,080,000)	--	--	--	(36,280,172)
Total cost as at 30/6/2017	588,509,724	550,695,131	334,369,946	5,165,707	510,786,296	--	1,989,526,804
Balance as at 1/1/2016	47,104,210	278,564,535	27,097,500	2,625,401	119,651,070	--	475,042,716
Additions	90,261,650	189,547,025	21,209,938	2,540,306	109,389,228	--	412,948,147
Disposals	--	--	--	--	(122,850)	--	(122,850)
Total cost as at 30/6/2016	137,365,860	468,111,560	48,307,438	5,165,707	228,917,448	--	887,868,013
<b>Accumulated depreciation</b>							
Accumulated depreciation as at 1/1/2017	--	20,871,633	10,542,902	1,627,921	46,309,632	--	79,352,088
Depreciation for the period	--	11,697,322	15,091,344	860,951	38,511,801	--	66,161,418
Disposals accumulated depreciation	--	(1,853,053)	(2,154,667)	--	--	--	(4,007,720)
Accumulated depreciation as at 30/6/2017	--	30,715,902	23,479,579	2,488,872	84,821,433	--	141,505,786
Accumulated depreciation as at 1/1/2016	--	4,517,922	643,537	47,146	2,120,567	--	7,329,172
Depreciation for the period	--	9,052,622	3,386,355	719,824	16,022,215	--	29,181,016
Disposals accumulated depreciation	--	--	--	--	(18,428)	--	(18,428)
Accumulated depreciation as at 30/6/2016	--	13,570,544	4,029,892	766,970	18,124,354	--	36,491,760
<b>Impairment loss on leased assets as at 30/6/2017</b>	--	--	--	--	--	(3 000 000)	(3 000 000)
<b>Carrying amount</b>							
Carrying amount as at 30/6/2017	588,509,724	519,979,229	310,890,367	2,676,835	425,964,863	(3 000 000)	1,845,021,018
Carrying amount as at 30/6/2016	137,365,860	454,541,016	44,277,546	4,398,737	210,793,094	--	851,376,253
Carrying amount as at 31/12/2016	443,259,195	369,206,981	67,382,325	3,537,787	295,146,684	--	1,178,532,972
Lease settlement account as at 30/6/2017	(15,038,180)	(61,846,053)	(599,219)	831,533	(1,820,233)	--	(78,472,152)
Lease settlement account as at 30/6/2016	(3,856,665)	(27,958,531)	62,037	244,892	1,084,877	--	(30,423,390)
Lease settlement account as at 31/12/2016	(20,888,223)	(40,355,121)	(303,575)	559,462	750,671	--	(60,236,786)
Carrying amount as at 30/6/2017 (net of lease settlement account)	573,471,544	458,133,176	310,291,148	3,508,368	424,144,630	(3 000 000)	1,766,548,866
Carrying amount as at 30/6/2016 (net of lease settlement account)	133,509,195	426,582,485	44,339,583	4,643,629	211,877,971	--	820,952,863
Carrying amount as at 31/12/2016 (net of lease settlement account)	422,370,972	328,851,860	67,078,750	4,097,249	295,897,355	--	1,118,296,186

- Leased assets (net of depreciation) include EGP 193,330,434 as at June 30, 2017 versus EGP 6,605,000 as at December 31, 2016 represent leased assets that have not been registered yet in the Egyptian Financial Supervisory Authority and the required procedures to register those assets are currently taking place.

**EFG-Hermes Holding Company**  
**(Egyptian Joint Stock Company)**

Translation of consolidated financial  
statements originally issued in Arabic

Notes to the consolidated interim financial statements for the period ended 30 June, 2017 (Continued)  
(In the notes all amounts are shown in EGP unless otherwise stated)

**13- Fixed assets**

<b>Particular</b>	<b>Land &amp; buildings</b>	<b>Leasehold improvements</b>	<b>Office furniture, equipment &amp; electrical appliances</b>	<b>Computer equipment</b>	<b>Vehicles</b>	<b>* Projects under construction</b>	<b>Total</b>
<b>Cost</b>							
Balance as at 1/1/2017	181,541,971	28,662,262	178,378,147	232,697,260	21,410,159	9,784,500	652,474,299
Additions	--	6,111,051	3,818,409	10,663,214	--	3,048,458	23,641,132
Disposals	--	--	(28,694)	(57,016)	(634,556)	--	(720,266)
Acquisition from subsidiaries	229,225	--	3,912,074	987,089	5,120,986	--	10,249,374
Foreign currency translation differences	(795)	(4,963)	553,902	769,195	2,366	--	1,319,705
<b>Total cost as at 30/6/2017</b>	<b>181,770,401</b>	<b>34,768,350</b>	<b>186,633,838</b>	<b>245,059,742</b>	<b>25,898,955</b>	<b>12,832,958</b>	<b>686,964,244</b>
Balance as at 1/1/2016	911,211,588	288,049,350	405,947,371	123,063,157	25,081,927	744,062,100	2,497,415,493
Additions	--	--	233,737	1,994,885	--	--	2,228,622
Disposals	--	--	(217,545)	(25,714)	(459,927)	(34,838)	(738,024)
Disposals of subsidiaries	(732,266,717)	(279,913,500)	(306,759,900)	--	(10,230,600)	(734,277,600)	(2,063,448,317)
Acquisition from subsidiaries	--	19,437,569	6,740,824	14,830,520	538,700	105,249	41,652,862
Foreign currency translation differences	--	37,313	7,521,508	8,599,874	506,505	--	16,665,200
<b>Total cost as at 30/6/2016</b>	<b>178,944,871</b>	<b>27,610,732</b>	<b>113,465,995</b>	<b>148,462,722</b>	<b>15,436,605</b>	<b>9,854,911</b>	<b>493,775,836</b>
<b>Accumulated depreciation</b>							
Accumulated depreciation as at 1/1/2017	36,544,654	21,470,164	171,278,335	204,776,565	11,572,067	--	445,641,785
Depreciation	2,470,170	1,303,065	2,260,775	6,318,934	1,966,606	--	14,319,550
Disposals' accumulated depreciation	--	--	(28,694)	(138,661)	(503,410)	--	(670,765)
Acquisition from subsidiaries	153,343	--	630,423	701,370	2,578,358	--	4,063,494
Foreign currency translation differences	(579)	3,527	556,219	745,184	3,085	--	1,307,436
<b>Accumulated depreciation as at 30/6/2017</b>	<b>39,167,588</b>	<b>22,776,756</b>	<b>174,697,058</b>	<b>212,403,392</b>	<b>15,616,706</b>	<b>--</b>	<b>464,661,500</b>
Accumulated depreciation as at 1/1/2016	178,036,906	222,141,127	294,618,358	108,552,151	14,771,097	--	818,119,639
Depreciation	2,466,188	575,798	2,170,119	3,234,371	991,096	--	9,437,572
Disposals' accumulated depreciation	--	--	(172,747)	(4,695)	(459,927)	--	(637,369)
Disposals of subsidiaries	(146,424,627)	(216,556,199)	(201,455,100)	--	(7,017,600)	--	(571,453,526)
Acquisition from subsidiaries	--	14,652,122	4,779,841	9,480,055	202,899	--	29,114,917
Foreign currency translation differences	--	37,337	7,136,477	8,256,522	313,346	--	15,743,682
<b>Accumulated depreciation as at 30/6/2016</b>	<b>34,078,467</b>	<b>20,850,185</b>	<b>107,076,948</b>	<b>129,518,404</b>	<b>8,800,911</b>	<b>--</b>	<b>300,324,915</b>
<b>Carrying amount</b>							
Carrying amount as at 30/6/2017	142,602,813	11,991,594	11,936,780	32,656,350	10,282,249	12,832,958	222,302,744
Carrying amount as at 30/6/2016	144,866,404	6,760,547	6,389,047	18,944,318	6,635,694	9,854,911	193,450,921
Carrying amount as at 31/12/2016	144,997,317	7,192,098	7,099,812	27,920,695	9,838,092	9,784,500	206,832,514

**EFG-Hermes Holding Company  
(Egyptian Joint Stock Company)**

Translation of consolidated financial  
statements originally issued in Arabic

Notes to the consolidated financial statements for the period ended 30 June, 2017 (Continued)  
(In the notes all amounts are shown in EGP unless otherwise stated)

