EFG –Hermes Holding Company
(Egyptian Joint Stock Company)

Separate interim financial statements
for the period ended 30 june 2020
&
Review Report

Contents

KPMG

Hazem Hassan
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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, 2020 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, 2020 and of its financial performance and its separate cash flows for the six months then ended in accordance with Egyptian Accounting Standards.

KPMG

Hazem Hassan

Emphasis of Matter:

Without qualifying our opinion, as detailed in note No. (29) of the separate interim financial statements, most of the world countries, including Egypt, were exposed during 2020 to the new Covid-19 pandemic, causing disruption to most of commercial and economic activities in general and to the financial investments activities in Egypt in particular.

The Company has adjusted the assumptions used in calculating the expected credit loss, thus, it is possible that this will have a significant impact on the pre-defined operational and marketing plans, future cash flows associated with it , the associated elements of assets, liabilities and business results in the separate interim financial statements of the company during the period and following periods.

As indicated in the above-mentioned clarification, the company's management is currently taking several procedures to counter this risk and reduce its impact on its financial position and support its ability to continue. However, in light of the instability and the state of uncertainty as a result of the current events, the magnitude of the impact of that event depends mainly on the time period of the continuation of those effects at which the event is expected to end and its related effects and the company's ability to achieve its plans to confront this danger, Which it is difficult to determine at the present time.

KPMG Hazem Hassan
Public Accountants and Consultants
KPMG Hazem Hassan
(20)

Cairo, August 18, 2020

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

(in EGP)	Note no.	30/6/2020	31/12/2019
Assets			
Non - current assets			
Loans to subsidiaries	(27،10)	177 760 000	-
Investments at fair value through OCI	(11)	125 538 059	1 433 129 664
Investment property	(12)	129 264 651	132 417 447
Investments in subsidiaries	(13)	3 977 219 291	3 968 219 291
Fixed assets	(14)	240 256 852	249 078 775
Intangible assets	(15)	18 164 966	18 127 196
Total non - current assets		4 668 203 819	5 800 972 373
Current assets			
Cash and cash equivalents	(20,3)	2 928 961 618	253 924 784
Investments at fair value through profit and loss	(4)	1 596 337 212	90 301 049
Investments at fair value through OCI	(11)	218 517 289	844 026 433
Due from subsidiaries & related parties	(5)	2 109 911 436	4 417 405 178
Other debit balances	(6)	45 747 743	71 951 502
Current portion of loans to subsidiaries	(27،10)	71 000 000	8 022 500
Total current assets		6 970 475 298	5 685 631 446
Total assets		11 638 679 117	11 486 603 819
Equity			
Issued & paid - in capital	(16)	3 843 091 115	3 843 091 115
Legal reserve		833 933 867	803 102 208
Other reserves		1 920 263 997	2 603 438 781
Retained earnings		1 552 317 395	872 468 514
Total equity		8 149 606 374	8 122 100 618
Liabilities			
Non - current liabilities			
Deferred tax liabilities	(21)	144 047 183	133 609 916
Finance lease liabilities	(25)	230 571 453	261 371 571
Total non - current liabilities		374 618 636	394 981 487
Current liabilities			
Banks' overdraft		83 285 195	198 543 552
Due to subsidiaries & related parties	(7)	2 606 890 410	2 143 023 927
Creditors and other credit balances	(27،8)	186 997 853	397 044 473
Claims provision	(9)	182 000 000	182 000 000
Current portion of finance lease liabilities	(25)	55 280 649	48 909 762
Total current liabilities		3 114 454 107	2 969 521 714
Total liabilities		3 489 072 743	3 364 503 201
Total equity and liabilities		11 638 679 117	11 486 603 819

The accompanying notes and accounting policies from page (6) to page (50) are an integral part of these financial statements and are to be read therewith.

