

EFG - Hermes Holding Company
(Egyptian Joint Stock Company)

Separate financial statements
for the year ended December 31, 2021
&
Auditor's Report

Contents	Page
Auditor's report	
Separate statement of financial position	1
Separate income statement	2
Separate statement of comprehensive income	3
Separate statement of changes in equity	4
Separate statement of cash flows	5
Notes to the separate financial statements	6-23
Significant accounting policies applied	24-43



Hazem Hassan

Public Accountants & Consultants

B (105) – Avenue (2) – Smart Village
Km 28 Cairo – Alex Desert Road
Giza – Cairo – Egypt
Postal Code : 12577

Telephone : (202) 35 37 5000 – 35 37 5005
E-mail : Egypt@kpmg.com.eg
Fax : (202) 35 37 3537
P.O. Box : (5) Smart Village

AUDITOR'S REPORT

To the shareholders of EFG - Hermes Holding Company

Report on the Financial Statements

We have audited the accompanying separate financial statements of EFG - Hermes Holding Company (Egyptian Joint Stock Company) which comprise the separate statement of financial position as at December 31, 2021 and the separate statements of income, comprehensive income, changes in equity and cash flows for the financial year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

These financial statements are the responsibility of Company's management. Management is responsible for the preparation and fair presentation of these financial statements in accordance with the Egyptian Accounting Standards and in the light of the prevailing Egyptian laws, management responsibility includes, designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; management responsibility also includes selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Egyptian Standards on Auditing and in the light of the prevailing Egyptian laws. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.



Hazem Hassan

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the separate financial statements referred to above present fairly, in all material respects, the financial position of EFG - Hermes Holding Company as of December 31, 2021 and of its financial performance and its cash flows for the year then ended in accordance with the Egyptian Accounting Standards and the Egyptian laws and regulations relating to the preparation of these financial statements.

Report on Other Legal and Regulatory Requirements

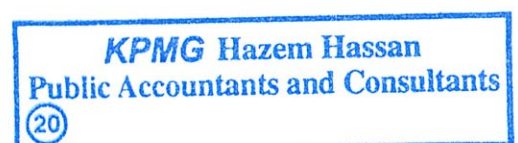
The Company maintains proper books of account, which include all that is required by law and by the statutes of the Company and the financial statements are in agreement thereto.

The financial information included in the Board of Directors' report, prepared in accordance with Law No. 159 of 1981 and its executive regulations, is in agreement with the Company's books of account.

KPMG Hazem Hassan

KPMG Hazem Hassan

Cairo, March 24 , 2022



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

	Note no.	31/12/2021	31/12/2020
<i>(in EGP)</i>			
Assets			
Non - current assets			
Loans to subsidiaries	(11,29)	497 353 245	415 563 640
Investments at fair value through OCI	(12)	1 236 578 134	136 216 613
Investment property	(13)	119 806 261	126 111 854
Investments in subsidiaries	(14)	6 291 097 115	3 963 875 340
Fixed assets	(15)	230 983 777	241 830 539
Intangible assets	(16)	21 124 044	22 922 747
Total non - current assets		<u>8 396 942 576</u>	<u>4 906 520 733</u>
Current assets			
Cash and cash equivalents	(3)	152 949 842	908 334 776
Investments at fair value through profit and loss	(4)	1 720 818 400	2 247 688 276
Investments at fair value through OCI	(12)	821 750 508	191 227 642
Due from subsidiaries & related parties	(5)	1 709 040 611	3 452 353 768
Other debit balances	(6)	367 359 162	27 493 990
Current portion of loans to subsidiaries	(11,29)	37 891 435	-
Total current assets		<u>4 809 809 958</u>	<u>6 827 098 452</u>
Total assets		<u>13 206 752 534</u>	<u>11 733 619 185</u>
Equity			
Issued & paid - in capital	(17)	4 865 353 355	3 843 091 115
Legal reserve		840 272 556	833 933 867
Other reserves		1 665 902 837	1 915 653 464
Retained earnings		1 273 140 776	1 610 309 431
Equity settled share- based payment	(20,32-17)	149 646 943	-
Total equity		<u>8 794 316 467</u>	<u>8 202 987 877</u>
Liabilities			
Non - current liabilities			
Deferred tax liabilities	(23)	292 505 198	293 009 582
Finance lease liabilities	(27)	133 441 883	199 374 665
Total non - current liabilities		<u>425 947 081</u>	<u>492 384 247</u>
Current liabilities			
Banks' overdraft	(8)	2 811 098 701	391 573 523
Due to subsidiaries & related parties	(7)	520 125 036	2 078 476 557
Creditors and other credit balances	(9,29)	390 882 282	348 840 015
Claims provision	(10)	198 450 184	160 000 000
Current portion of finance lease liabilities	(27)	65 932 783	59 356 966
Total current liabilities		<u>3 986 488 986</u>	<u>3 038 247 061</u>
Total liabilities		<u>4 412 436 067</u>	<u>3 530 631 308</u>
Total equity and liabilities		<u>13 206 752 534</u>	<u>11 733 619 185</u>

The accompanying notes and accounting policies from page (6) to page (43) are an integral part of these financial statements and are to be read therewith.


Mona Zulficar
Chairperson


Karim Awad
Group Chief Executive Officer

" Auditor report attached "

