

EFG –Hermes Holding Company
(Egyptian Joint Stock Company)

Separate interim financial statements
for the period ended 30 September 2017
&
Review Report

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Review Report

To the Board of Directors of the 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, 2017 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.

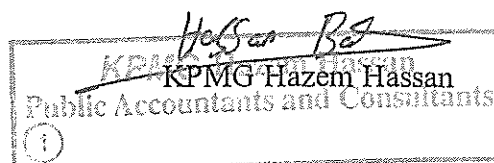
Scope of Limited Review

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, 2017 and of its financial performance and its separate cash flows for the nine months then ended in accordance with Egyptian Accounting Standards.


Cairo, November 15, 2017



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

	Note no.	30/9/2017	31/12/2016
<i>(in EGP)</i>			
Assets			
Non - current assets			
Loans to subsidiaries	(11,26)	200 000 000	259 000 000
Available -for- sale investments	(12)	1 764 537 951	2 167 829 957
Investment property	(13)	236 557 031	243 878 226
Investments in subsidiaries	(14)	3 807 362 171	3 353 024 509
Fixed assets	(15)	157 521 920	154 205 087
Total non - current assets		<u>6 165 979 073</u>	<u>6 177 937 779</u>
Current assets			
Cash and cash equivalents	(3,21)	623 878 764	766 035 178
Investments at fair value through profit and loss	(4)	91 468 597	363 924 330
Treasury bills	(5,21)	-	1 490 311 500
Due from subsidiaries & related parties	(6)	6 146 555 560	1 768 828 940
Other debit balances	(7)	58 035 066	48 989 075
Current portion of loans to subsidiaries	(11,26)	108 810 000	100 000 000
Total current assets		<u>7 028 747 987</u>	<u>4 538 089 023</u>
Total assets		<u>13 194 727 060</u>	<u>10 716 026 802</u>
Equity			
Issued & paid - in capital	(17)	3 074 472 890	3 074 472 890
Legal reserve		1 537 236 445	1 523 711 250
Other reserves		2 780 435 778	3 014 613 396
Retained earnings		365 453 999	1 983 941 137
Total equity		<u>7 757 599 112</u>	<u>9 596 738 673</u>
Liabilities			
Non - current liabilities			
Long term loans	(16)	83 280 000	133 320 000
Deferred tax liabilities	(22)	395 919 775	472 606 278
Total non - current liabilities		<u>479 199 775</u>	<u>605 926 278</u>
Current liabilities			
Banks' overdraft	(21)	79 362 435	199 382 151
Due to subsidiaries & related parties	(8)	4 453 609 008	(264 682 050)
Current tax liability		58 306 149	79 188 561
Creditors and other credit balances	(9,26)	219 532 195	368 209 189
Claims provision	(10)	113 758 386	114 584 000
Current portion of long term loans	(16)	33 360 000	16 680 000
Total current liabilities		<u>4 957 928 173</u>	<u>513 361 851</u>
Total liabilities		<u>5 437 127 948</u>	<u>1 119 288 129</u>
Total equity and liabilities		<u>13 194 727 060</u>	<u>10 716 026 802</u>

The accompanying notes and accounting policies from page (6) to page (34) are an integral part of these financial statements and are to be read therewith.


Mona Zulficar
Chairperson


Karim Awad
Group Chief Executive Officer


" Review report attached "

