

EFG –Hermes Holding Company
(Egyptian Joint Stock Company)

Separate interim financial statements
for the period ended 30 September 2022
&
Review Report

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Review Report

To the Board of Directors of EFG – Hermes Holding Company

Introduction

We have performed a limited review for the accompanying separate statement of financial position of EFG – Hermes Holding Company (Egyptian Joint Stock Company) as of 30 September, 2022 and the related separate statements of income, comprehensive income, changes in equity and cash flows for the nine months then ended, and a summary of significant accounting policies and other explanatory notes. The company's management is responsible for the preparation and fair presentation of these interim financial statements in accordance with Egyptian Accounting Standards. Our responsibility is to express a conclusion on these interim financial statements based on our limited review.

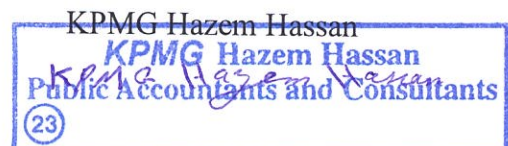
Scope of Limited Review

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 September, 2022 and of its financial performance and its separate cash flows for the nine months then ended in accordance with Egyptian Accounting Standards.


Cairo, November 16, 2022

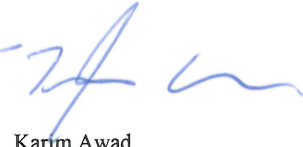


EFG - Hermes Holding Company
(Egyptian Joint Stock Company)
Separate interim statement of financial position

	Note no.	30/9/2022	31/12/2021
<i>(in EGP)</i>			
Assets			
Non - current assets			
Loans to subsidiaries	(11,28)	328 506 905	497 353 245
Investments at fair value through OCI	(12)	1 112 620 696	1 236 578 134
Investment property	(13)	115 077 066	119 806 261
Investments in subsidiaries	(14)	6 331 268 489	6 291 097 115
Fixed assets	(15)	227 273 915	230 983 777
Intangible assets	(16)	17 815 136	21 124 044
Total non - current assets		<u>8 132 562 207</u>	<u>8 396 942 576</u>
Current assets			
Cash and cash equivalents	(3)	2 546 129 362	152 949 842
Investments at fair value through profit and loss	(4)	2 009 514 179	1 720 818 400
Investments at fair value through OCI	(12)	792 350 459	821 750 508
Due from subsidiaries & related parties	(5)	3 292 498 599	1 709 040 611
Other debit balances	(6)	47 801 465	367 359 162
Current portion of Loans to subsidiaries	(11,28)	-	37 891 435
Total current assets		<u>8 688 294 064</u>	<u>4 809 809 958</u>
Total assets		<u>16 820 856 271</u>	<u>13 206 752 534</u>
Equity			
Issued & paid - in capital	(17)	5 838 424 030	4 865 353 355
Legal reserve		867 454 520	840 272 556
Other reserves		1 581 756 128	1 665 902 837
Retained earnings		3 447 082 274	1 273 140 776
Equity settled share- based payment	(17,20)	261 882 148	149 646 943
Total equity		<u>11 996 599 100</u>	<u>8 794 316 467</u>
Liabilities			
Non - current liabilities			
Deferred tax liabilities	(22)	330 617 356	292 505 198
Finance lease liabilities	(26)	80 890 489	133 441 883
Total non - current liabilities		<u>411 507 845</u>	<u>425 947 081</u>
Current liabilities			
Current tax liability		18 087 194	-
Current portion of finance lease liabilities	(26)	70 704 625	65 932 783
Banks' overdraft	(8)	3 215 651 588	2 811 098 701
Due to subsidiaries & related parties	(7)	354 919 354	520 125 036
Creditors and other credit balances	(9,28)	554 936 381	390 882 282
Claims provision	(10)	198 450 184	198 450 184
Total current liabilities		<u>4 412 749 326</u>	<u>3 986 488 986</u>
Total liabilities		<u>4 824 257 171</u>	<u>4 412 436 067</u>
Total equity and liabilities		<u>16 820 856 271</u>	<u>13 206 752 534</u>

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


Mona Zulficar
Chairperson


Karim Awad
Group Chief Executive Officer

" Review report attached "

