

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

**Separate interim financial statements**  
**for the period ended 30 June 2019**  
**&**  
**Review Report**

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### Review Report

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

##### *Introduction*

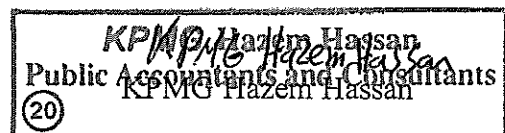
We have performed a limited review for the accompanying separate statement of financial position of EFG – Hermes Holding Company (Egyptian Joint Stock Company) as of 30 June, 2019 and the related separate statements of income, comprehensive income, changes in equity and cash flows for the six months then ended, and a summary of significant accounting policies and other explanatory notes. The company's management is responsible for the preparation and fair presentation of these interim financial statements in accordance with Egyptian Accounting Standards. Our responsibility is to express a conclusion on these 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 interim financial statements.

##### *Conclusion*

Based on our limited review, nothing has come to our attention that causes us to believe that the accompanying separate interim financial statements do not present fairly, in all material respects, the financial position of the Company as at 30 June, 2019 and of its financial performance and its separate cash flows for the six months then ended in accordance with Egyptian Accounting Standards.




Cairo, August 8, 2019

**EFG - Hermes Holding Company**  
**(Egyptian Joint Stock Company)**  
**Separate statement of financial position**

<i>(in EGP)</i>	Note no.	30/6/2019	31/12/2018 Restated*
<b>Assets</b>			
<b>Non - current assets</b>			
Loans to subsidiaries	(10,28)	-	50 148 000
Available -for- sale investments	(11)	1 453 772 424	1 591 834 264
Investment property	(12)	135 570 244	138 723 040
Investments in subsidiaries	(13)	3 973 818 087	3 973 818 087
Fixed assets	(14)	249 671 635	250 617 642
Intangible assets	(15)	16 056 597	16 977 934
<b>Total non - current assets</b>		<u>5 828 888 987</u>	<u>6 022 118 967</u>
<b>Current assets</b>			
Cash and cash equivalents	(3,20)	426 202 555	174 435 580
Investments at fair value through profit and loss	(4)	77 527 863	97 185 840
Due from subsidiaries & related parties	(5)	3 801 448 744	4 658 742 845
Other debit balances	(6)	26 464 126	34 801 389
Current portion of loans to subsidiaries	(10,28)	8 350 000	12 537 000
<b>Total current assets</b>		<u>4 339 993 288</u>	<u>4 977 702 654</u>
<b>Total assets</b>		<u>10 168 882 275</u>	<u>10 999 821 621</u>
<b>Equity</b>			
Issued & paid - in capital	(16)	3 843 091 115	3 843 091 115
Legal reserve		803 102 208	773 338 368
Other reserves		2 610 330 172	2 715 097 076
Retained earnings		191 079 264	858 832 724
<b>Total equity</b>		<u>7 447 602 759</u>	<u>8 190 359 283</u>
<b>Liabilities</b>			
<b>Non - current liabilities</b>			
Deferred tax liabilities	(21)	164 586 366	241 438 014
Finance lease liabilities	(25)	300 681 405	321 528 142
<b>Total non - current liabilities</b>		<u>465 267 771</u>	<u>562 966 156</u>
<b>Current liabilities</b>			
Banks' overdraft		238 005 472	-
Due to subsidiaries & related parties	(7)	1 668 578 040	1 818 268 222
Current tax liability		-	54 829 276
Creditors and other credit balances	(8,28)	184 315 603	234 651 617
Claims provision	(9)	133 595 350	110 164 471
Current portion of finance lease liabilities	(25)	31 517 280	28 582 596
<b>Total current liabilities</b>		<u>2 256 011 745</u>	<u>2 246 496 182</u>
<b>Total liabilities</b>		<u>2 721 279 516</u>	<u>2 809 462 338</u>
<b>Total equity and liabilities</b>		<u>10 168 882 275</u>	<u>10 999 821 621</u>

\* See note (26) from the accompanying notes and accounting policies.

The accompanying notes and accounting policies from page (6) to page (40) are an integral part of these financial statements and are to be read therewith.

  
Mona Zulficar  
Chairperson

  
Karim Awad  
Group Chief Executive Officer

" Review report attached "

EFG - Hermes Holding Company  
(Egyptian Joint Stock Company)  
Separate income statement

	Note no.	2019		2018	
		For the period from 1/4/2019 to 30/6/2019	For the period from 1/1/2019 to 30/6/2019	For the period from 1/4/2018 to 30/6/2018	For the period from 1/1/2018 to 30/6/2018
<b>Restated*</b>					
<b>Revenues</b>					
Dividend income	(18)	180 127 347	184 696 846	8 562 828	13 092 185
Custody activity income		3 234 283	6 551 286	3 948 177	8 057 200
Interest income	(28)	15 527 493	18 651 667	5 820 007	12 454 384
Net changes in the fair value of investments at fair value through profit and loss		2 989 194	6 484 187	1 190 464	4 509 471
Gains on sale / redemptions of investments	(23)	2 149 434	2 467 357	109 242 792	179 759 363
Gains on sale of fixed assets		936 666	936 666	22 899	1 000 400
Other income	(22-28)	17 806 307	35 076 644	12 793 386	25 089 006
<b>Total revenues</b>		<u>222 770 724</u>	<u>254 864 653</u>	<u>141 580 553</u>	<u>243 962 009</u>
<b>Expenses</b>					
Finance cost		( 20 106 757)	( 37 320 994)	( 17 220 938)	( 27 262 890)
General administrative expenses	(19)	( 44 911 114)	( 88 483 492)	( 56 695 975)	( 98 508 357)
Foreign currencies exchange differences	(1-30)	( 93 210 241)	( 198 512 364)	30 845 811	18 980 645
Fixed asset's depreciation	(14)	( 5 084 610)	( 9 970 986)	( 4 420 974)	( 8 375 785)
Investment property depreciation	(12)	( 1 576 398)	( 3 152 796)	( 1 576 397)	( 3 152 795)
Intangible assets amortization	(15)	( 977 377)	( 1 877 393)	( 158 427)	( 251 514)
Claims provision	(9)	-	( 26 095 350)	-	-
<b>Total expenses</b>		<u>( 165 866 497)</u>	<u>( 365 413 375)</u>	<u>( 49 226 900)</u>	<u>( 118 570 696)</u>
(Loss) profit before income tax		56 904 227	( 110 548 722)	92 353 653	125 391 313
Current income tax		497 554	497 554	( 10 946 356)	( 20 184 442)
Deferred tax	(21)	21 073 752	45 295 094	( 6 863 314)	( 3 717 213)
(Loss) profit for the period		<u>78 475 533</u>	<u>( 64 756 074)</u>	<u>74 543 983</u>	<u>101 489 658</u>
Earnings per share	(24)	<u>0.10</u>	<u>(0.08)</u>	<u>0.10</u>	<u>0.13</u>

\* See note (26) from the accompanying notes and accounting policies.

The accompanying notes and accounting policies from page (6) to page (40) are an integral part of these financial statements and are to be read therewith.