*	Projects under construction are represented in the following:	<b>30/6/2017</b>	<b>31/12/2016</b>
	Preparation of new branches – Office Spaces in Egypt	12,832,958	9,784,500
	Balance	<u>12,832,958</u>	<u>9,784,500</u>
		=====	=====

**14- Goodwill and other intangible assets**

		<b>30/6/2017</b>	<b>31/12/2016</b>
Goodwill	(14-1)	602,666,546	584,031,766
Licenses		8,187,465	7,523,567
Balance		<u>610,854,011</u>	<u>591,555,333</u>
		=====	=====

14-1 Goodwill is relating to the acquisition of the following subsidiaries:

	<b>30/6/2017</b>	<b>31/12/2016</b>
EFG- Hermes Oman LLC	5,921,803	5,921,803
EFG- Hermes IFA Financial Brokerage Company Kuwait – (KSC)	179,148,550	179,148,550
IDEAVELOPERS – Egypt	1,600,000	1,600,000
EFG- Hermes Jordan	8,639,218	8,639,218
Tanmeyah Micro Enterprise Services S.A.E *	388,722,195	388,722,195
EFG - Hermes Pakistan Limited	18,634,780	--
Balance	<u>602,666,546</u>	<u>584,031,766</u>
	=====	=====

\* The acquiree's financial statements have been consolidated based on the book value of the identifiable assets and liabilities, the Company has a grace period of 12 months ending March 2017 for preparing Purchase Price Allocation (PPA) study to determine the fair value of the identifiable assets and liabilities according to the Egyptian Accounting Standards. The Company is in the process of determining this fair value exercise and adjust accordingly.



**EFG-Hermes Holding Company  
(Egyptian Joint Stock Company)**

Translation of consolidated financial  
statements originally issued in Arabic

Notes to the consolidated financial statements for the period ended 30 June, 2017 (Continued)  
(In the notes all amounts are shown in EGP unless otherwise stated)

**15- Other assets**

		<b>30/6/2017</b>	<b>31/12/2016</b>
Deposits with others	(15-1)	47,411,132	19,746,684
Down payments to suppliers		19,588,687	8,792,738
Prepaid expenses		57,671,090	36,409,465
Employees' advances		37,794,033	44,336,521
Accrued revenues		113,215,428	64,380,552
Taxes withheld by others		43,771,374	19,904,319
Payments for investments	(15-2)	5,123,356	10,379,956
Settlement Guarantee Fund		23,933,948	41,261,355
Due from EFG- Hermes Employees Trust		236,140,620	235,735,728
Due from Ara Inc. Company		635,270	633,511
Due from Egypt Gulf Bank- Tanmeyah Clients		1,823,350	2,339,999
Sundry debtors		53,942,014	55,778,733
		<hr/>	<hr/>
Balance		641,050,302	539,699,561
		=====	=====

15-1 Deposits with others include an amount of EGP 15,517,489 in the name of the subsidiaries, Financial Brokerage Group Company and Hermes Securities Brokerage Company which represents blocked deposits for same day trading operations settlement takes place in the Egyptian Stock Exchange. Both companies are not entitled to use these amounts without prior approval from Misr Clearance Company.

15-2 Payments for investments are represented in the following:

		<b>30/6/2017</b>	<b>31/12/2016</b>
Arab Visual Company		3,749,500	3,749,500
IDEAVELOPERS		25,000	25,000
AAW Company for Infrastructure		1,348,856	1,348,856
Vortex Energy Investments II		--	256,600
EFG Finance Holding		--	5,000,000
		<hr/>	<hr/>
Balance		5,123,356	10,379,956
		=====	=====

**EFG-Hermes Holding Company  
(Egyptian Joint Stock Company)**

Translation of consolidated financial  
statements originally issued in Arabic

Notes to the consolidated financial statements for the period ended 30 June, 2017 (Continued)  
(In the notes all amounts are shown in EGP unless otherwise stated)

---

**16- Due to banks and financial institutions**

	<b>30/6/2017</b>	<b>31/12/2016</b>
Financial institutions	11,725,050	11,670,425
Bank overdraft	713,036,134	714,952,416
	<hr/>	<hr/>
Balance	724,761,184	726,622,841
	=====	=====

**17- Creditors and other credit balances**

	<b>30/6/2017</b>	<b>31/12/2016</b>
Social Insurance Association	1,377,353	1,258,677
Unearned revenues	118,313,675	80,020,061
Suppliers	118,243,772	--
Accrued expenses	883,231,669	1,214,720,613
Clients' coupons - custody activity	9,658,561	10,566,061
Due to Industry Modernization Center	13,405,314	13,353,615
Dividends payable( prior years)	267,731,163	193,216,929
Unrealised SWAP contracts gains	74,249,226	--
Sundry creditors	128,135,497	87,509,828
	<hr/>	<hr/>
Balance	1,614,346,230	1,600,645,784
	=====	=====

**EFG-Hermes Holding Company**  
**(Egyptian Joint Stock Company)**

Translation of consolidated financial  
statements originally issued in Arabic

Notes to the consolidated financial statements for the period ended 30 June, 2017 (Continued)  
(In the notes all amounts are shown in EGP unless otherwise stated)

**18- Deferred tax liabilities**

	<b>Balance at 1/1/2017</b>	<b>Recognized in profit or loss</b>	<b>Recognized in equity</b>	<b>Foreign currency differences</b>	<b>Net</b>	<b>Deferred tax assets</b>	<b>Deferred tax liabilities</b>
Fixed assets							
depreciation	(9,796,409)	(749,400)	--	--	(10,545,809)	--	(10,545,809)
Claims provision	587,750	25,158	--	--	612,908	612,908	--
Impairment loss on assets	1,224,794	--	--	--	1,224,794	1,224,794	--
Prior year losses carried forward	1,114,221	--	--	(702,546)	411,675	411,675	--
Changes in fair value of cash flow hedges *	6,612,597	--	--	--	6,612,597	6,612,597	--
Fair value of available-for-sale financial assets **	(313,029,836)	--	50,342,147	--	(262,687,689)	--	(262,687,689)
Foreign currency translation differences	(198,393,561)	(2,185,762)	--	--	(200,579,323)	--	(200,579,323)
	<u>(511,680,444)</u>	<u>(2,910,004)</u>	<u>50,342,147</u>	<u>(702,546)</u>	<u>(464,950,847)</u>	<u>8,861,974</u>	<u>(473,812,821)</u>

\* Directly deducted from cash flow hedges item presented on the consolidated statement of comprehensive income.

\*\* Directly deducted from changes in the fair value of available-for-sale investments item presented on the consolidated statement of comprehensive income.

**19- Provisions**

		<b>30/6/2017</b>	<b>31/12/2016</b>
Claims provision	(19-1)	320,978,106	333,011,812
Severance pay provision	(19-1)	165,054,052	166,230,290
Financial guarantee for contingent liabilities	(19-1)	2,010,017	2,340,649
Balance		<u>488,042,175</u>	<u>501,582,751</u>
		=====	=====

**EFG-Hermes Holding Company**  
**(Egyptian Joint Stock Company)**

Translation of consolidated financial  
statements originally issued in Arabic

Notes to the consolidated financial statements for the period ended 30 June, 2017 (Continued)  
(In the notes all amounts are shown in EGP unless otherwise stated)

**19-1**

	<b>Claims provision</b>	<b>Severance pay provision</b>	<b>Financial guarantee for contingent liabilities</b>	<b>Total</b>
Balance at the beginning of the year	333,011,812	166,230,290	2,340,649	501,582,751
Formed during the period	419,698	13,388,337	--	13,808,035
Foreign currency differences	36,910	1,038,268	--	1,075,178
Amounts used during the period	(12,490,314)	(15,602,843)	--	(28,093,157)
Provision reversed	--	--	(330,632)	(330,632)
Balance at the end of the period	320,978,106	165,054,052	2,010,017	488,042,175