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

	Note no.	2022		2021	
		For the period from 1/7/2022 to 30/9/2022	For the period from 1/1/2022 to 30/9/2022	For the period from 1/7/2021 to 30/9/2021	For the period from 1/1/2021 to 30/9/2021
<i>(in EGP)</i>					
Revenues					
Dividends income	(19)	154 721 282	2 596 732 252	14 435 161	226 728 194
Custody activity income		4 679 591	12 549 487	4 840 748	16 592 348
Net changes in the fair value of investments at fair value through profit and loss		93 403 826	285 703 477	(229 134 739)	65 945 530
Treasury bills and bonds interests		65 290 750	193 784 744	50 103 968	110 255 514
Interest income	(28)	27 222 658	62 855 041	11 427 567	31 798 719
Gain from sale fixed asset		12 300	13 135	-	765 000
Reversal of Impairment loss on assets		-	-	-	824 842
Other income	(23,28)	19 157 952	56 307 861	17 276 735	52 162 488
Foreign currencies exchange differences		178 503 225	532 801 628	8 543 283	(2 362 275)
Gains (Loss) on sale / redemptions of investments	(24)	94 118 920	231 733 365	23 810 468	(20 587 589)
Total revenues		<u>637 110 504</u>	<u>3 972 480 990</u>	<u>(98 696 809)</u>	<u>482 122 771</u>
Expenses					
Finance cost		(101 289 840)	(271 311 867)	(47 388 713)	(104 105 023)
General administrative expenses	(20)	(106 305 632)	(310 876 237)	(76 423 274)	(209 074 474)
Fixed assets depreciation	(15)	(5 997 950)	(18 249 616)	(6 026 416)	(17 933 231)
Investment property depreciation	(13)	(1 576 399)	(4 729 195)	(1 576 399)	(4 729 195)
Intangible assets amortization	(16)	(2 287 527)	(6 741 152)	(1 860 645)	(6 120 404)
Impairment loss on assets	(3)	(168 096)	(201 745)	-	-
Total expenses		<u>(217 625 444)</u>	<u>(612 109 812)</u>	<u>(133 275 447)</u>	<u>(341 962 327)</u>
Profit before income tax		419 485 060	3 360 371 178	(231 972 256)	140 160 444
Income tax		(10 445 540)	(57 297 176)	-	-
Deferred tax	(22)	(21 002 723)	(62 541 848)	51 265 698	(13 546 332)
Profit for the period		<u>388 036 797</u>	<u>3 240 532 154</u>	<u>(180 706 558)</u>	<u>126 614 112</u>
Earnings per share	(25)	<u>0.33</u>	<u>2.78</u>	<u>(0.16)</u>	<u>0.11</u>

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

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

	2022		2021	
	For the period from 1/7/2022 to 30/9/2022	For the period from 1/1/2022 to 30/9/2022	For the period from 1/7/2021 to 30/9/2021	For the period from 1/1/2021 to 30/9/2021
<i>(in EGP)</i>				
Profit for the period	388 036 797	3 240 532 154	(180 706 558)	126 614 112
Other comprehensive income:				
Investments at fair value through OCI - net change in fair value	(86 749 913)	(108 576 399)	(197 664)	(9 116 743)
Tax related to comprehensive income items	19 518 730	24 429 690	44 474	2 051 267
Other comprehensive income, net of tax	<u>(67 231 183)</u>	<u>(84 146 709)</u>	<u>(153 190)</u>	<u>(7 065 476)</u>
Total comprehensive income for the period	<u><u>320 805 614</u></u>	<u><u>3 156 385 445</u></u>	<u><u>(180 859 748)</u></u>	<u><u>119 548 636</u></u>

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

EFG - Hermes Holding Company

(Egyptian Joint Stock Company)

Separate interim statement of changes in equity

	Attributable to owners of the Company								
	Issued & paid- in capital	Legal reserve	Other reserves				Retained earnings	Equity settled share- based payment	Total equity
			General reserve	Share premium	Fair value- Investments at fair value through OCI	Revaluation surplus of fixed assets transferred to investment property			
<i>(in EGP)</i>									
Restated balance as at 31 December, 2021	4 865 353 355	840 272 556	158 271	1 668 623 803	(18 329 216)	15 449 979	1 273 140 776	149 646 943	8 794 316 467
Total comprehensive income									
Profit for the period	-	-	-	-	-	-	3 240 532 154	-	3 240 532 154
Other comprehensive income items	-	-	-	-	(84 146 709)	-	-	-	(84 146 709)
Total comprehensive income	-	-	-	-	(84 146 709)	-	3 240 532 154	-	3 156 385 445
Transactions with owners of the Company									
Equity settled share- based payment	-	-	-	-	-	-	-	112 235 205	112 235 205
Transferred to legal reserve	-	27 181 964	-	-	-	-	(27 181 964)	-	-
Dividends	973 070 675	-	-	-	-	-	(1 039 408 692)	-	(66 338 017)
Balance as at 30 September, 2022	5 838 424 030	867 454 520	158 271	1 668 623 803	(102 475 925)	15 449 979	3 447 082 274	261 882 148	11 996 599 100
Balance as at 31 December 2020	3 843 091 115	833 933 867	158 271	1 922 267 818	(22 222 604)	15 449 979	1 610 309 431	-	8 202 987 877
Total comprehensive income									
Profit for the period	-	-	-	-	-	-	126 614 112	-	126 614 112
Other comprehensive income items	-	-	-	-	(7 065 476)	-	-	-	(7 065 476)
Total comprehensive income	-	-	-	-	(7 065 476)	-	126 614 112	-	119 548 636
Transactions with owners of the Company									
Transferred to legal reserve	-	6 338 689	-	-	-	-	(6 338 689)	-	-
Dividends	768 618 225	-	-	-	-	-	(874 469 250)	-	(105 851 025)
Balance as at 30 September, 2021	4 611 709 340	840 272 556	158 271	1 922 267 818	(29 288 080)	15 449 979	856 115 604	-	8 216 685 488