**EFG - Hermes Holding Company**  
**(Egyptian Joint Stock Company)**  
**Separate statement of comprehensive income**

	2019		2018	
	For the period	For the period	For the period	For the period
	from 1/4/2019	from 1/1/2019	from 1/4/2018	from 1/1/2018
(in EGP)	to 30/6/2019	to 30/6/2019	to 30/6/2018	to 30/6/2018
			Restated*	
(Loss) profit for the period	78 475 533	( 64 756 074)	74 543 983	101 489 658
<b>Other comprehensive income:</b>				
Available -for- sale investments - net change in fair value	( 90 758 398)	( 136 323 458)	( 25 272 624)	1 185 645
Tax related to comprehensive income items	15 762 404	31 556 554	( 573 740)	( 754 908)
<b>Other comprehensive income, net of tax</b>	<u>(74 995 994)</u>	<u>(104 766 904)</u>	<u>(25 846 364)</u>	<u>430 737</u>
<b>Total comprehensive income for the period</b>	<u>3 479 539</u>	<u>(169 522 978)</u>	<u>48 697 619</u>	<u>101 920 395</u>

\* See note (26) from the accompanying notes and accounting policies.

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ERG - Hermes Holding Company  
(Egyptian Joint Stock Company)

Separate statement of changes in equity

	Attributable to owners of the Company							Total equity	
	Issued & paid-in capital	Legal reserve	General reserve	Share premium	Other reserves Fair value- available-for-sale investments	Revaluation surplus of fixed assets transferred to investment property	Hedging reserve		Retained earnings
<i>(in EGP)</i>									
Balance as at 31 December, 2018, as previously reported	3 843 091 115	773 338 368	158 271	1 922 267 818	803 663 393	8 298 432	(26 442 387)	879 457 876	8 203 832 888
Effect of change in accounting policies	-	-	-	-	-	7 151 547	-	(20 625 152)	(13 473 605)
Restated Balance as at 31 December, 2018 *	3 843 091 115	773 338 368	158 271	1 922 267 818	803 663 393	15 449 979	(26 442 387)	858 832 724	8 190 359 283
Total comprehensive income	-	-	-	-	-	-	-	-	-
Loss for the period	-	-	-	-	-	-	-	(64 756 074)	(64 756 074)
Other comprehensive income items	-	-	-	-	(104 766 904)	-	-	-	(104 766 904)
Total comprehensive income	-	-	-	-	(104 766 904)	-	-	(64 756 074)	(169 522 978)
Transactions with owners of the Company									
Dividends	-	-	-	-	-	-	-	(573 233 546)	(573 233 546)
Transferred to legal reserve	-	29 763 840	-	-	-	-	-	(29 763 840)	-
Balance as at 30 June, 2019	3 843 091 115	803 102 208	158 271	1 922 267 818	695 896 491	15 449 979	(26 442 387)	191 079 264	7 447 602 759
Balance as at 31 December, 2017, as previously reported	3 074 472 890	1 537 236 445	158 271	1 922 267 818	1 004 873 468	8 298 432	(26 442 387)	288 901 218	7 809 766 155
Effect of change in accounting policies	-	-	-	-	-	7 151 547	-	(11 061 046)	(3 909 499)
Restated Balance as at 31 December, 2017 *	3 074 472 890	1 537 236 445	158 271	1 922 267 818	1 004 873 468	15 449 979	(26 442 387)	277 840 172	7 805 856 656
Total comprehensive income	-	-	-	-	-	-	-	-	-
Profit for the period	-	-	-	-	-	-	-	101 489 658	101 489 658
Other comprehensive income items	-	-	-	-	430 737	-	-	-	430 737
Total comprehensive income	-	-	-	-	430 737	-	-	101 489 658	101 920 395
Transactions with owners of the Company									
Transferred to legal reserve	-	4 720 148	-	-	-	-	-	(4 720 148)	-
Increase of issued and paid in capital	768 618 225	(768 618 225)	-	-	-	-	-	-	-
Balance as at 30 June, 2018	3 843 091 115	773 338 368	158 271	1 922 267 818	1 005 304 205	15 449 979	(26 442 387)	374 609 682	7 907 777 051

\* See note (26) from the accompanying notes and accounting policies.

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EFG - Hermes Holding Company  
(Egyptian Joint Stock Company)  
Separate statement of cash flows

	Note no.	For the Period ended 30/6/2019	For the Period ended 30/6/2018 Restated*
<i>(in EGP)</i>			
<b>Cash flows from operating activities</b>			
(Loss) profit before income tax		( 110 548 722)	125 391 313
<b>Adjustments for :</b>			
Fixed assets depreciation		9 970 986	8 375 785
Gains on sale of fixed assets		( 936 666)	(1 000 400)
Investment property depreciation		3 152 796	3 152 795
Intangible assets amortization		1 877 393	251 514
Claims provisions formed		26 095 350	-
Claims provisions used		(2 664 471)	( 15 000 000)
Interest expense		36 637 798	26 707 896
Gains on sale / redemptions of investments in subsidiaries		-	( 108 713 425)
Net changes in the fair value of investments at fair value through profit and loss		( 6 484 187)	( 4 509 471)
Gains on sale of available -for- sale investments		( 1 990 320)	( 66 778 979)
Foreign currencies exchange differences		198 512 364	( 18 980 645)
		<u>153 622 321</u>	<u>( 51 103 617)</u>
<b>Change in</b>			
Investments at fair value through profit and loss		26 121 265	216 138 961
Due from subsidiaries		583 869 265	1 983 771 233
Other debit balances		3 223 886	( 7 101 647)
Due to subsidiaries		( 32 381 007)	(1 555 214 908)
Creditors and other credit balances		(88 399 097)	(122 850 253)
Interest paid		(36 637 798)	(26 707 896)
Income tax paid		(53 824 250)	(140 052 663)
Net cash provided from operating activities		<u>555 594 585</u>	<u>296 879 210</u>
<b>Cash flows from investing activities</b>			
Payments to purchase fixed assets		(9 038 313)	(14 171 996)
Proceeds from sale of fixed assets		950 000	1 790 400
Payments to purchase intangible assets		( 956 056)	(3 230 857)
Payments for loans to subsidiaries		(8 810 000)	(8 945 000)
Proceeds from loans to subsidiaries		63 145 000	83 945 000
Proceeds from sale of available -for- sale investments		3 728 702	162 783 241
Payments to purchase investments in subsidiaries		-	( 411 485 100)
Proceeds from sale (liquidation) of investments in subsidiaries		-	6 813 225
Net cash provided from (used in) investing activities		<u>49 019 333</u>	<u>( 182 501 087)</u>
<b>Cash flows from financing activities</b>			
Dividends payout		( 534 345 916)	( 67 536 493)
Proceeds from short term loans		-	231 286 699
Payments for finance lease liabilities		( 13 667 689)	( 11 521 987)
Proceeds from finance lease liabilities		-	221 172 385
Net cash (used in) provided from financing activities		<u>( 548 013 605)</u>	<u>373 400 604</u>
Net change in cash and cash equivalents during the period		56 600 313	487 778 727
Cash and cash equivalents at the beginning of the period	(20)	131 596 770	332 153 339
Cash and cash equivalents at the end of the period	(20)	<u>188 197 083</u>	<u>819 932 066</u>

\* See note (26) from the accompanying notes and accounting policies.

