

EFG – Hermes Holding Company
(Egyptian Joint Stock Company)

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

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



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Review Report

To the Board of Directors of EFG - Hermes Holding Company

Introduction

We have performed a limited review for the accompanying consolidated statement of financial position of EFG – Hermes Holding Company as at 30 September 2017 and the related consolidated statements of income, comprehensive income, changes in equity and cash flows for the nine 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

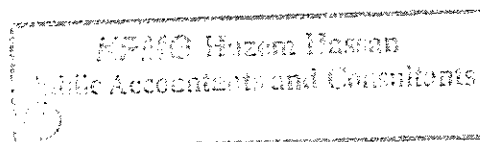
We conducted our limited review in accordance with Egyptian Standard on Review Engagements 2410, "Limited Review of Interim Financial Statements Performed by the Independent Auditor of the Entity." A limited review of interim financial statements consists of making inquiries, primarily of persons responsible 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 September 2017, and of its consolidated financial performance and its consolidated cash flows for the nine months then ended in accordance with Egyptian Accounting Standards.

Hassan Hassan
~~KPMG~~ Hazem Hassan

Cairo, November 15, 2017

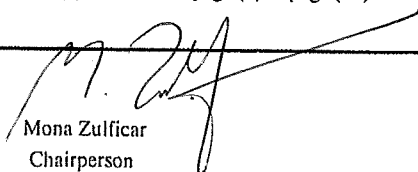


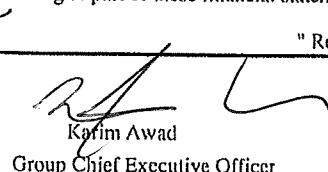
Consolidated statement of financial position

<i>(in EGP)</i>	Note no.	30/9/2017	31/12/2016
Assets			
Non - current assets			
Available -for- sale investments	(10)	3,785,925,094	2,647,872,907
Investment property	(11)	320,546,166	332,044,723
Fixed assets	(13)	233,078,340	206,832,514
Lensed assets	(12)	1,848,804,527	1,118,296,186
Goodwill and other intangible assets	(14)	1,257,127,553	591,555,333
Loans receivables	(9)	240,238,831	624,349,183
Total non - current assets		<u>7,685,720,511</u>	<u>5,520,950,846</u>
Current assets			
Cash and cash equivalents	(6)	7,443,562,024	11,507,605,161
Loans receivables	(9)	478,884,321	298,447,071
Investments at fair value through profit and loss	(7)	3,623,471,409	1,980,176,083
Accounts receivables	(8)	2,871,742,288	1,798,032,731
Other assets	(15)	911,739,983	539,699,561
Assets held for sale	(5-1)	1,628,399,924	1,056,920,017
Total current assets		<u>16,957,799,949</u>	<u>17,180,880,624</u>
Total assets		<u>24,643,520,460</u>	<u>22,701,831,470</u>
Equity			
Share capital	(22)	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		4,137,673,079	4,019,284,955
Retained earnings		2,342,851,646	3,151,351,529
Equity attributable to owners of the Company		<u>13,014,501,886</u>	<u>13,691,088,450</u>
Non - controlling interests	(23)	617,783,392	126,816,081
Total equity		<u>13,632,285,278</u>	<u>13,817,904,531</u>
Liabilities			
Non - current liabilities			
Deferred tax liabilities	(19)	434,502,980	511,680,444
Loans and borrowings	(21)	1,419,294,475	922,687,524
Total non - current liabilities		<u>1,853,797,455</u>	<u>1,434,367,968</u>
Current liabilities			
Due to banks and financial institutions	(16)	1,205,254,560	726,622,841
Loans and borrowings	(21)	336,393,180	184,654,352
Accounts payable - customers credit balance		4,114,230,521	4,312,536,665
Accounts payable - customers credit balance at fair value through profit and loss	(17)	1,377,227,532	-
Creditors and other credit balances	(18)	1,480,175,624	1,611,855,203
Current tax liability		148,725,088	112,307,159
Provisions	(20)	495,431,222	501,582,751
Total current liabilities		<u>9,157,437,727</u>	<u>7,449,558,971</u>
Total liabilities		<u>11,011,235,182</u>	<u>8,883,926,939</u>
Total equity and liabilities		<u>24,643,520,460</u>	<u>22,701,831,470</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.

" Review report attached "


Mona Zulficar
Chairperson


Karim Awad
Group Chief Executive Officer

Consolidated income statement

	Note	2017		2016	
		For the period from 1/7/2017 to 30/9/2017	For the period from 1/1/2017 to 30/9/2017	For the period from 1/7/2016 to 30/9/2016	For the period from 1/1/2016 to 30/9/2016
<i>(in EGP)</i>					
Continuing operations					
Revenues					
Fee and commission income	(30)	417,506,327	1,420,613,481	179,059,709	615,367,055
Securities gains		163,094,493	701,349,143	61,602,039	80,741,167
Revenues from leasing activities		165,682,364	386,698,306	58,571,093	141,258,310
Changes in the investments at fair value through profit and loss		2,791,556	12,576,773	(954,207)	2,906,174
Interest and dividend income		216,255,510	631,671,934	62,207,322	139,064,465
Foreign currencies exchange differences		13,805,387	57,758,055	2,771,686	158,588,655
Other income		37,893,983	83,892,379	7,881,826	30,146,310
Total revenues		<u>1,017,029,620</u>	<u>3,294,560,071</u>	<u>371,139,468</u>	<u>1,168,072,136</u>
Expenses					
Fee and commission expense		(29,994,887)	(117,406,410)	(13,592,146)	(39,192,702)
Interest expense		(145,199,315)	(360,537,258)	(60,588,476)	(139,219,149)
General administrative expenses	(29)	(516,745,854)	(1,494,763,251)	(201,484,842)	(670,887,490)
Provisions	(20)	(7,145,751)	(20,953,786)	(5,685,515)	(18,207,013)
Depreciation and amortization	(11),(12),(13)	(62,673,709)	(149,655,951)	(27,437,597)	(71,736,756)
Impairment loss on assets	(26)	(3,400,000)	(6,904,245)	(535,142)	(1,019,274)
Total expenses		<u>(765,159,516)</u>	<u>(2,150,220,901)</u>	<u>(309,323,718)</u>	<u>(940,262,384)</u>
Profit before income tax		251,870,104	1,144,339,170	61,815,750	227,809,752
Income tax expense	(27)	(11,415,006)	(138,504,533)	(21,773,230)	(40,961,655)
Profit from continuing operations		<u>240,455,098</u>	<u>1,005,834,637</u>	<u>40,042,520</u>	<u>186,848,097</u>
Discontinued operation					
(Loss) profit from discontinued operation, net of tax	(5-2)	-	-	109,368,107	(168,650,036)
Profit for the period		<u>240,455,098</u>	<u>1,005,834,637</u>	<u>149,410,627</u>	<u>18,198,061</u>
Profit attributable to:					
Owners of the Company		237,266,522	990,724,750	150,525,928	(47,537,385)
Non - controlling interests	(23)	3,188,576	15,109,887	(1,115,301)	65,735,446
		<u>240,455,098</u>	<u>1,005,834,637</u>	<u>149,410,627</u>	<u>18,198,061</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 statement of comprehensive income