**20- Loans and borrowings**

<b>The borrower</b>	<b>Credit limit</b>	<b>Contract date</b>	<b>Maturity date</b>	<b>30/6/2017</b>	<b>31/12/2016</b>
EFG – Hermes Leasing*	250 million	10/6/2015	10/6/2023	221,450,593	199,274,290
„	100 million	4/6/2015	4/6/2022	76,005,251	81,967,775
„	280 million	14/7/2015	14/9/2022	164,169,796	112,230,509
„	300 million	4/11/2015	4/11/2022	245,651,636	185,858,610
„	200 million	9/8/2015	9/8/2023	42,509,542	47,176,941
„	200 million	30/9/2015	30/9/2025	128,801,689	86,352,695
„	175 million	14/3/2016	14/3/2023	94,988,482	70,975,564
„	50 million	1/6/2016	1/6/2023	44,982,428	48,973,891
„	100 million	1/6/2016	1/5/2020	95,091,688	93,496,233
„	100 million	28/11/2016	31/10/2021	94,620,531	20,504,086
„	80 million	15/12/2016	30/9/2021	26,541,285	10,531,282
„	100 million	12/2/2017	28/2/2022	86,407,871	--
„	70 million	19/2/2017	30/8/2024	69,613,243	--
„	100 million	15/12/2016	30/9/2021	40,077,589	--
„	50 million	3/4/2017	3/4/2024	15,406,567	--
„	100 million	25/5/2017	25/5/2022	12,257,817	--
EFG – Hermes Holding**	150 million	29/2/2016	28/2/2021	133,320,000	150,000,000
EFG – Hermes Pakistan Limited	112.1 million	12/5/2017	11/5/2020	112,060,000	--
Balance				1,703,956,008	1,107,341,876

**EFG-Hermes Holding Company  
(Egyptian Joint Stock Company)**

Translation of consolidated financial  
statements originally issued in Arabic

Notes to the consolidated financial statements for the period ended 30 June, 2017 (Continued)  
(In the notes all amounts are shown in EGP unless otherwise stated)

Current	336,125,440	184,654,352
Non-current	<u>1,367,830,568</u>	<u>922,687,524</u>
Balance	<u><u>1,703,956,008</u></u>	<u><u>1,107,341,876</u></u>

\* EFG-Hermes Leasing (wholly owned subsidiary), is committed to settle the credit granted by waiving the rental value of the finance lease contracts to the banks within the credit amount.

\*\* Loan from Audi Bank with an amount EGP 150 million to EFG-Hermes Holding used to finance regional expansion. The company executed a first- degree commercial pledge on all company's tangible and intangible assets in favour of the bank as a guarantee for the loan.

**21- Share capital**

The company's authorized capital amounts EGP 6 billion and issued capital amounts EGP 3,074,472,890 distributed on 614,894,578 shares of par value EGP 5 per share which is fully paid and represented in the following:

Shareholder's name	Share percentage %	Number of shares	Value EGP
The Bank of New York Mellon	15.2	93 671 255	468 356 275
DF EFG III Limited (Natixis)	12.9	79 558 414	397 792 070
Rimco E G T Investment LLC	8.5	52 280 539	261 402 695
Others	63.4	389 384 370	1 946 921 850
	<u>100</u>	<u>614 894 578</u>	<u>3 074 472 890</u>
	=====	=====	=====

**22- Non - controlling interests**

	<b>31/3/2017</b>	<b>31/12/2016</b>
Share capital	149,470,180	72,136,666
Legal reserve	15,995,071	18,344,483
Other reserves	21,012,318	(4,403,698)
Retained earnings (losses)	8,876,730	(5,137,939)
Goodwill of subsidiaries	32,454,375	23,323,331
Interim dividend	--	(13,656,958)
Profit for the period /year	<u>11,921,311</u>	<u>36,210,196</u>
Balance	<u><u>239,729,985</u></u>	<u><u>126,816,081</u></u>

**EFG-Hermes Holding Company  
(Egyptian Joint Stock Company)**

Translation of consolidated financial  
statements originally issued in Arabic

Notes to the consolidated financial statements for the period ended 30 June, 2017 (Continued)  
(In the notes all amounts are shown in EGP unless otherwise stated)

**23- Contingent liabilities**

The company guarantees its subsidiaries – Financial Brokerage Group, Hermes Securities Brokerage, EFG Hermes Jordan and EFG Hermes Oman LLC. – against the credit facilities granted from banks and EFG- Hermes Brokerage – UAE against the Letters of Guarantee issued from banks amounting to:

	<b>30/6/2017</b>	<b>31/12/2016</b>
AED	118,670,000	118,670,000
Equivalent to EGP	583,263,050	581,554,202

Group off-balance sheet items :

Assets under management	53,853,984,639	45,316,848,744
-------------------------	----------------	----------------

**24- Incentive fee revenue**

Due to inadequate assurance concerning the revenue recognition conditions and collection of the incentive fee on managing investment funds and portfolios, the assets management companies (subsidiaries) deferred the recognition of incentive fee with an amount of EGP 5,859,509 till June 30, 2017 versus EGP 288,934 till June 30, 2016 as no revenues are recognized if there are any uncertainties regarding the recovery of the consideration due.

<b>Subsidiary's name</b>	<b>For the period ended</b>	
	<b>30/6/2017</b>	<b>30/6/2016</b>
Egyptian Portfolio Management Group	2,215,144	288,934
Hermes Fund Management	3,644,365	--
Total	5,859,509	288,934

**25- Impairment loss on assets**

	<b>2017</b>		<b>2016</b>	
	<b>For the period from 1/4/2017 to 30/6/2017</b>	<b>For the period from 1/1/2017 to 30/6/2017</b>	<b>For the period from 1/4/2016 to 30/6/2016</b>	<b>For the period from 1/1/2016 to 30/6/2016</b>
Impairment loss on accounts receivables & debit accounts	3,504,245	3,504,245	484,132	484,132
Total	3,504,245	3,504,245	484,132	484,132

**EFG-Hermes Holding Company  
(Egyptian Joint Stock Company)**

Translation of consolidated financial  
statements originally issued in Arabic

Notes to the consolidated financial statements for the period ended 30 June, 2017 (Continued)  
(In the notes all amounts are shown in EGP unless otherwise stated)

**26- Income tax expense**

	2017		2016	
	For the period from 1/4/2017 to 30/6/2017	For the period from 1/1/2017 to 30/6/2017	For the period from 1/4/2016 to 30/6/2016	For the period from 1/1/2016 to 30/6/2016
Current income tax	(39,892,953)	(124,179,523)	(9,098,708)	(16,550,165)
Deferred tax	1,516,983	(2,910,004)	(590,098)	(2,638,260)
<b>Total</b>	<b>(38,375,970)</b>	<b>(127,089,527)</b>	<b>(9,688,806)</b>	<b>(19,188,425)</b>

**27- Cash and cash equivalents**

For the purpose of preparing the statement of cash flows, cash and cash equivalents are represented in the following :

	30/6/2017	31/12/2016
Cash and due from banks	9,366,629,696	11,507,605,161
Due to banks and financial institutions	(724,761,184)	(726,622,841)
Treasury bills less than 90 days	--	1,073,566,024
Effect of exchange rate	--	(121, 539, 451)
<b>Cash and cash equivalents</b>	<b>8,641,868,512</b>	<b>11,733,008,893</b>

**28- General administrative expenses**

	2017		2016	
	For the period from 1/4/2017 to 30/6/2017	For the period from 1/1/2017 to 30/6/2017	For the period from 1/4/2016 to 30/6/2016	For the period from 1/1/2016 to 30/6/2016
Wages , salaries and similar items *	389,823,266	748,516,037	144,624,827	352,653,322
Consultancy	10,227,010	15,873,031	(4,101,276)	10,534,211
Travel , accommodation and transportation	10,872,076	15,632,923	4,359,770	8,352,275
Leased line and communication	25,522,308	47,121,290	12,822,284	24,588,600
Rent and utilities expenses	20,879,545	38,317,452	10,845,080	18,613,217
Other expenses	60,087,556	112,556,664	27,745,607	54,661,023
<b>Total</b>	<b>517,411,761</b>	<b>978,017,397</b>	<b>196,296,292</b>	<b>469,402,648</b>

\* In 2016 the group based on the compensation committee recommendation approved enrolling a number employees in a two years retention program whereby these employees would receive a cash bonus during the company's annual bonus cycle that is based on the share price of EFG- Hermes Holding at the end of the relevant period. The line item (Wages, salaries and similar items) includes an amount of EGP 79 495 818 relevant to this program.

Notes to the consolidated interim financial statements for the period ended 30 June, 2017 (Continued)  
(In the notes all amounts are shown in EGP unless otherwise stated)

**29- Operating segment**

**(a) Basis for operating segment**

Segment information is presented in respect of the Group's business segments.

The primary format, business segment, is based on the Group's management and internal reporting structure. Inter-segment pricing is determined on an arm's length basis.

Segment results, assets and liabilities include items directly attributable to a segment. The revenue & expense and assets & liabilities analyses in the table below are based on the type of business activities and services that are distinguishable component.