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

	Note no.	2017		2016	
		For the period from 1/7/2017 to 30/9/2017	For the period from 1/1/2017 to 30/9/2017	For the period from 1/7/2016 to 30/9/2016	For the period from 1/1/2016 to 30/9/2016
<i>(in EGP)</i>					
Revenues					
Dividend income	(19)	203 091	11 472 456	35 271	96 667 665
Custody activity income		2 393 457	9 449 758	696 369	2 590 498
Treasury bills interest		1 029 527	105 234 937	-	-
Interest income	(26)	24 418 609	86 190 234	20 754 985	46 793 956
Net changes in the fair value of investments at fair value through profit and loss		4 592 387	8 843 538	799 491	2 708 716
Gains on sale / redemptions of investments	(23)	20 729 414	180 201 926	61 695 615	587 101 530
Gain on sale of fixed assets		19 572	586 426	-	-
Other income	(26)	40 915 916	88 050 425	9 540 495	28 295 869
Total revenues		<u>94 301 973</u>	<u>490 029 700</u>	<u>93 522 226</u>	<u>764 158 234</u>
Expenses					
Finance cost		(13 339 820)	(41 517 791)	(13 080 167)	(30 320 711)
General administrative expenses	(20)	(61 512 837)	(152 107 396)	(31 731 293)	(106 734 304)
Foreign currency exchange differences	27/1-A	(63 479 620)	(56 118 152)	(61 363)	100 475 574
Fixed asset's depreciation	(15)	(2 751 226)	(7 797 053)	(2 109 133)	(6 606 392)
Investment property depreciation	(13)	(2 440 399)	(7 321 195)	(2 440 398)	(7 321 194)
Claims provision	(10)	-	-	(306 250)	(918 750)
Total expenses		<u>(143 523 902)</u>	<u>(264 861 587)</u>	<u>(49 728 604)</u>	<u>(51 425 777)</u>
Profit (loss) before income tax		(49 221 929)	225 168 113	43 793 622	712 732 457
Current income tax		(1 459 104)	(58 008 368)	(9 904 680)	(117 862 128)
Deferred tax	(22)	13 583 083	10 947 533	(387 670)	(1 034 083)
Profit (loss) for the period		<u>(37 097 950)</u>	<u>178 107 278</u>	<u>33 501 272</u>	<u>593 836 246</u>
Earnings per share	(24)	<u>(0.06)</u>	<u>0.29</u>	<u>0.05</u>	<u>0.97</u>

The accompanying notes and accounting policies from page (6) to page (34) 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)	2017		2016	
	For the period	For the period	For the period	For the period
	from 1/7/2017 to 30/9/2017	from 1/1/2017 to 30/9/2017	from 1/7/2016 to 30/9/2016	from 1/1/2016 to 30/9/2016
Profit (loss) for the period	(37 097 950)	178 107 278	33 501 272	593 836 246
Other comprehensive income:				
Available -for- sale - net change in fair value	(64 038 624)	(299 916 588)	(40 446 856)	100 445 450
Tax related to comprehensive income items	<u>15 365 224</u>	<u>65 738 970</u>	<u>4 912 838</u>	<u>(13 478 972)</u>
Other comprehensive income, net of tax	<u>(48 673 400)</u>	<u>(234 177 618)</u>	<u>(35 534 018)</u>	<u>86 966 478</u>
Total comprehensive income	<u>(85 771 350)</u>	<u>(56 070 340)</u>	<u>(2 032 746)</u>	<u>680 802 724</u>

The accompanying notes and accounting policies from page (6) to page (34) 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

	Issued & paid-in capital	Legal reserve	General reserve	Share premium	Other reserves		Revaluation surplus of fixed assets transferred to investment property	Hedging reserve	Retained earnings (losses)	Total
					Fair value- available-for- sale investments					
(in EGP)										
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	
Transferred to legal reserve	-	13 525 195	-	-	-	-	-	(13 525 195)	-	
Dividends payout of 2016 *	-	-	-	-	-	-	-	(1 783 069 221)	(1 783 069 221)	
Other comprehensive income items	-	-	-	-	(234 177 618)	-	-	-	(234 177 618)	
Profit for the period ended september 30, 2017	-	-	-	-	-	-	-	178 107 278	178 107 278	
Balance as at september 30, 2017	3 074 472 890	1 537 236 445	158 271	1 922 267 818	869 002 097	15 449 979	(26 442 387)	365 453 999	7 757 599 112	
Balance as at 31 December, 2015	3 074 472 890	1 523 711 250	158 271	1 922 267 818	278 254 597	15 449 979	(26 442 387)	(31 340 150)	6 756 532 268	
Other comprehensive income items	-	-	-	-	86 966 478	-	-	-	86 966 478	
Profit for the period ended september 30, 2016	-	-	-	-	-	-	-	593 836 246	593 836 246	
Balance as at september 30, 2016	3 074 472 890	1 523 711 250	158 271	1 922 267 818	365 221 075	15 449 979	(26 442 387)	562 496 096	7 437 334 992	

* According to the Company's Ordinary General Assembly held on April 27, 2017.

The accompanying notes and accounting policies from page (6) to page (34) are an integral part of these financial statements and are to be read therewith.