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

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

	Note no.	For the period ended 30/9/2022	For the period ended 30/9/2021
<i>(in EGP)</i>			
Cash flows from operating activities			
Profit before income tax		3 360 371 178	140 160 444
Adjustments for :			
Fixed assets depreciation	(15)	18 249 616	17 933 231
Gain from sale of fixed asset		(13 135)	(765 000)
Investment property depreciation	(13)	4 729 195	4 729 195
Intangible assets amortization	(16)	6 741 152	6 120 404
Reversal of Impairment on assets		201 745	(824 842)
Provisions used		-	(1 549 816)
Net changes in the fair value of investments at fair value through profit and loss		(285 703 477)	(65 945 530)
Gains on sale / redemptions of investments in subsidiaries		(231 733 365)	(28 449 653)
Foreign currencies exchange differences	(30-1-1)	(532 801 628)	2 362 275
Equity settled share- based payment		28 170 696	-
		<u>2 368 211 977</u>	<u>73 770 708</u>
Change in			
Investments at fair value through profit and loss		(2 992 302)	528 935 638
Due from subsidiaries		(1 583 457 988)	1 577 261 137
Other debit balances		319 579 129	(21 313 788)
Due to subsidiaries		82 411 678	(265 626 439)
Creditors and other credit balances		189 142 410	(199 842 692)
Income tax paid		(47 458 052)	-
Net cash provided from operating activities		<u>1 325 436 852</u>	<u>1 693 184 564</u>
Cash flows from investing activities			
Payments to purchase fixed assets		(14 895 808)	(6 973 397)
Proceeds from sale fixed assets		369 189	765 000
Payments to purchase intangible assets		(3 432 244)	(1 761 466)
Payments for loans to subsidiaries		(1 671 636 000)	(830 152 000)
Proceeds from loans to subsidiaries		2 009 431 844	972 205 441
Payments to purchase Investments at fair value through OCI		(1 145 150 044)	(2 714 403 577)
Proceeds from sale of Investments at fair value through OCI		1 189 931 132	841 224 165
Payments to purchase investments in subsidiaries		(314 200 000)	(258 232)
Proceeds from investments in subsidiaries		589 826 500	152 523 999
Net cash provided from (used in) investing activities		<u>640 244 569</u>	<u>(1 586 830 067)</u>
Cash flows from financing activities			
Dividends payout		(87 082 518)	(20 342 500)
Payments for finance lease liabilities		(47 779 552)	(43 928 044)
Net cash used in financing activities		<u>(134 862 070)</u>	<u>(64 270 544)</u>
Net change in cash and cash equivalents during the period		1 830 819 351	42 083 953
Cash and cash equivalents at the beginning of the period	(21)	(2 500 139 832)	518 954 552
Cash and cash equivalents at the end of the period	(21)	<u>(669 320 481)</u>	<u>561 038 505</u>

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

EFG- Hermes Holding Company
(Egyptian Joint Stock Company)
Notes to the separate interim financial statements
For the period ended September 30, 2022
(In the notes all amounts are shown in EGP unless otherwise stated)

1- Description of business

1-1 Legal status

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

1-2 Purpose of the company

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

2- Basis of preparation

2-1 Statement of compliance

- These financial statements have been prepared in accordance with the Egyptian Accounting Standards and relevant Egyptian laws and regulations.
- The financial statements were authorized for issue in accordance with a resolution of the Board of directors on November 15, 2022.

2-2 Functional and presentation currency

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

2-3 Use of estimates and judgments

In preparing these consolidated financial statements, management has made judgements, estimates and assumptions that affect the application of the Group’s accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognized prospectively.

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

2-3-1 Fair value measurement

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

2-4 Consolidated financial statements

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

3- Cash and cash equivalents

	30/9/2022	31/12/2021
Cash on hand	684 026	252 868
Banks - current accounts	664 937 896	152 696 974
Banks - time deposits	1 880 709 185	--
Total	<u>2 546 331 107</u>	<u>152 949 842</u>
Deduct: Impairment loss	(201 745)	--
Balance	<u><u>2 546 129 362</u></u>	<u><u>152 949 842</u></u>

