EFG - Hermes Holding Company
(Egyptian Joint Stock Company)

Separate financial statements
for the year ended December 31, 2018
&
Auditor's Report

Contents

KPMG

Hazem Hassan
Public Accountants & Consultants

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AUDITOR'S REPORT

To the shareholders of EFG - Hermes Holding Company

Report on the Financial Statements

We have audited the accompanying separate financial statements of EFG - Hermes Holding Company (Egyptian Joint Stock Company) which comprise the separate statement of financial position as at 31 December 2018, and the separate statements of income, comprehensive income, changes in equity and cash flows for the financial year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

KPMG

Hazem Hassan

Opinion

In our opinion, the separate financial statements referred to above present fairly, in all material respects, the financial position of EFG - Hermes Holding Company as of December 31, 2018 and of its financial performance and its cash flows for the year then ended in accordance with the Egyptian Accounting Standards and the Egyptian laws and regulations relating to the preparation of these financial statements.

Report on Other Legal and Regulatory Requirements

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

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

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

KPMG Hazem Hassan

Cairo, March 19 , 2019

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

	Note no.	31/12/2018	31/12/2017
(in EGP)			
Assets			
Non - current assets			
Loans to subsidiaries	(10,27)	50 148 000	75 000 000
Available -for- sale investments	(11)	1 591 834 264	1 922 723 943
Investment property	(12)	138 723 040	145 028 633
Investments in subsidiaries	(13)	3 973 818 087	3 219 434 671
Fixed assets	(14,27)	37 194 682	24 917 460
Intangible assets	(15)	16 977 934	-
Total non - current assets		5 808 696 007	5 387 104 707
Current assets			
Cash and cash equivalents	(3,20)	174 435 580	528 196 987
Investments at fair value through profit and loss	(4)	97 185 840	381 454 106
Due from subsidiaries & related parties	(5)	4 658 742 845	5 682 243 998
Other debit balances	(6,27)	92 559 767	295 767 005
Current portion of loans to subsidiaries	(10,27)	12 537 000	8 875 000
Total current assets		5 035 461 032	6 896 537 096
Total assets		10 844 157 039	12 283 641 803
Equity			
Issued & paid - in capital	(16)	3 843 091 115	3 074 472 890
Legal reserve		773 338 368	1 537 236 445
Other reserves		2 707 945 529	2 909 155 602
Retained earnings		879 457 876	288 901 218
Total equity		8 203 832 888	7 809 766 155
Liabilities			
Non - current liabilities			
Deferred tax liabilities	(22)	241 438 014	261 664 650
Total non - current liabilities		241 438 014	261 664 650
Current liabilities			
Banks' overdraft		-	199 999 990
Due to subsidiaries & related parties	(7)	1 818 268 222	3 270 283 559
Current tax liability	(21)	54 829 276	164 998 756
Creditors and other credit balances	(8,27)	415 624 168	453 928 693
Claims provision	(9)	110 164 471	123 000 000
Total current liabilities		2 398 886 137	4 212 210 998
Total liabilities		2 640 324 151	4 473 875 648
Total equity and liabilities		10 844 157 039	12 283 641 803

The accompanying notes and accounting policies from page (6) to page (35) are an integral part of these financial statements and are to be read therewith.

" Auditor's 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 year ended 31/12/2018	For the year ended 31/12/2017
Revenues			
Dividend income	(18)	357 869 089	11 474 880
Custody activity income		17 190 789	18 453 374
Treasury bills interest		470 784	105 234 937
Interest income	(27)	19 350 013	97 705 192
Net changes in the fair value of investments at fair value through profit and loss		7 052 700	15 633 484
Gains on sale / redemptions of investments	(24)	627 755 081	183 195 711
Gains on sale of fixed assets	(27)	18 072 735	3 002 462
Gains on sale of investment property	(27)	11 414 341	1 628 916
Foreign currencies exchange differences	(29-1)	20 916 088	(38 758 449)
Other income	(23,27)	70 960 644	104 718 464
Total revenues		1 151 052 264	502 288 971
Expenses			
Finance cost		(31 361 561)	(51 687 483)
General administrative expenses	(19)	(437 655 676)	(297 040 252)
Fixed asset's depreciation	(14)	(9 608 923)	(10 334 889)
Investment property depreciation	(12)	(6 305 593)	(9 473 593)
Intangible assets amortization	(15)	(980 121)	-
Claims provision	(9)	(2 164 471)	(9 241 614)
Total expenses		(488 076 345)	(377 777 831)
Profit before income tax		662 975 919	124 511 140
Current income tax	(21)	(54 562 406)	(194 700 975)
Deferred tax	(22)	(13 136 707)	164 592 785
Profit for the year		595 276 806	94 402 950
Earnings per share	(25)	0.77	0.12

The accompanying notes and accounting policies from page (6) to page (35) 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 year ended 31/12/2018**	**For the year ended 31/12/2017**
Profit for the year	595 276 806	94 402 950
Other comprehensive income:		
Available -for- sale investments - net change in fair value	(234 573 416)	(144 655 090)
Revaluation surplus of investment property	-	(7 151 547)
Tax related to comprehensive income items	33 363 343	46 348 843
Other comprehensive income, net of tax	(201 210 073)	(105 457 794)
Total comprehensive income for the year	394 066 733	(11 054 844)