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

	Note no.	For the period ended 30/9/2017	For the period ended 30/9/2016
<i>(in EGP)</i>			
Cash flows from operating activities			
Profit before tax		225 168 113	712 732 457
Adjustments for :			
Fixed assets depreciation		7 797 053	6 606 392
Gains from sale of fixed assets		(586 426)	-
Investment property depreciation		7 321 195	7 321 194
Claims provisions formed		-	918 750
Claims provisions used		(825 614)	(183 365)
Losses (gains) on sale / redemption of investments in subsidiaries		23 806 197	(523 336 111)
Net changes in the fair value of investments at fair value through profit and loss		(8 843 538)	(2 708 716)
Gains on sale of available -for- sale investments		(195 445 576)	(62 691 129)
Foreign currencies exchange differences		56 118 152	(100 475 574)
		<u>114 509 556</u>	<u>38 183 898</u>
Change in			
Investments at fair value through profit and loss		281 304 925	60 423 489
Treasury bills		426 758 496	(87 476 155)
Due from subsidiaries		(4 280 563 436)	871 944 724
Other debit balances		(11 684 058)	(9 289 551)
Due to subsidiaries		4 684 892 033	409 883 227
Current tax liability		(9 758 388)	1 695 265
Creditors and other credit balances		(219 451 783)	(20 305 764)
Income tax Paid		(69 132 392)	-
Net cash provided from operating activities		<u>916 874 953</u>	<u>1 265 059 133</u>
Cash flows from investing activities			
Payments to purchase fixed assets		(11 250 460)	(867 212)
Proceeds from sale of fixed assets		723 000	-
Payments for loans to subsidiaries		(220 000 000)	(53 897 550)
Proceeds from loans to subsidiaries		270 000 000	-
Payments to purchase available -for- sale investments		(6 068 469)	(9 484 957)
Proceeds from sale of available -for- sale investments		304 889 463	112 910 082
Payments to purchase investments in subsidiaries		(478 143 859)	(1 474 596 051)
Net cash used in investing activities		<u>(139 850 325)</u>	<u>(1 425 935 688)</u>
Cash flows from financing activities			
Dividends payout		(1 710 760 090)	(32 194 450)
Proceeds from long term loans		-	150 000 000
Payments to long term loans		(33 360 000)	-
Net cash (used in) provided from financing activities		<u>(1 744 120 090)</u>	<u>117 805 550</u>
Net change in cash and cash equivalents during the period		(967 095 462)	(43 071 005)
Cash and cash equivalents at the beginning of the period	(21)	<u>1 511 611 791</u>	<u>373 516 197</u>
Cash and cash equivalents at the end of the period	(21)	<u><u>544 516 329</u></u>	<u><u>330 445 192</u></u>

Non cash transactions:

An amount of EGP 72 309 131 has been eliminated from both creditors and other credit balances and dividends payout represents the amount of dividends not paid.

The accompanying notes and accounting policies from page (6) to page (34) 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, 2017**

(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 and micro-finance.
- 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 15 November , 2017.

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

	30/9/2017	31/12/2016
Cash on hand	664 183	704 354
Banks - current accounts	482 252 415	39 695 513
Banks - time deposits	140 962 166	725 635 311
	<hr/>	<hr/>
Balance	623 878 764	766 035 178
	=====	=====

4- Investments at fair value through profit and loss

	30/9/2017	31/12/2016
Mutual fund certificates	90 980 787	363 548 535
Equity securities	487 810	375 795
	<hr/>	<hr/>
Balance	91 468 597	363 924 330
	=====	=====

5- Treasury bills

	30/9/2017	31/12/2016
Treasury bills maturity less than 91 days	--	1 094 000 000
Treasury bills maturity 182 days	--	368 500 000
Treasury bills maturity 273 days	--	81 000 000
Unearned revenues	--	(53 188 500)
	<hr/>	<hr/>
Net	--	1 490 311 500
	=====	=====

