EFG – Hermes Holding Company
(Egyptian Joint Stock Company)

Consolidated interim financial statements
for the period ended 30 June 2019
&
Review Report

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KPMG

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Review Report

To the Board of Directors of EFG - Hermes Holding Company

Introduction

We have performed a limited review for the accompanying consolidated statement of financial position of EFG – Hermes Holding Company as at 30 June 2019 and the related consolidated statements of income, comprehensive income, changes in equity and cash flows for the six months then ended, and a summary of significant accounting policies and other explanatory notes. The company's management is responsible for the preparation and fair presentation of these interim financial statements in accordance with Egyptian Accounting Standards. Our responsibility is to express a conclusion on these consolidated 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 consolidated interim financial statements.

Conclusion

Based on our limited review, nothing has come to our attention that causes us to believe that the accompanying consolidated interim financial statements do not present fairly, in all material respects, the consolidated financial position of the Company as at 30 June 2019, and of its consolidated financial performance and its consolidated cash flows for the six months then ended in accordance with Egyptian Accounting Standards.

KPMG Hazem Hassan
KPMG Hazem Hassan
Public Accountants and Consultants
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Cairo, August 8, 2019

Consolidated statement of financial position

	Note no.	30/6/2019	31/12/2018 Restated *
(in EGP)			
Assets			
Non - current assets			
Available -for- sale investments	(10)	11,735,121,981	10,543,320,857
Equity accounted investees - investments in associates	(11)	7,500,000	5,000,000
Investment property	(12)	212,950,625	222,926,210
Fixed assets	(13)	515,382,923	506,349,178
Goodwill and other intangible assets	(14)	1,003,503,926	1,005,542,907
Loans receivables	(9)	2,525,538,849	2,395,590,134
Total non - current assets		15,999,998,304	14,678,729,286
Current assets			
Cash and cash equivalents	(6)	7,892,416,762	6,507,881,367
Loans receivables	(9)	2,602,891,869	2,469,763,829
Investments at fair value through profit and loss	(7)	4,603,031,496	2,127,056,168
Accounts receivables	(8)	6,342,436,272	2,563,271,748
Other assets	(15)	1,137,506,208	690,711,261
Assets held for sale	(5)	-	313,425,000
Total current assets		22,578,282,607	14,672,109,373
Total assets		38,578,280,911	29,350,838,659
Equity			
Share capital	(22)	3,843,091,115	3,843,091,115
Legal reserve		803,102,208	773,338,368
Share premium		1,922,267,826	1,922,267,826
Other reserves		3,317,247,040	3,868,919,785
Retained earnings		3,650,258,825	3,577,534,613
Equity attributable to owners of the Company		13,535,967,014	13,985,151,707
Non - controlling interests	(23)	424,156,472	437,713,552
Total equity		13,960,123,486	14,422,865,259
Liabilities			
Non - current liabilities			
Deferred tax liabilities	(19)	148,835,213	231,311,808
Loans and borrowings	(21)	2,611,878,225	2,289,186,575
Total non - current liabilities		2,760,713,438	2,520,498,383
Current liabilities			
Due to banks and financial institutions	(16)	8,149,152,801	4,951,196,332
Loans and borrowings	(21)	816,115,702	792,627,413
Accounts payable - customers credit balance		6,436,193,288	2,545,472,314
Accounts payable - customers credit balance at fair value through profit and loss	(17)	3,821,238,752	1,600,190,506
Creditors and other credit balances	(18)	2,048,472,730	1,881,071,645
Current tax liability		99,441,490	175,418,860
Provisions	(20)	486,829,224	461,497,947
Total current liabilities		21,857,443,987	12,407,475,017
Total liabilities		24,618,157,425	14,927,973,400
Total equity and liabilities		38,578,280,911	29,350,838,659

* See note (32) from the accompanying notes and accounting policies.

The accompanying notes and accounting policies from page (6) to page (57) are an integral part of these financial statements and are to be read therewith.