A3
NA

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

	Note no.	For the year ended 31/12/2021	For the year ended 31/12/2020
<i>(in EGP)</i>			
Revenues			
Dividends income	(19)	1 152 301 365	131 601 735
Custody activity income		28 597 586	20 794 685
Net changes in the fair value of investments at fair value through profit and loss		2 031 725	521 682 263
Treasury bills and bonds interests		180 496 880	81 542 756
Interest income	(29)	42 640 140	37 110 037
Gain from sale fixed asset		765 729	907
Impairment loss on assets		824 842	-
Other income	(24,29)	72 298 033	68 432 145
Provisions reversed		-	22 000 000
Total revenues		<u>1 479 956 300</u>	<u>883 164 528</u>
Expenses			
Finance cost		(170 363 954)	(51 496 177)
General administrative expenses	(20)	(439 229 835)	(452 553 217)
Fixed assets depreciation	(15)	(24 897 633)	(22 247 826)
Investment property depreciation	(13)	(6 305 593)	(6 305 593)
Intangible assets amortization	(16)	(8 665 580)	(7 089 640)
Gains (Loss) on sale / redemptions of investments	(25)	57 165 180	(3 198 142)
Foreign currencies exchange differences		446 488	(47 854 255)
Impairment loss on assets		-	(824 842)
Other expenses	(29)	(270 018 230)	-
provisions	(10)	(40 000 000)	-
Total expenses		<u>(901 869 157)</u>	<u>(591 569 692)</u>
Profit before income tax		578 087 143	291 594 836
Income tax	(22)	(36 082 581)	-
Deferred tax	(23)	1 634 722	(164 821 055)
Profit for the year		<u>543 639 284</u>	<u>126 773 781</u>
Earnings per share	(26)	<u>0.56</u>	<u>0.16</u>

The accompanying notes and accounting policies from page (6) to page (43) 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

<i>(in EGP)</i>	For the year ended 31/12/2021	For the year ended 31/12/2020
Profit for the year	543 639 284	126 773 781
Other comprehensive income:		
Investments at fair value through OCI - net change in fair value	5 023 726	(53 484 384)
Tax related to comprehensive income items	(1 130 338)	12 033 986
Other comprehensive income, net of tax	<u>3 893 388</u>	<u>(41 450 398)</u>
Total comprehensive income for the year	<u><u>547 532 672</u></u>	<u><u>85 323 383</u></u>

The accompanying notes and accounting policies from page (6) to page (43) 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 changes in equity

	Attributable to owners of the Company									Total equity
	Issued & paid-in capital	Legal reserve	Other reserves					Retained earnings	equity settled share- based payment	
			General reserve	Share premium	Fair value- Investments at fair value through OCI	Revaluation surplus of fixed assets transferred to investment property	Hedging reserve			
<i>(in EGP)</i>										
Balance as at 31 December 2019	3 843 091 115	803 102 208	158 271	1 922 267 818	692 005 100	15 449 979	(26 442 387)	872 468 514	-	8 122 100 618
Effect of change in accounting policies	-	-	-	-	(672 777 306)	-	26 442 387	639 722 322	-	(6 612 597)
Restated balance as at 31 December, 2019	3 843 091 115	803 102 208	158 271	1 922 267 818	19 227 794	15 449 979	-	1 512 190 836	-	8 115 488 021
Total comprehensive income										
Profit for the Year	-	-	-	-	-	-	-	126 773 781	-	126 773 781
Other comprehensive income items	-	-	-	-	(41 450 398)	-	-	-	-	(41 450 398)
Total comprehensive income	-	-	-	-	(41 450 398)	-	-	126 773 781	-	85 323 383
Transactions with owners of the Company										
Gain on redemption of investment at FVOCI	-	-	-	-	-	-	-	2 176 473	-	2 176 473
Transferred to legal reserve	-	30 831 659	-	-	-	-	-	(30 831 659)	-	-
Balance as at 31 December, 2020	3 843 091 115	833 933 867	158 271	1 922 267 818	(22 222 604)	15 449 979	-	1 610 309 431	-	8 202 987 877
Total comprehensive income										
Profit for the Year	-	-	-	-	-	-	-	543 639 284	-	543 639 284
Other comprehensive income items	-	-	-	-	3 893 388	-	-	-	-	3 893 388
Total comprehensive income	-	-	-	-	3 893 388	-	-	543 639 284	-	547 532 672
Transactions with owners of the Company										
equity settled share- based payment	-	-	-	-	-	-	-	-	149 646 943	149 646 943
Dividends	-	-	-	-	-	-	-	(105 851 025)	-	(105 851 025)
Increased in issued and paid capital	1 022 262 240	-	-	(253 644 015)	-	-	-	(768 618 225)	-	-
Transferred to legal reserve	-	6 338 689	-	-	-	-	-	(6 338 689)	-	-
Balance as at 31 December, 2021	4 865 353 355	840 272 556	158 271	1 668 623 803	(18 329 216)	15 449 979	-	1 273 140 776	149 646 943	8 794 316 467

The accompanying notes and accounting policies from page (6) to page (43) 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 cash flows

	Note no.	For the year ended 31/12/2021	For the year ended 31/12/2020
<i>(in EGP)</i>			
Cash flows from operating activities			
Profit before income tax		578 087 143	291 594 836
Adjustments for :			
Fixed assets depreciation	(15)	24 897 633	22 247 826
Gain from sale of fixed asset		(765 729)	(907)
Investment property depreciation	(13)	6 305 593	6 305 593
Intangible assets amortization	(16)	8 665 580	7 089 640
Provisions used	(10)	(1 549 816)	-
Provision formed	(10)	40 000 000	-
Provisions reversed		-	(22 000 000)
Impairment loss on assets		-	824 842
Reversal of impairment on assets		(824 842)	-
Net changes in the fair value of investments at fair value through profit and loss		(2 031 725)	(521 682 263)
Gains on sale / redemptions of investments in subsidiaries		(106 202 420)	-
Foreign currencies exchange differences	(32-1-1)	(446 488)	47 854 255
Equity settled share- based payment		37 560 927	-
		<u>583 695 856</u>	<u>(167 766 178)</u>
Change in			
Investments at fair value through profit and loss		526 540 638	(373 195 679)
Due from subsidiaries		1 695 498 171	908 592 584
Other debit balances		(332 990 771)	44 236 452
Due to subsidiaries		(1 511 404 289)	(64 547 370)
Creditors and other credit balances		(65 048 940)	7 080 427
Net cash provided from operating activities		<u>896 290 665</u>	<u>354 400 236</u>
Cash flows from investing activities			
Payments to purchase fixed assets		(14 062 844)	(15 010 476)
Proceeds from sale fixed assets		777 700	11 793
Payments to purchase intangible assets		(6 866 877)	(11 885 191)
Payments for loans to subsidiaries		(1 200 152 000)	(878 205 950)
Proceeds from loans to subsidiaries		1 080 060 440	472 749 043
Payments to purchase Investments at fair value through OCI		(2 965 102 660)	(676 480 261)
Proceeds from sale of Investments at fair value through OCI		1 217 965 369	1 307 210 637
Payments to purchase investments in subsidiaries		(2 551 306 836)	4 343 951
Proceeds from investments in subsidiaries		442 373 495	-
Net cash (used in) provided from investing activities		<u>(3 996 314 213)</u>	<u>202 733 546</u>
Cash flows from financing activities			
Dividends payout		(20 342 500)	(55 000 000)
Payments for short term loans		-	(150 670 000)
Proceeds from short term loans		-	147 677 500
Payments for finance lease liabilities		(59 356 965)	(51 549 702)
Net cash used in financing activities		<u>(79 699 465)</u>	<u>(109 542 202)</u>
Net change in cash and cash equivalents during the year		(3 179 723 013)	447 591 580
Cash and cash equivalents at the beginning of the year	(21)	<u>521 574 154</u>	<u>69 994 515</u>
Cash and cash equivalents at the end of the year	(21)	<u>(2 658 148 859)</u>	<u>517 586 095</u>