6- Due from subsidiaries & related parties

	30/9/2017	31/12/2016
EFG- Hermes Management	1 067 825	968 369
EFG- Hermes Advisory Inc.	1 334 877 486	999 248 463
Flemming CIIC Holding *	26 279 214	25 810 576
EFG- Hermes IB Limited	4 039 202 452	451 215 500
EFG- Hermes Oman LLC	1 402 718	3 104 330
EFG- Hermes IFA Financial Brokerage	2 731 268	38 667 566
EFG- Hermes Promoting & Underwriting	238 477 465	199 519 365
EFG- Hermes KSA	52 925 783	61 076 669
Egyptian Fund Management Group *	100 329 233	58 829 315
Bayonne Enterprises Ltd.	15 566 609	15 182 271
EFG- Hermes Holding – Lebanon	2 274 996	2 324 064
EFG- Hermes Direct Investment Fund	1 071 384	1 094 490
EFG- Hermes Leasing	6 081 884	4 282 033
Beaufort Investments Company	1 265 871	37 472
EFG- Hermes Private Equity	23 959 432	16 273 740
EFG- Hermes USA	16 303 798	2 857 631
EFG- Hermes Jordan	604 525	(17 010)
EFG- Hermes Mena Securities Ltd.	189 488 296	--
Tanmeyah Micro Enterprise Services S.A.E	180 516	(1 576 412)
EFG – Hermes Frontier Holdings LLC	113 683 872	5 439 382
EFG- Hermes UAE Ltd	709 955	(33 142 297)
EFG- Hermes Brokerage – UAE LLC.	3 210 814	(256 728)
OLT Investment International S.A.B	19 961 855	--
EFG Finance Holding S.A.E	35 617 342	--
EFG SP Ltd	1 390 816	--
	<hr/>	<hr/>
	6 228 665 409	1 850 938 789
Accumulated impairment*	(82 109 849)	(82 109 849)
	<hr/>	<hr/>
Balance	6 146 555 560	1 768 828 940
	=====	=====

7- Other debit balances

	30/9/2017	31/12/2016
Accrued revenues	6 289 286	5 489 727
Taxes withheld by others	24 600 238	7 956 315
Deposits with others	1 095 827	1 067 827
Prepaid expenses	11 912 781	4 924 715
Employees advances	1 090 529	1 049 892
Down payments to suppliers	9 346 819	2 757 702
Payments for investments *	2 500 000	7 450 000
Sundry debtors	1 199 586	18 292 897
Balance	<u>58 035 066</u>	<u>48 989 075</u>
	=====	=====

* Payments for investments are represented in the following:

	30/9/2017	31/12/2016
Arab Visual Company	2 500 000	2 500 000
EFG Finance Holding S.A.E	--	4 950 000
Balance	<u>2 500 000</u>	<u>7 450 000</u>
	=====	=====

8- Due to subsidiaries & related parties

	30/9/2017	31/12/2016
Arab Visual Company	5 000 000	5 000 000
Hermes Corporate Finance Co.	9 806 233	9 931 563
EFG- Hermes Fixed Income	6 631 431	6 735 554
EFG- Hermes Mutual Funds	9 860 572	9 889 191
EFG- Hermes Regional Investments Ltd.	267 328 169	424 893 131
EFG- Hermes Syria LLC	7 912 165	7 912 165
Egyptian Portfolio Management Group	60 791 815	49 168 647
EFG- Hermes – Lebanon – S.A.L.	97 668 776	99 775 140
Hermes Fund Management	26 721 333	28 595 613
Hermes Securities Brokerage	261 900 109	358 977 485
EFG- Hermes Financial Management (Egypt) Ltd.	514 063 866	488 805 565
Financial Brokerage Group	5 025 995	2 296 030
EFG- Hermes Global CB Holding Limited	3 180 898 544	(1 756 662 134)
Balance	<u>4 453 609 008</u>	<u>(264 682 050)</u>
	=====	=====

9- Creditors and other credit balances

	30/9/2017	31/12/2016
Social Insurance Authority	369 942	314 220
Accrued expenses	112 104 998	318 504 567
Accrued interest	--	8 071 875
Clients coupons - custody activity	9 660 024	10 373 543
Unearned revenues (Note no. 26)	8 035 300	11 872 834
Dividends payable prior years	84 337 402	12 028 271
Tax Authority	1 708 492	4 073 635
Sundry credit balances	3 316 037	2 970 244
Balance	<u>219 532 195</u>	<u>368 209 189</u>
	=====	=====

10- Claims provision

	30/9/2017	31/12/2016
Balance at the beginning of the period / year	114 584 000	6 270 286
Amounts formed during the period / year	--	108 497 079
Amounts used during the period / year	(825 614)	(183 365)
Balance	<u>113 758 386</u>	<u>114 584 000</u>
	=====	=====