"Review report attached "

Mona Zulficar
Chairperson

Karim Awad
Group Chief Executive Officer

Consolidated income statement

(in EGP)	Note	2019 For the period from 1/4/2019 to 30/6/2019	2019 For the period from 1/1/2019 to 30/6/2019	2018 For the period from 1/4/2018 to 30/6/2018	2018 For the period from 1/1/2018 to 30/6/2018
				Restated *	
Revenues					
Fee and commission income	(30)	689,425,721	1,712,052,170	621,044,682	1,174,189,930
Securities gains		39,545,144	107,240,718	7,648,023	87,350,809
Revenues from leasing activities		135,125,952	264,532,163	120,914,936	240,652,200
Interest and dividend income		640,914,962	1,168,723,154	452,790,075	739,404,609
Changes in the investments at fair value through profit and loss		910,933	13,679,690	(23,717,087)	(24,563,880)
Provision reserved	(20-1)	25,045	25,045	121,407	72,929,154
Other income	(25)	17,395,566	34,133,921	23,255,507	39,528,658
Total revenues		1,523,343,323	3,300,386,861	1,202,057,543	2,329,491,480
Expenses					
Fee and commission expense		(53,669,341)	(222,778,304)	(36,708,265)	(63,114,287)
Interest expense		(337,762,316)	(636,664,377)	(263,320,556)	(462,965,653)
General administrative expenses	(29)	(645,440,689)	(1,419,261,070)	(614,426,129)	(1,148,879,275)
Provisions	(20)	(13,472,267)	(52,591,321)	(15,755,841)	(22,588,952)
Depreciation and amortization	(12),(13),(14)	(27,026,775)	(52,590,932)	(18,419,813)	(34,575,297)
Impairment loss on assets	(26)	(16,098,846)	(46,034,726)	(1,700,849)	(16,323,790)
Foreign currencies exchange differences		(86,663,242)	(119,849,205)	34,206,905	16,456,153
Total expenses		(1,180,133,476)	(2,549,769,935)	(916,124,548)	(1,731,991,101)
Profit before income tax		343,209,847	750,616,926	285,932,995	597,500,379
Income tax expense	(27)	(36,645,014)	(64,051,300)	(72,337,981)	(120,320,783)
Profit for the period		306,564,833	686,565,626	213,595,014	477,179,596
Profit attributable to:					
Owners of the Company		303,588,235	676,493,648	203,029,304	448,473,008
Non - controlling interests	(23)	2,976,598	10,071,978	10,565,710	28,706,588
		306,564,833	686,565,626	213,595,014	477,179,596

* See note (32) from the accompanying notes and accounting policies.

The accompanying notes and accounting policies from page (6) to page (57) are an integral part of these financial statements and are to be read therewith.

Consolidated statement of comprehensive income

	2019		2018	
	For the period from 1/4/2019 to 30/6/2019	**For the period from 1/1/2019 to 30/6/2019**	**For the period from 1/4/2018 to 30/6/2018**	**For the period from 1/1/2018 to 30/6/2018**
(in EGP)			**Restated ***	
Profit for the period	306,564,833	686,565,626	213,595,014	477,179,596
Other comprehensive income:				
Items that are or may be reclassified to profit or loss				
Foreign operations - foreign currency translation differences	(300,703,385)	(547,900,434)	(23,213,348)	(53,721,935)
Available -for- sale investments - net change in fair value	160,825,986	40,909,568	(90,612,420)	1,896,589
Available -for- sale investments - net change in fair value - reclassified to profit or loss	(38,569,578)	(102,472,447)	(9,697,884)	(85,135,455)
Related tax	15,772,531	31,587,349	(554,962)	(746,316)
Other comprehensive income, net of tax	(162,674,446)	(577,875,964)	(124,078,614)	(137,707,117)
Total comprehensive income	143,890,387	108,689,662	89,516,400	339,472,479
Total comprehensive income attributable to:				
Owners of the Company	154,945,521	124,820,903	78,827,576	311,906,508
Non - controlling interests	(11,055,134)	(16,131,241)	10,688,824	27,565,971
	143,890,387	108,689,662	89,516,400	339,472,479

* See note (32) from the accompanying notes and accounting policies.

The accompanying notes and accounting policies from page (6) to page (57) are an integral part of these financial statements and are to be read therewith.