The accompanying notes and accounting policies from page (6) to page (40) are an integral part of these financial statements and are to be read therewith.



**EFG- Hermes Holding Company**

**(Egyptian Joint Stock Company)**

**Notes to the separate interim financial statements**

**for the period ended June 30, 2019**

**(In the notes all amounts are shown in EGP unless otherwise stated)**

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**1- Description of business**

**1-1 Legal status**

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, Egypt.

**1-2 Purpose of the company**

- EFG Hermes Group, 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, micro-finance, factoring, securitization, and collection.
- The purpose of the company 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 financial statements have been prepared in accordance with the Egyptian Accounting Standards and relevant Egyptian laws and regulations.
- The financial statements were authorized for issue in accordance with a resolution of the Board of Directors on August 7, 2019.

**2-2 Functional and presentation currency**

These financial statements are presented in Egyptian Pounds (EGP), which is the Company’s functional currency and all the financial data presented are in Egyptian Pounds (EGP).

## **2-3 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.

### **2-3-1 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.

## 2-4 Consolidated financial statements

The Company has subsidiaries and according to the Egyptian Accounting Standard No. 42 “consolidated financial statements” and the article No. 188 of the executive regulation of law No. 159-1981, the Company is required to prepare consolidated financial statements which present fairly the financial position, the result of operations and cash flows for the Group as a whole.

### 3- Cash and cash equivalents

	30/6/2019	31/12/2018
Cash on hand	460 563	566 620
Banks - current accounts	191 087 386	110 760 029
Banks - time deposits	234 654 606	63 108 931
	<hr/>	<hr/>
Balance	426 202 555	174 435 580
	<hr/> <hr/>	<hr/> <hr/>

### 4- Investments at fair value through profit and loss

	30/6/2019	31/12/2018
Mutual fund certificates	76 681 373	96 457 500
Equity securities	846 490	728 340
	<hr/>	<hr/>
Balance	77 527 863	97 185 840
	<hr/> <hr/>	<hr/> <hr/>

EFG - Hermes Holding Company  
Notes to the separate interim financial statements  
for the period ended 30/6/2019 (Cont'd)  
(In the notes all amounts are shown in EGP unless otherwise stated)

**5- Due from subsidiaries & related parties**

	<b>30/6/2019</b>	<b>31/12/2018</b>
EFG- Hermes Advisory Inc.	728 504 686	769 987 405
Flemming CIIC Holding	2 280 935	1 737 271
EFG- Hermes IB Limited	1 033 279 969	1 643 633 868
EFG- Hermes Oman LLC	1 667 347	4 805 310
EFG- Hermes IFA Financial Brokerage	3 499 805	3 949 192
EFG- Hermes KSA	29 145 368	42 579 367
Egyptian Fund Management Group	171 179 269	100 369 378
Bayonne Enterprises Ltd.	17 211 148	142 203 615
EFG- Hermes Holding -- Lebanon	2 156 211	2 312 439
EFG- Hermes Direct Investment Fund	1 015 444	1 089 018
EFG- Hermes Leasing	--	9 767 992
Beaufort Investments Company	2 003 643	8 144 577
EFG- Hermes Private Equity	117 411	--
Hermes Securities Brokerage	56 416 065	51 390 037
EFG- Hermes USA	933 474	925 374
EFG- Hermes Jordan	75 043 304	168 155
EFG- Hermes Mena Securities Ltd.	7 365	7 898
EFG -- Hermes Frontier Holdings LLC	402 695 063	399 128 495
EFG- Hermes Brokerage -- UAE LLC.	4 763 809	6 828 644
OLT Investment International S.A.B	572 606	3 473 738
EFG Hermes FI Limited	420 244 673	271 526 482
EFG- Hermes Factoring	--	341 384
EFG- Hermes Securitization	3 291	3 291
Beaufort Asset Management Company	543 183	339 374
Flemming Mansour Securities	--	61 152
Flemming CIIC Securities	--	61 152
EFG Hermes Global CB Holding Limited	775 627 873	864 265 918
EFG Hermes PE Holding LLC	72 480 180	329 411 205
Tanmeyah Micro Enterprise Services S.A.E	56 622	231 114
	<hr/>	<hr/>
Balance	3 801 448 744	4 658 742 845
	<hr/> <hr/>	<hr/> <hr/>

**6- Other debit balances**

	<b>30/6/2019</b>	<b>31/12/2018</b>
		<b>Restated*</b>
Accrued revenues	94 981	4 611 679
Taxes withheld by others	1 383 988	906 538
Deposits with others	1 428 827	1 428 827
Prepaid expenses	18 032 838	21 916 689
Employees advances	1 370 334	893 027
Down payments to suppliers	3 223 645	3 583 099
Sundry debtors	929 513	1 461 530
	<hr/>	<hr/>
Balance	26 464 126	34 801 389
	<hr/> <hr/>	<hr/> <hr/>

\* Note no. (26).

**7- Due to subsidiaries & related parties**

	<b>30/6/2019</b>	<b>31/12/2018</b>
EFG- Hermes Financial Management (Egypt) Ltd.	689 481 406	764 150 372
EFG- Hermes Regional Investments Ltd.	267 402 617	287 235 409
Arab Visual Company	1 250 500	1 250 500
Hermes Corporate Finance Co.	8 315 655	9 067 921
EFG- Hermes Fixed Income	6 409 384	6 586 792
Finance Group for Securitization	9 691 593	9 765 396
EFG- Hermes Management	--	26 829
EFG- Hermes Syria LLC	7 912 165	7 912 165
Egyptian Portfolio Management Group	76 583 645	79 725 029
EFG- Hermes – Lebanon – S.A.L.	92 569 158	99 276 264
Hermes Fund Management	12 293 721	24 708 492
Financial Brokerage Group	42 617 583	44 046 230
EFG-Hermes SB Limited	117 452 135	54 419 410
EFG Finance Holding	161 967 707	206 191 256
EFG- Hermes Private Equity	132 053 480	117 549 779
EFG- Hermes UAE Ltd.	24 162 146	11 208 565
EFG- Hermes Leasing	13 379 216	--
EFG - Hermes Promoting & Underwriting	5 035 929	95 147 813
	<hr/>	<hr/>
Balance	1 668 578 040	1 818 268 222
	<hr/> <hr/>	<hr/> <hr/>

EFG - Hermes Holding Company  
Notes to the separate interim financial statements  
for the period ended 30/6/2019 (Cont'd)  
(In the notes all amounts are shown in EGP unless otherwise stated)

### 8- Creditors and other credit balances

	30/6/2019	31/12/2018 Restated*
Social Insurance Authority	443 114	421 523
Accrued expenses	32 637 513	190 821 104
Clients coupons - custody activity	14 934 571	10 929 475
Unearned revenues (Note no. 28)	30 674 241	11 131 970
Dividends payable prior years	55 511 316	16 623 686
Medical Takaful Insurance Tax	637 162	22 834
Sundry credit balances	47 378 553	2 863 005
Tax Authority	2 099 133	1 838 020
<b>Balance</b>	<u>184 315 603</u>	<u>234 651 617</u>

\* Note no. (26).