The accompanying notes and accounting policies from page (6) to page (35) 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 for the year ended December 31, 2018

		Attributable to owners of the Company								
				Other reserves						
(in EGP)	Note no.	Issued & paid- in capital	Legal reserve	General reserve	Share premium	Fair value-available-for-sale investments	Revaluation surplus of fixed assets transferred to investment property	Hedging reserve	Retained earnings	Total equity
Balance as at 31 December, 2016		3 074 472 890	1 523 711 250	158 271	1 922 267 818	1 103 179 715	15 449 979	(26 442 387)	1 983 941 137	9 596 738 673
Total comprehensive income										
Profit for the year		-	-	-	-	-	-	-	94 402 950	94 402 950
Other comprehensive income items		-	-	-	-	(98 306 247)	(7 151 547)	-	7 151 547	(98 306 247)
Total comprehensive income		-	-	-	-	(98 306 247)	(7 151 547)	-	101 554 497	(3 903 297)
Transactions with owners of the Company										
Contributions and distributions										
Dividends		-	-	-	-	-	-	-	(1 783 069 221)	(1 783 069 221)
Transferred to legal reserve		-	13 525 195	-	-	-	-	-	(13 525 195)	-
Balance as at 31 December, 2017		3 074 472 890	1 537 236 445	158 271	1 922 267 818	1 004 873 468	8 298 432	(26 442 387)	288 901 218	7 809 766 155
Total comprehensive income										
Profit for the year		-	-	-	-	-	-	-	595 276 806	595 276 806
Other comprehensive income items		-	-	-	-	(201 210 073)	-	-	-	(201 210 073)
Total comprehensive income		-	-	-	-	(201 210 073)	-	-	595 276 806	394 066 733
Transferred to legal reserve		-	4 720 148	-	-	-	-	-	(4 720 148)	-
Transactions with owners of the Company										
Contributions and distributions										
Increase in paid-in capital	(16)	768 618 225	(768 618 225)	-	-	-	-	-	-	-
Balance as at 31 December, 2018		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

The accompanying notes and accounting policies from page (6) to page (35) 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

(in EGP)	Note no.	For the year ended 31/12/2018	For the year ended 31/12/2017
Cash flows from operating activities			
Profit before income tax		662 975 919	124 511 140
Adjustments for :			
Fixed assets depreciation		9 608 923	10 334 889
Gains on sale of fixed assets		(18 072 735)	(3 002 462)
Gains on sale of investment property		(11 414 341)	(1 628 916)
Investment property depreciation		6 305 593	9 473 593
Intangible assets amortization		980 121	-
Claims provisions formed		2 164 471	9 241 614
Claims provisions used		(15 000 000)	(825 614)
(Gains) loss on sale / redemptions of investments in subsidiaries		(550 027 144)	23 806 197
Net changes in the fair value of investments at fair value through profit and loss		(7 052 700)	(15 633 484)
Gains on sale of available -for- sale investments		(67 638 129)	(197 203 801)
Foreign currencies exchange differences		(20 916 088)	38 758 449
		(8 086 110)	(2 168 395)
Change in			
Investments at fair value through profit and loss		291 320 013	(1 889 674)
Treasury bills		-	426 758 496
Due from subsidiaries		1 240 613 693	(1 760 248 392)
Other debit balances		178 577 603	(7 588 099)
Due to subsidiaries		(1 434 256 365)	2 050 843 713
Current tax liability		-	(9 758 388)
Creditors and other credit balances		57 484 693	(151 093 372)
Income tax paid		(140 052 664)	(99 132 392)
Net cash provided from operating activities		185 600 863	445 723 497
Cash flows from investing activities			
Payments to purchase fixed assets		(22 676 145)	(13 747 906)
Proceeds from sale of fixed assets		1 795 900	90 317 504
Proceeds from sale of investment property		-	60 405 496
Payments to purchase intangible assets		(17 958 055)	-
Payments for loans to subsidiaries		(407 010 000)	(270 000 000)
Proceeds from loans to subsidiaries		428 280 000	545 000 000
Payments to purchase available -for- sale investments		(385 100)	(8 992 963)
Proceeds from sale of available -for- sale investments		164 339 492	306 647 688
Payments to purchase investments in subsidiaries		(428 281 937)	(481 516 359)
Proceeds from sale (liquidation) of investments in subsidiaries		6 813 225	-
Net cash (used in) provided from investing activities		(275 082 620)	228 113 460
Cash flows from financing activities			
Dividends payout		(67 713 716)	(1 710 760 090)
Payments to long term loans		-	(150 000 000)
Payments to short term loans		(248 162 593)	-
Proceeds from short term loans		248 162 593	-
Net cash used in financing activities		(67 713 716)	(1 860 760 090)
Net change in cash and cash equivalents during the year		(157 195 473)	(1 186 923 133)
Cash and cash equivalents at the beginning of the year	(20)	331 631 053	1 515 120 130
Cash and cash equivalents at the end of the year	(20)	174 435 580	328 196 997

Non-cash transactions:

- An amount of EGP 141 440 000 has been eliminated from both payments to purchase investments in subsidiaries and due from subsidiaries represents the Holding Company increase of its investments in EFG-Hermes IB Limited during the year.
- An amount of EGP 214 680 000 has been eliminated from both proceeds from sale of investments in subsidiaries and due from subsidiaries represents the Holding Company decrease of its investment in EFG - Hermes IB Limited.
- An amount of EGP 591 300 000 has been eliminated from both payments to purchase investments in subsidiaries and due from subsidiaries represents the Holding Company increase of its investment in EFG Finance Holding.
- An amount of EGP 734 202 540 has been eliminated from both proceeds from sale of investments in subsidiaries and due from subsidiaries represents the Holding Company redemption a part of its investment in EFG-Hermes Global CB Holding Limited.
- An amount of EGP 768 618 225 has been eliminated from the increase of paid-in capital as the capital has been decreased from the legal reserve.

The accompanying notes and accounting policies from page (6) to page (35) 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, and collection.
- The purpose of the company includes participation in the establishment of companies which issue securities or in increasing their share capital, custody activities and margin trading.

2- Basis of preparation

2-1 Statement of compliance

- These financial statements have been prepared in accordance with the Egyptian Accounting Standards and relevant Egyptian laws and regulations.
- The financial statements were authorized for issue in accordance with a resolution of the Board of Directors on March 18, 2019.

2-2 Functional and presentation currency

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

2-3 Use of estimates and judgments

In preparing these consolidated financial statements, management has made judgements, estimates and assumptions that affect the application of the Group's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognized prospectively.

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

2-3-1 Fair value measurement

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

(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

	31/12/2018	**31/12/2017**
Cash on hand	566 620	351 393
Banks - current accounts	110 760 029	170 185 089
Banks - time deposits	63 108 931	357 660 505
Balance	174 435 580	528 196 987

4- Investments at fair value through profit and loss

	31/12/2018	**31/12/2017**
Mutual fund certificates	96 457 500	380 838 017
Equity securities	728 340	616 089
Balance	97 185 840	381 454 106

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

5- Due from subsidiaries & related parties

	31/12/2018	31/12/2017
EFG- Hermes Advisory Inc.	769 987 405	1 035 890 480
Flemming CIIC Holding	1 737 271	1 320 030
EFG- Hermes IB Limited	1 643 633 868	3 474 521 051
EFG- Hermes Oman LLC	4 805 310	7 062 708
EFG- Hermes IFA Financial Brokerage	3 949 192	3 802 889
EFG- Hermes Promoting & Underwriting	--	216 328 720
EFG- Hermes KSA	42 579 367	56 515 440
Egyptian Fund Management Group	100 369 378	50 530 650
Bayonne Enterprises Ltd.	142 203 615	16 038 594
EFG- Hermes Holding – Lebanon	2 312 439	2 291 781
EFG- Hermes Direct Investment Fund	1 089 018	1 079 289
EFG- Hermes Leasing	9 767 992	5 011 039
Beaufort Investments Company	8 144 577	1 310 782
EFG- Hermes Private Equity	--	27 697 504
Hermes Securities Brokerage	51 390 037	--
EFG- Hermes USA	925 374	17 605 246
EFG- Hermes Jordan	168 155	784 733
EFG- Hermes Mena Securities Ltd.	7 898	73 836
EFG – Hermes Frontier Holdings LLC	399 128 495	136 088 159
EFG- Hermes UAE Ltd.	--	11 449 603
EFG- Hermes Brokerage – UAE LLC.	6 828 644	1 236 526
OLT Investment International S.A.B	3 473 738	653 570
EFG Finance Holding S.A.E	--	613 286 450
EFG SP Ltd.	--	1 575 533
EFG Hermes FI Limited	271 526 482	--
EFG- Hermes Factoring	341 384	--
EFG- Hermes Securitization	3 291	--
Beaufort Asset Management Company	339 374	89 385
Flemming Mansour Securities	61 152	--
Flemming CIIC Securities	61 152	--
EFG Hermes Global CB Holding Limited	864 265 918	--
EFG Hermes PE Holding LLC	329 411 205	--
Tanmeyah Micro Enterprise Services S.A.E	231 114	--
Balance	4 658 742 845	5 682 243 998

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

6- Other debit balances

	31/12/2018	31/12/2017
Accrued revenues	4 611 679	5 852 498
Taxes withheld by others	906 538	24 679 220
Deposits with others	1 428 827	1 095 827
Prepaid expenses	21 916 689	9 881 100
Employees advances	893 027	901 517
Down payments to suppliers	3 583 099	10 347 994
Sundry debtors	1 461 530	1 180 849
Down payments- leased assets (Note no. 27)	57 758 378	241 828 000
Balance	92 559 767	295 767 005