4- Investments at fair value through profit and loss	30/9/2022	31/12/2021
Mutual fund certificates	2 006 507 387	1 717 799 704
Equity securities	3 006 792	3 018 696
	<u>2 009 514 179</u>	<u>1 720 818 400</u>
	=====	=====
5- Due from subsidiaries & related parties	30/9/2022	31/12/2021
EFG- Hermes Advisory Inc.	775 634 525	--
Fleming CIIC Holding	28 606 024	28 682 917
EFG- Hermes IB Limited	265 163 813	908 886 213
EFG- Hermes Oman LLC	4 841 106	4 509 912
EFG- Hermes IFA Financial Brokerage	808 845	52 747
EFG- Hermes KSA	1 177 136	1 547 865
Egyptian Fund Management Group	61 653 137	10 134 594
EFG- Hermes Holding – Lebanon	2 522 896	2 028 387
EFG- Hermes Direct Investment Fund	--	23 035
EFG- Hermes Management	829 329	578 190
EFG- Hermes USA	530 200	276 792
EFG- Hermes Jordan	232 244	772 762
EFG – Hermes Frontier Holdings LLC	187 159 434	--
EFG- Hermes Brokerage – UAE LLC.	3 031 486	4 328 144
OLT Investment International S.A.B	131 750	458 561
EFG Hermes FI Limited	385 652 939	297 134 188
Beaufort Asset Management Company	15 029 411	8 056 358
EFG-Hermes Securitization	9 664	49 961
EFG Hermes PE Holding LLC	180 888 614	576 706
Hermes securities brokerage	3 107 276	10 362 796
Bayonne Enterprises Ltd.	--	9 948 655
EFG- Hermes – UAE Limited Company	77 835	13 685 709
Beaufort Management LTD.	--	618 438
EFG Finance Holding	353 853 416	198 588 030
EFG-Hermes SP Limited	2 252 610	--
Fleming CIIC Securities	104 760	--
Fleming AL Mansour Securities	104 760	--
EFG- Hermes Global CB Holding Limited	969 818 705	289 849 500
Hermes portfolio fund management	662 973	--
EFG-Hermes International Securities Brokerage	130 645 030	--
EFG - Hermes Mena Securities Ltd.	18 368	--
Beaufort Investments Company	60 162	--
	<u>3 374 608 448</u>	<u>1 791 150 460</u>
Total	3 374 608 448	1 791 150 460
Impairment	(82 109 849)	(82 109 849)
	=====	=====
Balance	3 292 498 599	1 709 040 611

6- Other debit balances

	30/9/2022	31/12/2021
Accrued revenues	--	7 771 422
Taxes withheld by others	3 538 890	2 798 079
Deposits with others	1 458 827	1 458 827
Prepaid expenses	12 924 838	7 711 794
Employees advances	3 336 004	1 341 793
Down payments to suppliers	24 337 110	7 020 983
Sundry debtors	2 205 796	25 056 264
Payments for investment	--	314 200 000
	<hr/>	<hr/>
Balance	47 801 465	367 359 162
	<hr/> <hr/>	<hr/> <hr/>

7- Due to subsidiaries & related parties

	30/9/2022	31/12/2021
Arab Visual Company	1 250 500	1 250 500
Hermes Corporate Finance Co.	8 656 100	8 785 386
EFG- Hermes Fixed Income	5 619 857	5 860 675
EFG- Hermes Regional Investments Ltd.	69 393 476	--
Finance Group for Securitization	3 742 359	3 885 743
EFG- Hermes Syria LTD	7 912 165	7 912 165
EFG- Hermes – Lebanon – S.A.L.	108 311 458	87 081 525
EFG-Hermes International Securities Brokerage	--	83 069 199
EFG - Hermes Promoting & Underwriting	129 782 722	200 459 203
EFG - Hermes Int. Fin Corp	2 633 829	--
EFG Hermes for Sukuk	8 928 523	9 047 771
EFG - Hermes Mena Securities Ltd.	--	16 644 835
EFG- Hermes Private Equity	909 430	910 220
Beaufort Investments Company	--	316 049
Bayonne Enterprises Ltd.	7 778 935	--
Hermes portfolio fund management	--	94 901 766
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Balance	354 919 354	520 125 036
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8- Bank overdraft

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

- During year 2021 a pledged governmental bond contract has been signed to obtain a credit facility. The balance of facility as at 30 September 2022 is EGP 1 070 million.

- During year 2021 a pledged Treasury bills contract has been signed to obtain a credit facility. The balance of facility as at 30 September 2022 is EGP 732 million.

9- Creditors and other credit balances

	30/9/2022	31/12/2021
Social Insurance Authority	744 101	576 249
Accrued expenses	50 987 559	162 714 639
Clients coupons - custody activity	292 504 444	12 321 329
Unearned revenues (Note no. 28)	23 647 720	18 114 684
Dividends payable prior years	65 275 340	86 019 841
Medical Takaful Insurance Tax	9 931 621	3 799 113
Sundry credit balances	95 635 212	83 129 259
Tax Authority	16 210 384	24 207 168
	<hr/>	<hr/>
Balance	554 936 381	390 882 282
	<hr/> <hr/>	<hr/> <hr/>

10- Claims provision

	30/9/2022	31/12/2021
Balance at the beginning of the period/year	198 450 184	160 000 000
Amounts used during the period/year	--	(1 549 816)
Amounts formed during the period/year	--	40 000 000
	<hr/>	<hr/>
Balance at the end of the period/year	198 450 184	198 450 184
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11- Loans to subsidiaries