	2017		2016	
	For the period from 1/7/2017 to 30/9/2017	For the period from 1/1/2017 to 30/9/2017	For the period from 1/7/2016 to 30/9/2016	For the period from 1/1/2016 to 30/9/2016
<i>(in EGP)</i>				
Profit	240,455,098	1,005,834,637	149,410,627	18,198,061
Other comprehensive income:				
Items that are or may be reclassified to profit or loss				
Foreign operations - foreign currency translation differences	(184,733,562)	509,229,245	411,630	1,270,803,354
Available -for- sale investments - net change in fair value	(57,178,715)	(103,385,051)	(40,352,953)	118,844,844
Foreign currency translation differences - reclassified to retained earnings	-	(15,051,727)	(671,836)	(37,480,111)
Foreign currency translation differences - reclassified to profit or loss	-	-	-	(1,978,517,404)
Available -for- sale investments - reclassified to profit or loss	(158,036,264)	(326,587,701)	-	(67,657,211)
Related tax	15,143,346	65,485,493	4,912,838	(13,512,433)
Other comprehensive income, net of tax	<u>(384,805,195)</u>	<u>129,690,259</u>	<u>(35,700,321)</u>	<u>(707,518,961)</u>
Total comprehensive income	<u>(144,350,097)</u>	<u>1,135,524,896</u>	<u>113,710,306</u>	<u>(689,320,900)</u>
Other comprehensive income attributable to :				
Owners of the Company	(384,418,801)	118,388,123	(35,759,924)	(1,097,471,105)
Non - controlling interests	<u>(386,394)</u>	<u>11,302,136</u>	<u>59,603</u>	<u>389,952,144</u>
	<u>(384,805,195)</u>	<u>129,690,259</u>	<u>(35,700,321)</u>	<u>(707,518,961)</u>
Total comprehensive income attributable to :				
Owners of the Company	(147,152,279)	1,109,112,873	114,766,004	(1,145,008,490)
Non - controlling interests	<u>2,802,182</u>	<u>26,412,023</u>	<u>(1,055,698)</u>	<u>455,687,590</u>
	<u>(144,350,097)</u>	<u>1,135,524,896</u>	<u>113,710,306</u>	<u>(689,320,900)</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 statement of changes in equity

Attributable to owners of the Company

(in EGP)	Other reserves										Total equity	
	Share capital	Legal reserve	Share premium	General reserve	Translation reserve	Fair value reserve	Hedging reserve	Other reserves	Retained earnings	Total		Non - controlling interests
Balance as at 31 December, 2016	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
Total comprehensive income	-	-	-	-	-	-	-	-	990,724,750	990,724,750	15,109,887	1,005,834,637
Profit	-	-	-	-	-	-	-	-	990,724,750	990,724,750	15,109,887	1,005,834,637
Other comprehensive income	-	-	-	-	484,729,393	(366,341,269)	-	-	15,051,727	133,439,851	11,302,136	144,741,987
Total comprehensive income	-	-	-	-	484,729,393	(366,341,269)	-	-	1,005,776,477	1,124,164,601	26,412,023	1,150,576,624
Transferred to legal reserve	-	13,525,195	-	-	-	-	-	-	(13,525,195)	-	-	-
Transactions with owners of the Company	-	-	-	-	-	-	-	-	-	-	-	-
Contributions and distributions	-	-	-	-	-	-	-	-	(1,783,069,221)	(1,783,069,221)	-	(1,783,069,221)
Dividends	-	-	-	-	-	-	-	-	-	-	-	-
Changes in ownership interests	-	-	-	-	-	-	-	-	-	-	-	-
Acquisition of subsidiary with NCI	-	-	-	-	-	-	-	-	-	-	405,377,385	405,377,385
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
Balance as at 30 September, 2017	3,074,472,890	1,537,236,445	1,922,267,826	158,269	3,214,951,463	949,005,734	(26,442,387)	-	2,342,851,646	13,014,501,886	617,783,392	13,632,285,278
Balance as at 31 December, 2015	3,074,472,890	1,523,711,250	1,922,267,826	158,269	1,430,705,902	334,212,035	(26,442,387)	579,913,584	1,319,604,587	9,958,603,736	3,425,217,265	13,383,821,001
Total comprehensive income	-	-	-	-	-	-	-	-	(47,537,385)	(47,537,385)	65,735,446	18,198,061
(loss) profit	-	-	-	-	-	-	-	-	(47,537,385)	(47,537,385)	65,735,446	18,198,061
Other comprehensive income	-	-	-	-	(1,134,917,303)	37,446,198	-	-	37,480,111	(1,059,990,994)	389,952,144	(670,038,850)
Total comprehensive income	-	-	-	-	(1,134,917,303)	37,446,198	-	-	(10,057,274)	(1,107,528,379)	455,687,590	(651,840,789)
Reclassifications	-	-	-	-	-	-	-	(379,913,584)	379,913,584	-	-	-
Transactions with owners of the Company	-	-	-	-	-	-	-	-	-	-	-	-
Changes in ownership interests	-	-	-	-	-	-	-	-	-	-	104,855,291	104,855,291
Acquisition of subsidiary with NCI	-	-	-	-	-	-	-	-	-	-	(77,855,292)	(77,855,292)
Acquisition of NCI without a change in control	-	-	-	-	-	-	-	-	-	-	(3,783,432,142)	(3,783,432,142)
Disposal of subsidiary with NCI	-	-	-	-	-	-	-	-	-	-	-	-
Balance as at 30 September, 2016	3,074,472,890	1,523,711,250	1,922,267,826	158,269	295,788,599	371,688,233	(26,442,387)	-	1,689,460,677	8,851,075,357	124,472,712	8,975,548,069