11- Loans to subsidiaries

Company's name	Currency	Loan value	Loan date	Maturity date	30/9/2017	31/12/2016
Hermes Securities Brokerage	EGP	70 million	12/5/2016	12/5/2018	70 000 000	70 000 000
”	”	50 million	15/5/2016	15/5/2020	--	50 000 000
”	”	30 million	19/6/2016	19/6/2018	30 000 000	30 000 000
”	”	50 million	29/6/2016	29/6/2018	--	50 000 000
”	”	50 million	15/12/2016	14/12/2018	--	50 000 000
”	”	150 million	2/1/2017	1/1/2019	150 000 000	--
”	”	50 million	15/1/2017	14/1/2019	50 000 000	--
Tanmeyah Micro Enterprise						
Services S.A.E	EGP	50 million	22/12/2016	22/7/2017	--	50 000 000
EFG- Hermes Leasing	EGP	100 million	24/11/2016	10/1/2017	--	50 000 000
EFG- Hermes Jordan	US\$	500 thousand	1/3/2016	28/2/2018	8 810 000	9 000 000
Total					<u>308 810 000</u>	<u>359 000 000</u>
Current portion of loans to subsidiaries					<u>(108 810 000)</u>	<u>(100 000 000)</u>
Balance					<u>200 000 000</u>	<u>259 000 000</u>

12- Available -for- sale investments

	30/9/2017	31/12/2016
Equity securities	238 168 426	445 826 857
Mutual fund certificates	1 526 369 525	1 722 003 100
	<u>1 764 537 951</u>	<u>2 167 829 957</u>
	=====	=====
Available -for- sale investments are represented in the following:		
Quoted investments	327 977 015	361 334 302
Non- quoted investments	1 436 560 936	1 806 495 655
	<u>1 764 537 951</u>	<u>2 167 829 957</u>
	=====	=====

13- Investment property

	Buildings
Balance as at 1/1/2017	253 639 818
	<u>253 639 818</u>
Total cost as at 30/9/2017	253 639 818
	<u>9 761 592</u>
Accumulated depreciation as at 1/1/2017	9 761 592
Depreciation for the period	7 321 195
	<u>17 082 787</u>
Accumulated depreciation as at 30/9/2017	17 082 787
	<u>236 557 031</u>
	=====
Net carrying amount as at 30/9/2017	236 557 031
	<u>243 878 226</u>
	=====
Net carrying amount as at 31/12/2016	243 878 226
	=====

Investment property amounted EGP 236 557 031 as at 30 September 2017, represents the following:-

- EGP 146 605 031 the book value of the area owned by EFG – Hermes Holding Company in Nile City building.
- EGP 89 952 000 the book value of the area owned by EFG – Hermes Holding Company in the headquarters of the Company in Smart Village building.

14- Investments in subsidiaries

Company's name	Nationality	Share percentage %	The currency of payment	Carrying amount	
				30/9/2017	31/12/2016
Financial Brokerage Group Co.	Egyptian	99.87	EGP	41 838 060	41 838 060
Egyptian Fund Management Group *****	Egyptian	88.51	EGP	4 427 233	4 427 233
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
Flemming CIIC Holding	Egyptian	100	EGP	--	--
EFG- Hermes Private Equity **	BVI	1.59	US\$	39 975	39 975
EFG- Hermes – UAE Limited Company	Emirates	100	US\$	464 270 000	147 110 000
EFG- Hermes Holding Lebanon – S.A.L.	Lebanon	99	US\$	153 713	153 713
EFG- Hermes – KSA *****	Saudi	73.1	US\$	94 901 158	118 707 354
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	6 399 800
EFG- Hermes Global CB Holding Limited *	Cayman Island	100	US\$	957 343 622	957 343 622
EFG- Hermes Mutual Funds Co.	Egyptian	99.999	EGP	9 999 990	9 999 990
Beaufort Investments Company	Luxembourg	100	EURO	6 098 812	6 098 812
EFG-Hermes Leasing	Egyptian	99	EGP	168 300 000	99 000 000
EFG-Direct Investment Fund	Egyptian	64	EGP	640 000	640 000
EFG- Hermes IB Limited	Cayman Island	100	US\$	886 500 008	886 500 008
Tanmeyah Micro Enterprise Services S.A.E	Egyptian	94	EGP	423 000 000	423 000 000
EFG - Hermes Frontier Holdings LLC	Emirates	100	US\$	13 740 750	13 740 750
EFG – Hermes USA***	American	100	US\$	23 165 000	9 000 000
EFG Finance Holding S.A.E ***	Egyptian	99	EGP	29 700 000	--
OLT Investment International S.A.B ***	Bahrain	99.9	BHD	47 818 858	--
				3 811 789 404	3 357 451 742
Impairment of investments in subsidiaries*****				(4 427 233)	(4 427 233)
Balance				3 807 362 171	3 353 024 509