### 9- Claims provision

	30/6/2019	31/12/2018
Balance at the beginning of the period / year	110 164 471	123 000 000
Amounts formed during the period / year	26 095 350	2 164 471
Amounts used during the period / year	(2 664 471)	(15 000 000)
<b>Balance at the end of the period / year</b>	<u>133 595 350</u>	<u>110 164 471</u>

### 10- Loans to subsidiaries

Company's name	Currency	Loan Value	Loan date	Maturity date	30/6/2019	31/12/2018
EFG- Hermes Jordan	US\$	500 thousand	1/3/2018	28/2/2020	8 350 000	8 955 000
EFG-Hermes Factoring	US\$	700 thousand	27/9/2018	28/12/2020	--	12 537 000
	US\$	2.3 million	27/9/2018	27/9/2020	--	41 193 000
<b>Total</b>					<u>8 350 000</u>	<u>62 685 000</u>
Current portion of loans to subsidiaries					<u>(8 350 000)</u>	<u>(12 537 000)</u>
Non- Current portion of loans to subsidiaries					<u>--</u>	<u>50 148 000</u>

**11- Available -for- sale investments**

	<b>30/6/2019</b>	<b>31/12/2018</b>
Equity securities	127 577 390	123 651 760
Mutual fund certificates	1 326 195 034	1 468 182 504
Balance	<u>1 453 772 424</u>	<u>1 591 834 264</u>

Available -for- sale investments are represented in the following:

Quoted investments	190 498 163	216 903 229
Non- quoted investments	1 263 274 261	1 374 931 035
	<u>1 453 772 424</u>	<u>1 591 834 264</u>

**12- Investment property**

	<b>Buildings</b>
<b>Cost</b>	
Balance as at 1/1/2019	157 639 818
Total cost as at 30/6/2019	<u>157 639 818</u>
Balance as at 1/1/2018	<u>157 639 818</u>
Total cost as at 30/6/2018	<u>157 639 818</u>
<b>Accumulated depreciation</b>	
Accumulated depreciation as at 1/1/2019	18 916 778
Depreciation for the period	3 152 796
Accumulated depreciation as at 30/6/2019	<u>22 069 574</u>
Accumulated depreciation as at 1/1/2018	<u>12 611 185</u>
Depreciation for the period	3 152 797
Accumulated depreciation as at 30/6/2018	<u>15 763 982</u>
<b>Net carrying amount</b>	
Net carrying amount as at 30/6/2019	<u>135 570 244</u>
Net carrying amount as at 30/6/2018	<u>141 875 836</u>
Net carrying amount as at 31/12/2018	<u>138 723 040</u>

Investment property amounted EGP 135 570 244 as at 30 June 2019, represents the book value of the area owned by EFG – Hermes Holding Company in Nile City building.

EFG - Hermes Holding Company  
Notes to the separate interim financial statements  
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(In the notes all amounts are shown in EGP unless otherwise stated)

### 13- Investments in subsidiaries

Company's name	Nationality	Share percentage %	Currency of payment	Carrying amount	
				30/6/2019	31/12/2018
Financial Brokerage Group Co.	Egyptian	99.87	EGP	41 838 060	41 838 060
Egyptian Portfolio Management Group	Egyptian	66.33	EGP	3 316 500	3 316 500
Hermes Securities Brokerage	Egyptian	97.58	EGP	219 763 969	219 763 969
Hermes Fund Management	Egyptian	89.95	EGP	6 439 709	6 439 709
Hermes Corporate Finance Co.	Egyptian	99.37	EGP	5 476 029	5 476 029
EFG- Hermes Advisory Inc.	BVI	100	US\$	6	6
EFG- Hermes Promoting & Underwriting	Egyptian	99.88	EGP	7 990 000	7 990 000
EFG- Hermes Fixed Income	Egyptian	99	EGP	9 900 000	9 900 000
EFG- Hermes Management	Egyptian	96.3	EGP	1 249 490	1 249 490
EFG- Hermes Private Equity *	BVI	1.59	US\$	39 975	39 975
EFG- Hermes – UAE Limited Company	Emirates	100	US\$	750 510 000	750 510 000
EFG- Hermes Holding Lebanon – S.A.L.	Lebanon	99	US\$	153 713	153 713
EFG- Hermes – KSA	Saudi	73.1	US\$	94 901 158	94 901 158
EFG- Hermes – Lebanon – S.A.L.	Lebanon	99	US\$	27 564 787	27 564 787
EFG- Hermes Regional Investments Ltd. *	Cayman Islands	100	US\$	318 141 304	318 141 304
EFG- Hermes Jordan	Jordanian	100	US\$	33 610 631	33 610 631
Finance Group for Securitization.	Egyptian	99.999	EGP	9 999 990	9 999 990
Beaufort Investments Company	Luxembourg	100	EURO	6 098 812	6 098 812
EFG-Direct Investment Fund	Egyptian	64	EGP	640 000	640 000
EFG- Hermes IB Limited	Cayman Islands	100	US\$	921 560 008	921 560 008
EFG - Hermes Frontier Holdings LLC	Emirates	100	US\$	13 740 750	13 740 750
EFG – Hermes USA	American	100	US\$	54 782 600	54 782 600
EFG Finance Holding S.A.E **	Egyptian	99.82	EGP	717 030 000	717 030 000
Etkan for Inquiry and Collection and Business processes **	Egyptian	0.002	EGP	100	100
EFG BI Holding	Egyptian	100	EGP	895 500	895 500
EFG- Hermes Global CB Holding Limited	Cayman Islands	100	US\$	664 454 800	664 454 800
OLT Investment International S.A.B	Bahrain	99.9	BHD	63 720 196	63 720 196
Balance				<u>3 973 818 087</u>	<u>3 973 818 087</u>

\* The Company owns 100% of EFG- Hermes Regional Investments Ltd. Co., which owns 63.41% in EFG- Hermes Private Equity Co. hence the company has the control, therefore EFG- Hermes Private Equity Co. is a subsidiary.

\*\* The Company owns 99.82% of EFG Finance Holding S.A.E Co., which owns 95.2% in Etkan for Inquiry and Collection and Business processes Co. hence the company has the control, therefore EFG- Hermes Private Equity Co. is a subsidiary.

- Investments in subsidiaries are represented in non - quoted investments.