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 statement of cash flows

	For the period ended	
	30/9/2017	30/9/2016
<i>(in EGP)</i>		
Cash flows from operating activities		
Profit before income tax	1,144,339,170	227,809,752
Adjustments for:		
Depreciation and amortization	149,655,951	71,736,756
Provisions formed	20,953,786	18,207,013
Provisions used	(34,285,377)	(9,667,273)
Provisions reversed	(203,616)	-
Loss (gain) on sale of fixed assets	(558,580)	(53 837)
Gain on sale of available -for- sale investments	(691,656,220)	(62,691,129)
Changes in the fair value of investments at fair value through profit and loss	(12,576,773)	(2,906,174)
Impairment loss on assets	6,904,245	1,019,274
Foreign currency translation differences	182,315,475	170,957,942
Foreign currencies exchange differences	(57,758,055)	(158,588,655)
Operating profit before changes in current assets and liabilities	707,130,006	255,823,669
Changes in:		
Other assets	(283,611,030)	(32,279,905)
Creditors and other credit balances	(355,611,524)	77,926,032
Loans receivables	203,673,107	(171 528 361)
Accounts receivables	(962,224,693)	(282 368 745)
Accounts payable	(153,841,953)	256 053 458
Accounts payable - customers credit balance at fair value through profit and loss	1,377,227,532	-
Investments at fair value through profit and loss	(2,705,971,838)	62,511,106
Income tax paid	(105,331,628)	(28,080,468)
Net cash (used in) provided from operating activities	<u>(2,278,562,021)</u>	<u>138,056,786</u>
Cash flows from investing activities		
Payments to purchase fixed assets and other intangible assets	(45,602,654)	(4,609,862)
Proceeds from sale of fixed assets	695,173	101,553
Payments to purchase assets held for sale	(1,628,399,924)	-
Payments to purchase leased assets	(905,604,278)	(548,107,769)
Proceeds from sale of leased assets	33,034,099	-
Proceeds from sale of available -for- sale investments	1,183,502,744	114,161,064
Payments to purchase available -for- sale investments	(446,773,994)	(10,937,115)
Proceeds from sale of investments in subsidiaries	-	3,258,302,853
Proceeds from sale of held to maturity investments	-	30,000,000
Acquisition of subsidiary (net of cash acquired)	(310,000,484)	(410,147,119)
Net cash (used in) provided from investing activities	<u>(2,119,149,318)</u>	<u>2,428,763,605</u>
Cash flows from financing activities		
Dividends paid	(1,710,760,089)	(34,174,433)
Increase in subsidiaries paid in capital	62,019,912	-
Proceeds from loans	645,764,977	629,299,439
Net cash (used in) provided from financing activities	<u>(1,002,975,200)</u>	<u>595,125,006</u>
Net change in cash and cash equivalents	(5,400,686,539)	3,161,945,397
Cash and cash equivalents at 1 January (note no. 28)	11,638,994,003	11,740,355,149
Cash transferred to assets held for sale	-	(8,494,330,500)
Cash and cash equivalents at 30 September (note no. 28)	<u>6,238,307,464</u>	<u>6,407,970,046</u>

Non cash transactions:

An amount of EGP 85 772 666 has been eliminated from both other assets - receivables-sale of investments - and proceeds from sale of available for sale investments.

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 September, 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 November 15, 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.

- 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- Assets held for sale and discontinued operation

5-1 Assets held for sale

Vortex Sollar Energy Investments S.a.r.l

Vortex Solar (an Entity managed by the private equity division of EFG Hermes) acquired 100% of a 365 MW portfolio of 24 operational solar assets in the United Kingdom from TerraForm Power.

The equity share capital of the transaction was funded through a 50% subscription from Tenaga Nasional Berhad TNB, the remaining 50% of the equity was underwritten by one of EFG Hermes' subsidiaries (Beaufort Investments S.a.r.l), the group plans in the near future, retaining only a 5% stake of the equity share capital. The asset held for sale amount to EGP 1,628,399,924 as at 30 September 2017.

Credit Libanais SAL

- 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

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

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 September 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 1,287,213,471 on the consolidated statement of financial position as at 30 September 2017.