" Review report attached "

Mona Zulficar
Chairperson

Karim Awad
Group Chief Executive Officer

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

(in EGP)	Note no.	For the period from 1/4/2020 to 30/06/2020	For the period from 1/1/2020 to 30/06/2020	For the period from 1/4/2019 to 30/06/2019	For the period from 1/1/2019 to 30/06/2019
Revenues					
Dividend income	(18)	124 579 402	127 968 470	180 127 347	184 696 846
Custody activity income		3 970 866	5 531 740	3 234 283	6 551 286
Net changes in the fair value of investments at fair value through profit and loss		226 292 848	36 795 650	2 989 194	6 484 187
Treasury bills and bonds interests		17 022 632	43 840 119	-	-
Interest income	(27)	13 176 837	17 697 672	15 527 493	18 651 667
Gains on sale / redemptions of investments	(23)	-	570 200	2 149 434	2 467 357
Gain from sale fixed asset		907	907	936 666	936 666
Foreign currencies exchange differences		63 435 015	18 845 877	(93 210 241)	(198 512 364)
Other income	(27،22)	17 148 387	34 374 492	17 806 307	35 076 644
Total revenues		465 626 894	285 625 127	129 560 483	56 352 289
Expenses					
Finance cost		(12 530 755)	(28 332 880)	(20 106 757)	(37 320 994)
General administrative expenses		(84 855 239)	(154 874 857)	(44 911 114)	(88 483 492)
Fixed asset's depreciation	(14)	(5 625 848)	(11 161 953)	(5 084 610)	(9 970 986)
Investment property depreciation	(12)	(1 576 398)	(3 152 796)	(1 576 398)	(3 152 796)
Intangible assets amortization	(15)	(1 243 057)	(2 501 284)	(977 377)	(1 877 393)
Claims provision	(9)	-	-	-	(26 095 350)
Expected credit losses		402 773	(123 023)	-	-
Total expenses		(105 428 524)	(200 146 793)	(72 656 256)	(166 901 011)
Profit (loss) before income tax		360 198 370	85 478 334	56 904 227	(110 548 722)
Current tax		-	-	497 554	497 554
Deferred tax	(21)	(63 350 192)	(14 520 116)	21 073 752	45 295 094
Profit (loss) for the period		296 848 178	70 958 218	78 475 533	(64 756 074)
Earnings per share	(24)	0.39	0.09	0.10	(0.08)

The accompanying notes and accounting policies from page (6) to page (50) 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

(in EGP)	**For the period from 1/4/2020 to 30/06/2020**	**For the period from 1/1/2020 to 30/06/2020**	**For the period from 1/4/2019 to 30/06/2019**	**For the period from 1/1/2019 to 30/06/2019**
Profit (loss) for the period	296 848 178	70 958 218	78 475 533	(64 756 074)
Other comprehensive income:				
Investments at fair value through OCI - net change in fair value	(11 016 648)	(47 535 310)	(90 758 398)	(136 323 458)
Tax related to comprehensive income items	2 478 746	10 695 445	15 762 404	31 556 554
Other comprehensive income, net of tax	(8 537 902)	(36 839 865)	(74 995 994)	(104 766 904)
Total comprehensive income for the period	288 310 276	34 118 353	3 479 539	(169 522 978)

The accompanying notes and accounting policies from page (6) to page (50) 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								
	Issued & paid- in capital	Legal reserve	Other reserves					Retained earnings	Total equity
(in EGP)			General reserve	Share premium	Fair value- Investments at fair value through OCI	Revaluation surplus of fixed assets transferred to investment property	Hedging reserve		
Balance as at 31 December, 2019, as previously reported	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 period	-	-	-	-	-	-	-	70 958 218	70 958 218
Other comprehensive income items	-	-	-	-	(36 839 865)	-	-	-	(36 839 865)
Total comprehensive income	-	-	-	-	(36 839 865)	-	-	70 958 218	34 118 353
Transactions with owners of the Company									
Transferred to legal reserve	-	30 831 659	-	-	-	-	-	(30 831 659)	-
Balance as at 30 June, 2020	3 843 091 115	833 933 867	158 271	1 922 267 818	(17 612 071)	15 449 979	-	1 552 317 395	8 149 606 374
Balance as at 31 December, 2018, as previously reported	3 843 091 115	773 338 368	158 271	1 922 267 818	803 663 395	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	803 663 395	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	698 896 491	15 449 979	(26 442 387)	191 079 264	7 447 602 759