The accompanying notes and accounting policies from page (6) to page (43) 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 financial statements

For the year ended December 31, 2021

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

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, collection and Sukuk.
- 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 March 23, 2022.

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

	31/12/2021	31/12/2020
Cash on hand	252 868	497 199
Banks - current accounts	152 696 974	309 525 387
Banks - time deposits	--	599 137 032
Total	<u>152 949 842</u>	<u>909 159 618</u>
Deduct: Impairment loss	--	(824 842)
Balance	<u>152 949 842</u>	<u>908 334 776</u>
	=====	=====

4- Investments at fair value through profit and loss

	31/12/2021	31/12/2020
Mutual fund certificates	1 717 799 704	1 715 796 201
Equity securities	3 018 696	605 888
Debt securities	--	531 286 187
	<u>1 720 818 400</u>	<u>2 247 688 276</u>
	=====	=====

5- Due from subsidiaries & related parties

	31/12/2021	31/12/2020
EFG- Hermes Advisory Inc.	--	175 312 051
Fleming CIIC Holding	28 682 917	28 070 451
EFG- Hermes IB Limited	908 886 213	2 400 846 332
EFG- Hermes Oman LLC	4 509 912	3 113 811
EFG- Hermes IFA Financial Brokerage	52 747	3 075 889
EFG- Hermes KSA	1 547 865	6 555 629
Egyptian Fund Management Group	10 134 594	158 419 199
EFG- Hermes Holding – Lebanon	2 028 387	2 031 615
EFG- Hermes Direct Investment Fund	23 035	15 567
EFG- Hermes Management	578 190	365 814
EFG- Hermes USA	276 792	79 000
EFG- Hermes Jordan	772 762	1 437 919
EFG – Hermes Frontier Holdings LLC	--	577 543 360
EFG- Hermes Brokerage – UAE LLC.	4 328 144	3 296 465
OLT Investment International S.A.B	458 561	418 643
EFG Hermes FI Limited	297 134 188	154 602 890
Beaufort Asset Management Company	8 056 358	1 314 622
EFG-Hermes Securitization	49 961	--
EFG Hermes PE Holding LLC	576 706	--
Hermes securities brokerage	10 362 796	17 964 358
Bayonne Enterprises Ltd.	9 948 655	--
EFG- Hermes – UAE Limited Company	13 685 709	--
Beaufort Management LTD.	618 438	--
EFG Finance Holding	198 588 030	--
EFG- Hermes Global CB Holding Limited	289 849 500	--
	<u>1 791 150 460</u>	<u>3 534 463 616</u>
Total	1 791 150 460	3 534 463 616
Impairment	(82 109 849)	(82 109 849)
	<u>1 709 040 611</u>	<u>3 452 353 768</u>
	=====	=====
Balance	1 709 040 611	3 452 353 768

6- Other debit balances

	31/12/2021	31/12/2020
Accrued revenues	7 771 422	7 122 056
Taxes withheld by others	2 798 079	2 051 666
Deposits with others	1 458 827	1 428 827
Prepaid expenses	7 711 794	9 874 639
Employees advances	1 341 793	2 634 101
Down payments to suppliers	7 020 983	2 719 867
Sundry debtors	25 056 264	1 662 834
Payments for investment	314 200 000	--
Balance	<u>367 359 162</u>	<u>27 493 990</u>

7- Due to subsidiaries & related parties

	31/12/2021	31/12/2020
EFG- Hermes Regional Investments Ltd.	--	284 101 726
Arab Visual Company	1 250 500	1 250 500
Hermes Corporate Finance Co.	8 785 386	8 870 541
EFG- Hermes Fixed Income	5 860 675	6 120 107
Finance Group for Securitization	3 885 743	9 172 672
EFG- Hermes Syria LTD	7 912 165	7 912 165
Egyptian Portfolio Management Group	--	79 447 344
EFG- Hermes – Lebanon – S.A.L.	87 081 525	87 220 102
Hermes Fund Management	--	8 242 366
Financial Brokerage Group	83 069 199	58 158 490
EFG-Hermes SP Limited	--	134 463 518
EFG Finance Holding	--	124 705 146
EFG - Hermes Promoting & Underwriting	200 459 203	67 550 556
EFG - Hermes Int. Fin Corp	--	58 634 485
EFG Hermes for Sukuk	9 047 771	9 893 066
EFG - Hermes Mena Securities Ltd.	16 644 835	16 961 303
EFG- Hermes Private Equity	910 220	1 002 602
EFG- Hermes – UAE Limited Company	--	1 591 832
EFG- Hermes Global CB Holding Limited	--	910 096 455
Bayonne Enterprises Ltd.	--	2 183 838
Beaufort Investments Company	316 049	334 718
EFG Hermes PE Holding LLC	--	200 563 025
Hermes portfolio fund management	94 901 766	--
Balance	<u>520 125 036</u>	<u>2 078 476 557</u>

8- Bank overdraft

Banks overdraft include the credit facilities granted from one of the banks which represents the following:

- During December 2021 a pledged governmental bond contract has been signed to obtain a credit facility. The balance of facility as at 31 December 2021 is EGP 1 057 million.