	<b>For the period ended June 30, 2017</b>								
	<b>Holding &amp; treasury</b>	<b>Brokerage</b>	<b>Asset management</b>	<b>Investment banking</b>	<b>Private equity</b>	<b>Leasing</b>	<b>Micro finance</b>	<b>Adjustments</b>	<b>Total</b>
Fee and commission income	9,757	572,199,537	116,999,771	226,216,648	16,880,201	--	70,801,240	--	1,003,107,154
Securities gains	529,265,147	8,989,503	--	--	--	--	--	--	538,254,650
Revenues from leasing activities	--	--	--	--	--	221,015,942	--	--	221,015,942
Changes in the investments at fair value through profit and loss	1,567,488	1,964,369	--	--	6,253,360	--	--	--	9,785,217
Interest and dividend income	290,702,978	59,205,973	--	26,168,461	40,412,833	2,629,899	93,110,255	(96,813,975)	415,416,424
Foreign currencies differences	43,952,668	--	--	--	--	--	--	--	43,952,668
Other income	36,474,303	11,154,639	129,424	1,196,416	23,741	304,252	961,435	(4,245,814)	45,998,396
<b>Total revenues</b>	<b>901,972,341</b>	<b>653,514,021</b>	<b>117,129,195</b>	<b>253,581,525</b>	<b>63,570,135</b>	<b>223,950,093</b>	<b>164,872,930</b>	<b>(101,059,789)</b>	<b>2,277,530,451</b>



**EFG-Hermes Holding Company**  
**(Egyptian Joint Stock Company)**

Translation of consolidated financial  
statements originally issued in Arabic

Notes to the consolidated financial statements for the period ended 30 June, 2017 (Continued)  
(In the notes all amounts are shown in EGP unless otherwise stated)

	<b>Holding &amp; treasury</b>	<b>Brokerage</b>	<b>Asset management</b>	<b>Investment banking</b>	<b>Private equity</b>	<b>Leasing</b>	<b>Micro finance</b>	<b>Adjustments</b>	<b>Total</b>
Fee and commission expense	(1,203,433)	(81,948,418)	(647,773)	(18,071,972)	(117,265)	(609,850)	(4,907,356)	20,094,544	(87,411,523)
Interest expense	(46,959,878)	(69,393,899)	--	(8,456,306)	(36,192,085)	(104,680,634)	(46,469,116)	96,813,975	(215,337,943)
Net revenues	853,809,030	502,171,704	116,481,422	227,053,247	27,260,785	118,659,609	113,496,458	15,848,730	1,974,780,985
General administrative expenses	(407,682,213)	(368,243,186)	(60,136,402)	(28,640,919)	(16,287,803)	(12,064,055)	(69,114,089)	(15,848,730)	(978,017,397)
Provisions	(1,911,469)	(8,318,031)	(1,960,966)	(998,342)	(199,529)	--	(419,698)	--	(13,808,035)
Depreciation and amortization	(11,606,606)	(4,983,508)	(739,564)	(143,894)	(66,006)	(66,507,882)	(2,934,782)	--	(86,982,242)
Impairment loss on assets	--	--	--	--	(504,245)	(3,000,000)	--	--	(3,504,245)
Total expenses	(469,363,599)	(532,887,042)	(63,484,705)	(56,311,433)	(53,366,933)	(186,862,421)	(123,845,041)	101,059,789	(1,385,061,385)
Profit before income tax	432,608,742	120,626,979	53,644,490	197,270,092	10,203,202	37,087,672	41,027,889	--	892,469,066
Income tax expense	(59,184,903)	(40,191,450)	(7,099,600)	(2,165,579)	(280,334)	(8,650,074)	(9,517,587)	--	(127,089,527)
Profit from continuing operations	373,423,839	80,435,529	46,544,890	195,104,513	9,922,868	28,437,598	31,510,302	--	765,379,539
Total assets	5,770,281,824	11,005,586,938	1,668,870,356	136,695,348	3,342,746,067	1,852,339,421	864,474,818	--	24,640,994,772
Total liabilities	1,450,187,083	7,100,283,529	209,994,409	76,172,998	444,081,278	1,640,899,419	317,991,907	--	11,239,610,623

**EFG-Hermes Holding Company**  
**(Egyptian Joint Stock Company)**

Translation of consolidated financial  
statements originally issued in Arabic

Notes to the consolidated financial statements for the period ended 30 June, 2017 (Continued)  
(In the notes all amounts are shown in EGP unless otherwise stated)

	<b>For the period ended June 30, 2016</b>								
	<b>Holding &amp; Treasury</b>	<b>Brokerage</b>	<b>Asset Management</b>	<b>Investment Banking</b>	<b>Private Equity</b>	<b>Leasing</b>	<b>Micro Finance</b>	<b>Adjustments</b>	<b>Total</b>
Fee and commission income	297,068	218,030,251	62,517,924	82,154,932	50,992,499	--	22,314,672	--	436,307,346
Securities gains	14,936,880	4,202,248	--	--	--	--	--	--	19,139,128
Revenues from leasing activities	--	--	--	--	--	82,687,217	--	--	82,687,217
Changes in the investments at fair value through profit and loss	2,058,090	1,193,753	--	--	608,538	--	--	--	3,860,381
Interest and dividend income	32,813,451	29,283,535	--	2,267,617	2,518,431	1,206,032	24,868,077	(16,100,000)	76,857,143
Foreign currencies differences	113,111,660	15,752,409	1,132,896	2,273,587	23,486,567	985	58,865	--	155,816,969
Other income	7,851,697	6,871,844	1,746,052	7,201,326	510,883	--	211,108	(2,128,426)	22,264,484
<b>Total revenues</b>	<b>171,068,846</b>	<b>275,334,040</b>	<b>65,396,872</b>	<b>93,897,462</b>	<b>78,116,918</b>	<b>83,894,234</b>	<b>47,452,722</b>	<b>(18,228,426)</b>	<b>796,932,668</b>
Fee and commission expense	(1,394,236)	(29,583,740)	(54,389)	(417,322)	(44,610)	(171,709)	(1,033,716)	7,099,166	(25,600,556)
Interest expense	(17,682,096)	(29,566,995)	--	--	--	(37,828,612)	(9,652,970)	16,100,000	(78,630,673)
<b>Net revenues</b>	<b>151,992,514</b>	<b>216,183,305</b>	<b>65,342,483</b>	<b>93,480,140</b>	<b>78,072,308</b>	<b>45,893,913</b>	<b>36,766,036</b>	<b>4,970,740</b>	<b>692,701,439</b>
General administrative expenses	(193,788,070)	(144,205,829)	(42,570,405)	(26,151,413)	(26,310,581)	(7,856,245)	(23,549,365)	(4,970,740)	(469,402,648)

**EFG-Hermes Holding Company**  
**(Egyptian Joint Stock Company)**

Translation of consolidated financial  
statements originally issued in Arabic

Notes to the consolidated financial statements for the period ended 30 June, 2017 (Continued)  
(In the notes all amounts are shown in EGP unless otherwise stated)

	<b>Holding &amp; Treasury</b>	<b>Brokerage</b>	<b>Asset Management</b>	<b>Investment Banking</b>	<b>Private Equity</b>	<b>Leasing</b>	<b>Micro Finance</b>	<b>Adjustments</b>	<b>Total</b>
Provisions	(2,147,004)	(2,760,645)	(1,087,591)	(370,284)	(6,083,598)	--	(72,376)	--	(12,521,498)
Depreciation and amortization	(10,248,668)	(3,081,925)	(256,080)	(125,854)	(61,218)	(29,512,302)	(1,013,112)	--	(44,299,159)
Impairment loss on assets	--	(484,132)	--	--	--	--	--	--	(484,132)
<b>Total expenses</b>	<b>(225,260,074)</b>	<b>(209,683,266)</b>	<b>(43,968,465)</b>	<b>(27,064,873)</b>	<b>(32,500,007)</b>	<b>(75,368,868)</b>	<b>(35,321,539)</b>	<b>18,228,426</b>	<b>(630,938,666)</b>
(Loss) profit before income tax	(54,191,228)	65,650,774	21,428,407	66,832,589	45,616,911	8,525,366	12,131,183	--	165,994,002
Income tax expense	9,487,133	(10,289,726)	(844,046)	(11,277,558)	(2,308,399)	(1,544,792)	(2,411,037)	--	(19,188,425)
(Loss) profit from continuing operation	(44,704,095)	55,361,048	20,584,361	55,555,031	43,308,512	6,980,574	9,720,146	--	146,805,577
<b>Total assets</b>	<b>5,185,546,267</b>	<b>5,520,445,902</b>	<b>938,474,079</b>	<b>69,050,974</b>	<b>935,280,311</b>	<b>873,841,201</b>	<b>647,407,066</b>	<b>--</b>	<b>14,170,045,800</b>
<b>Total liabilities</b>	<b>698,407,854</b>	<b>3,254,189,809</b>	<b>120,329,735</b>	<b>75,896,762</b>	<b>255,082,779</b>	<b>765,590,412</b>	<b>139,382,528</b>	<b>--</b>	<b>5,308,879,879</b>