7- Due to subsidiaries & related parties

	31/12/2018	31/12/2017
EFG- Hermes Financial Management (Egypt) Ltd.	764 150 372	514 797 499
EFG- Hermes Regional Investments Ltd.	287 235 409	286 363 116
Arab Visual Company	1 250 500	1 250 500
Hermes Corporate Finance Co.	9 067 921	9 790 782
EFG- Hermes Fixed Income	6 586 792	6 623 808
Finance Group for Securitization	9 765 396	9 860 572
EFG- Hermes Management	26 829	174 052
EFG- Hermes Syria LLC	7 912 165	7 912 165
Egyptian Portfolio Management Group	79 725 029	68 254 909
EFG- Hermes – Lebanon – S.A.L.	99 276 264	98 389 374
Hermes Fund Management	24 708 492	26 403 981
Hermes Securities Brokerage	--	239 796 899
Financial Brokerage Group	44 046 230	31 722 255
Tanmeyah Micro Enterprise Services S.A.E	--	24 503
EFG- Hermes Global CB Holding Limited	--	1 968 919 144
EFG-Hermes SB Limited	54 419 410	--
EFG Finance Holding	206 191 256	--
EFG- Hermes Private Equity	117 549 779	--
EFG- Hermes UAE Ltd.	11 208 565	--
EFG - Hermes Promoting & Underwriting	95 147 813	--
Balance	1 818 268 222	3 270 283 559

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

8- Creditors and other credit balances

	31/12/2018	31/12/2017
Social Insurance Authority	421 523	367 231
Accrued expenses	190 821 104	178 298 216
Clients coupons - custody activity	10 929 475	9 686 372
Deferred capital gains (Note no. 27)	180 972 551	165 842 978
Unearned revenues (Note no. 27)	11 131 970	10 671 355
Dividends payable prior years	16 623 686	84 337 402
Medical Takaful Insurance Tax	22 834	--
Sundry credit balances	2 863 005	3 164 806
Tax Authority	1 838 020	1 560 333
Balance	415 624 168	453 928 693

9- Claims provision

	31/12/2018	31/12/2017
Balance at the beginning of the period / year	123 000 000	114 584 000
Amounts formed during the period / year	2 164 471	9 241 614
Amounts used during the period / year	(15 000 000)	(825 614)
Balance at the end of the period / year	110 164 471	123 000 000

10- Loans to subsidiaries

Company's name	Currency	Loan value	Loan date	Maturity date	31/12/2018	31/12/2017
Hermes Securities Brokerage	EGP	150 million	2/1/2017	1/1/2019	--	25 000 000
"	"	50 million	11/12/2017	20/12/2020	--	50 000 000
EFG- Hermes Jordan	US$	500 thousand	1/3/2018	28/2/2020	8 955 000	8 875 000
EFG-Hermes Factoring	US$	700 thousand	27/9/2018	31/3/2019	12 537 000	--
	US$	2.5 million	27/9/2018	27/9/2020	41 193 000	--
Total					62 685 000	83 875 000
Current portion of loans to subsidiaries					(12 537 000)	(8 875 000)
Balance					50 148 000	75 000 000

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

11- Available -for- sale investments

	31/12/2018	31/12/2017
Equity securities	123 651 760	304 603 666
Mutual fund certificates	1 468 182 504	1 618 120 277
Balance	1 591 834 264	1 922 723 943

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

	31/12/2018	31/12/2017
Quoted investments	216 903 229	408 885 633
Non- quoted investments	1 374 931 035	1 513 838 310
	1 591 834 264	1 922 723 943

12- Investment property

	31/12/2018	31/12/2017
	Buildings	Buildings
Balance as at 1 January	157 639 818	253 639 818
Disposals during the year	--	(96 000 000)
Total cost as at 31 December	157 639 818	157 639 818
Accumulated depreciation as at 1 January	12 611 185	9 761 592
Depreciation for the year	6 305 593	9 473 593
Disposal's accumulated depreciation	--	(6 624 000)
Accumulated depreciation as at 31 December	18 916 778	12 611 185
Net carrying amount as at 31 December	138 723 040	145 028 633

Investment property amounted EGP 138 723 040 as at 31 December 2018, represents the book value of the area owned by EFG – Hermes Holding Company in Nile City building.

(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 31/12/2018	Carrying amount 31/12/2017
Financial Brokerage Group Co.	Egyptian	99.87	EGP	41 838 060	41 838 060
Egyptian Portfolio Management Group	Egyptian	66.33	EGP	3 316 500	3 316 500
Hermes Securities Brokerage	Egyptian	97.58	EGP	219 763 969	219 763 969
Hermes Fund Management	Egyptian	89.95	EGP	6 439 709	6 439 709
Hermes Corporate Finance Co.	Egyptian	99.37	EGP	5 476 029	5 476 029
EFG- Hermes Advisory Inc.	BVI	100	US$	6	6
EFG- Hermes Promoting & Underwriting	Egyptian	99.88	EGP	7 990 000	7 990 000
EFG- Hermes Fixed Income	Egyptian	99	EGP	9 900 000	9 900 000
EFG- Hermes Management	Egyptian	96.3	EGP	1 249 490	1 249 490
EFG- Hermes Private Equity *	BVI	1.59	US$	39 975	39 975
EFG- Hermes – UAE Limited Company	Emirates	100	US$	750 510 000	464 270 000
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
EFG- Hermes Investment Funds Co.	Egyptian	99.998	EGP	--	6 399 800
Finance Group for Securitization.	Egyptian	99.999	EGP	9 999 990	9 999 990
Beaufort Investments Company	Luxembourg	100	EURO	6 098 812	6 098 812
EFG-Direct Investment Fund	Egyptian	64	EGP	640 000	640 000
EFG- Hermes IB Limited	Cayman Islands	100	US$	921 560 008	886 500 008
EFG - Hermes Frontier Holdings LLC	Emirates	100	US$	13 740 750	13 740 750
EFG – Hermes USA	American	100	US$	54 782 600	26 537 500
EFG Finance Holding S.A.E **	Egyptian	99.82	EGP	717 030 000	29 700 000
Etkan for Inquiry and Collection and Business processes **	Egyptian	0.002	EGP	100	--
EFG BI Holding***	Egyptian	100	EGP	895 500	--
EFG- Hermes Global CB Holding Limited ***	Cayman Islands	100	US$	664 454 800	957 343 622
OLT Investment International S.A.B	Bahrain	99.9	BHD	63 720 196	47 818 858
Balance				3 973 818 087	3 219 434 671

* 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.