- During December 2021 a pledged Treasury bills contract has been signed to obtain a credit facility. The balance of facility as at 31 December 2021 is EGP 737 million.

9- Creditors and other credit balances

	31/12/2021	31/12/2020
Social Insurance Authority	576 249	503 290
Accrued expenses	162 714 639	242 494 886
Clients coupons - custody activity	12 321 329	11 528 114
Unearned revenues (Note no. 28)	18 114 684	17 464 523
Dividends payable prior years	86 019 841	511 316
Medical Takaful Insurance Tax	3 799 113	2 167 141
Sundry credit balances	83 129 259	71 742 980
Tax Authority	24 207 168	2 427 765
	<hr/>	<hr/>
Balance	390 882 282	348 840 015
	<hr/> <hr/>	<hr/> <hr/>

10- Claims provision

	31/12/2021	31/12/2020
Balance at the beginning of the year	160 000 000	182 000 000
Amounts used during the year	(1 549 816)	--
Amounts formed during the year	40 000 000	--
No longer needed	--	(22 000 000)
	<hr/>	<hr/>
Balance at the end of the year	198 450 184	160 000 000
	<hr/> <hr/>	<hr/> <hr/>

11- Loans to subsidiaries

Company's name	Currency	Loan Value	Loan date	Maturity date	31/12/2021	31/12/2020
EFG- Hermes Jordan	US\$	500 thousand	1/3/2020	28/2/2022	7 855 000	7 867 500
„	US\$	500 thousand	1/3/2020	28/2/2022	7 855 000	7 867 500
„	US\$	1.4 million	1/9/2020	31/8/2022	22 181 436	22 216 735
EFG- Hermes Brokerage – UAE LLC.	US\$	500 thousand	28/7/2020	28/7/2025	7 855 000	7 867 500
VALU	EGP	36 million	24/8/2020	23/8/2025	--	36 000 000
„	EGP	50 million	18/1/2021	17/1/2026	--	--
„	EGP	30 million	14/2/2021	13/2/2026	--	--
EFG Hermes Corp-Solutions	US\$	10 million	24/2/2020	23/2/2025	99 498 244	133 747 505
„	US\$	340 thousand	22/10/2020	21/10/2025	--	5 349 900
„	EGP	7.5 million	3/11/2020	2/11/2025	--	7 500 000
„	EGP	13 million	16/11/2020	15/11/2025	13 000 000	13 000 000
„	EGP	12 million	16/11/2020	15/11/2025	12 000 000	12 000 000
„	EGP	50 million	18/1/2020	17/1/2026	--	50 000 000
„	EGP	50 million	1/11/2021	31/10/2026	50 000 000	--
„	EGP	240 million	21/12/2021	20/12/2026	240 000 000	--
EFG Finance Holding	EGP	362 million	8/11/2020	31/1/2021	--	112 147 000
„	EGP	450 million	31/8/2021	31/8/2026	75 000 000	--
Total					<u>535 244 680</u>	<u>415 563 640</u>
current portion of loans to subsidiaries					37 891 435	--
Non- current portion of loans to subsidiaries					<u>497 353 245</u>	<u>415 563 640</u>
					<u>535 244 680</u>	<u>415 563 640</u>

12- Investments at fair value through OCI

	31/12/2021	31/12/2020
Non- current investments		
Equity securities	17 289 550	17 647 535
Mutual fund certificates	65 416 957	53 943 834
Debt instruments – bond *	1 153 871 627	64 625 244
	<u>1 236 578 134</u>	<u>136 216 613</u>
Current investments		
Debt instruments – treasury bills *	821 750 508	191 227 642
Balance	<u>2 058 328 642</u>	<u>327 444 255</u>
Investments at fair value through OCI are represented in the following:		
Quoted investments	1 182 576 697	82 632 835
Non- quoted investments	875 751 945	244 811 420
	<u>2 058 328 642</u>	<u>327 444 255</u>

* Note no (8).

13- Investment property

	Buildings
Cost	
Balance as at 1/1/2020	157 639 818

Total cost as at 31/12/2020	157 639 818

Total cost as at 31/12/2021	157 639 818

Accumulated depreciation	
Accumulated depreciation as at 1/1/2020	25 222 371
Depreciation for the year	6 305 593

Accumulated depreciation as at 31/12/2020	31 527 964
Depreciation for the year	6 305 593

Accumulated depreciation as at 31/12/2021	37 833 557

Net carrying amount	
Net carrying amount as at 31/12/2020	126 111 854
	=====
Net carrying amount as at 31/12/2021	119 806 261
	=====

- Investment property represents the area owned by EFG-Hermes Holding Company in Nile city building, the fair value of the investment amounted EGP 434 275 000 as at 31 December, 2021.

14- Investments in subsidiaries

Company's name	Nationality	Share percentage %	Currency of payment	Carrying amount	
				31/12/2021	31/12/2020
Financial Brokerage Group Co.	Egyptian	99.87	EGP	49 234 043	41 838 060
Egyptian Portfolio Management Group	Egyptian	66.33	EGP	--	3 316 500
Hermes Securities Brokerage	Egyptian	97.58	EGP	238 717 858	219 763 969
Hermes Fund Management	Egyptian	89.95	EGP	--	6 439 709
Hermes Corporate Finance Co.	Egyptian	99.47	EGP	5 976 029	5 976 029
EFG- Hermes Advisory Inc.	BVI	100	US\$	6	6
EFG- Hermes Promoting & Underwriting	Egyptian	99.88	EGP	30 500 904	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\$	715 802 487	750 510 000
EFG- Hermes Holding Lebanon – S.A.L.	Lebanon	99	US\$	153 713	153 713
EFG- Hermes – KSA	Saudi	73.1	US\$	95 644 539	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\$	393 392 189	390 481 295
EFG- Hermes Jordan	Jordanian	100	US\$	33 610 631	33 610 631
Finance Group for Securitization.	Egyptian	99.999	EGP	4 999 995	9 999 990
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	Emirates	100	US\$	31 244 807	13 740 750
EFG – Hermes USA	American	100	US\$	43 379 240	41 438 649
EFG Finance Holding S.A.E **	Egyptian	99.82	EGP	724 387 039	717 030 000
Etkan for Inquiry and Collection and Business processes **	Egyptian	0.002	EGP	100	100
EFG-Hermes PE Holding	Emirates	100	US\$	3 078 670	895 500
EFG- Hermes Global CB Holding Limited	Cayman Islands	100	US\$	387 407 037	664 454 800
OLT Investment International S.A.B	Bahrain	99.9	BHD	63 720 196	63 720 196
EFG - Hermes Int. Fin Corp	Cayman Islands	100	US\$	16	16
EFG Hermes for Sukuk	Egyptian	90	EGP	9 000 000	9 000 000
Egyptian Fund Management Group	Egyptian	88.512	EGP	12 867 003	4 427 233
Hermes portfolio fund management	Egyptian	78.81	EGP	12 744 973	--
Bayonne Enterprises Ltd.	BVI	100	EGP	6	--
Fleming CIIC Holding	Egyptian	100	EGP	100 000 000	100 000 000
Arab Investment Bank	Egyptian	51	EGP	2 551 048 598	--
Total				6 467 864 339	4 140 642 564
Impairment				(176 767 224)	(176 767 224)
Balance				6 291 097 115	3 963 875 340