Notes to the consolidated financial statements for the period ended 30 June, 2017 (Continued)  
(In the notes all amounts are shown in EGP unless otherwise stated)

**(b) Geographical segments**

- The Group operates in three main geographical areas: Egypt, GCC and Lebanon. In presenting the geographic information, segment revenue has been based on the geographical location of operation and the segment assets were based on the geographical location of the assets. The group's operations are reported under geographical segments, reflecting their respective size of operation.
- The revenue analysis in the tables below is based on the location of the operating company, which is the same as the location of the major customers and the location of the operating companies.

**June 30, 2017**

	<b>Egypt</b>	<b>GCC</b>	<b>Lebanon</b>	<b>Other</b>	<b>Total</b>
Total revenues	1,292,891,417	586,011,076	364,422,542	34,205,416	2,277,530,451
Segment assets	11,289,379,371	11,060,725,084	1,903,952,974	386,937,343	24,640,994,772

**June 30, 2016**

	<b>Egypt</b>	<b>GCC</b>	<b>Lebanon</b>	<b>Other</b>	<b>Total</b>
Total revenues	610,778,361	170,644,609	325,764	15,183,934	796,932,668
Segment assets	6,742,402,913	4,970,646,955	2,403,884,423	53,111,509	14,170,045,800

**30- Tax status (the holding company)**

- As to Income Tax, the years till 31/12/2010 the competent Tax Inspectorate inspected the parent company's books and all the disputed points have been settled with the Internal Committee and as to years 2011 / 2013 have been inspected and all the disputed points have been settled with the Internal Committee and the settlement procedures are currently taking place and as to years 2014 / 2015 have been inspected and the company was notified and was objected thereon on the due date and the settlement procedures are currently taking place. As to year 2016, according to tax form of tax law no. 91 of 2005 the company has submitted the tax returns and paid the due tax.
- As to Salaries Tax, the parent company's books had been examined till 2008 and all the disputed points have been settled with the Internal Committee and as to years 2009 / 2012 company's books had been examined and the settlement procedures are currently taking place, and as to years 2013 / 2016 have not been inspected yet.

**EFG-Hermes Holding Company  
(Egyptian Joint Stock Company)**

Translation of consolidated financial  
statements originally issued in Arabic

Notes to the consolidated financial statements for the period ended 30 June, 2017 (Continued)  
(In the notes all amounts are shown in EGP unless otherwise stated)

- As to Stamp Tax, the parent company's books had been examined from 1/1/1998 till 31/7/2006 and paid the due tax according to the resolution of appeal committee which was objected thereon in the court, and the period from 1/8/2006 till 31/12/2013 has been inspected and all the disputed points have been settled with the competent Tax Inspectorate as to years 2014/2016 have not been inspected yet.

**31- Group's entities**

The parent company owns the following subsidiaries:

	<b>Direct ownership</b>	<b>Indirect ownership</b>
	%	%
Financial Brokerage Group	99,87	0,09
Egyptian Fund Management Group	88,51	11,49
Egyptian Portfolio Management Group	66,33	33,67
Hermes Securities Brokerage	97,58	2,42
Hermes Fund Management	89,95	10,05
Hermes Corporate Finance	99,37	0,53
EFG - Hermes Advisory Inc.	100	--
EFG- Hermes Financial Management (Egypt) Ltd.	--	100
EFG - Hermes Promoting & Underwriting	99,88	--
Bayonne Enterprises Ltd.	100	--
EFG- Hermes Fixed Income	99	1
EFG- Hermes Management	96,3	3,7
EFG- Hermes Private Equity	1,59	63,41
EFG- Hermes Brokerage – UAE LLC.	--	100
Flemming CIIC Holding	100	--
Flemming Mansour Securities	--	99,33
Flemming CIIC Securities	--	96
Flemming CIIC Corporate Finance	--	74,92
EFG- Hermes UAE Ltd.	100	--
EFG- Hermes Holding - Lebanon	99	--
EFG- Hermes KSA	73,1	26,9
October Property Development Ltd.	--	100
EFG- Hermes Lebanon	99	0,97
Mena Opportunities Management Limited	--	95

**EFG-Hermes Holding Company**  
**(Egyptian Joint Stock Company)**

Translation of consolidated financial  
statements originally issued in Arabic

Notes to the consolidated financial statements for the period ended 30 June, 2017 (Continued)  
(In the notes all amounts are shown in EGP unless otherwise stated)

	Direct ownership	Indirect ownership
	%	%
Mena (BVI) Holding Ltd.	--	95
EFG - Hermes Mena Securities Ltd.	--	100
Middle East North Africa Financial Investments W.L.L	--	100
EFG - Hermes Qatar LLC	100	--
EFG- Hermes Oman LLC	--	51
EFG- Hermes Regional Investment Ltd.	100	--
Offset Holding KSC	--	50
EFG- Hermes IFA Financial Brokerage	--	63,084
IDEAVELOPERS	--	52
EFG- Hermes CB Holding Limited	--	100
EFG- Hermes Global CB Holding Limited	100	--
EFG - Hermes Syria LLC *	49	20,37
Sindyan Syria LLC *	97	--
Talas & Co. LLP *	--	97
EFG - Hermes Jordan	100	--
Mena Long-Term Value Feeder Holdings Ltd.	--	100
Mena Long-Term Value Master Holdings Ltd.	--	90
Mena Long-Term Value Management Ltd.	--	90
EFG - Hermes CL Holding SAL	--	100
EFG - Hermes Investment Funds Co.	99,998	--
EFG-Hermes IB Limited	100	--
Meda Access Cayman Holdings Limited	--	100
EFG- Hermes Mutual Funds Co.	100	--
Beaufort Investments Company	100	--
EFG-Hermes Leasing	99	1
EFG Hermes-Direct Investment Fund	64	--
Tanmeyah Micro Enterprise Services S.A.E	94	--
EFG – Hermes Frontier Holdings LLC	100	--
EFG – Hermes USA	100	--
EFG Capital Partners III	--	65
Health Management Company	--	52.5
EFG – Hermes Kenya Ltd.	--	100
EFG Finance Holding	99	1
EFG - Hermes Pakistan Limited	--	51
EFG - Hermes UK Limited	--	100
OLT Investment International Company (B.S.C)	99.9	--

\* Due to exposing Syrian Arab Republic to events have significantly impact on the economic sectors in general and lead to lose of control so, the company's management decided in 2016 to transfer these investments from investments in subsidiaries to available for sale investments.

**32- Financial instruments and management of related risks:**

The Company's financial instruments are represented in the financial assets and liabilities. Financial assets include cash balances with banks, investments and debtors while financial liabilities include loans and creditors. Notes to financial statements includes significant accounting policies applied regarding basis of recognition and measurement of the important financial instruments and related revenues and expenses by the company to minimize the consequences of such risks.

**32-1 Market risk**

Market risk is defined as the potential loss in both on and off financial position resulting from movements in market risk factors such as foreign exchange rates, interest rates, and equity prices.

Market risk is represented in the factors which affect values, earnings and profits of all securities negotiated in stock exchange or affect the value, earning and profit of a particular security.

According to the company's investment policy, the following procedures are undertaken to reduce the effect of this risk.

- Performing the necessary studies before investment decision in order to verify that investment is made in potential securities.
- Diversification of investments in different sectors and industries.
- Performing continuous studies required to follow up the company's investments and their development.

**32-2 Foreign currencies risk**

- The foreign currencies exchange risk represents the risk of fluctuation in exchange rates, which in turn affects the company's cash inflows and outflows as well as the value of its assets and liabilities in foreign currencies.

- The company has reevaluate assets and liabilities at the financial position date as disclosed in foreign currency accounting policy.