5-2 Results of discontinued operation

	For the period from 1/1/2017 to 30/9/2017	For the period from 1/7/2016 to 30/9/2016	For the period from 1/1/2016 to 30/9/2016
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	--	126,088,923	--
Loss on sale of investment subsidiaries	--	(16,720,816)	(170,507,337)
Net (loss) profit before income tax	--	109,368,107	(29,405,285)
Income tax expense	--	--	(139,244,751)
Net (loss) profit from discontinued operation	--	109,368,107	(168,650,036)

6- Cash and cash equivalents

	30/9/2017	31/12/2016
Cash on hand	8,236,950	7,666,225
Cheques under collection	605,456	195,300
Banks - current accounts	5,636,459,504	5,701,154,305
Banks - time deposits	1,798,260,114	5,798,589,331
Balance	7,443,562,024	11,507,605,161

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

7- Investments at fair value through profit and loss	30/9/2017	31/12/2016
Mutual fund certificates	149,247,041	441,730,776
Equity securities	153,419,105	38,151,655
Treasury bills	1,943,577,731	1,500,293,652
Structured notes	1,377,227,532	--
	<u>3,623,471,409</u>	<u>1,980,176,083</u>
	=====	=====
8- Accounts receivables		
	30/9/2017	31/12/2016
Accounts receivables	3,900,620,590	2,241,390,350
Other brokerage companies	(1,028,878,302)	(443,357,619)
	<u>2,871,742,288</u>	<u>1,798,032,731</u>
	=====	=====
9- Loans receivables		
	30/9/2017	31/12/2016
Micro financial loans	478,884,321	252,992,526
Vortex II Holding Sarl	240,238,831	219,803,728
Advanced Energy Systems (ADES) S.A.E	--	450,000,000
	<u>719,123,152</u>	<u>922,796,254</u>
	=====	=====
Current	478,884,321	298,447,071
Non-current	240,238,831	624,349,183
	<u>719,123,152</u>	<u>922,796,254</u>
	=====	=====

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

10- Available - for- sale investments

	30/9/2017	31/12/2016
Equity securities	2,139,968,406	869,415,187
Mutual fund certificates	1,645,956,688	1,778,457,720
Balance	<u>3,785,925,094</u>	<u>2,647,872,907</u>
	=====	=====

11- Investment property

	Buildings
Balance as at 1/1/2017	345,066,343
Foreign currency translation differences	(1,847,782)
Total cost as at 30/9/2017	<u>343,218,561</u>
Accumulated depreciation as at 1/1/2017	13,021,620
Depreciation for the period	9,745,999
Foreign currency translation differences	(95,224)
Accumulated depreciation as at 30/9/2017	<u>22,672,395</u>
Net carrying amount as at 30/9/2017	<u>320,546,166</u>
	=====
Net carrying amount as at 31/12/2016	<u>332,044,723</u>
	=====

Investment property amounted EGP 320,546,166 as at 30 September 2017, represents the following:-

- EGP 146,605,030 the book value of the area owned by EFG – Hermes Holding Company in Nile City building.
- EGP 89,952,000 the book value of the area owned by EFG – Hermes Holding Company in the headquarters of the Company in Smart Village building.
- EGP 3,663,173 the book value of the area owned by Hermes Securities Brokerage, one of the subsidiaries, in the Elmanial branch.
- EGP 80,325,963 the book value of the area owned by EFG – Hermes UAE Limited, one of the subsidiaries, in the Index Tower – UAE.

Notes to the consolidated interim financial statements for the period ended 30 September, 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	Total
Cost						
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	157,933,245	186,133,972	357,907,471	924,550	202,705,040	905,604,278
Disposals	(7,022,422)	(21,177,750)	(8,080,000)	--	(1,240,200)	(37,520,372)
Total cost as at 30/9/2017	594,170,018	555,034,837	427,752,698	6,090,257	542,921,156	2,125,968,966
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	212,766,699	109,509,404	37,271,425	2,540,306	186,019,935	548,107,769
Disposals	--	--	--	--	(122,850)	(122,850)
Total cost as at 30/9/2016	259,870,909	388,073,939	64,368,925	5,165,707	305,548,155	1,023,027,635
Accumulated depreciation						
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	--	18,581,011	32,835,789	1,317,109	64,631,832	117,365,741
Disposals accumulated depreciation	--	(1,853,053)	(2,154,667)	--	(478,553)	(4,486,273)
Accumulated depreciation as at 30/9/2017	--	37,599,591	41,224,024	2,945,030	110,462,911	192,231,556
Accumulated depreciation as at 1/1/2016	--	3,600,065	779,238	47,148	1,984,864	6,411,315
Depreciation for the period	--	12,403,938	6,564,469	1,150,297	28,497,747	48,616,451
Disposals accumulated depreciation	--	--	--	--	(18,428)	(18,428)
Accumulated depreciation as at 30/9/2016	--	16,004,003	7,343,707	1,197,445	30,464,183	55,009,338
Impairment loss on leased assets as at 30/9/2017	--	(3,318,893)	(1,224,249)	(13,808)	(1,443,050)	(6 000 000)
Carrying amount						
Carrying amount as at 30/9/2017	594,170,018	514,116,353	385,304,425	3,131,419	431,015,195	1,927,737,410
Carrying amount as at 30/9/2016	259,870,909	372,069,936	57,025,218	3,968,262	275,083,972	968,018,297
Carrying amount as at 31/12/2016	443,259,195	369,206,982	67,382,325	3,537,786	295,146,684	1,178,532,972
Lease settlement account as at 30/9/2017	(9,469,691)	(68,559,763)	1,332,694	941,229	(3,177,352)	(78,932,883)
Lease settlement account as at 30/9/2016	(17,076,733)	(31,779,301)	(299,711)	405,204	278,743	(48,471,798)
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 30/9/2017 (net of lease settlement account)	584,700,327	445,556,590	386,637,119	4,072,648	427,837,843	1,848,804,527
Carrying amount as at 30/9/2016 (net of lease settlement account)	242,794,176	340,290,635	56,725,507	4,373,466	275,362,715	919,546,499
Carrying amount as at 31/12/2016 (net of lease settlement account)	422,370,972	328,851,861	67,078,750	4,097,248	295,897,355	1,118,296,186

- Leased assets (net of depreciation) include EGP 42,972,036 as at September 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 September, 2017 (Continued)
(In the notes all amounts are shown in EGP unless otherwise stated)