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

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

15- Fixed assets

	Land*	Buildings*	Office furniture & equipment	Computer equipment	Vehicles & transportation means	Fixtures	Total
Cost							
Balance as at 1/1/2020	18 597 100	244 159 870	29 892 646	86 021 513	14 790 460	6 455 624	399 917 213
Additions during the year	--	--	2 002 065	12 231 463	693 860	83 088	15 010 476
Disposals during the year	--	--	--	(27 215)	--	--	(27 215)
Total cost as at 31/12/2020	18 597 100	244 159 870	31 894 711	98 225 761	15 484 320	6 538 712	414 900 474
Additions during the year	--	--	8 306 721	5 446 544	--	309 578	14 062 843
Disposals during the year	--	--	--	(21 126)	(1 571 133)	--	(1 592 259)
Total cost as at 31/12/2021	18 597 100	244 159 870	40 201 432	103 651 179	13 913 187	6 848 290	427 371 058
Accumulated depreciation							
Accumulated depreciation as at 1/1/2020	--	57 195 958	22 383 547	58 993 067	7 535 073	4 730 793	150 838 438
Depreciation during the year	--	7 861 948	2 228 303	9 171 619	2 529 044	456 912	22 247 826
Accumulated depreciation for disposal	--	--	--	(16 329)	--	--	(16 329)
Accumulated depreciation as at 31/12/2020	--	65 057 906	24 611 850	68 148 357	10 064 117	5 187 705	173 069 935
Depreciation during the year	--	7 861 948	3 071 761	11 022 366	2 474 365	467 193	24 897 633
Accumulated depreciation for disposal	--	--	--	(9 154)	(1 571 133)	--	(1 580 287)
Accumulated depreciation as at 31/12/2021	--	72 919 854	27 683 611	79 161 569	10 967 349	5 654 898	196 387 281
Net carrying amount							
Net carrying amount as at 31/12/2020	18 597 100	179 101 964	7 282 861	30 077 404	5 420 203	1 351 007	241 830 539
Net carrying amount as at 31/12/2021	18 597 100	171 240 016	12 517 821	24 489 610	2 945 838	1 193 392	230 983 777

* 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 Emirates NBD Leasing Company (a subsidiary) and EFG Hermes Corp-Solutions (Note no. (27)).

16- Intangible assets

	Software license
Cost	
Balance as at 1/1/2020	23 391 788
Additions during the year	11 885 191
	<hr/>
Total cost as at 31/12/2020	35 276 979
Additions during the year	6 866 877
	<hr/>
Total cost as at 31/12/2021	42 143 856
	<hr/>
Accumulated amortization	
Accumulated amortization as at 1/1/2020	5 264 592
Amortization during the year	7 089 640
	<hr/>
Accumulated amortization as at 31/12/2020	12 354 232
Amortization during the year	8 665 580
	<hr/>
Accumulated amortization as at 31/12/2021	21 019 812
	<hr/>
Net carrying amount	
Net carrying amount as at 31/12/2020	22 922 747
	<hr/> <hr/>
Net carrying amount as at 31/12/2021	21 124 044
	<hr/> <hr/>

17- Share capital

- The company's authorized capital amounts EGP 6 billion and issued capital amounts EGP 3,843,091,115 distributed on 768,618,223 shares of par value EGP 5 per share which is fully paid.
- The company's General Assembly approved in its session held on May 20, 2021 to increase the company's issued capital from EGP 3,843,091,115 to EGP 4,611,709,340 distributed on 922,341,868 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 five shares. This increase is transferred from the company retained earnings that presented in December 31, 2020 financial statements. The required procedures had been taken to register the increase in the Commercial Register.

- On 28th September 2021, the Company’s General Assembly approved the increase in issued capital from EGP 4,611,709,340 to EGP 4,865,353,355 representing an increase of EGP 253,644,015 distributed on 50,728,803 shares having a par value of EGP 5 per share, The issuance of the capital increase shares were financed from the share premium reserve for the purpose of the Remuneration & Incentive Program of the Employees, Managers & Executive Board Members of the Company and its subsidiaries. The commercial register was updated and the issued shares were allocated under the Remuneration & Incentive Program of the Employees of the Company, and the Beneficiary of the program will be entitled to attend the Ordinary and Extraordinary General Shareholders of the Company and to vote on its resolutions upon the transfer of ownership of the Granted Shares to the Beneficiary.

18- 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 83 670 000 (equivalent to EGP 357 864 957).