- * The company acquired 14 914 883 shares that represents 63.739% controlling stake in Credit Libanais SAL (the Bank) through its wholly owned subsidiary EFG – Hermes CL Holding SAL for an amount of USD 577.8 million. The company approved to proceed with all necessary steps to sell 9 408 749 shares (Phase I) represent approximately 40% of its indirect subsidiary Credit Libanais Bank S.A.L. (total Bank shares 23 400 000) at US\$ 33 per share (prior to payment of associated fees) to a consortium of Lebanese and Arab Investors. This sale process is subject to some conditions precedent, including the approval of the Central Bank of Lebanon. The company agreed with Credit Libanais Investment Bank S.A.L. (“CLIB”), a wholly owned subsidiary of Credit Libanais, to sell 5 506 134 shares represent the remaining stake of the bank on best effort basis at the same price (Phase II). During 2016 the company sold 9 408 749 shares from (Phase I) and 1 976 065 shares from (Phase II) and during 2017 the company sold 1 316 308 shares accordingly the company sold 12 701 122 shares till 30 September 2017 represent approximately 85.157% from it's stake on Credit Libanais Bank S.A.L, as a result the company owns approximately 9.4605% indirect stake on the bank at 30 September 2017, accordingly the company decreased its investment in EFG-Hermes Global CB Holding Limited.
- ** 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 is a subsidiary.
- *** EFG – Hermes USA was established as fully owned subsidiary of the company on 24 November, 2016 and EFG Finance Holding S.A.E which owned 99% on 26 January, 2017, and OLT Investment International S.A.B which owned 99.9% on 27 November 2016.
- **** EFG-Hermes- KSA has decreased its capital and closed all the retained losses till year 2015 which exceeded half the issued capital after the approval of Ministry of Commerce and Investment (Note no. 23)
- Investments in subsidiaries are represented in non - quoted investments.

EFG - Hermes Holding Company
Notes to the separate interim financial statements
for the period ended 30/9/2017 (Cont'd)
(In the notes all amounts are shown in EGP unless otherwise stated)

15- Fixed assets

Particular	Land*	Buildings*	Office furniture & equipment	Computer equipment	Vehicles & transportation means	Fixtures	Total
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 period	--	--	3 643 511	7 606 949	--	--	11 250 460
Disposals during the period	--	--	--	(13 570)	(634 556)	--	(648 126)
Total cost as at 30/9/2017	12 597 100	154 159 871	22 975 095	59 996 646	9 062 935	4 202 747	262 994 394
Balance as at 1/1/2016	10 000 000	154 159 871	19 260 475	45 857 919	7 738 411	4 202 747	241 219 423
Additions during the period	--	--	71 109	796 103	--	--	867 212
Total cost as at 30/9/2016	10 000 000	154 159 871	19 331 584	46 654 022	7 738 411	4 202 747	242 086 635
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 period	--	3 468 596	250 737	3 194 906	873 901	8 913	7 797 053
Disposals accumulated depreciation	--	--	--	(8 142)	(503 410)	--	(511 552)
Accumulated depreciation as at 30/9/2017	--	33 422 098	19 305 430	42 937 863	5 636 017	4 171 066	105 472 474
Accumulated depreciation as at 1/1/2016	--	25 328 706	18 650 808	37 079 703	4 388 643	3 967 918	89 415 778
Depreciation during the period	--	3 468 597	348 040	1 999 198	608 685	181 872	6 606 392
Accumulated depreciation as at 30/9/2016	--	28 797 303	18 998 848	39 078 901	4 997 328	4 149 790	96 022 170
Net Book Value							
Net book value as at 30/9/2017	12 597 100	120 737 773	3 669 665	17 058 783	3 426 918	31 681	157 521 920
Net book value as at 30/9/2016	10 000 000	125 362 568	332 736	7 575 121	2 741 083	52 957	146 064 465
Net book value as at 31/12/2016	12 597 100	124 206 369	276 891	12 652 168	4 431 965	40 594	154 205 087

* Land and buildings items represents headquarter of the Company in Smart Village Building.