13- Fixed assets

Particular	Land & buildings	Leasehold improvements	Office furniture, equipment & electrical appliances	Computer Equipment	Vehicles	* Projects under construction	Total
Cost							
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	--	8,507,706	8,621,192	17,825,651	339,900	4,550,453	39,844,902
Disposals	--	--	(65,555)	(70,587)	(659,612)	--	(795,754)
Acquisition from subsidiaries	229,225	--	8,621,574	987,089	6,623,664	--	16,461,552
Foreign currency translation differences	(7,552)	(6,848)	(2,480,808)	(1,421,670)	(477,993)	--	(4,394,871)
Total cost as at 30/9/2017	181,763,644	37,163,120	193,074,550	250,017,743	27,236,118	14,334,953	703,590,128
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	--	26,820	591,946	4,150,802	--	40,574	4,810,142
Disposals	--	--	(217,544)	(25,714)	(774,077)	(145,823)	(1,163,158)
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	7,542,982	8,669,928	509,057	--	16,759,280
Total cost as at 30/9/2016	178,944,871	27,637,552	113,845,679	150,688,693	15,125,007	9,784,500	496,026,302
Accumulated depreciation							
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	3,704,890	2,169,595	3,654,518	10,043,429	2,971,779	--	22,544,211
Disposals' accumulated depreciation	--	--	(65,555)	(65,158)	(528,448)	--	(659,161)
Acquisition from subsidiaries	153,343	--	4,862,585	701,370	2,727,760	--	8,445,058
Foreign currency translation differences	(5,105)	1,162	(2,352,012)	(2,734,223)	(369,927)	--	(5,460,105)
Accumulated depreciation as at 30/9/2017	40,397,782	23,640,921	177,377,871	212,721,983	16,373,231	--	470,511,788
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	3,699,281	1,030,234	3,235,372	5,105,048	1,510,840	--	14,580,775
Disposals' accumulated depreciation	--	--	(193,340)	(4,695)	(774,077)	--	(972,112)
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	--	37,314	7,177,045	8,258,421	314,921	--	15,787,701
Accumulated depreciation as at 30/9/2016	35,311,560	21,304,598	108,162,176	131,390,980	9,008,080	--	305,177,394
Carrying amount							
Carrying amount as at 30/9/2017	141,365,862	13,522,199	15,696,679	37,295,760	10,862,887	14,334,953	233,078,340
Carrying amount as at 30/9/2016	143,633,311	6,332,954	5,683,503	19,297,713	6,116,927	9,784,500	190,848,908
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

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

*	Projects under construction are represented in the following:	30/9/2017	31/12/2016
	Preparation of new branches – Office Spaces in Egypt	12,894,518	9,784,500
	Preparation of Frontier Investment Management Partners LTD new office	1,440,435	--
	Balance	<u>14,334,953</u>	<u>9,784,500</u>
		=====	=====

14- Goodwill and other intangible assets

		30/9/2017	31/12/2016
Goodwill	(14-1)	1,244,878,596	584,031,766
Licenses		12,248,957	7,523,567
Balance		<u>1,257,127,553</u>	<u>591,555,333</u>
		=====	=====

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

	30/9/2017	31/12/2016
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	--
Frontier Investment Management Partners LTD **	642,212,050	--
Balance	<u>1,244,878,596</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 Tanmmeyah – and March 2018 – for EFG-Hermes Pakistan- 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.

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

** The acquiree's financial statements have been consolidated based on the book value of the identifiable assets and liabilities and the acquisition includes a contingent consideration that will be determine on 31 December 2017. The Company has a grace period of 12 months ending September 2018 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.

15- Other assets

		30/9/2017	31/12/2016
Deposits with others	(15-1)	45,056,540	19,746,684
Down payments to suppliers		35,209,971	8,792,738
Prepaid expenses		64,211,004	36,409,465
Employees' advances		43,603,497	44,336,521
Accrued revenues		267,345,723	64,380,552
Taxes withheld by others		42,758,780	19,904,319
Payments for investments	(15-2)	5,123,356	10,379,956
Settlement Guarantee Fund		24,334,691	41,261,355
Due from EFG- Hermes Employees Trust		237,456,877	235,735,728
Due from Ara Inc. Company		620,136	633,511
Due from Egypt Gulf Bank- Tanmeyah Clients		2,105,327	2,339,999
Unrealised SWAP contracts gains		118,923	--
Receivables- sales on investments		85,772,666	--
Sundry debtors		58,022,492	55,778,733
		<hr/>	<hr/>
Balance		911,739,983	539,699,561
		=====	=====

15-1 Deposits with others include an amount of EGP 15,427,569 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.

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 September, 2017 (Continued)
(In the notes all amounts are shown in EGP unless otherwise stated)

15-2 Payments for investments are represented in the following:		
	30/9/2017	31/12/2016
Arab Visual Company	3,749,500	3,749,500
IDEA DEVELOPERS	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
Balance	<u>5,123,356</u>	<u>10,379,956</u>
	=====	=====
16- Due to banks and financial institutions		
	30/9/2017	31/12/2016
Financial institutions	414,817,910	11,670,425
Bank overdraft	790,436,650	714,952,416
Balance	<u>1,205,254,560</u>	<u>726,622,841</u>
	=====	=====
17- Accounts payable-customers credit balance at fair value through profit and loss		
This amount represents payable to customers against the structured notes issued by one of group companies.		
18- Creditors and other credit balances		
	30/9/2017	31/12/2016
Accrued expenses	947,222,786	1,214,720,613
Dividends payable (prior years)	265,936,236	193,216,929
Unearned revenues	137,654,160	80,020,061
Suppliers	19,606,344	--
Due to Industry Modernization Center	13,095,423	13,353,615
Clients' coupons - custody activity	9,848,582	10,566,061
Tax authority	6,232,363	11,209,419
Social Insurance Association	1,393,864	1,258,677
Sundry creditors	79,185,866	87,509,828
Balance	<u>1,480,175,624</u>	<u>1,611,855,203</u>
	=====	=====