The accompanying notes and accounting policies from page (6) to page (50) 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 period 30/06/2020	For the period 30/06/2019
(in EGP)			
Cash flows from operating activities			
Profit (loss) before income tax		85 478 334	(110 548 722)
Adjustments for :			
Fixed assets depreciation	(14)	11 161 953	9 970 986
Gain from sale of fixed asset		(907)	(936 666)
Investment property depreciation	(12)	3 152 796	3 152 796
Intangible assets amortization	(15)	2 501 284	1 877 393
Claims provisions formed	(9)	-	26 095 350
Claims provisions used	(9)	-	(2 664 471)
Expected credit losses		123 023	-
Interest expense		28 332 881	36 637 798
Net changes in the fair value of investments at fair value through profit and loss		(36 795 650)	(6 484 187)
Gain from sale of investments at fair value through OCI		-	(1 990 320)
Foreign currencies exchange differences	(30-1-1)	(18 845 877)	198 512 364
		75 107 837	153 622 321
Change in			
Investments at fair value through profit and loss		(198 504 686)	26 121 265
Due from subsidiaries		2 242 572 751	583 869 265
Other debit balances		26 130 362	3 223 886
Due to subsidiaries		463 866 483	(32 381 007)
Creditors and other credit balances		(155 075 168)	(88 399 097)
Interest paid		(28 332 881)	(36 637 798)
Income tax paid		-	(53 824 250)
Net cash provided from operating activities		2 425 764 698	555 594 585
Cash flows from investing activities			
Payments to purchase fixed assets		(2 350 916)	(9 038 313)
Proceeds from sale fixed assets		11 793	950 000
Payments to purchase intangible assets		(2 539 055)	(956 056)
Payments for loans to subsidiaries		(391 110 000)	(8 810 000)
Proceeds from loans to subsidiaries		157 500 000	63 145 000
Payments to purchase Investments at fair value through OCI		(328 787 041)	-
Proceeds from sale of Investments at fair value through OCI		946 678 925	3 728 702
Payments to purchase investments in subsidiaries		(9 000 000)	-
Net cash provided from investing activities		370 403 706	49 019 333
Cash flows from financing activities			
Dividends payout		(55 000 000)	(534 345 916)
Payments to short term loans		(150 670 000)	-
Proceeds from short term loans		147 677 500	-
Payments for finance lease liabilities		(24 429 231)	(13 667 689)
Net cash (used in) financing activities		(82 421 731)	(548 013 605)
Net change in cash and cash equivalents during the period		2 713 746 673	56 600 313
Cash and cash equivalents at the beginning of the period	(20)	132 052 773	131 596 770
Cash and cash equivalents at the end of the period	(20)	2 845 799 446	188 197 083

The accompanying notes and accounting policies from page (6) to page (50) are an integral part of these financial statements and are to be read therewith.

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 Suksuk.
- 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 17, 2020.

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.

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

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

	30/6/2020	31/12/2019
Cash on hand	486 911	426 492
Banks - current accounts	1 926 677 730	71 594 792
Banks - time deposits	1 001 920 000	181 903 500
Total	2 929 084 641	253 924 784
Deduct: expected credit loss	(123 023)	--
Balance	2 928 961 618	253 924 784

4- Investments at fair value through profit and loss

	30/6/2020	31/12/2019
Mutual fund certificates	1 311 582 476	89 425 670
Equity securities	47 925 420	875 379
Debt securities	236 829 316	--
Balance	1 596 337 212	90 301 049

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

5- Due from subsidiaries & related parties

	30/6/2020	31/12/2019
EFG- Hermes Advisory Inc.	822 991 331	707 404 604
Fleming CIIC Holding	2 939 463	2 390 440
EFG- Hermes IB Limited	--	1 998 044 828
EFG- Hermes Oman LLC	846 509	3 191 605
EFG- Hermes IFA Financial Brokerage	3 161 480	1 300 667
EFG- Hermes KSA	33 243 233	30 957 423
Egyptian Fund Management Group	256 881 525	187 458 789
Bayonne Enterprises Ltd.	--	18 100 615
EFG- Hermes Holding – Lebanon	2 086 489	2 071 641
EFG- Hermes Direct Investment Fund	982 609	975 616
EFG- Hermes finance solutions	29 413 013	--
Beaufort Investments Company	7 115 322	4 159 874
EFG- Hermes Management	328 340	134 505
EFG- Hermes USA	38 945	843 319
EFG- Hermes Jordan	895 977	545 183
EFG- Hermes Mena Securities Ltd.	--	12 566
EFG – Hermes Frontier Holdings LLC	547 964 954	422 819 435
EFG- Hermes Brokerage – UAE LLC.	822 523	3 986 168
EFG-Hermes UAE Ltd.	7 397 927	3 236 064
OLT Investment International S.A.B	2 275 293	1 193 141
EFG Hermes FI Limited	174 949 566	131 007 186
EFG- Hermes Securitization	3 562	3 291
Beaufort Asset Management Company	1 158 923	639 259
Fleming Mansour Securities	16 850	--
EFG Hermes Global CB Holding Limited	--	804 368 945
EFG Hermes PE Holding LLC	110 529 405	92 421 110
Tanmeyah Micro Enterprise Services	26 881	138 904
Hermes securities brokerage	256 061	--
EFG Hermes Int.Fin corp	103 585 255	--
Balance	2 109 911 436	4 417 405 178