*** The Company redemption a part of its investment in EFG-Hermes Global CB Holding Limited.

- 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 1/1/2017	12 597 100	154 159 871	19 331 584	52 403 267	9 697 491	4 202 747	252 392 060
Additions during the year	--	--	4 619 677	9 128 229	--	--	13 747 906
Disposals during the year	(12 597 100)	(154 159 871)	--	(13 569)	(634 556)	--	(167 405 096)
Total cost as at 31/12/2017	--	--	23 951 261	61 517 927	9 062 935	4 202 747	98 734 870
Balance as at 1/1/2018	--	--	23 951 261	61 517 927	9 062 935	4 202 747	98 734 870
Additions during the year	--	--	2 230 928	15 181 765	3 261 000	2 002 452	22 676 145
Disposals during the year	--	--	--	(41 360)	(1 528 911)	--	(1 570 271)
Total cost as at 31/12/2018	--	--	26 182 189	76 658 332	10 795 024	6 205 199	119 840 744
Accumulated depreciation							
Accumulated depreciation as at 1/1/2017	--	29 953 502	19 054 693	39 751 099	5 265 526	4 162 153	98 186 973
Depreciation during the year	--	4 239 398	470 730	4 450 940	1 161 937	11 884	10 334 889
Disposals accumulated depreciation	--	(34 192 900)	--	(8 142)	(503 410)	--	(34 704 452)
Accumulated depreciation as at 31/12/2017	--	--	19 525 423	44 193 897	5 924 053	4 174 037	73 817 410
Accumulated depreciation as at 1/1/2018	--	--	19 525 423	44 193 897	5 924 053	4 174 037	73 817 410
Depreciation during the year	--	--	1 244 945	6 859 930	1 384 709	119 339	9 608 923
Disposals accumulated depreciation	--	--	--	(41 360)	(738 911)	--	(780 271)
Accumulated depreciation as at 31/12/2018	--	--	20 770 368	51 012 467	6 569 851	4 293 376	82 646 062
Net book value							
Net book value as at 31/12/2017	--	--	4 425 838	17 324 030	3 138 882	28 710	24 917 460
Net book value as at 31/12/2018	--	--	5 411 821	25 645 865	4 225 173	1 911 823	37 194 682

* Land and buildings items represents headquarter of the Company in Smart Village Building. Note no. (27)

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

15- Intangible assets

	Intangible assets
Balance as at 1/1/2018	--
Additions during the year	17 958 055
Total cost as at 31/12/2018	17 958 055
Amortization during the year	980 121
Accumulated amortization as at 31/12/2018	980 121
Net book value as at 31/12/2018	16 977 934

- Intangible assets are represented in the amount of software program licenses.

16- Share capital

- The company's authorized capital amounts EGP 6 billion and issued capital amounts EGP 3,074,472,890 distributed on 614,894,578 shares of par value EGP 5 per share which is fully paid.
- The company's General Assembly approved in its session held on May 6, 2018 to increase the company's issued capital from EGP 3,074,472,890 to EGP 3,843,091,115 distributed on 768,618,223 shares with an increase amounting to EGP 768,618,225 by issuing 153,723,645 shares with par value EGP 5 through the issuance of one free share for every four shares. This increase is transferred from the company legal reserve that presented in December 31, 2017 financial statements. The required procedures had been taken to register the increase in the Commercial Register.

17- Contingent liabilities & commitments

The Company guarantees its subsidiaries – Financial Brokerage Group, Hermes Securities Brokerage, EFG- Hermes Jordan and EFG- Hermes Oman LLC – against the credit facilities granted from banks and EFG- Hermes Brokerage – UAE against the Letters of Guarantee granted from banks amounting to AED 118 670 000 (equivalent to EGP 578 623 053).