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

19- Deferred tax liabilities

	Balance at 1/1/2017	Recognized in profit or loss	Recognized in equity	Foreign currency differences	Net	Deferred tax assets	Deferred tax liabilities
Fixed assets							
depreciation	(9,796,409)	(1,360,718)	--	--	(11,157,127)	--	(11,157,127)
Claims provision	587,750	379	--	--	588,129	588,129	--
Impairment loss on assets	1,224,794	--	--	--	1,224,794	1,224,794	--
Prior year losses carried forward	1,114,221	--	--	(702,742)	411,479	411,479	--
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)	--	65,485,493	--	(247,544,343)	--	(247,544,343)
Foreign currency translation differences	(198,393,561)	13,755,052	--	--	(184,638,509)	--	(184,638,509)
	<u>(511,680,444)</u>	<u>12,394,713</u>	<u>65,485,493</u>	<u>(702,742)</u>	<u>(434,502,980)</u>	<u>8,836,999</u>	<u>(443,339,979)</u>

* Directly deducted from cash flow hedging reserve 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.

20- Provisions

		30/9/2017	31/12/2016
Claims provision	(20-1)	319,785,255	333,011,812
Severance pay provision	(20-1)	173,508,934	166,230,290
Financial guarantee for contingent liabilities	(20-1)	2,137,033	2,340,649
Balance		<u>495,431,222</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 September, 2017 (Continued)
(In the notes all amounts are shown in EGP unless otherwise stated)

20-1

	Claims provision	Severance Pay Provision	Financial guarantee for contingent liabilities	Total
Balance at the beginning of the year	333,011,812	166,230,290	2,340,649	501,582,751
Acquisition of subsidiaries	--	10,863,999	--	10,863,999
Formed during the period	542,198	20,411,588	--	20,953,786
Foreign currency differences	(271,339)	(3,208,982)	--	(3,480,321)
Amounts used during the period	(13,497,416)	(20,787,961)	--	(34,285,377)
Provision reversed	--	--	(203,616)	(203,616)
Balance at the end of the period	<u>319,785,255</u>	<u>173,508,934</u>	<u>2,137,033</u>	<u>495,431,222</u>

21- Loans and borrowings

The borrower	Credit limit	Contract date	Maturity date	30/9/2017	31/12/2016
EFG – Hermes Leasing*	250 million	10/6/2015	10/6/2023	206,634,823	199,274,290
„	100 million	4/6/2015	4/6/2022	74,225,721	81,967,775
„	280 million	14/7/2015	14/9/2022	172,520,444	112,230,509
„	300 million	4/11/2015	4/11/2022	284,520,554	185,858,610
„	200 million	9/8/2015	9/8/2023	39,967,977	47,176,941
„	200 million	30/9/2015	30/9/2025	119,839,826	86,352,695
„	175 million	14/3/2016	14/3/2023	122,439,306	70,975,564
„	50 million	1/6/2016	1/6/2023	43,269,368	48,973,891
„	100 million	1/6/2016	1/5/2020	96,446,750	93,496,233
„	100 million	28/11/2016	31/10/2021	93,897,240	20,504,086
„	80 million	15/12/2016	30/9/2021	26,993,507	10,531,282
„	100 million	12/2/2017	28/2/2022	90,160,945	--
„	70 million	19/2/2017	30/8/2024	71,600,728	--
„	100 million	15/12/2016	30/9/2021	50,707,655	--
„	50 million	3/4/2017	3/4/2024	15,817,723	--
„	20 million	24/4/2017	24/4/2023	5,000,000	--
„	100 million	25/5/2017	25/5/2022	58,001,903	--
„	65 million	29/5/2017	29/5/2024	4,265,685	--
EFG – Hermes Holding**	150 million	29/2/2016	28/2/2021	116,640,000	150,000,000
EFG – Hermes Pakistan Limited	112.1 million	12/5/2017	11/5/2020	62,737,500	--
Balance				<u>1,755,687,655</u>	<u>1,107,341,876</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 September, 2017 (Continued)
(In the notes all amounts are shown in EGP unless otherwise stated)

Current	336,393,180	184,654,352
Non-current	1,419,294,475	922,687,524
Balance	1,755,687,655	1,107,341,876

* 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.

22- 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	13.7	84 031 123	420 155 615
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	64.9	399 024 502	1 995 122 510
	100	614 894 578	3 074 472 890

23- Non - controlling interests

	30/9/2017	31/12/2016
Share capital	160,090,047	72,136,666
Legal reserve	15,913,158	18,344,483
Other reserves	13,001,674	(4,403,698)
Retained earnings (losses)	60,108,226	(5,137,939)
Goodwill of subsidiaries	353,560,400	23,323,331
Interim dividend	--	(13,656,958)
Profit for the period /year	15,109,887	36,210,196
Balance	617,783,392	126,816,081

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

24- 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:

	30/9/2017	31/12/2016
AED	118,670,000	118,670,000
Equivalent to EGP	569,343,059	581,554,202

Group off-balance sheet items :

Assets under management	85,068,646,284	45,316,848,744
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25- 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 5,575,196 till September 30, 2017 versus EGP 1,188,322 till September 30, 2016 as no revenues are recognized if there are any uncertainties regarding the recovery of the consideration due.