Consolidated statement of changes in equity

	Attributable to owners of the Company										
				Other reserves							
(in EGP)	Share capital	Legal reserve	Share premium	General reserve	Translation reserve	Fair value reserve	Hedging reserve	Retained earnings	Total	Non - controlling interests	Total equity
Balance as at 31 December, 2018, as previously reported	3,843,091,115	773,338,368	1,922,267,826	158,269	2,862,298,138	1,025,754,218	(26,442,387)	3,597,789,315	13,998,254,862	437,723,286	14,435,978,148
Effect of change in accounting policies *	-	-	-	-	-	7,151,547	-	(20,254,702)	(13,103,155)	(9,734)	(13,112,889)
Restated balance as at 31 December, 2018 *	3,843,091,115	773,338,368	1,922,267,826	158,269	2,862,298,138	1,032,905,765	(26,442,387)	3,577,534,613	13,985,151,707	437,713,552	14,422,865,259
Total comprehensive income											
Profit	-	-	-	-	-	-	-	676,493,648	676,493,648	10,071,978	686,565,626
Other comprehensive income	-	-	-	-	(522,394,988)	(29,277,757)	-	-	(551,672,745)	(26,203,219)	(577,875,964)
Total comprehensive income	-	-	-	-	(522,394,988)	(29,277,757)	-	676,493,648	124,820,903	(16,131,241)	108,689,662
Transactions with owners of the Company											
Transferred to legal reserve	-	29,763,840	-	-	-	-	-	(29,763,840)	-	-	-
Dividends	-	-	-	-	-	-	-	(573,233,546)	(573,233,546)	-	(573,233,546)
Changes in ownership interests											
Changes in ownership interests without a change in control	-	-	-	-	-	-	-	(772,050)	(772,050)	2,400,911	1,628,861
Share of NCI in the increase of subsidiaries paid- in capital	-	-	-	-	-	-	-	-	-	173,250	173,250
Balance as at 30 June 2019	3,843,091,115	803,102,208	1,922,267,826	158,269	2,339,903,150	1,003,628,008	(26,442,387)	3,650,258,825	13,535,967,014	424,156,472	13,960,123,486
Balance as at 31 December, 2017, as previously reported	3,074,472,890	1,537,236,445	1,922,267,826	158,269	3,272,626,898	1,281,604,371	(26,442,387)	2,585,659,132	13,647,583,444	273,241,999	13,920,825,443
Effect of change in accounting policies *	-	-	-	-	-	7,151,547	-	(11,063,310)	(3,911,763)	-	(3,911,763)
Impact of purchase price allocation on subsidiary	-	-	-	-	257,215	-	-	(1,996,875)	(1,739,660)	37,940,625	36,200,965
Restated balance as at 31 December, 2017 *	3,074,472,890	1,537,236,445	1,922,267,826	158,269	3,272,884,113	1,288,755,918	(26,442,387)	2,572,598,947	13,641,932,021	311,182,624	13,953,114,645
Total comprehensive income											
Profit	-	-	-	-	-	-	-	448,473,008	448,473,008	28,706,588	477,179,596
Other comprehensive income	-	-	-	-	(53,944,929)	(82,621,571)	-	-	(136,566,500)	(1,140,617)	(137,707,117)
Total comprehensive income	-	-	-	-	(53,944,929)	(82,621,571)	-	448,473,008	311,906,508	27,565,971	339,472,479
Transactions with owners of the Company											
Contributions and distributions											
Increase in paid- in capital	768,618,225	(768,618,225)	-	-	-	-	-	-	-	-	-
Dividends	-	-	-	-	-	-	-	(11,249,457)	(11,249,457)	(37,612,071)	(48,861,528)
Transferred to legal reserve	-	4,720,148	-	-	-	-	-	(4,720,148)	-	-	-
Changes in ownership interests											
Share of NCI in the increase of subsidiaries paid- in capital	-	-	-	-	-	-	-	-	-	152,820,628	152,820,628
Acquisition of NCI without a change in control	-	-	-	-	-	-	-	6,213,642	6,213,642	(3,130,707)	3,082,935
Restated balance as at 30 June 2018	3,843,091,115	773,338,368	1,922,267,826	158,269	3,218,939,184	1,206,134,347	(26,442,387)	3,011,315,992	13,948,802,714	450,826,445	14,399,629,159

* See note (32) from the accompanying notes and accounting policies.