19- Dividend income

	For the year ended 31/12/2021	For the year ended 31/12/2020
Income from investments at fair value through OCI	10 109 400	5 163 570
Income from investments at fair value through profit and loss	7 144 465	11 574 263
Income from investments in subsidiaries	1 135 047 500	114 863 902
Total	1 152 301 365	131 601 735
	=====	=====

20- General administrative expenses

	For the year ended 31/12/2021	For the year ended 31/12/2020
Wages , salaries and similar items*	331 861 738	278 345 217
Consultancy	20 937 716	24 315 468
Travel , accommodation and transportation	1 241 440	1 049 710
Leased line and communication	5 056 704	4 997 078
Rent and utilities expenses	16 417 753	14 243 071
Other expenses	63 714 484	129 602 673
Total	<u>439 229 835</u> =====	<u>452 553 217</u> =====

*** Share-based payments.**

The Company introduced an Employees Share Ownership plan (ESOP) in accordance with the shareholder's approval at the extraordinary general assembly meeting by issuing Free shares representing 5.5% of the issued capital of the Company shall be granted to employees, managers and executive board members of the Company and its subsidiaries

The duration of this program is five years starting as of 1 January 2021 till 31 December 2025, the vesting period is 3-4 years starting from 1 January 2021 till 31 December 2024. The beneficiary entitled to shares granted to 4 equal installments.

The equity instruments for share-based payment are recognized at fair value on the grant date and are record in the income statement with a corresponding increase in equity. The value of expenses charged to the income statement during the year amounted EGP 37 560 927 in return for an increase in shareholders' equity by the same amount.

Equity instruments during the year represents the following:

	For the year ended 31/12/2021 No. of Shares
Shares granted during the year to the employees of the Holding company	12 174 382
Shares granted during the year to the employees of the subsidiaries	36 329 719
Total at the end of the year	<u>48,504,101</u>

21- 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 year ended 31/12/2021	For the year ended 31/12/2020
Cash and cash equivalents as presented in the statement of financial position	152 949 842	909 159 618
Banks overdraft	(2 811 098 701)	(391 573 523)
Effect of exchange rate changes	--	4 812 901
Cash and cash equivalents (adjusted)	<u>(2 658 148 859)</u>	<u>521 574 154</u>

22- Reconciliation of effective tax rate

	31/12/2021	31/12/2020
Profit before tax	578 087 143	291 594 836
Add / (deduct):		
Depreciation and amortization	14 871 943	9 649 782
Capital losses	(765 729)	(907)
Effect of provisions	39 175 158	(22 000 000)
Equity settled share- based payment	37 560 927	--
Cost of financing and investment opposite to exempted revenues	6 184 400	42 522 237
Foreign currencies exchange differences	(48 300 743)	(236 801 428)
Tax exemptions	(1 134 493 723)	(113 550 275)
Medical Takaful Insurance Tax	3 798 038	2 139 808
Other additions	652 795 201	158 400 560
Other deductibles	(312 173 002)	(743 765 965)
Net tax base	<u>(163 260 387)</u>	<u>(611 811 352)</u>
Tax due	--	--
Tax on separate taxable income	36 082 581	
Current income tax	<u>36 082 581</u>	<u>--</u>
Effective tax rate	<u>6.24%</u>	<u>--</u>

23- Deferred tax liabilities

Deferred tax liabilities are attributable to the following:

	31/12/2021	31/12/2020
	Liability (Asset)	Liability (Asset)
(A) Deferred tax		
Fixed assets' (depreciation)	4 604 524	4 543 308
Investment property (depreciation)	2 128 137	1 773 448
Intangible assets (amortization)	(2 778 032)	(1 650 702)
Investment property (revaluation reserve)	(1 867 147)	(1 867 147)
Investments at fair value	100 244 962	101 168 259
	<u>102 332 444</u>	<u>103 967 166</u>
	=====	=====
(B) Deferred tax recognized directly in equity		
	31/12/2021	31/12/2020
Investments at fair value through OCI *	190 172 753	189 042 416
	<u>190 172 753</u>	<u>189 042 416</u>
	=====	=====
Balance	292 505 198	293 009 582
	=====	=====

* Directly deducted from changes in the investments at fair value through OCI item presented in the statement of changes in equity.

24- 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.

25- Gains (Loss) on sale / redemptions of investments

	For the year	For the year
	ended	ended
	31/12/2021	31/12/2020
Investments at fair value through profit and loss	(48 436 610)	(1 598 955)
Investments at fair value through OCI	(600 630)	(1 094 480)
investments in subsidiaries	106 202 420	(504 707)
	<u>57 165 180</u>	<u>(3 198 142)</u>
	=====	=====

26- Earnings per share

	For the year ended 31/12/2021	For the year ended 31/12/2020
Profit for the year	543 639 285	126 773 781
Weighted average number of shares	973 070 671	768 618 223
Earnings per share	0.56	0.16

27- Finance lease liabilities

	31/12/2021	31/12/2020
Current portion of finance lease liabilities	65 932 783	59 356 966
Non- Current portion of finance lease liabilities	133 441 883	199 374 665
Total	199 374 666	258 731 631

* Note no. (15).

28- Tax status

- As to Income Tax, the years till 2019 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 year 2020, have not been inspected yet.
- As to Salaries Tax, the parent company's books had been examined till 2019 and all the disputed points have been settled with the Internal committee and as to year 2020 till 2021 have not been inspected yet.
- As to Stamp Tax, the parent company's books had been examined from year 1998 till 2018 and all the disputed points have been settled with the competent Tax Inspectorate and as to years 2019 till 2021 have not been inspected yet.
- As to Property Tax, for Smart Village building the company paid tax till December 31, 2021 and for Nile City building the company paid tax till December 31, 2021.

29- Related party transactions

The related parties transactions are represented in the following:

- Other income item an amount of EGP 32 616 000 which represents the value of rental spaces for some affiliated companies.
- Interest income item presented in the income statement includes an amount of EGP 10 135 531 represent the interest on subordinated loan to EFG-Hermes Corp solutions, an amount of EGP 5 076 304 represent the interest on subordinated loan to Valu, and an amount of EGP 399 149 represent the interest on subordinated loan to EFG-Hermes UAE, an amount of EGP 13 059 873 represent the interest on subordinated loan to EFG Finance Holding, and an amount of EGP 296 111 represent the interest on subordinated loan to Hermes Securities Brokerage Company.
- The company grants support loans to some companies for purpose of providing financial leverage (Note no. 11).
- Creditors and other credit balances item includes an amount of EGP 5 436 000 presented the unearned revenue which the value of rental spaces for some subsidiaries companies (Note no. 9).
- The company agreed to waive its right to receive the balances due from it's subsidiaries Egyptian Fund Management Group and EFG - Hermes Int. Fin Corp with amount EGP 250 000 000 and EGP 20 018 230 respectively with total amount of EGB 270 018 230. This amount presented in income statement as other expenses.