Subsidiary's name	For the period ended	
	30/9/2017	30/9/2016
Egyptian Portfolio Management Group	1,868,988	1,092,901
Hermes Fund Management	3,706,208	95,421
Total	5,575,196	1,188,322
	=====	=====

26- Impairment loss on assets

	2017		2016	
	For the period from 1/7/2017 to 30/9/2017	For the period from 1/1/2017 to 30/9/2017	For the period from 1/7/2016 to 30/9/2016	For the period from 1/1/2016 to 30/9/2016
Impairment loss on accounts receivables & debit accounts	3,400,000	6,904,245	--	484,132
Impairment loss on available –for– sale investments	--	--	535,142	535,142
Total	3,400,000	6,904,245	535,142	1,019,274
	=====	=====	=====	=====

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

27- Income tax expense

	2017		2016	
	For the period from 1/7/2017 to 30/9/2017	For the period from 1/1/2017 to 30/9/2017	For the period from 1/7/2016 to 30/9/2016	For the period from 1/1/2016 to 30/9/2016
Current income tax	(26,719,723)	(150,899,246)	(21,351,722)	(37,901,887)
Deferred tax	15,304,717	12,394,713	(421,508)	(3,059,768)
Total	<u>(11,415,006)</u>	<u>(138,504,533)</u>	<u>(21,773,230)</u>	<u>(40,961,655)</u>

28- Cash and cash equivalents

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

	30/9/2017	31/12/2016
Cash and due from banks	7,443,562,024	11,507,605,161
Due to banks and financial institutions	(1,205,254,560)	(726,622,841)
Treasury bills less than 90 days	--	1,073,566,024
Effect of exchange rate	--	(215, 554, 341)
Cash and cash equivalents	<u>6,238,307,464</u>	<u>11,638,994,003</u>

29- General administrative expenses

	2017		2016	
	For the period from 1/7/2017 to 30/9/2017	For the period from 1/1/2017 to 30/9/2017	For the period from 1/7/2016 to 30/9/2016	For the period from 1/1/2016 to 30/9/2016
Wages , salaries and similar items *	351,418,467	1,099,934,504	139,984,016	492,637,338
Consultancy	25,666,534	41,539,565	4,014,649	14,548,860
Travel , accommodation and transportation	12,280,051	27,912,974	3,616,401	11,968,676
Leased line and communication	28,902,850	76,024,140	12,895,147	37,483,747
Rent and utilities expenses	24,621,796	62,939,248	12,024,142	30,637,359
Other expenses	73,856,156	186,412,820	28,950,487	83,611,510
Total	<u>516,745,854</u>	<u>1,494,763,251</u>	<u>201,484,842</u>	<u>670,887,490</u>

* 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 119,243,727 relevant to this program.

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

30- 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.

For the period ended September 30, 2017

	Holding & treasury	Brokerage	Asset management	Investment banking	Private equity	Leasing	Micro finance	Adjustments	Total
Fee and commission income	9,757	796,615,161	206,066,333	246,160,813	53,960,492	--	117,800,925	--	1,420,613,481
Securities gains	688,698,296	12,650,847	--	--	--	--	--	--	701,349,143
Revenues from leasing activities	--	--	--	--	--	386,698,306	--	--	386,698,306
Changes in the investments at fair value through profit and loss	14,682,408	(2,105,635)	--	--	--	--	--	--	12,576,773
Interest and dividend income	453,794,050	70,706,427	99,113	26,944,199	69,189,131	4,032,332	156,889,419	(149,982,737)	631,671,934
Foreign currencies differences	57,582,380	350,416	(39,504)	--	--	--	(135,237)	--	57,758,055
Other income	66,836,571	20,372,571	658,249	1,196,416	36,116	--	310,287	(5,517,831)	83,892,379
Total revenues	1,281,603,462	898,589,787	206,784,191	274,301,428	123,185,759	390,730,638	274,865,394	(155,500,568)	3,294,560,071

**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 September, 2017 (Continued)
(In the notes all amounts are shown in EGP unless otherwise stated)

	Holding & treasury	Brokerage	Asset management	Investment banking	Private equity	Leasing	Micro finance	Adjustments	Total
Fee and commission expense	(4,162,913)	(115,387,843)	(1,553,243)	(18,148,322)	(136,920)	--	(7,040,604)	29,023,435	(117,406,410)
Interest expense	(62,718,260)	(109,106,752)	(40,698)	(8,456,306)	(62,485,989)	(185,411,739)	(82,386,232)	150,068,718	(360,337,258)
Net revenues	1,214,722,289	674,095,192	205,190,250	247,696,800	60,562,830	205,318,899	185,438,558	23,591,585	2,816,616,403
General administrative expenses	(606,370,378)	(534,646,584)	(137,707,733)	(42,848,745)	(25,303,364)	(18,456,009)	(105,838,853)	(23,591,585)	(1,494,763,251)
Provisions	(3,633,398)	(11,612,326)	(3,449,565)	(1,476,612)	(239,687)	--	(542,198)	--	(20,953,786)
Depreciation and amortization	(17,568,724)	(7,691,768)	(1,447,718)	(188,588)	(84,815)	(117,886,285)	(4,788,053)	--	(149,655,951)
Impairment loss on assets	--	(400,000)	--	--	(504,245)	(6,000,000)	--	--	(6,904,245)
Total expenses	(694,453,673)	(778,845,273)	(144,198,957)	(71,118,573)	(88,755,020)	(327,754,033)	(200,595,940)	155,500,568	(2,150,220,901)
Profit before income tax	587,149,789	119,744,514	62,585,234	203,182,855	34,430,719	62,976,605	74,269,454	--	1,144,339,170
Income tax expense	(47,060,159)	(49,437,701)	(6,813,739)	(2,713,818)	(334,844)	(14,967,943)	(17,176,329)	--	(138,504,533)
Profit from continuing operations	540,089,630	70,306,813	55,771,495	200,469,037	34,095,875	48,008,662	57,093,125	--	1,005,834,637
Total assets	5,497,663,578	10,618,605,386	2,426,055,441	137,659,298	3,085,251,900	1,911,798,961	966,485,896	--	24,643,520,460
Total liabilities	1,312,619,055	6,721,784,870	399,463,232	76,664,372	378,901,997	1,677,015,645	444,786,011	--	11,011,235,182

**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 September, 2017 (Continued)
(In the notes all amounts are shown in EGP unless otherwise stated)