EFG - Hermes Holding Company  
Notes to the separate interim financial statements  
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**14- Fixed assets**

	Land**	Buildings**	Office furniture & equipment	Computer equipment	Vehicles & transportation means	Fixtures	Total
<b>Cost</b>							
Balance as at 1/1/2019*	18 597 100	244 159 870	26 182 189	76 658 332	10 795 024	6 205 199	382 597 714
Additions during the period	--	--	1 091 039	2 184 846	5 512 003	250 425	9 038 313
Disposals during the period	--	--	--	--	(1 409 112)	--	(1 409 112)
<b>Total cost as at 30/6/2019</b>	<b>18 597 100</b>	<b>244 159 870</b>	<b>27 273 228</b>	<b>78 843 178</b>	<b>14 897 915</b>	<b>6 455 624</b>	<b>390 226 915</b>
Balance as at 1/1/2018*	18 597 100	244 159 870	23 951 261	61 517 927	9 062 935	4 202 747	361 491 840
Additions during the period	--	--	1 408 088	9 333 681	2 900 000	530 227	14 171 996
Disposals during the period	--	--	--	(29 320)	(1 528 912)	--	(1 558 232)
<b>Total cost as at 30/6/2018</b>	<b>18 597 100</b>	<b>244 159 870</b>	<b>25 359 349</b>	<b>70 822 288</b>	<b>10 434 023</b>	<b>4 732 974</b>	<b>374 105 604</b>
<b>Accumulated depreciation</b>							
Accumulated depreciation as at 1/1/2019*	--	49 334 010	20 770 368	51 012 467	6 569 851	4 293 376	131 980 072
Depreciation during the period	--	3 930 974	768 509	3 944 785	1 120 531	206 187	9 970 986
Disposals accumulated depreciation	--	--	--	--	(1 395 778)	--	(1 395 778)
<b>Accumulated depreciation as at 30/6/2019</b>	<b>--</b>	<b>53 264 984</b>	<b>21 538 877</b>	<b>54 957 252</b>	<b>6 294 604</b>	<b>4 499 563</b>	<b>140 555 280</b>
Accumulated depreciation as at 1/1/2018*	--	41 472 062	19 525 423	44 193 897	5 924 053	4 174 037	115 289 472
Depreciation during the period*	--	3 930 974	571 608	3 194 142	646 073	32 988	8 375 785
Disposals accumulated depreciation	--	--	--	(29 321)	(738 911)	--	(768 232)
<b>Accumulated depreciation as at 30/6/2018</b>	<b>--</b>	<b>45 403 036</b>	<b>20 097 031</b>	<b>47 358 718</b>	<b>5 831 215</b>	<b>4 207 025</b>	<b>122 897 025</b>
<b>Net book value</b>							
Net book value as at 30/6/2019	18 597 100	190 894 886	5 734 351	23 885 926	8 603 311	1 956 061	249 671 635
Net book value as at 30/6/2018	18 597 100	198 756 834	5 262 318	23 463 570	4 602 808	525 949	251 208 579
Net book value as at 31/12/2018	18 597 100	194 825 860	5 411 821	25 645 865	4 225 173	1 911 823	250 617 642

\* Note no. (26).

\*\* Land and buildings items represent the headquarter of the Company in Smart Village Building according to the signed sale and lease contract for the whole land and building of the company in Smart Village between EFG – Hermes Holding Company and both EFG-Hermes Leasing (a subsidiary) and Emirates NBD Leasing Company (Note no. (25)).

EFG - Hermes Holding Company  
Notes to the separate interim financial statements  
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(In the notes all amounts are shown in EGP unless otherwise stated)

**15- Intangible assets**

	<b>Software license</b>
<b>Cost</b>	
Balance as at 1/1/2019	17 958 055
Additions during the period	956 056
	<hr/>
Total cost as at 30/6/2019	18 914 111
	<hr/>
Balance as at 1/1/2018	--
Additions during the period	3 230 857
	<hr/>
Total cost as at 30/6/ 2018	3 230 857
	<hr/>
<b>Accumulated amortization</b>	
Accumulated amortization as at 1/1/ 2019	980 121
Amortization during the period	1 877 393
	<hr/>
Accumulated amortization as at 30/6/ 2019	2 857 514
	<hr/>
Accumulated amortization as at 1/1/ 2018	--
Amortization during the period	251 514
	<hr/>
Accumulated amortization as at 30/6/ 2018	251 514
	<hr/>
<b>Net book value</b>	
Net book value as at 30/6/2019	16 056 597
	<hr/> <hr/>
Net book value as at 30/6/2018	2 979 343
	<hr/> <hr/>
Net book value as at 31/12/2018	16 977 934
	<hr/> <hr/>

#### 16- 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.
- The company's General Assembly approved in its session held on May 6, 2018 to increase the company's issued capital from EGP 3,074,472,890 to EGP 3,843,091,115 distributed on 768,618,223 shares with an increase amounting to EGP 768,618,225 by issuing 153,723,645 shares with par value EGP 5 through the issuance of one free share for every four shares. This increase is transferred from the company legal reserve that presented in December 31, 2017 financial statements. The required procedures had been taken to register the increase in the Commercial Register.

#### 17- Contingent liabilities & commitments

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 granted from banks amounting to AED 118 670 000 (equivalent to EGP 539 533 155).

#### 18- Dividend income

	2019		2018	
	For the period from 1/4/2019 to 30/6/2019	For the period from 1/1/2019 to 30/6/2019	For the period from 1/4/2018 to 30/6/2018	For the period from 1/1/2018 to 30/6/2018
Income from available - for- sale investments	8 417 944	12 940 426	8 562 828	13 092 185
Income from investments at fair value through profit and loss	9 403	56 420	--	--
Income from investments in subsidiaries	171 700 000	171 700 000	--	--
<b>Total</b>	<b>180 127 347</b>	<b>184 696 846</b>	<b>8 562 828</b>	<b>13 092 185</b>

**19- General administrative expenses**

	2019		2018	
	For the period from 1/4/2019 to 30/6/2019	For the period from 1/1/2019 to 30/6/2019	For the period from 1/4/2018 to 30/6/2018	For the period from 1/1/2018 to 30/6/2018
Wages , salaries and similar items	27 976 068	54 209 811	29 117 343	51 417 300
Consultancy	575 624	1 123 485	1 150 166	1 910 296
Travel , accommodation and transportation	1 517 962	2 669 352	3 468 805	5 272 213
Leased line and communication	1 161 658	2 139 168	5 463 225	8 680 809
Rent and utilities expenses	1 432 775	2 435 136	2 080 707	3 192 960
Other expenses	12 247 027	25 906 540	15 415 729	28 034 779
<b>Total</b>	<b>44 911 114</b>	<b>88 483 492</b>	<b>56 695 975</b>	<b>98 508 357</b>

\* Note no. (26).