30- 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.

30/1 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 3 643 844 417 and EGP 118 089 516 respectively. The Company's net exposures in foreign currencies as at the financial position date are as follows:

	Surplus
	EGP
USD	3 395 730 975
EURO	128 577 829
AED	817 733
GBP	217 020
CHF	315 261
SAR	96 083

The company has used the prevailing exchange rates to revalue assets and liabilities at financial position date as disclosed in note (32-1-1) "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.

30/2 Credit risk

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

30/3 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.

30/4 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.

30/5 Financial instruments' fair value

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

30/6 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.

31- Significant events

With the outbreak of COVID-19 pandemic all over the world, the year 2020 witnesses a slowdown in the economic activities till date. Accordingly, the company's management has formed a taskforce to develop and implement the emergency plan to face these exceptional circumstances. Several measures have been taken, including a plan to split the employee workforce whereby 50% of the employees will work from the office, while the remaining 50% will work remotely from home. The management is closely monitoring the situation to ensure the safety of the company's employees.

32- Significant accounting policies applied

32-1 Basis of preparation

32-1-1 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.

32-2 Property, plant and equipment

32-2-1 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.

32-2-2 Subsequent expenditure

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

32-2-3 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 Company 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:

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

Improvements are depreciated in leased locations over the contract life or the useful life whichever is less.

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

32-2-4 Re-classification to investment property

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

32-2-5 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.

32-2-6 Intangible assets

Intangible assets are recorded at historical cost less accumulated amortization and any impairment losses (note 31-6) ,intangible assets are amortized using the straight-line method and are recognized in profit or loss over their estimated useful lives.

32-3 Investments

32-3-1 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.

32-3-2 Investments at fair value through OCI

Investments at fair value through OCI are valued at fair value, with any resultant gain or loss being recognized in equity, except for impairment losses which is recognized (note 30-6) 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.

32-3-3 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 30-6). The impairment value is to be charged to the income statement for every investment individually.

32-3-4 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.

32-4 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 Company's other accounting policies. Impairment losses on initial classification as held-for-sale or held-for distribution and subsequent gains and losses on re-measurement are recognized in profit or loss.

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

32-5 Financial instruments

32-5-1 Recognition and initial measurement

Trade receivables and debt securities issued are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

32-5-2 Classification and subsequent measurement

Financial assets

On initial recognition, a financial asset is classified as measured at: amortised cost; FVOCI – debt investment; FVOCI – equity investment; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and

- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an instrument-by-instrument basis.

All financial assets not classified as measured at amortized cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

32-5-3 Financial assets – Business model assessment

The Company makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- The stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realizing cash flows through the sale of the assets;
- How the performance of the portfolio is evaluated and reported to the Company's management;
- The risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- How managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- The frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Company's continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

32-5-4 Financial assets – Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers:

- Contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable-rate features;
- Prepayment and extension features; and
- Terms that limit the Company's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable compensation for early termination of the contract. Additionally, for a financial asset acquired at a discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the

contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

32-5-5 Financial assets – Subsequent measurement and gains and losses

Financial assets at FVTPL These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

Financial assets at amortised cost These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Debt investments at FVOCI These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

Equity investments at FVOCI These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

32-5-6 Financial liabilities – Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

32-5-7 Derecognition

Financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial 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 in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Company enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

Financial liabilities

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

32-5-8 Offsetting

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

32-5-9 Derivative financial instruments and hedge accounting

The Company 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 the host contract is not a financial asset and certain criteria are met.

Derivatives are initially measured at fair value. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognised in profit or loss.

The Company designates certain derivatives as hedging instruments to hedge the variability in cash flows associated with highly probable forecast transactions arising from changes in foreign exchange rates and interest rates and certain derivatives and non-derivative financial liabilities as hedges of foreign exchange risk on a net investment in a foreign operation.

At inception of designated hedging relationships, the Company documents the risk management objective and strategy for undertaking the hedge. The Company also documents the economic relationship between the hedged item and the hedging instrument, including whether the changes in cash flows of the hedged item and hedging instrument are expected to offset each other.

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 recognised in OCI and accumulated in the hedging reserve. The effective portion of changes in the fair value of the derivative that is recognised in OCI is limited to the cumulative change in fair value of the hedged item, determined on a present value basis, from inception of the hedge. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in profit or loss.

The Company designates only the change in fair value of the spot element of forward exchange contracts as the hedging instrument in cash flow hedging relationships. The change in fair value of the forward element of forward exchange contracts (forward points) is separately accounted for as a cost of hedging and recognised in a costs of hedging reserve within equity.

When the hedged forecast transaction subsequently results in the recognition of a non-financial item such as inventory, the amount accumulated in the hedging reserve and the cost of hedging reserve is included directly in the initial cost of the non-financial item when it is recognised.

For all other hedged forecast transactions, the amount accumulated in the hedging reserve and the cost of hedging reserve is reclassified to profit or loss in the same period or periods during which the hedged expected future cash flows affect profit or loss.

If the hedge no longer meets the criteria for hedge accounting or the hedging instrument is sold, expires, is terminated or is exercised, then hedge accounting is discontinued prospectively. When hedge accounting for cash flow hedges is discontinued, the amount that has been accumulated in the hedging reserve remains in equity until, for a hedge of a transaction resulting in the recognition of a non-financial item, it is included in the non-financial item's cost on its initial recognition or,

For other cash flow hedges, it is reclassified to profit or loss in the same period or periods as the hedged expected future cash flows affect profit or loss.

If the hedged future cash flows are no longer expected to occur, then the amounts that have been accumulated in the hedging reserve and the cost of hedging reserve are immediately reclassified to profit or loss.