	For the period ended September 30, 2016							Total	
	Holding & Treasury	Brokerage	Asset Management	Investment Banking	Private Equity	Leasing	Micro Finance		Adjustments
Fee and commission income	385,520	317,582,631	92,223,840	94,856,020	65,033,375	--	45,285,669	--	615,367,055
Securities gains	76,552,637	4,188,530	--	--	--	--	--	--	80,741,167
Revenues from leasing activities	--	--	--	--	--	141,258,310	--	--	141,258,310
Changes in the investments at fair value through profit and loss	316,835	1,633,606	--	--	955,733	--	--	--	2,906,174
Interest and dividend income	57,114,688	42,975,563	108	2,861,884	3,834,197	2,097,140	55,225,329	(25,044,444)	139,064,465
Foreign currencies differences	116,087,575	14,248,600	1,131,515	2,271,470	24,789,646	985	58,864	--	158,588,655
Other income	11,537,781	10,197,470	2,035,068	7,201,326	528,490	--	367,823	(1,721,648)	30,146,310
Total revenues	261,995,036	390,826,400	95,390,531	107,190,700	95,141,441	143,356,435	100,937,685	(26,766,092)	1,168,072,136
Fee and commission expense	(87,258)	(44,490,257)	(360,454)	(656,064)	(26,523)	(65,707)	(2,928,987)	9,422,548	(39,192,702)
Interest expense	(30,952,138)	(44,646,616)	--	--	(47)	(66,304,916)	(22,558,991)	25,243,559	(139,219,149)
Net revenues	230,955,640	301,689,527	95,030,077	106,534,636	95,114,871	76,985,812	75,449,707	7,900,015	989,660,285

**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 September, 2017 (Continued)
(In the notes all amounts are shown in EGP unless otherwise stated)

	Holding & Treasury	Brokerage	Asset Management	Investment Banking	Private Equity	Leasing	Micro Finance	Adjustments	Total
General administrative expenses	(260,682,779)	(210,150,626)	(62,019,326)	(36,011,612)	(35,618,927)	(12,726,457)	(45,777,748)	(7,900,015)	(670,887,490)
Provisions	(3,294,605)	(4,232,719)	(1,681,535)	(580,845)	(7,902,300)	--	(515,009)	--	(18,207,013)
Depreciation and amortization	(15,261,897)	(4,623,531)	(387,461)	(196,194)	(93,650)	(49,120,971)	(2,053,052)	--	(71,736,756)
Impairment loss on assets	--	(484,132)	--	--	(535,142)	--	--	--	(1,019,274)
Total expenses	(310,278,677)	(308,627,881)	(64,448,776)	(37,444,715)	(44,176,589)	(128,218,051)	(73,833,787)	26,766,092	(940,262,384)
(Loss) profit before income tax	(48,283,641)	82,198,519	30,941,755	69,745,985	50,964,852	15,138,384	27,103,898	--	227,809,752
Income tax expense	(805,217)	(15,098,835)	(922,223)	(12,911,963)	(2,752,414)	(3,025,656)	(5,445,347)	--	(40,961,655)
(Loss) profit from continuing operation	(49,088,858)	67,099,684	30,019,532	56,834,022	48,212,438	12,112,728	21,658,551	--	186,848,097
Total assets	5,577,207,020	4,961,735,732	810,375,352	10,032,506	962,561,530	965,137,865	689,401,338	--	13,976,451,343
Total liabilities	694,959,587	2,876,208,418	123,814,223	23,143,527	260,140,414	851,198,720	171,438,385	--	5,000,903,274

Notes to the consolidated financial statements for the period ended 30 September, 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.

	September 30, 2017				
	Egypt	GCC	Lebanon	Other	Total
Total revenues	2,028,277,119	792,299,237	395,660,425	78,323,290	3,294,560,071
Segment assets	9,331,624,605	11,848,783,362	3,147,582,280	315,530,213	24,643,520,460
	September 30, 2016				
	Egypt	GCC	Lebanon	Other	Total
Total revenues	910,137,145	233,798,083	3,516,526	20,620,382	1,168,072,136
Segment assets	7,075,975,224	4,310,746,794	2,520,860,246	68,869,079	13,976,451,343

31- 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.

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

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- 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.

32- Group's entities

The parent company owns the following subsidiaries:

	Direct ownership	Indirect ownership
	%	%
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
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 September, 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 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	--
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	--
Frontier Investment Management Partners LTD **	--	50
EFG-Hermes SP limited	--	100
Valu	--	100
EFG-Hermes Factoring	--	100
Beaufort Asset Managers LTD	--	100

- * 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.
- ** The Holding Company has the power to govern the financial and operating policies of the mentioned companies then the investees Companies is classified as investments in subsidiaries.

33- 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.

33-1 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.

33-2 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.

33-3 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.

33-4 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.

33-5 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.

33-6 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.

33-7 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.

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

33-8 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.

33-9 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.

33-10 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.

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

34- Significant accounting policies applied

34-1 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.

34-2 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.

34-2-1 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.

34-2-2 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.

34-3 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.

34-3-1 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.

34-4 Foreign currency

34-4-1 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.

34-4-2 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.

34-5 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.

34-6 Revenue

34-6-1 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.

34-6-2 Dividend income

Dividend income is recognized when declared.

34-6-3 Custody fee

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

34-6-4 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".

34-6-5 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.

34-6-6 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.

34-6-7 Management fee

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

34-6-8 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.

34-6-9 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.

34-6-10 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.

34-6-11 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.

34-7 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.

34-7-1 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.

34-7-2 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.

34-8 Property, plant and equipment

34-8-1 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.

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

34-8-2 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.

34-8-3 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:

	Estimated useful life
- 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:

	Estimated useful life
- 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.

34-8-4 Reclassification to investment property

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

34-9 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.

34-10 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.

34-11 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.

34-12 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.

34-13 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.

**34-13-1 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.

34-13-2 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.

34-13-3 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.

34-13-4 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.

34-13-4-1 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.

34-14 Share capital

34-14-1 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.

34-14-2 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.

34-15 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

34-16 Impairment

34-16-1 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.

34-16-2 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.

34-17 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.

34-18 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.

34-19 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.

34-20 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.

34-21 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.

34-22 Micro-enterprises Receivables

34-22-1 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.

34-22-2 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.

34-23 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.