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

6- Other debit balances

	30/6/2020	31/12/2019
Accrued revenues	3 609 740	14 231 173
Taxes withheld by others	2 005 791	1 413 587
Deposits with others	1 434 827	1 428 827
Prepaid expenses	13 709 700	12 384 355
Employees advances	1 259 960	1 587 539
Down payments to suppliers	12 344 614	3 654 346
Payments for investments *	3 000 000	10 000 000
Receivables-sale of investments	--	26 191 006
Sundry debtors	8 383 111	1 060 669
Balance	45 747 743	71 951 502

* The amount represents the payment for investments in Egyptian Commodities Exchange – under establishment.

7- Due to subsidiaries & related parties

	30/6/2020	31/12/2019
EFG- Hermes Financial Management (Egypt) Ltd.	667 256 380	659 266 513
EFG- Hermes Regional Investments Ltd.	295 663 405	257 173 280
Arab Visual Company	1 250 500	1 250 500
Hermes Corporate Finance Co.	8 969 024	8 737 523
EFG- Hermes Fixed Income	6 154 714	6 357 815
Finance Group for Securitization	9 648 133	9 633 397
EFG- Hermes Syria LLC	7 912 165	7 912 165
Egyptian Portfolio Management Group	74 501 747	78 711 047
EFG- Hermes – Lebanon – S.A.L.	89 575 904	88 938 451
Hermes Fund Management	2 631 290	15 627 988
Financial Brokerage Group	92 991 135	41 737 335
Hermes Securities Brokerage	--	11 387 964
EFG-Hermes SP Limited	113 581 709	112 834 950
EFG Finance Holding	238 215 284	198 433 453
EFG- Hermes Finance Solutions	--	162 774
EFG - Hermes Promoting & Underwriting	26 534 543	84 938 064
EFG - Hermes Int. Fin Corp	--	559 920 708
EFG Hermes for Sukuk	9 893 066	--
EFG - Hermes Mena Securities Ltd.	52 783	--
EFG- Hermes Private Equity	1 000 000	--
EFG- Hermes IB Limited	7 610 629	--
EFG- Hermes Global CB Holding Limited	934 937 370	--
Bayonne Enterprises Ltd.	18 510 629	--
Balance	2 606 890 410	2 143 023 927

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

8- Creditors and other credit balances

	30/6/2020	31/12/2019
Social Insurance Authority	488 817	484 563
Accrued expenses	79 685 886	246 672 709
Clients coupons - custody activity	10 589 154	12 514 276
Unearned revenues (Note no. 27)	30 672 558	17 591 335
Dividends payable prior years	511 316	55 511 316
Medical Takaful Insurance Tax	679 320	3 555 363
Sundry credit balances	62 403 558	58 524 603
Tax Authority	1 967 244	2 190 308
Balance	186 997 853	397 044 473

9- Claims provision

	30/6/2020	31/12/2019
Balance at the beginning of the period / year	182 000 000	110 164 471
Amounts formed during the period / year	--	87 398 803
Amounts used during the period / year	--	(15 563 274)
Balance at the end of the period / year	182 000 000	182 000 000

10- Loans to subsidiaries

Company's name	Currency	Loan Value	Loan date	Maturity date	30/6/2020	31/12/2019
EFG- Hermes Jordan	US$	500 thousand	1/3/2018	28/2/2022	8 080 000	8 022 500
	US$	500 thousand	1/3/2020	28/2/2022	8 080 000	--
EFG-Hermes Finance Solutions	US$	10 million	24/2/2020	23/2/2025	161 600 000	--
VALU	EGP	35 million	16/620/20	17/720/20	35 000 000	--
	EGP	36 million	24/6/2020	25/820/20	36 000 000	--
Total					248 760 000	8 022 500
Current portion of loans to subsidiaries					71 000 000	8 022 500
Non- Current portion of loans to subsidiaries					177 760 000	--
					248 760 000	8 022 500

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

11- Investments at fair value through OCI

	30/6/2020	31/12/2019
Non- current investments		
Equity securities	14 647 533	82 303 804
Mutual fund certificates	63 237 989	1 310 098 052
Debt instruments – bond	47 652 537	40 727 808
	125 538 059	1 433 129 664
Current investments		
Debt instruments – treasury bills	218 517 289	844 026 433
Balance	344 055 348	2 277 156 097