**32-3 Risk management**

In the ordinary course of business, the Group is exposed to a variety of risks, the most important of which are liquidity risk, interest rate risk, currency risk, credit risk and market risk. These risks are identified, measured and monitored through various control mechanisms in order to price facilities and products on a risk adjusted basis and to prevent undue risk concentrations.

The independent risk control process does not include business risks such as changes in the environment, technology and industry. They are monitored through the Group's strategic planning process.

#### **32-4 Credit risk**

Credit risk is the risk of a person or an organization defaulting in the repayment of their obligations to the Group in respect of the terms and conditions of the credit facilities granted to them by the Group. The management minimizes this risk by spreading its loan portfolio overall economic sectors and by adopting appropriate procedures and controls to evaluate the quality of the credit facilities granted and the creditworthiness of the borrowers. The credit risk of connected accounts is monitored on a united basis. In addition, the effective credit appraisal procedure for examining applications for credit facilities followed by the Group, adopts as the main criteria the repayment capability and obtaining sufficient collateral. The continuous monitoring of credit accounts and the timely preventive action further minimize, to a large extent, the exposure to credit risk.

#### **32-5 Liquidity risk**

Liquidity risk is the risk that the Group will be unable to meet its payment obligations when they fall due under normal and stress circumstances. To limit this risk, management has arranged diversified funding sources in addition to its core deposit base, manages assets with liquidity in mind and monitors future cash flows and liquidity on daily basis. This incorporates an assessment of expected cash flows and the availability of high grade collateral which could be used to secure additional funding if required.

The Group maintains a portfolio of high marketable and diverse assets that can be easily liquidated in the event of an unforeseen interpretation of cash flow. In addition, the Group maintains statutory deposits with the Central Banks.

The liquidity position is assessed and managed under a variety of scenarios, giving due consideration to stress factors relating to both the market in general and to the Group in specific. The Group maintains a solid ratio of high liquid net assets in foreign currencies to deposits and commitments in foreign currencies taking markets conditions into consideration.



**32-6 Interest rate risk**

Interest rate risk stems from the sensitivity of earnings to future movements in interest rates applied on assets and liabilities.

The Group's management closely monitors interest rate fluctuations on a continuous basis and ensures that assets and liabilities are matched and re-priced in a timely manner. The Group is exposed to interest rate risk as a result of mismatches or gaps in the amounts of assets and liabilities that mature or are re-priced in a given period. The most important source of interest rate risk derives from the lending, funding and investing activities, where fluctuations in interest rates are reflected in interest margins and earnings.

**32-7 Equity price risk**

Equity price risk is the risk that the value of a portfolio will fall as a result of change in stock prices. Risk factors underlying this type of market risk are a whole range of various equity (and index) prices corresponding to different markets (and currencies/maturities), in which the Group holds equity-related positions.

The Group sets tight limits on equity exposures and the types of equity instruments that traders are allowed to take positions in. Nevertheless, depending on the complexity of financial instruments, equity risk is measured in first cash terms, such as the market value of a stock/index position, and also in price sensitivities, such as sensitivity of the value of a portfolio to changes in the underlying asset price. These measures are applied to an individual position and/or a portfolio of equity products.

**32-8 Operational risk**

Operational risk is the risk of direct or indirect loss due to an event or action causing failure of technology, process infrastructure, personnel, and other risks having an operational risk impact. The Group seeks to minimize actual or potential losses from operational risk failure through a framework of policies and procedures that identify, assess, control, manage, and report those risks. Controls include effective segregation of duties, access, authorization and reconciliation procedures, staff education and assessment processes.

**32-9 Fair value of financial instruments**

The fair value of the financial instruments does not substantially deviated from its book value at the financial position date. According to the valuation basis applied, in accounting policies to the assets and liabilities.

**32-10 Derivative financial instruments and hedge accounting**

- Derivatives are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at their fair value, according to the valuation basis applied, in accounting policies to derivative financial instruments.
- In accordance with an arrangement between the subsidiary, EFG-Hermes Mena Securities Limited Co. and its customers (“the customers”), the Company from time to time enters into fully paid Shares Swap Transaction Contracts (“the contracts”) with the customers. Under the contracts the customers pay to the Company a pre-determined price, which is essentially the market price at the trade date, in respect of certain reference securities. In return for such shares swap transactions the Company pays to the customers the mark to market price of the reference securities at a pre-determined date (normally after one year). However, the contracts can be terminated at any time by either of the parties, which shall be the affected party.

In order to hedge the price risks with respect to the reference securities under the contracts, the Company enters into back-to-back fully paid Share Swap Transaction Contracts with other subsidiaries, MENA Financial Investments W.L.L. (“MENA-F”) and EFG-Hermes KSA.

Accordingly, the Share Swap Transactions are measured at fair value based on underlying reference securities under the contracts.

### **33- Significant accounting policies applied**

#### **33-1 Business Combination**

- The Group accounts for business combinations using the acquisition method when control is transferred to the Group.
- The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired.
- Any goodwill that arises is tested annually for impairment, any gain on a bargain purchase is recognized immediately in profit or loss
- Transaction costs are expensed as incurred, except if related to the issue of debtor equity securities.
- The consideration transferred doesn't include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognized in profit or loss.
- Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not re measured and settlement is accounted for within equity. Otherwise, other contingent consideration is re measured at fair value at each reporting date and subsequent changes in the fair value of the contingent consideration are recognized in profit or loss.

#### **33-2 Subsidiaries**

- Subsidiaries are entities controlled by the Group.
- The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.
- The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

### **33-2-1 Non-controlling interests**

NCI are measured at their proportionate share of the acquiree's identifiable net assets at the date of acquisition. Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

### **33-2-2 Loss of control**

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

### **33-3 Interests in equity-accounted investees**

The Group's interests in equity-accounted investees comprise interests in associates and a joint venture. Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies. A joint venture is an arrangement in which the Group has joint control, where by the Group has rights to the net assets of the arrangement.

Rather than rights to its assets and obligations for its liabilities. Interests in associates and the joint venture are accounted for using the equity method. They are initially recognized at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and OCI of equity accounted investees, until the date on which significant influence or joint control ceases.

### **33-3-1 Transactions eliminated on consolidation**

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated. Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the

Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

### **33-4 Foreign currency**

#### **33-4-1 Foreign currency transactions**

Transactions in foreign currencies are translated into the respective functional currencies of Group companies at the exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Foreign currency differences are generally recognized in profit or loss. However, foreign currency differences arising from the translation of the following items are recognized in OCI:

- Available-for-sale equity investments (except on impairment, in which case foreign currency differences that have been recognized in OCI are reclassified to profit or loss);
- A financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective.
- Qualifying cash flow hedges to the extent that the hedges are effective.

#### **33-4-2 Foreign operations**

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated at the exchange rates at the reporting date. The income and expenses of

foreign operations are translated at the exchange rates at the dates of the transactions.

Foreign currency differences are recognized in OCI and accumulated in the translation reserve, except to the extent that the translation difference is allocated to NCI.

When a foreign operation is disposed of in its entirety or partially such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. If the Group disposes of part of its interest in a subsidiary but retains control, then the relevant proportion of the cumulative amount is reattributed to NCI. When the Group disposes of only part of an associate or joint venture while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

### **33-5 Discontinued operation**

A discontinued operation is a component of the Group's business, the operations and cash flows of which can be clearly distinguished from the rest of the Group.

Classification as a discontinued operation occurs at the earlier of disposal or when the operation meets the criteria to be classified as held-for-sale.

When an operation is classified as a discontinued operation, the comparative statement of profit or loss and OCI is re-presented as if the operation had been discontinued from the start of the comparative period.

### **33-6 Revenue**

#### **33-6-1 Gain (loss) on sale of investments**

Gain (loss) resulting from sale of investments are recognized on transaction date and measured by the difference between cost and selling price less selling commission and expenses. In case of derecognizing of investments in associates, the difference between

the carrying amount and the sum of both the consideration received and cumulative gain or loss that had been recognized in shareholders' equity shall be recognized in income statement.

**33-6-2 Dividend income**

Dividend income is recognized when declared.

**33-6-3 Custody fee**

Custody fees are recognized when the service is provided and the invoice is issued.

**33-6-4 Interest income and expenses**

Interest income and expenses are recognized in the income statement under "Interest income" item or "Interest expenses" by using the effective interest rate method of all instruments bearing interest other than those classified held for trading or which have been classified at inception "fair value through income statement".