Company's name	Currency	Loan Value	Loan date	Maturity date	30/9/2022	31/12/2021
EFG- Hermes Jordan	US\$	500 thousand	1/3/2020	28/2/2024	9 770 000	7 855 000
„	US\$	500 thousand	1/3/2020	28/2/2024	9 770 000	7 855 000
„	US\$	1.4 million	1/9/2020	31/8/2024	27 591 010	22 181 436
EFG- Hermes Brokerage – UAE LLC.	US\$	500 thousand	28/7/2020	28/7/2025	9 770 000	7 855 000
EFG Hermes Corp-Solutions	US\$	25 million	24/2/2020	23/2/2025	97 699 895	99 498 244
„	US\$	2.8 million	15/4/2022	14/4/2027	54 712 000	--
„	US\$	5 million	15/4/2022	14/4/2027	97 700 000	--
„	EGP	240 million	21/12/2021	20/12/2026	--	240 000 000
„	EGP	50 million	1/11/2021	31/10/2026	--	50 000 000
„	EGP	25 million	16/11/2020	15/11/2025	--	25 000 000
Hermes Securities Brokerage	US\$	13.6 million	12/4/2022	11/4/2027	21 494 000	--
EFG Finance Holding	EGP	450 million	31/8/2021	30/8/2026	--	75 000 000
Total					<u>328 506 905</u>	<u>535 244 680</u>
current portion of loans to subsidiaries					--	37 891 435
Non- current portion of loans to subsidiaries					<u>328 506 905</u>	<u>497 353 245</u>
					<u>328 506 905</u>	<u>535 244 680</u>

12- Investments at fair value through OCI

	30/9/2022	31/12/2021
Non- current investments		
Equity securities	17 289 550	17 289 550
Mutual fund certificates	74 331 304	65 416 957
Debt instruments – bond *	1 020 999 842	1 153 871 627
	<u>1 112 620 696</u>	<u>1 236 578 134</u>
Current investments		
Debt instruments – treasury bills *	792 350 459	821 750 508
Balance	<u>1 904 971 155</u>	<u>2 058 328 642</u>
Investments at fair value through OCI are represented in the following:		
Quoted investments	1 053 780 705	1 182 576 697
Non- quoted investments	851 190 450	875 751 945
	<u>1 904 971 155</u>	<u>2 058 328 642</u>

* Note no (8).

13- Investment property

	Buildings
Cost	
Balance as at 1/1/2022	157 639 818
Total cost as at 30/9/2022	<u>157 639 818</u>
Total cost as at 1/1/2021	<u>157 639 818</u>
Total cost as at 30/9/2021	<u>157 639 818</u>
Accumulated depreciation	
Accumulated depreciation as at 1/1/2022	37 833 557
Depreciation for the period	4 729 195
Accumulated depreciation as at 30/9/2022	<u>42 562 752</u>
Accumulated depreciation as at 1/1/2021	31 527 964
Depreciation for the period	4 729 195
Accumulated depreciation as at 30/9/2021	<u>36 257 159</u>
Net carrying amount	
Net carrying amount as at 30/9/2022	<u>115 077 066</u>
Net carrying amount as at 30/9/2021	<u>121 382 659</u>
Net carrying amount as at 31/12/2021	<u>119 806 261</u>

- Investment property represents the area owned by EFG-Hermes Holding Company in Nile city building, the fair value of the investment amounted EGP 434 275 000 as at 30 September, 2022.

14- Investments in subsidiaries

Company's name	Nationality	Share percentage %	Currency of payment	Carrying amount	
				30/9/2022	31/12/2021
EFG- Hermes International Securities Brokerage	Egyptian	99.87	EGP	54 781 031	49 234 043
Hermes Securities Brokerage	Egyptian	97.58	EGP	252 933 274	238 717 858
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	47 384 082	30 500 904
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\$	730 364 341	715 802 487
EFG- Hermes Holding Lebanon – S.A.L.	Lebanon	99	US\$	153 713	153 713
EFG- Hermes – KSA	Saudi	73.1	US\$	96 008 400	95 644 539
EFG- Hermes – Lebanon – S.A.L.	Lebanon	99	US\$	27 564 787	27 564 787
EFG- Hermes Regional Investments Ltd. *	Cayman Islands	100	US\$	395 575 358	393 392 189
EFG- Hermes Jordan	Jordanian	100	US\$	33 610 631	33 610 631
Finance Group for Securitization.	Egyptian	99.999	EGP	4 999 995	4 999 995
EFG-Direct Investment Fund	Egyptian	64	EGP	640 000	640 000
EFG- Hermes IB Limited	Cayman Islands	100	US\$	921 560 008	921 560 008
EFG - Hermes Frontier Holdings	Emirates	100	US\$	44 372 849	31 244 807
EFG – Hermes USA	American	100	US\$	44 834 687	43 379 240
EFG Finance Holding S.A.E **	Egyptian	99.82	EGP	729 904 819	724 387 039
Etkan for Inquiry and Collection and Business processes **	Egyptian	0.002	EGP	100	100
EFG-Hermes PE Holding	Emirates	100	US\$	318 916 046	3 078 670
EFG- Hermes Global CB Holding Limited	Cayman Islands	100	US\$	29 313 901	387 407 037
OLT Investment International S.A.B	Bahrain	99.9	BHD	63 720 196	63 720 196
EFG - Hermes Int. Fin Corp	Cayman Islands	100	US\$	16	16
EFG Hermes for Sukuk	Egyptian	90	EGP	9 000 000	9 000 000
Egyptian Fund Management Group	Egyptian	88.512	EGP	19 196 829	12 867 003
Hermes portfolio fund management	Egyptian	78.81	EGP	14 986 546	12 744 973
Bayonne Enterprises Ltd.	BVI	100	EGP	6	6
Fleming CIIC Holding	Egyptian	100	EGP	100 000 000	100 000 000
Arab Investment Bank	Egyptian	51	EGP	2 551 048 598	2 551 048 598
Total				6 508 035 714	6 467 864 339
Impairment				(176 767 224)	(176 767 224)
Balance				6 331 268 489	6 291 097 115