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

18- Dividend income

	For the year ended 31/12/2018	For the year ended 31/12/2017
Income from available - for- sale investments	13 101 589	11 466 702
Income from investments at fair value through profit and loss	--	8 178
Income from investments in subsidiaries	344 767 500	--
Total	357 869 089	11 474 880

19- General administrative expenses

	For the year ended 31/12/2018	For the year ended 31/12/2017
Wages , salaries and similar items	238 226 946	192 528 723
Consultancy	4 043 311	12 030 131
Travel , accommodation and transportation	9 749 295	11 226 447
Leased line and communication	14 233 438	11 652 872
Rent and utilities expenses	84 051 088	18 294 178
Other expenses	87 351 598	51 307 901
Total	437 655 676	297 040 252

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 year ended 31/12/2018	For the year ended 31/12/2017
Cash and cash equivalents as presented in the statement of financial position	174 435 580	528 196 987
Banks overdraft	--	(199 999 990)
Effect of exchange rate changes	--	3 434 056
Cash and cash equivalents (adjusted)	174 435 580	331 631 053

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

21- Reconciliation of effective tax rate

	31/12/2018	31/12/2017
Profit before tax	662 975 919	124 511 140
Add / (deduct):		
Fixed assets depreciation	(6 113 818)	(9 488 724)
Capital losses	4 833 455	386 800
Effect of provisions	2 164 471	21 915 711
Cost of financing and investment opposite to exempted revenues	33 431 540	7 810 642
Foreign currencies exchange differences	(59 674 537)	731 901 758
Tax exemptions	(420 830 015)	(10 624 128)
Medical Takaful Insurance Tax	22 834	--
Other additions	65 829 376	16 610 324
Other deductibles	(38 953 555)	(17 685 855)
Net tax base	243 685 670	865 337 668
Tax due	54 829 276	194 700 975
Prior year adjustments	(266 870)	--
Current income tax	54 562 406	194 700 975
Effective tax rate	8.27%	156.4%

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

22- Deferred tax liabilities

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

	31/12/2018 Liability(Asset)	31/12/2017 Liability(Asset)
(A) Deferred tax		
Fixed assets' (depreciation)	3 502 473	2 138 244
Investment property (depreciation)	1 064 069	1 287 526
Intangible assets (depreciation)	(116 980)	--
Foreign currencies exchange differences	4 706 120	(8 720 651)
Investment property (revaluation reserve)	(1 867 147)	(1 867 147)
Deferred capital gains	7 664 152	8 978 008
Net deferred tax liabilities	14 952 687	1 815 980

(B) Deferred tax recognized directly in equity

	31/12/2018	31/12/2017
Changes in the fair value of cash flow hedges *	(6 612 597)	(6 612 597)
Fair value of available-for-sale investments **	233 097 924	266 461 267
	226 485 327	259 848 670
Balance	241 438 014	261 664 650

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

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

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

23- 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 EFG – Hermes Holding Company in Nile City building.

24- Gains on sale / redemptions of investments

	For the year ended 31/12/2018	For the year ended 31/12/2017
Investments in subsidiaries	550 027 144	(23 806 197)
Investments at fair value through profit and loss	10 089 808	10 615 952
Available - for- sale investments	67 638 129	197 203 801
Treasury bills	--	(817 845)
Total	627 755 081	183 195 711

25- Earnings per share

	For the year ended 31/12/2018	For the year ended 31/12/2017
Profit for the year	595 276 806	94 402 950
Weighted average number of shares	768 618 223	768 618 223
Earnings per share	0.77	0.12

26- Tax status

- As to Income Tax, the years till 2016 the competent Tax Inspectorate inspected the parent company's books and all the disputed points have been settled with the Internal Committee. As to year 2017, have not been inspected yet.
- As to Salaries Tax, the parent company's books had been examined till 2008 and all the disputed points have been settled with the Internal Committee and as to years

2009 / 2012 the company's books had been examined and the settlement procedures are currently taking place, and as to years 2013 / 2018 have not been inspected yet.

- As to Stamp Tax, the parent company's books had been examined from year 1998 till 2016 and all the disputed points have been settled with the competent Tax Inspectorate and as to year 2017/ 2018 have not been inspected yet.

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 19 284 720 which represents the value of rental spaces for some affiliated companies.
- Interest income item presented in the income statement includes an amount of EGP 3 469 258 represent the interest on subordinated loan that granted from the Company to Hermes Securities Brokerage (a subsidiary – 97.58%), and an amount of EGP 200 625 represent the interest on subordinated loan to EFG-Hermes Leasing, and an amount of EGP 341 384 represent the interest on subordinated loan to EFG-Hermes Factoring.
- Loans to subsidiaries item as at December 31, 2018 presented in the statement of financial position represents in the loan granted to EFG- Hermes Jordan (a subsidiary – 100 %) with an amount of 500 000 USD (equivalent to EGP 8 955 000), and the loan granted to Hermes Securities Brokerage with an amount of 8 000 000 USD (equivalent to EGP 143 280 000), and the loan granted to EFG-Hermes Factoring with an amount of 3 000 000 USD (equivalent to EGP 53 730 000) (Note no. 10).
- Creditors and other credit balances item includes an amount of EGP 3 214 120 represents the unearned revenues from the affiliated companies for rental of Group's headquarter owned by the Company (Note no. 8).
- On 19 April, 2018 the Company has entered into a sale and lease back contract on the entire company's smart village land and building with Emirates NBD Leasing Company and EFG-Hermes Leasing (a fully owned subsidiary).

  Creditors and other credit balances item (Note no. 8) includes the related deferred capital gains that will be amortized on 7 years ending on November 2024. Other debit balances item (Note no. 6) includes the related down payments - leased assets that will be also amortized on 7 years ending on November 2024.

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

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.