**20- Cash and cash equivalents**

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

	For the period ended 30/6/2019	For the year ended 31/12/2018
Cash and cash equivalents as presented in the statement of financial position	426 202 555	174 435 580
Banks overdraft	(238 005 472)	--
Effect of exchange rate changes	--	(42 838 810)
<b>Cash and cash equivalents (adjusted)</b>	<b>188 197 083</b>	<b>131 596 770</b>

**21- Deferred tax liabilities**

Deferred tax liabilities (Assets) are attributable to the following:

	30/6/2019	31/12/2018
	Liability (Asset)	Liability (Asset)
<b>(A) Deferred tax</b>		
Fixed assets' (depreciation)	3 566 029	3 502 473
Investment property (depreciation)	1 241 415	1 064 069
Intangible assets (depreciation)	(330 766)	(116 980)
Foreign currencies exchange differences	(39 959 162)	4 706 120
Investment property (revaluation reserve)	(1 867 147)	(1 867 147)
Deferred capital gains	7 007 224	7 664 152
	<hr/>	<hr/>
Net deferred tax (assets) liabilities	(30 342 407)	14 952 687
	<hr/> <hr/>	<hr/> <hr/>
<b>(B) Deferred tax recognized directly in equity</b>		
	<b>30/6/2019</b>	<b>31/12/2018</b>
Changes in the fair value of cash flow hedges *	(6 612 597)	(6 612 597)
Fair value of available-for-sale investments **	201 541 370	233 097 924
	<hr/>	<hr/>
	194 928 773	226 485 327
	<hr/>	<hr/>
Balance	164 586 366	241 438 014
	<hr/> <hr/>	<hr/> <hr/>

\* Directly deducted from cash flow hedges item presented in the statement of changes in equity.

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

**22- Other income.**

Other income item presented in the income statement includes the value of rental for some affiliated companies, and also includes the value of rental spaces owned by the Company in Nile City building.

### 23- Gains on sale / redemptions of investments

	2019		2018	
	For the period from 1/4/2019 to 30/6/2019	For the period from 1/1/2019 to 30/6/2019	For the period from 1/4/2018 to 30/6/2018	For the period from 1/1/2018 to 30/6/2018
Investments in subsidiaries	--	--	108 300 000	108 713 425
Investments at fair value through profit and loss	159 114	477 037	942 792	4 266 959
Available - for- sale investments	1 990 320	1 990 320	--	66 778 979
<b>Total</b>	<u>2 149 434</u>	<u>2 467 357</u>	<u>109 242 792</u>	<u>179 759 363</u>

### 24- Earnings per share

	2019		2018	
	For the period from 1/4/2019 to 30/6/2019	For the period from 1/1/2019 to 30/6/2019	For the period from 1/4/2018 to 30/6/2018	For the period from 1/1/2018 to 30/6/2018
(Losses) profit for the period	78 475 533	(64 756 074)	74 543 983	101 489 658
Weighted average number of shares	768 618 223	768 618 223	768 618 223	768 618 223
<b>Earnings per share</b>	<u>0.10</u>	<u>(0.08)</u>	<u>0.10</u>	<u>0.13</u>

### 25- Finance lease liabilities

	30/6/2019	31/12/2018
Current portion of finance lease liabilities	31 517 280	28 582 596
Non- Current portion of finance lease liabilities	300 681 405	321 528 142
<b>Total</b>	<u>332 198 685</u>	<u>350 110 738</u>

\* Note no. (14).

**26- Financial impact of implementing the new Egyptian Accounting Standard No. (49) "Lease Contracts".**

The statement of financial position of the Company has been restated as of 31 December 2018, following the necessary Adjustments as a result of changing from Egyptian Accounting Standard No. 20, "Accounting rules and standards related to financial leasing " to the new Egyptian Accounting Standard No. (49) "Lease Contracts. These adjustments include adjustments to statement of changes in equity in 31 December 2018, 30 June 2018, as well as adjustments to comprehensive income relating to the financial year ended 31 December 2018 and 30 June 2018 are as follows:

**26-1 Adjustments on Balance sheet as of 31 December 2018.**

	(As reported) EGP	Adjustments EGP	(Restated) EGP
<b>Balance sheet</b>			
<b>Assets</b>			
<b>Non – current assets</b>			
Fixed assets	37,194,682	213,422,960	250,617,642
<b>Current assets</b>			
Other credit balances	92,559,767	(57,758,378)	34 801 389
<b>Equity</b>			
Other reserves	2,707,945,529	7,151,547	2,715,097,076
Retained earnings	879,457,876	(20,625,152)	858,832,724
<b>liabilities</b>			
<b>Non – current liabilities</b>			
Finance lease liabilities	--	321 528 142	321 528 142
<b>current liabilities</b>			
Finance lease liabilities	--	28 582 596	28 582 596
Other credit balances	415,624,168	(180,972,551)	234,651,617

**26-2 Adjustments on Income statement and other comprehensive income for the year ended 31 December 2018**

	(As reported)	Adjustments	(Restated)
	EGP	EGP	EGP
Gain on sale of fixed assets	18,072,735	(17,066,836)	1,005,899
Gain on sale of investments property	11,414,341	(11,414,341)	--
Finance cost	(31,361,561)	(51,156,374)	(82,517,935)
General administrative expenses	(437,655,676)	77,935,393	(359,720,283)
Fixed asset's depreciation	(9,608,923)	(7,861,948)	(17,470,871)

**26-3 Adjustments on Income statement and other comprehensive income for the period ended 30 June 2018**

	For the period from 1/4/2018 to 30/6/2018			For the period from 1/1/2018 to 30/6/2018		
	(As reported)	Adjustments	(Restated)	(As reported)	Adjustments	(Restated)
	EGP	EGP	EGP	EGP	EGP	EGP
Gain on sale of fixed assets	4,289,608	(4,266,709)	22,899	8,891,162	(7,890,762)	1 000 400
Finance cost	(5,925,671)	(11,295,267)	(17,220,938)	(8,501,126)	(18,761,764)	(27 262 890)
General administrative expenses	(79,909,381)	23,213,406	(56,695,975)	(130,419,106)	31,910,749	(98 508 357)
Fixed asset's depreciation	(2,455,487)	(1,965,487)	(4,420,974)	(4,444,811)	(3,930,974)	(8 375 785)

**27- Tax status**

- As to Income Tax, the years till 2016 the competent Tax Inspectorate inspected the parent company's books and all the disputed points have been settled with the Internal Committee. As to years 2017/ 2018, have not been inspected yet.
- 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 the company's books had been examined and the settlement procedures are currently taking place, and as to years 2013 / 2018 have not been inspected yet.
- As to Stamp Tax, the parent company's books had been examined from year 1998 till 2016 and all the disputed points have been settled with the competent Tax Inspectorate and as to years 2017/ 2018 have not been inspected yet.



## **28- Related party transactions**

The related parties transactions are represented in the following:

- Other income item presented in the income statement includes an amount of EGP 13 843 480 which represents the value of rental spaces for some affiliated companies.
- Interest income item presented in the income statement includes an amount of EGP 639 990 represent the interest on subordinated loan to EFG-Hermes Factoring.
- Loans to subsidiaries item as at June 30, 2019 presented in the statement of financial position represents in the loan granted to EFG- Hermes Jordan (a subsidiary – 100 %) with an amount of 500 000 USD (equivalent to EGP 8 350 000) (Note no. 10).
- Creditors and other credit balances item includes an amount of EGP 21 258 720 represents the unearned revenues from the affiliated companies for rental of Group's headquarter owned by the Company (Note no. 8).