Investments at fair value through OCI are represented in the following:

	30/6/2020	31/12/2019
Quoted investments	67 092 225	167 404 498
Non- quoted investments	276 963 123	2 109 751 599
	344 055 348	2 277 156 097

12- Investment property

	Buildings
Cost	
Balance as at 1/1/2020	157 639 818
Total cost as at 30/6/2020	157 639 818
Balance as at 1/1/2019	157 639 818
Total cost as at 30/6/2019	157 639 818
Accumulated depreciation	
Accumulated depreciation as at 1/1/2020	25 222 371
Depreciation for the period	3 152 796
Accumulated depreciation as at 30/6/2020	28 375 167
Accumulated depreciation as at 1/1/2019	18 916 778
Depreciation for the period	3 152 796
Accumulated depreciation as at 30/6/2019	22 069 574
Net carrying amount	
Net carrying amount as at 30/6/2020	129 264 651
Net carrying amount as at 30/6/2019	135 570 244
Net carrying amount as at 31/12/2019	132 417 447

- Investment property represents the area owned by EFG-Hermes Holding Company in Nile city building, the fair value of the investment amounted EGP 345 910 000.

(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 30/6/2020	Carrying amount 31/12/2019
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	99.47	EGP	5 976 029	5 976 029
EFG- Hermes Advisory Inc.	BVI	100	US$	6	6
EFG- Hermes Promoting & Underwriting	Egyptian	99.88	EGP	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
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-Hermes PE Holding Ltd.	Emirates	100	US$	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
EFG - Hermes Int. Fin Corp	Cayman Islands	100	US$	16	16
EFG Hermes for Sukuk	Egyptian	90	EGP	9 000 000	--
Balance				3 977 219 291	3 968 219 291

* 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.

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

14- 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 period	--	--	517 875	441 414	1 391 627	--	2 350 916
Disposals during the period	--	--	--	(27 215)	--	--	(27 215)
Total cost as at 30/6/2020	18 597 100	244 159 870	30 410 521	86 435 712	16 182 087	6 455 624	402 240 914
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)
Total cost as at 30/6/2019	18 597 100	244 159 870	27 273 228	78 843 178	14 897 915	6 455 624	390 226 915
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 period	--	3 930 974	1 098 450	4 599 470	1 302 820	230 239	11 161 953
Accumulated depreciation for disposal	--	--	--	(16 329)	--	--	(16 329)
Accumulated depreciation as at 30/6/2020	--	61 126 932	23 481 997	63 576 208	8 837 893	4 961 032	161 984 062
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
Accumulated depreciation for disposal	--	--	--	--	(1 395 778)	--	(1 395 778)
Accumulated depreciation as at 30/6/2019	--	53 264 984	21 538 877	54 957 252	6 294 604	4 499 563	140 555 280
Net carrying amount							
Net carrying amount as at 30/6/2020	18 597 100	183 032 938	6 928 524	22 859 504	7 344 194	1 494 592	240 256 852
Net carrying amount 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 carrying amount as at 31/12/2019	18 597 100	186 963 912	7 509 099	27 028 446	7 255 387	1 724 831	249 078 775

** 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 Hermes Finance Solutions (Note no. (26)).

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

15- Intangible assets

	Intangible assets
Cost	
Balance as at 1/1/2020	23 391 788
Additions during the period	2 539 054
Total cost as at 30/6/2020	25 930 842
Balance as at 1/1/2019	17 958 055
Additions during the period	956 056
Total cost as at 30/6/2019	18 914 111
Accumulated amortization	
Accumulated amortization as at 1/1/2020	5 264 592
Amortization during the period	2 501 284
Accumulated amortization as at 30/6/2020	7 765 876
Accumulated amortization as at 1/1/2019	980 121
Amortization during the period	1 877 393
Accumulated amortization as at 30/6/2019	2 857 514
Net carrying amount	
Net carrying amount as at 30/6/2020	18 164 966
Net carrying amount as at 30/6/2019	16 056 597
Net carrying amount as at 31/12/2019	18 127 196

16- 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.

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 83 670 000 (equivalent to EGP 368 106 165).