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

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

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

15- Fixed assets

	Land*	Buildings*	Office furniture & equipment	Computer equipment	Vehicles & transportation means	Fixtures	Total
Cost							
Balance as at 1/1/2022	18 597 100	244 159 870	40 201 432	103 651 179	13 913 187	6 848 290	427 371 058
Additions during the period	--	--	1 843 094	13 052 714	--	--	14 895 808
Disposals during the period	--	--	(1 718 350)	(2 412 908)	--	--	(4 131 258)
Total cost as at 30/9/2022	18 597 100	244 159 870	40 326 176	114 290 985	13 913 187	6 848 290	438 135 608
Balance as at 1/1/2021	18 597 100	244 159 870	31 894 711	98 225 761	15 484 320	6 538 712	414 900 474
Additions during the period	--	--	4 846 515	2 126 882	--	--	6 973 397
Disposals during the period	--	--	--	--	(1 571 133)	--	(1 571 133)
Total cost as at 30/9/2021	18 597 100	244 159 870	36 741 226	100 352 643	13 913 187	6 538 712	420 302 738
Accumulated depreciation							
Accumulated depreciation as at 1/1/2022	--	72 919 854	27 683 611	79 161 569	10 967 349	5 654 898	196 387 281
Depreciation during the period	--	5 896 461	3 068 010	7 277 424	1 610 889	396 832	18 249 616
Accumulated depreciation for disposal	--	--	(1 678 016)	(2 097 188)	--	--	(3 775 204)
Accumulated depreciation as at 30/9/2022	--	78 816 315	29 073 605	84 341 805	12 578 238	6 051 730	210 861 693
Accumulated depreciation as at 1/1/2021	--	65 057 906	24 611 850	68 148 357	10 064 117	5 187 705	173 069 935
Depreciation during the period	--	5 896 461	1 922 683	7 858 941	1 904 751	350 395	17 933 231
Accumulated depreciation for disposal	--	--	--	--	(1 571 133)	--	(1 571 133)
Accumulated depreciation as at 30/9/2021	--	70 954 367	26 534 533	76 007 298	10 397 735	5 538 100	189 432 033
Net carrying amount							
Net carrying amount as at 30/9/2022	18 597 100	165 343 555	11 252 571	29 949 180	1 334 949	796 560	227 273 915
Net carrying amount as at 30/9/2021	18 597 100	173 205 503	10 206 693	24 345 345	3 515 452	1 000 612	230 870 705
Net carrying amount as at 31/12/2021	18 597 100	171 240 016	12 517 821	24 489 610	2 945 838	1 193 392	230 983 777

* Land and buildings items represent the headquarter of the Company in Smart Village Building according to the signed sale and lease contract for the whole land and building of the company in Smart Village between EFG – Hermes Holding Company and both EFG-Hermes Emirates NBD Leasing Company (a subsidiary) and EFG Hermes Corp-Solutions (Note no. (26)).

16- Intangible assets

	Software license
Cost	
Balance as at 1/1/2022	42 143 855
Additions during the period	3 432 244
	<hr/>
Total cost as at 30/9/2022	45 576 099
	<hr/>
Balance as at 1/1/2021	35 276 979
Additions during the period	1 761 466
	<hr/>
Total cost as at 30/9/2021	37 038 445
	<hr/>
Accumulated amortization	
Accumulated amortization as at 1/1/2022	21 019 811
Amortization during the period	6 741 152
	<hr/>
Accumulated amortization as at 30/9/2022	27 760 963
	<hr/>
Accumulated amortization as at 1/1/2021	12 354 232
Amortization during the period	6 120 404
	<hr/>
Accumulated amortization as at 30/9/2021	18 474 636
	<hr/>
Net carrying amount	
Net carrying amount as at 30/9/2022	17 815 136
	<hr/> <hr/>
Net carrying amount as at 30/9/2021	18 563 809
	<hr/> <hr/>
Net carrying amount as at 31/12/2021	21 124 044
	<hr/> <hr/>