Net investment hedges

When a derivative instrument or a non-derivative financial liability is designated as the hedging instrument in a hedge of a net investment in a foreign operation, the effective portion of, for a derivative, changes in the fair value of the hedging instrument or, for a non-derivative, foreign exchange gains and losses is recognised in OCI and presented in the translation reserve within equity. Any ineffective portion of the changes in the fair value of the derivative or foreign exchange gains and losses on the non-derivative is recognised immediately in profit or loss. The amount recognised in OCI is reclassified to profit or loss as a reclassification adjustment on disposal of the foreign operation.

32-6 Impairment

32-6-1 Non-derivative financial assets

Financial instruments and contract assets

The Company recognises loss allowances for Expected Credit Loss (ECLs) on:

- Financial assets measured at amortised cost;
- Debt investments measured at FVOCI;
- contract assets.

The Company also recognises loss allowances for ECLs on loans receivables.

The Company measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- Debt securities that are determined to have low credit risk at the reporting date; and
- Other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment, that includes forward-looking information.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due, unless it can be rebutted.

The Company considers a financial asset to be in default when:

- The debtor is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realising security (if any is held); or
- The financial asset is more than 90 days past due unless it can be rebutted.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

32-6-2 Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive).

ECLs are discounted at the effective interest rate of the financial asset.

32-6-3 Credit-impaired financial assets

At each reporting date, the Company assesses whether financial assets carried at amortised cost and debt securities at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- Significant financial difficulty of the debtor;
- A breach of contract such as a default or being more than 90 days past due;
- The restructuring of a loan or advance by the Company on terms that the Company would not consider otherwise;
- It is probable that the debtor will enter bankruptcy or other financial reorganisation; or
- The disappearance of an active market for a security because of financial difficulties.

32-6-4 Presentation of allowance for ECL in the statement of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

For debt securities at FVOCI, the loss allowance is charged to profit or loss and is recognised in OCI.

32-6-5 Write-off

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For individual customers, the Company has a policy of writing off the gross carrying amount when the financial asset is 180 days past due based on historical experience of recoveries of similar assets. For corporate customers, the Company individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Company expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

32-6-6 Non-financial assets

- At each reporting date, the Company reviews the carrying amounts of its non-financial assets (other than, investment property, contract assets 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 recognised if the carrying amount of an asset or CGU exceeds its recoverable amount.
- Impairment losses are recognised 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 amortisation, if no impairment loss had been recognised.

32-7 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.

32-8 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.

32-9 Provisions

Provisions are recognized when the Company 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.

32-10 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

32-11 Share capital

32-11-1 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 income tax.

32-11-2 Re-purchase 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.

32-12 Derivative financial instruments

The Company uses derivative financial instruments to hedge its exposure to foreign exchange and interest rate risks arising from operational, financial and investment activities. In accordance with its treasury policy, the Company does not hold or issue derivative financial instruments for trading purposes. However, derivatives that do not qualify for hedge accounting are accounted for as trading instruments. Derivatives are recognized initially at fair value; attributable transaction costs are recognized in income statement when incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are accounted for as described below.

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.

32-13 Revenues

32-13-1 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.

32-13-2 Dividend income

Dividend income is recognized when declared.

32-13-3 Custody fees

Custody fees are recognized when provide service and issue invoice.

32-13-4 Interest income

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

32-14 Expenses

32-14-1 Borrowing costs

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

32-14-2 Employees' pension

The Company contributes to the government social insurance system for the benefit of its personnel in accordance with the social insurance law. Under this law, the employees and the employers contribute into the system on a fixed percentage-of-salaries basis. The Company's liability is confined to the amount of its contribution. Contributions are charged to income statement using the accrual basis of accounting.

32-14-3 Income tax

Income tax on the income statement for the year comprises current and deferred tax. Income tax is recognized in the income statement except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the financial position date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the financial position liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the financial position date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

32-15 Earnings per share

The Company presents basic earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period.

32-16 Profit sharing to employees

The 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.

32-17 Employees benefits

32-17-1 Share based payments

Equity settled transactions

For equity-settled share-based payment transactions, the company measure the services received, and the corresponding increase in equity, indirectly, by reference to the fair value of the equity instruments granted. The fair value of those equity instruments is measured at grant date.

Vesting conditions, other than market conditions, are taken into account by adjusting the number of equity instruments included in the measurement of the transaction amount so that, ultimately, the amount recognized for services received as consideration for the equity instruments granted are based on the number of equity instruments that eventually vest. Hence, on a cumulative basis, no amount is recognized for services received if the equity instruments granted do not vest because of failure to satisfy a vesting condition.

The company recognize an amount for the services received during the vesting period based on the best available estimate of the number of equity instruments expected to vest and revise that estimate, if necessary, if subsequent information indicates that the number of equity instruments expected to vest differs from previous estimates. On vesting date, the entity shall revise the estimate to equal the number of equity instruments that ultimately vested.

32-18 Leases

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company uses the definition of a lease in EAS 49.

32-18-1 As a lessee

At commencement or on modification of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property the Company has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement

date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Company by the end of the lease term or the cost of the right-of-use asset reflects that the Company will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

The Company determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

fixed payments, including in-substance fixed payments;

variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;

amounts expected to be payable under a residual value guarantee;

and the exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, if the Company changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Company presents right-of-use assets that do not meet the definition of investment property in 'property, plant and equipment' and lease liabilities in 'loans and borrowings' in the statement of financial position.

Short-term leases and leases of low-value assets

The Company has elected not to recognise right-of-use assets and lease liabilities for leases of low – value assets and short-term leases, including IT equipment. The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

32-18-2 As a lessor

At inception or on modification of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

When the Company acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Company makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease.

As part of this

assessment, the Company considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Company is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Company applies the exemption described above, then it classifies the sub-lease as an operating lease.

If an arrangement contains lease and non-lease components, then the Company applies EAS 11 to allocate the consideration in the contract.

The Company applies the derecognition and impairment requirements in EAS 47 to the net investment in the lease. The Company further regularly reviews estimated unguaranteed residual values used in calculating the gross investment in the lease.

The Company recognizes lease payments received under operating leases as income on a straight-line basis over the lease term as part of 'other revenue'.