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

18- Dividend income

	For the period from 1/4/2020 to 30/6/2020	For the period from 1/1/2020 to 30/6/2020	For the period from 1/4/2019 to 30/6/2019	For the period from 1/1/2019 to 30/6/2019
Income from investments at fair value through OCI	8 922 156	8 922 156	8 417 944	12 940 426
Income from investments at fair value through profit and loss	2 537 246	4 975 094	9 403	56 420
Income from investments in subsidiaries	113 120 000	114 071 220	171 700 000	171 700 000
Total	124 579 402	127 968 470	180 127 347	184 696 846

19- General administrative expenses

	For the period from 1/4/2020 to 30/6/2020	For the period from 1/1/2020 to 30/6/2020	For the period from 1/4/2019 to 30/6/2019	For the period from 1/1/2019 to 30/6/2019
Wages , salaries and similar items	29 998 214	62 832 842	27 976 068	54 209 811
Consultancy	4 470 323	5 176 311	575 624	1 123 485
Travel , accommodation and transportation	249 630	895 842	1 517 962	2 669 352
Leased line and communication	980 152	2 025 886	1 161 658	2 139 168
Rent and utilities expenses	3 897 333	5 471 986	1 432 775	2 435 136
Other expenses	45 259 587	78 471 990	12 247 027	25 906 540
Total	84 855 239	154 874 857	44 911 114	88 483 492

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 30/6/2020	For the year ended 31/12/2019
Cash and cash equivalents as presented in the statement of financial position	2 929 084 641	253 924 784
Banks overdraft	(83 285 195)	(198 543 552)
Effect of exchange rate changes	--	76 671 041
Cash and cash equivalents (adjusted)	2 845 799 446	132 052 773

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

21- Deferred tax liabilities

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

	30/6/2020	31/12/2019
	Liability (Asset)	**Liability (Asset)**
(A) Deferred tax		
Fixed assets' (depreciation)	3 724 281	4 297 458
Investment property (depreciation)	1 596 103	1 418 758
Intangible assets (depreciation)	(922 143)	(655 429)
Foreign currencies exchange differences	(59 807 207)	(64 047 529)
Investment property (revaluation reserve)	(1 867 147)	(1 867 147)
Investments at fair value	201 323 296	--
Net deferred tax liabilities (assets)	144 047 183	(60 853 889)

(B) Deferred tax recognized directly in equity

	30/6/2020	31/12/2019
Changes in the fair value of cash flow hedges *	--	(6 612 597)
Investments at fair value through OCI **	--	201 076 402
	--	194 463 805
Balance	144 047 183	133 609 916

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

** Directly deducted from changes in the investments at fair value through OCI 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.

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

23- Gains on sale / redemptions of investments

	For the period from 1/4/2020 to 30/6/2020	For the period from 1/1/2020 to 30/6/2020	For the period from 1/4/2019 to 30/6/2019	For the period from 1/1/2019 to 30/6/2019
Investments at fair value through profit and loss	--	430 275	159 114	477 037
Investments at fair value through OCI	--	139 925	1 990 320	1 990 320
Total	--	570 200	2 149 434	2 467 357

24- Earnings per share

	For the period from 1/4/2020 to 30/6/2020	For the period from 1/1/2020 to 30/6/2020	For the period from 1/4/2019 to 30/6/2019	For the period from 1/1/2019 to 30/6/2019
Profit (loss) for the period	296 848 178	70 958 218	78 475 533	(64 756 074)
Weighted average number of shares	768 618 223	768 618 223	768 618 223	768 618 223
Earnings per share	0.39	0.09	0.10	(0.08)

25- Finance lease liabilities

	30/6/2020	31/12/2019
Current portion of finance lease liabilities	55 280 649	48 909 762
Non- Current portion of finance lease liabilities	230 571 453	261 371 571
Total	285 852 102	310 281 333

* Note no. (14).

26- Tax status

- As to Income Tax, the years till 2017 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 2018/2019, 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 2009/2017 the company's books had been examined and the settlement procedures are currently taking place, and as to years 2018/2019 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 the company's books had been examined and the settlement procedures are currently taking place. as to year 2019 have not been inspected yet.
- As to property tax, the company supplies the tax due and paid this tax till 30 June 2020.