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 6 039 337 087 and EGP 1 447 814 357 respectively. The Company's net exposures in foreign currencies as at the financial position date are as follows:

	Surplus / (deficit)
USD	4 316 295 629
EURO	257 239 441
AED	8 982 382
GBP	7 496 902
CHF	1 600 615
SAR	(92 239)

The Company has used the prevailing exchange rates to revaluate assets and liabilities at financial position date as disclosed in note (29-1) "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 Group deals with are only those enjoying high credit quality. The Group has policies that limit the amount of credit exposure to any one financial institution.

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 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.

29-1 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.

29-2 Property, plant and equipment

29-2-1 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.

29-2-2 Subsequent expenditure

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

29-2-3 Depreciation

Depreciation is calculated to write off the cost of items of property, plant and equipment less their estimated residual values using the straight-line method over their estimated useful lives, and is generally recognized in profit or loss. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Land is not depreciated. The estimated useful lives of property, plant and equipment for current and comparative periods are as follows:

	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

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

29-2-4 Reclassification to investment property

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

29-2-5 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.

29-2-6 Intangible assets

Intangible assets are recorded at historical cost less accumulated amortization and any impairment losses (note 29-7) ,intangible assets are amortized using the straight-line method and are recognized in profit or loss over their estimated useful lives.

29-3 Treasury bills

Treasury bills are recorded at nominal value and the unearned income is recorded under the item of "creditors and other credit balances". Treasury bills are presented on the financial position net of the unearned income.

29-4 Investments

29-4-1 Investments at fair value through profit and loss

An instrument is classified as at fair value through income statement if it is held for trading or is designated as such upon initial recognition. Financial instruments are designated at fair value through income statement if the Company manages such investments and makes purchase and sale decisions based on their fair value. Upon initial recognition, attributable transaction costs are recognized in income statement when incurred. Financial instruments at fair value through income statement are measured at fair value, and changes therein are recognized in income statement.

29-4-2 Available-for-sale financial investments

Available-for-sale financial assets are valued at fair value, with any resultant gain or loss being recognized in equity, except for impairment losses which is recognized (note 29-7) in the income statement. When these investments are derecognized, the cumulative gain or loss previously recognized directly in equity is recognized in the income statement. The fair value of investments available-for-sale, is based on quoted price of the exchange market at the financial position date, investments that are not quoted, and whose fair value cannot be measured reliably are valued by accepted valuation techniques including the use of new objective techniques or discounted cash flow analysis or option pricing models or other valuation techniques – if the Company cannot estimate the fair value, it can be stated at cost less impairment loss.

29-4-3 Investments in subsidiaries

Investments in subsidiaries and associates are valued at cost, the book value is amended by any impairment concerning the value of these investments (note 29-7). The impairment value is to be charged to the income statement for every investment individually.

29-4-4 Investment property

Investment property is measured at cost on initial recognition.
Subsequent to initial recognition investment property is measured at cost less accumulated depreciation and impairment loss, if any. Investment property is depreciated on a straight line basis over is useful life. The estimated useful life of investment property is 33.3 years.

29-5 Assets held for sale

Non-current assets, or disposal groups comprising assets and liabilities, are classified as held-for-sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use.
Any impairment loss on a disposal group is allocated first to goodwill, and then to the remaining assets and liabilities on a pro rata basis, except that no

loss is allocated to inventories, financial assets, deferred tax assets, employee benefit assets, investment property or biological assets, which continue to be measured in accordance with the Group's other accounting policies. Impairment losses on initial classification as held-for-sale or held-for distribution and subsequent gains and losses on remeasurement are recognised in profit or loss.

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

29-6 Financial instruments

The Group classifies non-derivative financial assets into the following categories: financial assets at fair value through profit or loss, held-to-maturity financial assets, loans and receivables and available-for-sale financial assets.

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

29-6-1 Non-derivative financial assets and financial liabilities – Recognition and Derecognition

The Group initially recognises loans and receivables and debt securities issued on the date when they are originated. All other financial assets and financial liabilities are initially recognised on the trade date when the entity becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in such derecognised financial assets that is created or retained by the Group is recognised as a separate asset or liability.

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

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

29-6-2 Non-derivative financial assets – Measurement

29-6-2-1 Financial assets at fair value through profit or loss

A financial asset is classified as at fair value through profit or loss if it is classified as held for-trading or is designated as such on initial recognition. Directly attributable transaction costs are recognised in profit or loss as incurred. Financial assets at fair value through profit or loss are measured at fair value and changes therein, including any interest or dividend income, are recognised in profit or loss.

29-6-2-2 Held-to-maturity financial assets

These assets are initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortised cost using the effective interest method.

29-6-2-3 Loans and receivables

These assets are initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortised cost using the effective interest method.

29-6-2-4 Available-for-sale financial assets

These assets are initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses and foreign currency differences on debt instruments are recognised in OCI and accumulated in the fair value reserve. When these assets are derecognised, the gain or loss accumulated in equity is reclassified to profit or loss.

29-6-3 Non-derivative financial liabilities – Measurement

A financial liability is classified as at fair value through profit or loss if it is classified as held-for-trading or is designated as such on initial recognition. Directly attributable transaction costs are recognized in profit or loss as incurred. Financial liabilities at fair value through profit or loss are measured at fair value and changes therein, including any interest expense, are recognized in profit or loss.

Other non-derivative financial liabilities are initially measured at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these liabilities are measured at amortised cost using the effective interest method.