The accompanying notes and accounting policies from page (6) to page (57) are an integral part of these financial statements and are to be read therewith.

Consolidated statement of cash flows

	For the period ended	
	30/6/2019	**30/6/2018 Restated ***
(in EGP)		
Cash flows from operating activities		
Profit before income tax	750,616,926	597,500,379
Adjustments for:		
Depreciation and amortization	52,590,932	34,575,297
Provisions formed	52,591,321	22,588,952
Provisions used	(12,202,073)	(45,408,687)
Provisions reversed	(25,045)	(72,929,154)
(Gains) loss on sale of fixed assets	(1,203,866)	1,661,395
Gains on sale of available -for- sale investments	(102,472,447)	(85,135,455)
Changes in the fair value of investments at fair value through profit and loss	(13,679,690)	24,563,880
Impairment loss on assets	46,034,726	16,323,790
Foreign currency translation differences	(293,488,872)	(14,171,996)
Foreign currencies exchange differences	119,849,205	(15,578,032)
Operating profit before changes in current assets and liabilities	598,611,117	463,990,369
Changes in:		
Other assets	(480,862,311)	(89,851,722)
Creditors and other credit balances	196,388,541	(288,459,682)
Accounts receivables	(3,898,235,930)	2,924,041,897
Accounts payable	4,013,413,126	(565,260,714)
Accounts payable - customers credit balance at fair value through profit and loss	2,303,176,816	(6,696,436,688)
Investments at fair value through profit and loss	(2,546,151,092)	9,033,085,582
Income tax paid	(188,929,693)	(271,944,879)
Net cash (used in) provided from operating activities	(2,589,426)	4,509,164,163
Cash flows from investing activities		
Loans receivables	(293,055,387)	(1,406,972,977)
Payments to purchase fixed assets and other intangible assets	(64,113,387)	(155,550,197)
Proceeds from sale of fixed assets	1,444,303	2,528,150
Payments to purchase assets held for sale	-	(627,287,814)
Proceeds from sale of assets held for sale	313,425,000	-
Proceeds from sale of available -for- sale investments	297,571,422	335,269,656
Payments to purchase available -for- sale investments	(1,653,095,758)	(4,662,297,879)
Payments to purchase investment in associate	(2,500,000)	-
Acquisition of subsidiary (net of cash acquired)	(1,360,716)	-
Net cash used in investing activities	(1,401,684,523)	(6,514,311,061)
Cash flows from financing activities		
Dividends paid	(534,345,916)	(67,536,493)
Proceeds from loans and borrowings	544,085,580	1,575,612,327
Payment for loans and borrowings	(170,538,934)	(125,098,962)
Net cash (used in) provided from financing activities	(160,799,270)	1,382,976,872
Net change in cash and cash equivalents	(1,565,073,219)	(622,170,026)
Cash and cash equivalents at 1 January (note no. 28)	1,345,982,737	2,945,824,650
Cash and cash equivalents at 30 June (note no. 28)	(219,090,482)	2,323,654,624

* See note (32) from the accompanying notes and accounting policies.

The accompanying notes and accounting policies from page (6) to page (57) are an integral part of these financial statements and are to be read therewith.

1- Background

1-1 Incorporation

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 12577 Egypt.

1-2 Purpose of the company

EFG Hermes 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, installment services, factoring, securitization, and collection. The purpose of the company also 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 consolidated financial statements have been prepared in accordance with Egyptian Accounting Standards and relevant Egyptian laws and regulations.

2-2 Authorization of the financial statements

The financial statements were authorized for issue in accordance with a resolution of the board of directors on August 7, 2019.

3- Functional and presentation currency

These consolidated financial statements are presented in Egyptian pounds (EGP) which is the Company’s functional currency.

4- 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.

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

- 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.

4-1 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.