**33-6-5 Fee and commission income**

Fee related to servicing the loan or facility are recognized in income when performing the service while the fees and commissions related to non-performing or impaired loans are not recognized, instead, they are to be recorded in marginal records off the financial position. Then they are recognized within the income pursuant to the cash basis when the interest income is collected. As for fees which represent an integral part of the actual return on the financial assets, they are treated as an amendment to the rate of actual return.

**33-6-6 Brokerage commission**

Brokerage commission resulting from purchase of and sale of securities operations in favor of clients are recorded when operation is implemented and the invoice is issued.

**33-6-7 Management fee**

Management fee is calculated as determined by the management contract of each investment fund & portfolio and recorded on accrual basis.

**33-6-8 Incentive fee**

Incentive fee is calculated based on certain percentages of the annual return realized by the fund and portfolio, however these incentive fee will not be recognized until revenue realization conditions are satisfied and there is adequate assurance of collection.

**33-6-9 Finance lease income**

Income resulted from lease contracts is recognized based on internal return rate resulted from lease contracts in addition to the equivalent amount of a periodical depreciation installment. The differences between the income recognized and accrued rental value for the same period is suspended in a separate account, and is to be settled with the carrying amount of the leased assets at the end of contract period.

**33-6-10 Investment property rental income**

Rental income from investment property is recognized as revenue on a straight-line basis over the term of the lease. Lease incentives granted are recognized as an integral part of the total rental income, over the term of the lease. Rental income from other property is recognized as other income.

**33-6-11 Revenue from micro-finance services**

- Revenue from micro-finance services is recognized based on time proportion taking into consideration the rate of return on asset. Revenue yield is recognized in the income statement using the effective interest method for all financial instruments that carry a yield, the effective interest method is the method of



measuring the amortized cost of a financial asset and distributing the revenue over the life of time the relevant instrument. The effective interest rate is the rate that discounts estimated future cash receipts during the expected life of the financial instrument to reach the book value of the financial asset.

- When classifying loans to customers as irregular, no income is recognized on its return and it is recognized in marginal records outside the financial statements and are recognized as revenue in accordance with the cash basis when it is collected.
- The commission income is represented in the value of the difference between the yield of the financing granted micro-enterprises and the accruals of the company's bank by deducting the services provided directly from the amounts collected from the entrepreneurs.
- The benefits and commissions resulting from the performance of the service are recognized, according to the accrual basis as soon as the service is provided to the client unless those revenues cover more of the financial period are recognized on a time proportion basis.
- An administrative commission of 8% of the loan granted to customers is collected on contracting in exchange for the issuance of the loan service and administrative commission revenue are proven in the income statement upon the issuance of the loan to the client.
- A commission delay in payments of premiums is collected at rates agreed upon within the contracts and are recognized as soon as customers delayed payment on the basis of the extended delay.

### **33-7 Income tax**

Income tax expense comprises current and deferred tax. It is recognized in profit or loss except to the extent that it relates to a business combination, or items recognized directly in equity or in OCI.

#### **33-7-1 Current tax**

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends.

Current tax assets and liabilities are offset only if certain criteria are met.

#### **33-7-2 Deferred tax**

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is not recognized for:

- Temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- Temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future.
- Taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognized for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on business plans for individual subsidiaries in the Group. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized; such reductions are reversed when the probability of future taxable profits improves.

Unrecognized deferred tax assets are reassessed at each reporting date and recognized to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. For this purpose, the carrying amount of investment property measured at fair value is presumed to be recovered through sale, and the Group has not rebutted this presumption.

Deferred tax assets and liabilities are offset only if certain criteria are met.

### **33-8 Property, plant and equipment**

#### **33-8-1 Recognition and measurement**

Items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. The cost of certain items of property, plant and equipment . If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment. Any gain or

loss on disposal of an item of property, plant and equipment is recognized in profit or loss.

### **33-8-2 Subsequent expenditure**

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Group.

### **33-8-3 Depreciation**

Depreciation is calculated to write off the cost of items of property, plant and equipment less their estimated residual values using the straight-line method over their estimated useful lives, and is generally recognized in profit or loss. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Land is not depreciated. The estimated useful lives of property, plant and equipment for current and comparative periods are as follows:

	<b>Estimated useful life</b>
- Buildings	33.3 - 50 years
- Office furniture, equipment & electrical appliances	2-16.67 years
- Computer equipment	3.33 - 5 years
- Transportation means	3.33 - 8 years

Leased assets are recorded at their historical cost after deducting the accumulated depreciation and any impairment in its value and are depreciated using the straight line method over the estimated productive life for each type of assets as follows:

	<b>Estimated useful life</b>
- Buildings and premises	20 years
- Equipment	5 -7 years
- Computer equipment	3 years
- Vehicles & transportation means	5 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

**33-8-4 Reclassification to investment property**

When the use of a property changes from owner-occupied to investment property.

**33-9 Projects under construction**

Projects under construction are recognized initially at cost, the book value is amended by any impairment concerning the value of these projects cost includes all expenditures directly attributable to bringing the asset to a working condition for its intended use. Property and equipment under construction are transferred to property and equipment caption when they are completed and are ready for their intended use.

**33-10 Intangible assets and goodwill**

**- Goodwill**

Goodwill arising on the acquisition of subsidiaries is measured at cost less accumulated impairment losses.

**- Research and development**

Expenditure on research activities is recognized in profit or loss as incurred.

Development expenditure is capitalised only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Group intends to and has sufficient resources to complete development and to use or sell the asset. Otherwise, it is recognized in profit or loss as incurred. Subsequent to initial recognition, development expenditure is measured at cost less accumulated amortisation and any accumulated impairment losses.

**- Other intangible assets**

Other intangible assets, are measured at cost less accumulated amortisation and any accumulated impairment losses.

### **33-11 Investment property**

Investment property is measured at cost on initial recognition.

Subsequent to initial recognition investment property is measured at cost less accumulated depreciation and impairment loss, if any. Investment property is depreciated on a straight line basis over its useful life. The estimated useful life of investment property is 33 years.

### **33-12 Assets held for sale**

Non-current assets, or disposal groups comprising assets and liabilities, are classified as held-for-sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use.

Such assets, or disposal groups, are generally measured at the lower of their carrying amount and fair value less costs to sell. Any impairment loss on a disposal group is allocated first to goodwill, and then to the remaining assets and liabilities on a pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets, employee benefit assets, investment property or biological assets, which continue to be measured in accordance with the Group's other accounting policies. Impairment losses on initial classification as held-for-sale or held-for distribution and subsequent gains and losses on remeasurement are recognised in profit or loss.

Once classified as held-for-sale, intangible assets and property, plant and equipment are no longer amortised or depreciated, and any equity-accounted investee is no longer equity accounted.

### **33-13 Financial instruments**

The Group classifies non-derivative financial assets into the following categories: financial assets at fair value through profit or loss, held-to-maturity financial assets, loans and receivables and available-for-sale financial assets.

The Group classifies non-derivative financial liabilities into the following categories: financial liabilities at fair value through profit or loss and other financial liabilities category.

**33-13-1 Non-derivative financial assets and financial liabilities –  
Recognition and Derecognition**

The Group initially recognises loans and receivables and debt securities issued on the date when they are originated. All other financial assets and financial liabilities are initially recognised on the trade date when the entity becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in such derecognised financial assets that is created or retained by the Group is recognised as a separate asset or liability.

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to offset the amounts and intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

**33-13-2 Non-derivative financial assets – Measurement**

**Financial assets at fair value through profit or loss**

A financial asset is classified as at fair value through profit or loss if it is classified as held for-trading or is designated as such on initial recognition. Directly attributable transaction costs are recognised in profit or loss as incurred. Financial assets at fair value through profit or loss are measured at fair value and changes therein, including any interest or dividend income, are recognised in profit or loss.

### **Held-to-maturity financial assets**

These assets are initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortised cost using the effective interest method.

### **Loans and receivables**

These assets are initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortised cost using the effective interest method.

### **Available-for-sale financial assets**

These assets are initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses and foreign currency differences on debt instruments are recognised in OCI and accumulated in the fair value reserve. When these assets are derecognised, the gain or loss accumulated in equity is reclassified to profit or loss.

### **33-13-3 Non-derivative financial liabilities – Measurement**

A financial liability is classified as at fair value through profit or loss if it is classified as held-for-trading or is designated as such on initial recognition. Directly attributable transaction costs are recognized in profit or loss as incurred. Financial liabilities at fair value through profit or loss are measured at fair value and changes therein, including any interest expense, are recognized in profit or loss.