## **29- 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.

### **29/1 Market risk**

#### **A. 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.
- As at the financial position date the Company has assets and liabilities in foreign currencies equivalent to EGP 5 317 963 398 and EGP 1 505 847 209 respectively. The Company's net exposures in foreign currencies as at the financial position date are as follows:

	<b>Surplus / (deficit)</b>
USD	3 582 556 724
EURO	233 375 517
AED	8 241 045
GBP	(13 569 919)
CHF	1 605 398
SAR	(92 576)

The Company has used the prevailing exchange rates to revalue assets and liabilities at financial position date as disclosed in note (30-1) "foreign currencies transactions".

#### **B. Interest rate risk**

The cash flows of the Company affected by the changes in market rates of interest. To mitigate interest rate risk the Company maintains banks deposits for short-term periods renewed monthly, and are negotiated in the re-pricing date comparing to interest rates announced by the central bank or LIBOR.

#### **C. Price risk**

The Company is exposed to market price risk for equity instruments, 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.

#### **29/2 Credit risk**

Financial institutions that the Group deals with are only those enjoying high credit quality. The Group has policies that limit the amount of credit exposure to any one financial institution.

#### **29/3 Liquidity risk**

Liquidity risk is represented in the factors, which may affect the Company's ability to pay part of or full amount of its liabilities. According to the Company's policy, sufficient cash balances are retained to meet the Company's current liabilities which minimize the liquidity risk.

**29/4 Capital risk**

The goal of the Company's management of capital management is to maintain the Company's ability to continue to achieve returns for shareholders and benefits for other parties that use financial statements. The management company also aims to provide and maintain the best capital structure which would lead to lower capital costs.

**29/5 Financial instruments' fair value**

The financial instruments' fair value does not substantially deviated from its book value at the financial position date.

**29/6 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 instrument.

### **30- Significant accounting policies applied**

The accounting policies set out below have been applied consistently with those applied in the previous period presented in these financial statements certain reclassifications have been made to some comparative figures in order to conform with current period presentation.

#### **30-1 Translation of the foreign currencies 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.

#### **30-2 Property, plant and equipment**

##### **30-2-1 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.

##### **30-2-2 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.

##### **30-2-3 Depreciation**

Depreciation is calculated to write off the cost of items of property, plant and equipment less their estimated residual values using the straight-line method over their estimated useful lives, and is generally recognized in profit or loss. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease

term. Land is not depreciated. The estimated useful lives of property, plant and equipment for current and comparative periods are as follows:

	<b>Estimated useful life</b>
- Buildings	33.3 years
- Furniture, office and electrical appliances	5 years
- Computer equipment	5 years
- Vehicles & transportation means	5 years
- Fixtures	5 years

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

**30-2-4 Reclassification to investment property**

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

**30-2-5 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.

**30-2-6 Intangible assets**

Intangible assets are recorded at historical cost less accumulated amortization and any impairment losses (note 30-7) ,intangible assets are amortized using the straight-line method and are recognized in profit or loss over their estimated useful lives.

**30-3 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.

**30-4 Investments**

**30-4-1 Investments at fair value through profit and loss**

An instrument is classified as at fair value through income statement if it is held for trading or is designated as such upon initial recognition. Financial instruments are designated at fair value through income

statement if the Company manages such investments and makes purchase and sale decisions based on their fair value. Upon initial recognition, attributable transaction costs are recognized in income statement when incurred. Financial instruments at fair value through income statement are measured at fair value, and changes therein are recognized in income statement.

#### **30-4-2 Available-for-sale financial investments**

Available-for-sale financial assets are valued at fair value, with any resultant gain or loss being recognized in equity, except for impairment losses which is recognized (note 30-7) in the income statement. When these investments are derecognized, the cumulative gain or loss previously recognized directly in equity is recognized in the income statement. The fair value of investments available-for-sale, is based on quoted price of the exchange market at the financial position date, investments that are not quoted, and whose fair value cannot be measured reliably are valued by accepted valuation techniques including the use of new objective techniques or discounted cash flow analysis or option pricing models or other valuation techniques – if the Company cannot estimate the fair value, it can be stated at cost less impairment loss.

#### **30-4-3 Investments in subsidiaries**

Investments in subsidiaries and associates are valued at cost, the book value is amended by any impairment concerning the value of these investments (note 30-7). The impairment value is to be charged to the income statement for every investment individually.

#### **30-4-4 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 33.3 years.

#### **30-5 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.

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.

### **30-6 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.

#### **30-6-1 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.

### **30-6-2 Non-derivative financial assets – Measurement**

#### **30-6-2-1 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.

#### **30-6-2-2 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.

#### **30-6-2-3 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.

#### **30-6-2-4 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.

### **30-6-3 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.



### **30-6-4 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.

#### **30-6-4-1 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.

### **30-7 Impairment**

#### **30-7-1 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. The Group considers a decline of 20% to be significant and a period of nine months to be prolonged.

#### **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.

### **30-7-2 Non-financial assets**

The carrying amounts of the Group's non-financial assets, other than investment property, inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment.

An impairment loss is recognized if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups. Impairment losses are recognized in income statement.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell.

Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. 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.

### **30-8 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 and the balances included cash on hand, current accounts, time deposits with banks & treasury bills.

### **30-9 Interest-bearing borrowings**

Interest-bearing borrowings are recognized initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortized cost with any difference between cost and redemption value being recognized in the income statement over the period of the borrowings on an effective interest basis.

#### *Cash flow hedges*

Changes in the fair value of the derivative hedging instrument designated as a cash flow hedge are recognized directly in equity to the extent that the hedge is effective. To the extent that the hedge is ineffective, changes in fair value are recognized in income statement.

If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated or exercised, then hedge accounting is discontinued prospectively. The cumulative gain or loss previously recognized in equity remains there until the forecast transaction occurs. When the hedged item is a non-financial asset, the amount recognized in equity is transferred to the carrying amount of the asset when it is recognized. In other cases the amount recognized in equity is transferred to income statement in the same period that the hedged item affects income statement.

#### *Fair value hedges*

Changes in the fair value of a derivative hedging instrument designated as a fair value hedge are recognized in profit or loss. The hedged item also is stated at fair value in respect of the risk being hedged, with any gain or loss being recognized in income statement.

### **30-14 Revenues**

#### **30-14-1 Gains (losses) on sale of investments**

Gain (loss) resulted from sale of investments are recognized on transaction date and measured by the difference between cost and selling price less selling commission and expenses.

#### **30-14-2 Dividend income**

Dividend income is recognized when declared.

#### **30-14-3 Custody fees**

Custody fees are recognized when provide service and issue invoice.

#### **30-14-4 Interest income**

Interest income is recognized on time proportion basis to take into account effective yield on the asset.

### **30-15 Expenses**

#### **30 -15-1 Borrowing costs**

Borrowing costs are recognized as expenses in the income statement when incurred on an effective interest basis.