27- 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 16 186 680 which represents the value of rental spaces for some affiliated companies.
- Interest income item presented in the income statement includes an amount of EGP 2 116 604 represent the interest on subordinated loan to EFG-Hermes finance solutions, an amount of EGP 344 531 represent the interest on subordinated loan to Hermes Securities Brokerage.
- Loans to subsidiaries item as at June 30, 2020 presented in the statement of financial position represents in the loan granted to EFG- Hermes Jordan (a subsidiary – 100 %) with an amount of million USD (equivalent to EGP 16 160 000) and represents in the loan granted to EFG-Hermes finance solutions with an amount of 10 million USD (equivalent to EGP 161 600 000) (Note no. 10) and loan granted to VALU with an amount of 71 million EGP.
- Creditors and other credit balances item includes an amount of EGP 21 744 000 presented the unearned revenue which the value of rental spaces for some subsidiaries companies (Note no. 8).

28- 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.

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

28/1 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 6 333 723 896 and EGP 2 419 735 641respectively. The Company's net exposures in foreign currencies as at the financial position date are as follows:

	Surplus / (deficit)
	EGP
USD	3 757 537 935
EURO	159 054 940
AED	8 571 017
GBP	(12 622 978)
CHF	1 568 573
SAR	(121 232)

The company has used the prevailing exchange rates to revaluate assets and liabilities at financial position date as disclosed in note (30-1-1) "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.

28/2 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.

28/3 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.

28/4 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.

28/5 Financial instruments' fair value

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

28/6 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.

29- Significant events

With the outbreak of COVID-19 pandemic all over the world, including Egypt, the year 2020 witnesses a slowdown in the economic activities. The Egyptian government introduced a number of precautionary measures to prevent the spread of the pandemic. Accordingly, the company's management has formed a teamwork to develop and implement the emergency plan to face these exceptional circumstances where several measures have been taken, including:

Business continuity

- The Company approved a plan to split the employee work force whereby 50% of the employees will work from the office in different locations, 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.

Expected Credit Losses

The outbreak of pandemic COVID-19 all over the world has stifled economic activities and shaken financial markets. Moreover, the spread of the virus and the heighten uncertainties continued to be an overhang on markets. Amid that, the assumptions used in models to calculate the Expected Credit Loss "ECL" are adjusted to reflect a judgement of what the future economic conditions might convey and taking into consideration measures taken by governments and policy makers in an attempt to mitigate and relief industries. This has resulted in businesses taking a more prudent approach, which was reflected in the level of impairment loss on assets (ECL) booked by different segment amid the current ambiguity of what the future might hold.

The Company is currently closely monitoring and evaluating all developments related to the spread of the emerging virus considering our current knowledge and available information, we do not expect that the new (COVID-19) virus to be a threat to the continuance in the upcoming future.

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 Basis of preparation

30-1-1 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.

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

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 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.

30-2-4 Re-classification 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 30-6) ,intangible assets are amortized using the straight-line method and are recognized in profit or loss over their estimated useful lives.

30-3 Investments

30-3-1 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.

30-3-2 Investments at fair value through OCI

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 30-6) 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.

30-3-3 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.

30-3-4 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 is useful life. The estimated useful life of investment property is 33.3 years.

30-4 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.

30-5 Financial instruments

Policy applicable from 1 January 2020

30-5-1 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.

30-5-2 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.

30-5-3 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.

30-5-4 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.

30-5-5 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.

30-5-6 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.

30-5-7 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.

30-5-8 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.

30-5-9 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.

Policy applicable before 1 January 2020

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

30-5-10 Non-derivative financial assets and financial liabilities – Recognition and Derecognition

The Company 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 Company 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 Company is recognised as a separate asset or liability.

The Company 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 Company 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.

30-5-11 Non-derivative financial assets – Measurement

30-5-11-1 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.

30-5-11-2 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.

30-5-11-3 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 amortized cost using the effective interest method.

30-5-11-4 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 recognized in OCI and accumulated in the fair value reserve. When these assets are derecognized, the gain or loss accumulated in equity is reclassified to profit or loss.

30-5-12 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 amortized cost using the effective interest method.

30-5-13 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 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.

30-5-13-1 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.

30-6 Impairment

Policy applied from January 1, 2020

30-6-1 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.

30-6-2 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.

30-6-3 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.

30-6-4 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.

30-6-5 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.

30-6-6 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.

Policy applied before January 1, 2020

30-6-7 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 Company on terms that the Company would not consider otherwise;
- Indications that a debtor or issuer will enter bankruptcy;
- Adverse changes in the payment status of borrowers or issuers;
- The disappearance of an active market for a security because of financial difficulties.
- Observable data indicating that there is a measurable decrease in the expected cash flows from a group of financial assets.

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

Financial assets measured at amortized cost

The Company 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 Company 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 Company 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.