29-6-4 Derivative financial instruments and hedge accounting

The Group holds derivative financial instruments to hedge its foreign currency and interest rate risk exposures. Embedded derivatives are separated from the host contract and accounted for separately if certain criteria are met.

Derivatives are initially measured at fair value; any directly attributable transaction costs are recognized in profit or loss as incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognized in profit or loss.

29-6-4-1 Cash flow hedges

When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognized in OCI and accumulated in the hedging reserve. Any ineffective portion of changes in the fair value of the derivative is recognized immediately in profit or loss.

The amount accumulated in equity is retained in OCI and reclassified to profit or loss in the same period or periods during which the hedged forecast cash flows affects profit or loss or the hedged item affects profit or loss.

If the forecast transaction is no longer expected to occur, the hedge no longer meets the criteria for hedge accounting, the hedging instrument expires or is sold, terminated or exercised, or the designation is revoked, then hedge accounting is discontinued prospectively. If the forecast transaction is no longer expected to occur, then the amount accumulated in equity is reclassified to profit or loss.

29-7 Impairment

29-7-1 Non-derivative financial assets

Financial assets not classified as at fair value through profit or loss, including an interest in an equity accounted investee, are assessed at each reporting date to determine whether there is objective evidence of impairment.

Objective evidence that financial assets are impaired includes:

- Default or delinquency by a debtor;
- Restructuring of an amount due to the Group on terms that the Group would not consider otherwise;
- Indications that a debtor or issuer will enter bankruptcy;
- Adverse changes in the payment status of borrowers or issuers;

- The disappearance of an active market for a security because of financial difficulties.
- Observable data indicating that there is a measurable decrease in the expected cash flows from a group of financial assets.
- For an investment in an equity security, objective evidence of impairment includes a significant or prolonged decline in its fair value below its cost. The Group considers a decline of 20% to be significant and a period of nine months to be prolonged.

Financial assets measured at amortized cost

The Group considers evidence of impairment for these assets at both an individual asset and a collective level. All individually significant assets are individually assessed for impairment. Those found not to be impaired are then collectively assessed for any impairment that has been incurred but not yet individually identified. Assets that are not individually significant are collectively assessed for impairment. Collective assessment is carried out by grouping together assets with similar risk characteristics.

In assessing collective impairment, the Group uses historical information on the timing of recoveries and the amount of loss incurred, and makes an adjustment if current economic and credit conditions are such that the actual losses are likely to be greater or lesser than suggested by historical trends.

An impairment loss is calculated as the difference between an asset's carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognized in profit or loss and reflected in an allowance account. When the Group considers that there are no realistic prospects of recovery of the asset, the relevant amounts are written off. If the amount of impairment loss subsequently decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, then the previously recognized impairment loss is reversed through profit or loss.

Available-for-sale financial assets

Impairment losses on available-for-sale financial assets are recognized by reclassifying the losses accumulated in the fair value reserve to profit or loss. The amount reclassified is the difference between the acquisition cost (net of any principal repayment and amortization) and the current fair value, less any impairment loss previously recognized in profit or loss. If the fair value of an impaired available-for-sale debt security subsequently increases and the increase can be related objectively to an event occurring after the impairment loss was recognized, then the impairment loss is reversed through profit or loss. Impairment losses recognized in profit or loss for an investment in an equity instrument classified as available-for-sale are not reversed through profit or loss.

Equity-accounted investees

An impairment loss in respect of an equity-accounted investee is measured by comparing the recoverable amount of the investment with its carrying amount. An impairment loss is recognized in profit or loss, and is reversed if there has been an estimates used to determine the recoverable amount.

29-7-2 Non-financial assets

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

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

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

Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

29-8 Cash and cash equivalents

For the purpose of preparing the statement of cash flows, cash and cash equivalents includes the balances, whose maturity do not exceed three months from the date of acquisition and the balances included cash on hand, current accounts, time deposits with banks & treasury bills.

29-9 Interest-bearing borrowings

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

29-10 Provisions

Provisions are recognized when the Group has a legal or constructive current obligation as a result of a past event and it's probable that a flow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessment of the time value of money and, where appropriate, the risks specific to the liability. Provisions are reviewed at the financial position date and amended (when necessary) to represent the best current estimate.

29-11 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

29-12 Share capital

29-12-1 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.

29-12-2 Repurchase and reissue of ordinary shares (treasury shares)

When shares recognized as equity are repurchased, the amount of the consideration paid, which includes directly attributable costs is recognized as a deduction from equity. Repurchased shares are classified as treasury shares and are presented in the treasury share reserve. When treasury shares are sold or reissued subsequently, the amount received is recognized as an increase in equity and the resulting surplus or deficit on the transaction is presented within share premium.

29-13 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 Group 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.

29-14 Revenues

29-14-1 Gains (losses) on sale of investments

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

29-14-2 Dividend income

Dividend income is recognized when declared.

29-14-3 Custody fees

Custody fees are recognized when provide service and issue invoice.

29-14-4 Interest income

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

29-15 Expenses

29-15-1 Borrowing costs

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

29-15-2 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.

29-15-3 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.

29-16 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, and is presented in the consolidated financial statements.

29-17 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.