17- Share capital

- The company's authorized capital amounts EGP 6 billion and issued capital amounts EGP 3,843,091,115 distributed on 768,618,223 shares of par value EGP 5 per share which is fully paid.
- The company's General Assembly approved in its session held on May 20, 2021 to increase the company's issued capital from EGP 3,843,091,115 to EGP 4,611,709,340 distributed on 922,341,868 shares with an increase amounting to EGP 768,618,225 by issuing 153,723,645 shares with par value EGP 5 through the issuance of one free share for every five shares. This increase is transferred from the company retained earnings that presented in December 31, 2020 financial statements. The required procedures had been taken to register the increase in the Commercial Register.
- On 28th September 2021, the Company's General Assembly approved the increase in issued capital from EGP 4,611,709,340 to EGP 4,865,353,355 representing an increase of EGP 253,644,015 distributed on 50,728,803 shares having a par value of EGP 5 per share, The issuance of the capital increase shares were financed from the share premium reserve for the purpose of the Remuneration & Incentive Program of the Employees, Managers & Executive Board Members of the Company and its subsidiaries. The commercial register was updated and the issued shares were allocated under the Remuneration & Incentive Program of the Employees of the Company, and the Beneficiary of the program will be entitled to attend the Ordinary and Extraordinary General Shareholders of the Company and to vote on its resolutions upon the transfer of ownership of the Granted Shares to the Beneficiary.
- The company's General Assembly approved in its session held on May 19, 2022 to increase the company's issued capital from EGP 4,865,353,355 to EGP 5,838,424,030 distributed on 1,167,684,806 shares with an increase amounting to EGP 973,070,675 by issuing 194,614,135 shares with par value EGP 5 through the issuance of one free share for every five shares. This increase is transferred from the company retained earnings that presented in December 31, 2021 financial statements. The required procedures had been taken to register the increase in the Commercial Register.

18- Contingent liabilities & commitments

The Company guarantees its subsidiaries – EFG-Hermes International Securities Brokerage, 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 445 107 666).

19- Dividend income

	2022		2021	
	For the period from 1/7/2022 to 30/9/2022	For the period from 1/1/2022 to 30/9/2022	For the period from 1/7/2021 to 30/9/2021	For the period from 1/1/2021 to 30/9/2021
Income from investments at fair value through OCI	--	--	10 109 400	10 109 400
Income from investments at fair value through profit and loss	1 282	12 252	4 325 761	4 533 794
Income from investments in subsidiaries	154 720 000	2 596 720 000	--	212 085 000
Total	<u>154 721 282</u>	<u>2 596 732 252</u>	<u>14 435 161</u>	<u>226 728 194</u>

20- General administrative expenses

	2022		2021	
	For the period from 1/7/2022 to 30/9/2022	For the period from 1/1/2022 to 30/9/2022	For the period from 1/7/2021 to 30/9/2021	For the period from 1/1/2021 to 30/9/2021
Wages , salaries and similar items*	56 057 870	155 897 379	36 402 457	119 300 469
Consultancy	2 558 836	14 554 080	2 803 680	11 747 605
Travel , accommodation and transportation	1 657 902	2 997 459	202 402	420 788
Leased line and communication	1 665 373	3 883 625	895 176	3 667 751
Rent and utilities expenses	5 827 481	12 509 089	5 000 513	12 185 770
Other expenses	38 538 170	121 034 605	31 119 046	61 752 091
Total	<u>106 305 632</u>	<u>310 876 237</u>	<u>76 423 274</u>	<u>209 074 474</u>

* Share-based payments.

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

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

The equity instruments for share-based payment are recognized at fair value on the grant date and are record in the income statement with a corresponding increase in equity. The value of expenses charged to the income statement during the third quarter of year 2022 amounted EGP 28 170 696 in return for an increase in shareholders' equity by the same amount.

Equity instruments during the period/ year represents the following:

	For the period ended 30/9/2022	For the year ended 31/12/2021
Shares granted at the beginning of the period/year	48 504 101	--
Free shares distributed during the period/year	9 700 821	--
Shares granted during the period/ year to the employees of the Holding company	--	12 174 382
Shares granted during the period/ year to the employees of the subsidiaries	--	36 329 719
	<u>58 204 922</u>	<u>48 504 101</u>
Total at the end of the period/ year	=====	=====

21- Cash and cash equivalents

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

	For the period ended 30/9/2022	For the year ended 31/12/2021
Cash and cash equivalents as presented in the statement of financial position	2 546 331 107	152 949 842
Banks overdraft	(3 215 651 588)	(2 811 098 701)
Effect of exchange rate changes	--	158 009 027
Cash and cash equivalents (adjusted)	<u>(669 320 481)</u>	<u>(2 500 139 832)</u>
	=====	=====

22- Deferred tax liabilities

Deferred tax liabilities are attributable to the following:

	30/9/2022	31/12/2021
	Liability (Asset)	Liability (Asset)
(A) Deferred tax		
Fixed assets' (depreciation)	3 540 505	4 604 524
Investment property (depreciation)	4 167 602	2 128 137
Intangible assets (amortization)	(4 672 802)	(2 778 032)
Investment property (revaluation reserve)	(1 867 147)	(1 867 147)
Investments at fair value	163 706 134	100 244 962
	<u>164 874 292</u>	<u>102 332 444</u>
	=====	=====
(B) Deferred tax recognized directly in equity		
	30/9/2022	31/12/2021
Investments at fair value through OCI *	165 743 064	190 172 753
	<u>330 617 356</u>	<u>292 505 198</u>
	=====	=====

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

23- Other income

Other income item presented in the income statement includes the value of rental for some affiliated companies, (Note 28) and also includes the value of rental spaces owned by the Company in Nile City building.