30-6-8 Non-financial assets

The carrying amounts of the Company'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.

30-7 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.

30-8 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.

30-9 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.

30-10 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

30-11 Share capital

30-11-1 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.

30-11-2 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.

30-12 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.

30-13 Revenues

30-13-1 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.

30-13-2 Dividend income

Dividend income is recognized when declared.

30-13-3 Custody fees

Custody fees are recognized when provide service and issue invoice.

30-13-4 Interest income

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

30-14 Expenses

30 -14-1 Borrowing costs

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

30-14-2 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.

30-14-3 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.

30-15 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.

30-16 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.

30-17 Leases

The Company has applied EAS 49 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under EAS 20. The details of accounting policies under EAS 20 are disclosed separately.

Policy applicable from 1 January 2020

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.

This policy is applied to contract entered in to, or after 1 Jan 2020.

30-17-1 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 Comapny 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.

30-17-2 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 recognises lease payments received under operating leases as income on a straight- line basis over the lease term as part of 'other revenue'.

Policy applicable before 1 January 2020

For contracts entered into before 1 January 2020, the Company determined whether the arrangement was or contained a lease based on the assessment of whether:

fulfilment of the arrangement was dependent on the use of a specific asset or assets; and

the arrangement had conveyed a right to use the asset. An arrangement conveyed the right to use the asset if one of the following was met:

the purchaser had the ability or right to operate the asset while obtaining or controlling more than an insignificant amount of the output;

the purchaser had the ability or right to control physical access to the asset while obtaining or controlling more than an insignificant amount of the output; or

facts and circumstances indicated that it was remote that other parties would take more than an insignificant amount of the output, and the price per unit was neither fixed per unit of output nor equal to the current market price per unit of output

30-17-3 As a lessee

In the comparative period, as a lessee the Comapny classified leases that transferred substantially all of the risks and rewards of ownership as finance leases. When this was the case, the leased assets were measured initially at an amount equal to the lower of their fair value and the present value of the minimum lease payments. Minimum lease payments were the payments over the lease term that the lessee was required to make, excluding any contingent rent. Subsequent

to initial recognition, the assets were accounted for in accordance with the accounting policy applicable to that asset.

Assets held under other leases were classified as operating leases and were not recognised in the Comapny's statement of financial position. Payments made under operating leases were recognised in profit or loss on a straight- line basis over the term of the lease. Lease incentives received were recognised as an integral part of the total lease expense, over the term of the lease.

30-17-4 As a lessor

When the Company acted as a lessor, it determined at lease inception whether each lease was a finance lease or an operating lease.

To classify each lease, the Company made an overall assessment of whether the lease transferred substantially all of the risks and rewards incidental to ownership of the underlying asset. If this was the case, then the lease was a finance lease; if not, then it was an operating lease. As part of this assessment, the Company considered certain indicators such as whether the lease was for the major part of the economic life of the asset.

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

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. (48) - "Revenue from Contracts with Customers"	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: a. Egyptian Accounting Standard No. (8) - "Construction Contracts" as amended in 2015. b. Egyptian Accounting Standard No. (11) – "Revenue" as amended in 2015. 2- For revenue recognition, Control Model is used instead of Risk and Rewards Model. 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 4- the standard requires that contract must have a commercial substance in order for revenue to be recognized 5- Expanding in the presentation and disclosure requirements	The Management is currently assessing the potential impact of implementing the amendment of the standard on the financial statements	Standard No. (48) applies to financial periods beginning on or after January1st, 2020, and the early implementation thereof is permitted

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

Egyptian Accounting Standard No. (38) as ammended " Employees Benefits "	Anumber of paragraphs were introduced and amended in order to amend the Accounting Rules of Settlements and Curtailments of Benefit Plans	The Management is currently assessing the potential impact of implementing the amendment of the standard on the financial statements.	This standard No. (38) applies to financial periods beginning on or after January 1st, 2020, and the early implementation thereof is permitted.
Egyptian Accounting Standard No. (42) as ammended " Consolidated Financial Statements"	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: - (ESA 15) Related Party Disclosures - (ESA 17) Consolidated and Separate Financial Statements - (ESA 18) Investments in Associates - (ESA 24) Income Taxes - (ESA 29) Business Combinations - ESA (30) Periodical Financial Statements - EAS (44) Disclosure of Interests in Other Entities.	The Management is currently assessing the potential impact of implementing the amendment of the standard on the financial statements.	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.