Other non-derivative financial liabilities are initially measured at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these liabilities are measured at amortised cost using the effective interest method.



### **33-13-4 Derivative financial instruments and hedge accounting**

The Group holds derivative financial instruments to hedge its foreign currency and interest rate risk exposures. Embedded derivatives are separated from the host contract and accounted for separately if certain criteria are met.

Derivatives are initially measured at fair value; any directly attributable transaction costs are recognized in profit or loss as incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognized in profit or loss.

#### **33-13-4-1 Cash flow hedges**

When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognized in OCI and accumulated in the hedging reserve. Any ineffective portion of changes in the fair value of the derivative is recognized immediately in profit or loss.

The amount accumulated in equity is retained in OCI and reclassified to profit or loss in the same period or periods during which the hedged forecast cash flows affects profit or loss or the hedged item affects profit or loss.

If the forecast transaction is no longer expected to occur, the hedge no longer meets the criteria for hedge accounting, the hedging instrument expires or is sold, terminated or exercised, or the designation is revoked, then hedge accounting is discontinued prospectively. If the forecast transaction is no longer expected to occur, then the amount accumulated in equity is reclassified to profit or loss.

### **33-14 Share capital**

#### **33-14-1 Ordinary shares**

Incremental costs directly attributable to the issue of ordinary shares are recognized as a deduction from equity. Income tax relating to transaction costs of an equity transaction are accounted for in accordance with EAS 24.

#### **33-14-2 Repurchase and reissue of ordinary shares (treasury shares)**

When shares recognized as equity are repurchased, the amount of the consideration paid, which includes directly attributable costs is recognized as a deduction from equity. Repurchased shares are classified as treasury shares and are presented in the treasury share reserve. When treasury shares are sold or reissued subsequently, the amount received is recognized as an increase in equity and the resulting surplus or deficit on the transaction is presented within share premium.

### **33-15 Legal reserve**

The Company's statutes provides for deduction of a sum equal to 5% of the annual net profit for formation of the legal reserve. Such deduction will be ceased when the total reserve reaches an amount equal to half of the Company's issued capital and when the reserve falls below this limit, it shall be necessary to resume

### **33-16 Impairment**

#### **33-16-1 Non-derivative financial assets**

Financial assets not classified as at fair value through profit or loss, including an interest in an equity accounted investee, are assessed at each reporting date to determine whether there is objective evidence of impairment.

Objective evidence that financial assets are impaired includes:

- Default or delinquency by a debtor;

- Restructuring of an amount due to the Group on terms that the Group would not consider otherwise;
- Indications that a debtor or issuer will enter bankruptcy;
- Adverse changes in the payment status of borrowers or issuers;
- The disappearance of an active market for a security because of financial difficulties.
- Observable data indicating that there is a measurable decrease in the expected cash flows from a group of financial assets.

For an investment in an equity security, objective evidence of impairment includes a significant or prolonged decline in its fair value below its cost.

#### **Financial assets measured at amortized cost**

The Group considers evidence of impairment for these assets at both an individual asset and a collective level. All individually significant assets are individually assessed for impairment. Those found not to be impaired are then collectively assessed for any impairment that has been incurred but not yet individually identified. Assets that are not individually significant are collectively assessed for impairment. Collective assessment is carried out by grouping together assets with similar risk characteristics.

In assessing collective impairment, the Group uses historical information on the timing of recoveries and the amount of loss incurred, and makes an adjustment if current economic and credit conditions are such that the actual losses are likely to be greater or lesser than suggested by historical trends.

An impairment loss is calculated as the difference between an asset's carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognized in profit or loss and reflected in an allowance account. When the Group considers that there are no realistic prospects of recovery of the asset, the relevant amounts are written off. If the amount of impairment loss

subsequently decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, then the previously recognized impairment loss is reversed through profit or loss.

#### **Available-for-sale financial assets**

Impairment losses on available-for-sale financial assets are recognized by reclassifying the losses accumulated in the fair value reserve to profit or loss. The amount reclassified is the difference between the acquisition cost (net of any principal repayment and amortization) and the current fair value, less any impairment loss previously recognized in profit or loss. If the fair value of an impaired available-for-sale debt security subsequently increases and the increase can be related objectively to an event occurring after the impairment loss was recognized, then the impairment loss is reversed through profit or loss. Impairment losses recognized in profit or loss for an investment in an equity instrument classified as available-for-sale are not reversed through profit or loss.

#### **Equity-accounted investees**

An impairment loss in respect of an equity-accounted investee is measured by comparing the recoverable amount of the investment with its carrying amount. An impairment loss is recognized in profit or loss, and is reversed if there has been an estimates used to determine the recoverable amount.

#### **33-16-2 Non-financial assets**

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than investment property and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognized in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

The provision for doubtful debts is calculated on the investment cost of the leased assets (cost of leased assets in addition to its return at the date of calculating the provision) which are uncertainly collected i.e. (doubtful rent value) after deducting the credit deposits held by the Company. The Company's provisions committee specifies the provision percentage for each credit class which is calculated according to the risk rates of the doubtful rent values or according to the negative changes of the credit indicators, this provision is reviewed regularly or whenever there is a need to do so.

### **33-17 Provisions**

Provisions are recognized when the Group has a legal or constructive current obligation as a result of a past event and it's probable that a flow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessment of the time value of money and, where appropriate, the risks specific to the liability. Provisions are reviewed at the financial position date and amended (when necessary) to represent the best current estimate.

### **33-18 Treasury bills**

Treasury bills are recorded at nominal value and the unearned income is recorded under the item of "creditors and other credit balances". Treasury bills are presented on the financial position net of the unearned income.

### **33-19 Trade, and notes receivables, debtors and other debit balances**

- Trade, notes receivables, debtors and other debit balances are stated at nominal value less impairment losses.
- The Company's lessees and the leased assets are regularly classified & evaluated and their obligations are reduced by the rent value paid in each financial period, and with the assurance of the availability of adequate guarantee to collect the client's rent values.

### **33-20 Cash and cash equivalents**

For the purpose of preparing the statement of cash flows, cash and cash equivalents includes the balances, whose maturity do not exceed three months from the date of acquisition, cash on hand, cheques under collection and due from banks and financial institutions.

### **33-21 Profit sharing to employees**

The holding company pays 10% of its cash dividends as profit sharing to its employees provided that it will not exceed total employees annual salaries. Profit sharing is recognized as a dividend distribution through equity and as a liability when approved by the Company's shareholders.

### **33-22 Micro-enterprises Receivables**

#### **33-22-1 Credit policy**

##### **Funding Consideration**

- Funding are granted to clients who have previous experience not less than one year in his current activity which is confirmed by the client with adequate documentation and field inquiry.
- Funding are granted to the client which it's installment is suitable according to his predictable income activity and this done throw analyzing client's revenues and expenses and his foreseeable marginal income, and this done by the branches specialists of the company on the prepared form for this purpose(financial study form and credit decision).
- Before grant funding, a client activity field inquiry is done.
- Recording inquiries results about client and guarantor with inquiring forms of the company which reveal client's activity (visit form & Inquiry form).
- The company prohibit grant funding for new client unless the activity is existing with previous one year experience where the granted funds be within a minimum 1 000 EGP and maximum 30 000 EGP with loan duration of 12 months.
- Inquiries for clients are performed by I-Score Company before granting and in case of approval on granting. The credit limit of the client is considered when calculating the client's revenue and expenses.

##### **Client's Life Insurance**

- The insurance process on the client is performed with the authorized companies from insurance supervisory authority.

##### **Client's Following up**

- The company keeps specialists in branches from following up all regular clients, and irregular with continuous application of that during finance period with judging on their commitment in paying the remaining installments and this done through recording visits for clients with daily basis and also with data base provided by computer system for all branches all over the republic.

### **33-22-2 Impairment loss of micro financed loans**

The company at the date of the financial statements estimates the impairment loss of micro financed loans, in the light of the basis and rules of granting credit and forming the provisions according to the Board of Directors decision of the Financial Supervisory Authority No. (173) issued on December 21, 2014 to deal with the impairment loss.

### **33-23 Operating segment**

A segment is a distinguishable component of the Group that is engaged either in providing products or services (business segment) or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments. The Group's primary format for segment reporting is based on business segment.