16- Long term loans

Bank's name	Currency	Loan Value	Loan date	Maturity date	Balance as at 30/9/2017	Balance as at 31/12/2016
Audi Bank*	EGP	150 million	29/2/2016	28/2/2021	116 640 000	150 000 000
Current portion of long term loans					(33 360 000)	(16 680 000)
Balance					<u>83 280 000</u>	<u>133 320 000</u>

* Loan from Audi Bank to EFG-Hermes Holding used to finance regional expansion. The company executed a first- degree commercial pledge on all company's tangible and intangible assets in favour of the bank as a guarantee of the loan.

17- 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 and represented in the following:

Shareholder's name	Share percentage	Number of shares	Value EGP
The Bank of New York Mellon	13.7%	84 031 123	420 155 615
DF EFG III Limited (Natixis)	12.9	79 558 414	397 792 070
Rimco E G T Investment LLC	8.5	52 280 539	261 402 695
Others	64.9	399 024 502	1 995 122 510
	<u>100</u>	<u>614 894 578</u>	<u>3 074 472 890</u>
	=====	=====	=====

18- Contingent liabilities & commitments

The Company guarantees its subsidiaries – Financial Brokerage Group, Hermes Securities Brokerage, EFG- Hermes Jordan and EFG- Hermes Oman LLC – against the credit facilities granted from banks and EFG- Hermes Brokerage – UAE against the Letters of Guarantee granted from banks amounting to AED 118 670 000 (equivalent to EGP 569 343 059).

19- Dividend income

	2017		2016	
	For the period from 1/7/2017 to 30/9/2017	For the period from 1/1/2017 to 30/9/2017	For the period from 1/7/2016 to 30/9/2016	For the period from 1/1/2016 to 30/9/2016
Income from available - for- sale investments	197 338	11 466 703	--	7 863 109
Income from investments at fair value through profit and loss	5 753	5 753	35 271	154 556
Income from investments in subsidiaries	--	--	--	88 650 000
Total	203 091	11 472 456	35 271	96 667 665

20- General administrative expenses

	2017		2016	
	For the period from 1/7/2017 to 30/9/2017	For the period from 1/1/2017 to 30/9/2017	For the period from 1/7/2016 to 30/9/2016	For the period from 1/1/2016 to 30/9/2016
Wages , salaries and similar items*	26 603 679	77 654 244	21 945 211	67 237 376
Consultancy	5 310 059	8 280 999	(2 493 363)	3 890 760
Travel , accommodation and transportation	2 766 480	6 814 071	1 438 158	3 322 539
Leased line and communication	3 963 511	7 707 111	1 370 915	4 530 368
Rent and utilities expenses	4 830 691	9 681 888	3 236 884	7 426 711
Other expenses	18 038 417	41 969 083	6 233 488	20 326 550
Total	61 512 837	152 107 396	31 731 293	106 734 304

* During 2016, the company's management established a two years bonus program which give the right to some of key managers who have been chosen by the board of directors in obtaining cash incentives on the basis of specific number of shares based on the company share price at the end of each year according to the signed contract with the management.

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 30/9/2017	For the year ended 31/12/2016
Cash and cash equivalents as presented in the statement of financial position	623 878 764	766 035 178
Treasury bills maturity less than 91 days	--	1 063 553 004
Banks overdraft	(79 362 435)	(199 382 151)
Effect of exchange rate changes	--	(118 594 240)
	<u>544 516 329</u>	<u>1 511 611 791</u>
	=====	=====

22- Deferred tax liabilities

Deferred tax liabilities are attributable to the following:

	30/9/2017	31/12/2016
(A) Deferred tax		
Fixed assets' (depreciation)	(10 980 664)	(9 794 431)
Investment property (depreciation)	(1 149 907)	(657 090)
Foreign currencies exchange differences	(143 330 661)	(155 957 244)
	<u>(155 461 232)</u>	<u>(166 408 765)</u>
	=====	=====
(B) Deferred tax recognized directly in equity		
	30/9/2017	31/12/2016
Changes in the fair value of cash flow hedges *	6 612 597	6 612 597
Fair value of available-for-sale financial assets **	(247 071 140)	(312 810 110)
	<u>(240 458 543)</u>	<u>(306 197 513)</u>
	=====	=====
Balance	<u>(395 919 775)</u>	<u>(472 606 278)</u>
	=====	=====

* 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.