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

	2022		2021	
	For the period from 1/7/2022 to 30/9/2022	For the period from 1/1/2022 to 30/9/2022	For the period from 1/7/2021 to 30/9/2021	For the period from 1/1/2021 to 30/9/2021
Investments at fair value through profit and loss	--	--	--	(48 666 710)
Investments at fair value through OCI	--	--	--	(370 529)
Investments in subsidiaries	94 118 920	231 733 365	23 810 468	28 449 650
	<u>94 118 920</u>	<u>231 733 365</u>	<u>23 810 468</u>	<u>(20 587 589)</u>
	=====	=====	=====	=====

25- Earnings per share

	2022		2021	
	For the period from 1/7/2022 to 30/9/2022	For the period from 1/1/2022 to 30/9/2022	For the period from 1/7/2021 to 30/9/2021	For the period from 1/1/2021 to 30/9/2021
Profit for the period	388 036 797	3 240 532 154	(180 706 558)	126 614 112
Weighted average number of shares	1 167 684 806	1 167 684 806	1 107 256 209	1 107 256 209
Earnings per share	0.33	2.78	(0.16)	0.11

26- Finance lease liabilities

	30/9/2022	31/12/2021
Current portion of finance lease liabilities	70 704 625	65 932 783
Non- Current portion of finance lease liabilities	80 890 489	133 441 883
Total	151 595 114	199 374 666

* Note no. (15).

27- Tax status

- As to Income Tax, the years till 2019 the competent Tax Inspectorate inspected the parent company's books and all the disputed points have been settled with the Internal Committee. And as to years 2020, 2021, have not been inspected yet.
- As to Salaries Tax, the parent company's books had been examined till 2019 and all the disputed points have been settled with the Internal committee and as to years 2020 till 2021 have not been inspected yet.
- As to Stamp Tax, the parent company's books had been examined from year 1998 till 2018 and all the disputed points have been settled with the competent Tax Inspectorate and as to years 2019 till 2021 have not been inspected yet.
- As to Property Tax, for Smart Village building the company paid tax till December 31, 2021 and for Nile City building the company paid tax till December 31, 2022.

28- Related party transactions

The related parties transactions are represented in the following:

- Other income item an amount of EGP 24 792 750 which represents the value of rental spaces for some affiliated companies.
- Interest income item presented in the income statement includes an amount of EGP 14 755 224 represent the interest on subordinated loan to EFG-Hermes Corp solutions, an amount of EGP 8 619 687 represent the interest on subordinated loan to Valu, and an amount of EGP 344 189 represent the interest on subordinated loan to EFG-Hermes UAE, an amount of EGP 573 999 represent the interest on subordinated loan to Hermes Securities Brokerage.
- The company grants support loans to some companies for purpose of providing financial leverage (Note no. 11).
- Creditors and other credit balances item includes an amount of EGP 13 826 250 presented the unearned revenue which the value of rental spaces for some subsidiaries companies (Note no. 9).

29- Financial instruments and management of related risks:

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

29/1 Market risk

A. Foreign currencies risk

- The foreign currencies exchange risk represents the risk of fluctuation in exchange rates, which in turn affects the Company's cash inflows and outflows as well as the value of its assets and liabilities in foreign currencies.
- As at the financial position date the Company has assets and liabilities in foreign currencies equivalent to EGP 7 284 625 902 and EGP 268 460 612 respectively. The Company's net exposures in foreign currencies as at the financial position date are as follows:

	Surplus/Deficit
	EGP
USD	6 868 523 523
EURO	147 135 837
AED	(1 838 149)
GBP	1 954 589
CHF	307 788
SAR	81 702

The company has used the prevailing exchange rates to revalue 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.

29/2 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.

29/3 Liquidity risk

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

29/4 Capital risk

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

29/5 Financial instruments' fair value

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

29/6 Derivative financial instruments and hedge accounting

Derivatives are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at their fair value according to the valuation basis applied, in accounting policies to derivative financial instrument.

30- Significant accounting policies applied

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

Investments at fair value through OCI are valued at fair value, with any resultant gain or loss being recognized in equity, except for impairment losses which is recognized (note 30-6) in the income statement. When these investments are derecognized, the cumulative gain or loss previously recognized directly in equity is recognized in the income statement. The fair value of investments available-for-sale, is based on quoted price of the exchange market at the financial position date, investments that are not quoted, and whose fair value cannot be measured reliably are valued by accepted valuation techniques including the use of new objective techniques or discounted cash flow analysis or option pricing models or other valuation techniques – if the Company cannot estimate the fair value, it can be stated at cost less impairment loss.

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 its 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

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.

30-6 Impairment

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.

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 Employees benefits

30-17-1 Share based payments

Equity settled transactions

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

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

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

30-18 Leases

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

30-18-1 As a lessee

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

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

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

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

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

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

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

fixed payments, including in-substance fixed payments;
variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
amounts expected to be payable under a residual value guarantee;
and the exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

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

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

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

Short-term leases and leases of low-value assets

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

30-18-2 As a lessor

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

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

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

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

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

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

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