### 31- Initial application of new Egyptian Accounting Standards "EAS"

On March 18, 2019, the Minister of Investment and International Cooperation introduced amendments to some provisions of the Egyptian Accounting Standards issued thereby by virtue of Decree No. 110 of 2015 , which include some new accounting standards as well as introducing amendments to certain existing standards published in the official gazette on 25 April 2019. The most prominent amendments are as follows:

New or Amended Standards	A Summary of the Most Significant Amendments	The Possible Impact on the Financial Statements	Date of Implementation
The new Egyptian Accounting Standard No. (47) "Financial Instruments"	<p>1-The new Egyptian Accounting Standard No. (47), "Financial Instruments", supersedes the corresponding related issues included in the Egyptian Accounting Standard No. (26), "Financial Instruments: Recognition and Measurement". Accordingly, Egyptian Accounting Standard No. (26) was amended and reissued after cancelling the paragraphs pertaining to the issues addressed in the new Standard No. (47) and the scope of the amended Standard No. (26) was specified and intended to deal only with limited cases of Hedge Accounting according to the choice of the enterprise.</p> <p>2-Pursuant to the requirements of the Standard, financial assets are classified based on their subsequent measurement whether at amortized cost, or fair value through other comprehensive income or at fair value through profit or loss, in accordance with the enterprise business model for managing financial assets and the contractual cash flow characteristics of the financial asset.</p>		<p>This standard applies to financial periods beginning on or after January 1st, 2020, and the early implementation thereof is permitted; provided that the amended Egyptian Accounting Standards Nos.(1), (25), (26) and (40) are to be simultaneously applied.</p>

<p>3-When measuring the impairment of financial assets the Incurred Loss Model is replaced by the Expected Credit Loss (ECL) Models, which requires measuring the impairment of all financial assets measured at amortized cost and financial instruments measured at fair value through other comprehensive income from their initial recognition date regardless whether there is any indication of the occurrence of loss event.</p>	<p>The Management is currently assessing the potential impact of implementing the amendment of the standard on the financial statements.</p>	<p>-These ammendments are effective as of the date of implementing Standard No. (47)</p>
<p>4- based on the requirements of this standard the following standards were amended :</p>		
<p>1-Egyptian Accounting Standard No. (1)  “Presentation of Financial Statements” as amended in 2019.</p>		
<p>2-Egyptian Accounting Standard No. (4) -  “Statement of Cash Flows”.</p>		
<p>3-Egyptian Accounting Standard No. (25) - “Financial Instruments: Presentation.</p>		
<p>4-Egyptian Accounting Standard No. (26) - “Financial Instruments: Recognition and Measurement”.</p>		
<p>5- Egyptian Accounting Standard - EAS No. (40) - “Financial Instruments: Disclosures “</p>		

<p>The new Egyptian Accounting Standard No. (48) - "Revenue from Contracts with Customers"</p>	<p>1-The new Egyptian Accounting Standard No. (48) - "Revenue from Contracts with Customers" shall supersede the following standards and accordingly such standards shall be deemed null and void:</p> <ul style="list-style-type: none"> <li>a. Egyptian Accounting Standard No. (8) - "Construction Contracts" as amended in 2015.</li> <li>b. Egyptian Accounting Standard No. (11) – "Revenue" as amended in 2015.</li> </ul> <p>2- For revenue recognition, Control Model is used instead of Risk and Rewards Model.</p> <p>3- incremental costs of obtaining a contract with a customer are recognized as an asset if the enterprise expects to recover those costs and the costs of fulfilling the contract are to be recognized as an asset when certain conditions are met</p> <p>4- the standard requires that contract must have a commercial substance in order for revenue to be recognized</p> <p>5- Expanding in the presentation and disclosure requirements</p>	<p>The Management is currently assessing the potential impact of implementing the amendment of the standard on the financial statements</p>	<p>Standard No(48) applies to financial periods beginning on or after January 1st, 2020, and the early implementation thereof is permitted</p>
<p>The new Egyptian Accounting Standard No. (49) "Lease Contracts</p>	<p>1- The new Egyptian Accounting Standard No. (49) "Lease Contracts" shall supersede and revoke Standard No. (20), "Accounting Rules and Standards related to Financial Leasing" issued in 2015</p> <p>2- The Standard introduces a single accounting model for the lessor and the lessee where the lessee recognizes the usufruct of the leased asset as part of the company's assets and</p>	<p>The Management is currently assessing the potential impact of implementing the amendment of the standard on the financial statements.</p>	<p>This standard No. (49) applies to financial periods beginning on or after January 1st, 2020, and the early implementation thereof is permitted if Egyptian Accounting Standard No. (48)</p>

- recognizes a liability that represents the present value of the unpaid lease payments under the company's liabilities, taking into account that the lease contracts are not classified in respect of the lessee as operating or finance lease contracts.
- 3- As for the lessor, he shall classify each lease contract either as an operating lease or a finance lease contract.
- 4- As for the finance lease, the lessor must recognize the assets held under a finance lease contract in the Statement of Financial Position and present them as amounts receivable with an amount equivalent to the amount of the net investment in the lease contract.
- 5- As for operating leases, the lessor must recognize the lease payments of operating lease contracts as income either based on the straight-line method or based on any other regular basis
- "Revenue from Contracts with Customers" is simultaneously applied. Except for the above-mentioned date of enforcement, Standard No. (49) applies to lease contracts that were subjected to Finance Lease Law No. 95 of 1995 and its amendments and were treated according to Egyptian Accounting Standard No. 20, "Accounting rules and standards related to financial leasing" as well as the finance lease contracts that arise under and are subjected to Law No. 176 of 2018 to the effect of regulating both financial leasing and factoring activities starting from the beginning of the annual reporting period in which Law No. (95) of 1995 was revoked and Law No. (176) of 2018 was issued.



<p>Egyptian Accounting Standard No. (38) as ammended " Employees Benefits "</p>	<p>Anumber of paragraphs were introduced and amended in order to amend the Accounting Rules of Settlements and Curtailments of Benefit Plans</p>	<p>The Management is currently assessing the potential impact of implementing the amendment of the standard on the financial statements.</p>	<p>This standard No. (38) applies to financial periods beginning on or after January 1st, 2020, and the early implementation thereof is permitted.</p>
<p>Egyptian Accounting Standard No. (42) as ammended " Consolidated Financial Statements"</p>	<p>Some paragraphs related to the exclusion of the Investment Entities from the consolidation process were added . This amendment has resulted in introducing an amendment to some of the standards related to the subject of the Investment Entities. The standards that were ammended are as follows:</p> <ul style="list-style-type: none"> <li>- (ESA 15) Related Party Disclosures</li> <li>- (ESA 17) Consolidated and Separate Financial Statements</li> <li>- (ESA 18) Investments in Associates</li> <li>- (ESA 24) Income Taxes</li> <li>- (ESA 29) Business Combinations</li> <li>- ESA (30) Periodical Financial Statements</li> <li>- EAS (44) Disclosure of Interests in Other Entities.</li> </ul>	<p>The Management is currently assessing the potential impact of implementing the amendment of the standard on the financial statements.</p>	<p>This standard applies to financial periods beginning on or after January 1st, 2020, and the early implementation thereof is permitted.  -The new or amended paragraphs pertaining to the ammended standards concerning the investment entities shall apply on the effective date of Egyptian Accounting Standard No. (42) "Consolidated Financial Statements", as amended and issued in 2019</p>