23- Gains on sale / redemptions of investments

	2017		2016	
	For the period from 1/7/2017 to 30/9/2017	For the period from 1/1/2017 to 30/9/2017	For the period from 1/7/2016 to 30/9/2016	For the period from 1/1/2016 to 30/9/2016
Investments in subsidiaries*	--	(23 806 197)	--	523 336 111
Investments at fair value through profit and loss	1 505 563	9 380 392	212 169	2 713 047
Available - for- sale investments	19 237 748	195 445 576	62 966 694	62 691 129
Treasury bills	(13 897)	(817 845)	(1 483 248)	(1 638 757)
Total	<u>20 729 414</u>	<u>180 201 926</u>	<u>61 695 615</u>	<u>587 101 530</u>
	=====	=====	=====	=====

* Note no. (14)

24- Earnings per share

	2017		2016	
	For the period from 1/7/2017 to 30/9/2017	For the period from 1/1/2017 to 30/9/2017	For the period from 1/7/2016 to 30/9/2016	For the period from 1/1/2016 to 30/9/2016
Profit (loss) for the period	(37 097 950)	178 107 278	33 501 272	593 836 246
Weighted average number of shares	<u>614 894 578</u>	<u>614 894 578</u>	<u>614 894 578</u>	<u>614 894 578</u>
Earnings per share	<u>(0.06)</u>	<u>0.29</u>	<u>0.05</u>	<u>0.97</u>
	=====	=====	=====	=====

25- Tax status

- As to Income Tax, the years till 31/12/2010 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 2011 / 2013 have been inspected and all the disputed points have been settled with the Internal Committee and the settlement procedures are currently taking place and as to years 2014 / 2015 have been inspected and the company was notified and was objected thereon on the due date and the settlement procedures are currently taking place. As to year 2016, according to tax form of tax law no. 91 of 2005 the company has submitted the tax returns and paid the due tax.

- 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 company's books had been examined and the settlement procedures are currently taking place, and as to years 2013 / 2016 have not been inspected yet.
- As to Stamp Tax, the parent company's books had been examined from 1/1/1998 till 31/7/2006 and paid the due tax according to the resolution of appeal committee which was objected thereon in the court, and the period from 1/8/2006 till 31/12/2013 has been inspected and all the disputed points have been settled with the competent Tax Inspectorate as to years 2014/2016 have not been inspected yet.

26- Related party transactions

The related parties transactions are represented in the following:

- Other income item presented in the income statement includes an amount of EGP 13 325 000 which represents the value of rental spaces for some affiliated companies in addition to EGP 10 987 502 which represents the value of redemption of some expenses of the new headquarter that were allocated to the subsidiaries.
- Interest income item presented in the income statement includes an amount of EGP 63 507 639 represent the interest on subordinated loan that granted from the Company to Hermes Securities Brokerage (a subsidiary – 97.58%) and EGP 5 407 361 represent the interest on subordinated loan that granted from the Company to Tanmeyah Micro Enterprise Services S.A.E (a subsidiary – 94%) and EGP 1 333 333 represent the interest on subordinated loan that granted from the Company to EFG – Hermes Leasing respectively (Note no. 11).
- Loans to subsidiaries item as at September 30, 2017 presented in the statement of financial position represents in the loan granted to Hermes Securities Brokerage (a subsidiary – 97.58%) with an amount of EGP 300 million & EFG- Hermes Jordan (a subsidiary – 100 %) with an amount 500 000 USD (equivalent to EGP 8 810 000) (Note no. 11).
- Creditors and other credit balances item includes an amount of EGP 8 035 300 represents the unearned revenues from the affiliated companies for rental of Group's headquarter owned by the Company (Note no. 9).

27- 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.

27/1 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 8 149 162 136 and EGP 4 274 970 442 respectively. The Company's net exposures in foreign currencies as at the financial position date are as follows:

	Surplus / (deficit)
USD	3 619 782 898
EURO	242 365 639
AED	8 613 254
GBP	2 009 368
CHF	1 456 715
SAR	(36 180)

The Company has used the prevailing exchange rates to revalue 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.

27/2 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.

27/3 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.

27/4 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.

27/5 Financial instruments' fair value

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

27/6 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.

28- Comparative figures

Certain reclassification and adjustments have been made to some comparative figures in order to conform with the current period presentation. These adjustments are attributable to the following:

	(As reported)		(Amended)
	As at	Adjustments	As at
	31/12/2016		31/12/2016
Due from subsidiaries and related parties	3 560 483 521	(1 791 654 581)	1 768 828 940
Due to subsidiaries and related parties	1 526 972 531	(1 791 654 581)	(264 682 050)

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. (note 28).

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.

29-3 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 29-9) 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 its 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.

29-4-2 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 29-9) 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 its 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.