5- Assets held for sale

- On May 20, 2018 EFG-Hermes, via its private equity arm, announced that it entered into an exclusive partnership with GEMS Education, one of the world’s leading providers of private English-language education for students from kindergarten to twelfth grade (K-12), to jointly establish a new platform focused on Egypt’s K-12 education sector. Accordingly on May 27, 2018, the Group acquired 100% of the issued and fully paid up share capital of the leading Egyptian Company for Educational and Intellectual service which holds the operational licensees and real property of 4 schools (BISM, MILS, MLS and TBS) as part of its merchant banking activities. On December 30, 2018 the Group sold 50 % of its stake to GEMS Education and during first quarter 2019 Egypt Education Fund acquired the remaining stake of the group.

6- Cash and cash equivalents

	30/6/2019	**31/12/2018**
Cash on hand	42,993,890	25,849,194
Cheques under collection	25,658,927	323,685
Banks - current accounts	7,021,284,263	5,506,725,717
Banks - time deposits	802,479,682	974,982,771
Balance	7,892,416,762	6,507,881,367

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

7- Investments at fair value through profit and loss

	30/6/2019	31/12/2018
Mutual fund certificates	148,851,449	125,503,510
Equity securities	261,683,137	104,230,323
Debt securities	114,108,604	187,025,819
Treasury bills	37,645,557	41,341,595
Structured notes	4,040,742,749	1,668,954,921
Balance	4,603,031,496	2,127,056,168

8- Accounts receivables

	30/6/2019	31/12/2018 Restated *
Accounts receivables	7,035,525,435	2,539,167,383
Other brokerage companies	(693,089,163)	24,104,365
Balance	6,342,436,272	2,563,271,748

* Note no (32).

9- Loans receivables

	30/6/2019	31/12/2018 Restated *
Micro financial loans	1,599,660,789	1,260,642,171
Vortex II Holding Sarl	--	237,632,234
Vortex Solar Investments Sarl	108,851,972	116,614,967
Finance Lease Receivables	2,950,646,924	2,524,477,431
Other loans	469,271,033	725,987,160
Balance	5,128,430,718	4,865,353,963
Current	2,602,891,869	2,469,763,829
Non-current	2,525,538,849	2,395,590,134
Balance	5,128,430,718	4,865,353,963

* Note no (32).

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

10- Available - for- sale investments

	30/6/2019	31/12/2018
Equity securities *	1,549,183,031	2,027,151,574
Mutual fund certificates	1,873,766,506	2,047,570,768
Debt instruments	8,312,172,444	6,468,598,515
Balance	11,735,121,981	10,543,320,857

* Equity securities includes 2,062,242 shares of Credit Libanais Bank S.A.L (the Bank), representing approximately 8.813% of the total shares of the bank with an amount of EGP 1,136,501,566 as at 30 June 2019 versus EGP 1,218,846,889 as at 31 December 2018.

11- Equity accounted investees - investments in associates

	30/6/2019	31/12/2018
EFG-Finteck	5,000,000	5,000,000
El Tayseer For Real Estate Mortgage Financing	2,500,000	--
Balance	7,500,000	5,000,000

12- Investment property

	Buildings
Balance as at 1/1/2019	256,628,710
Foreign currency translation differences	(5,883,724)
Total cost as at 30/6/2019	250,744,986
Accumulated depreciation as at 1/1/2019	33,702,500
Depreciation for the period	4,775,765
Foreign currency translation differences	(683,904)
Accumulated depreciation as at 30/6/2019	37,794,361
Net carrying amount as at 30/6/2019	212,950,625
Net carrying amount as at 31/12/2018	222,926,210

Investment property net carrying amount amounted EGP 212,950,625 as at 30 June 2019, represents the following:-

- EGP 135,570,243 the book value of the area owned by EFG – Hermes Holding Company in Nile City building.
- EGP 71,058,580 the book value of the area owned by EFG – Hermes UAE Limited, one of the subsidiaries, in the Index Tower – UAE.
- EGP 3,426,325 the book value of the area owned by Hermes Securities Brokerage, one of the subsidiaries, in Elmanial branch.
- EGP 2,895,477 the book value of the area owned by Hermes Securities Brokerage, one of the subsidiaries, in Elharam branch.

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

13- Fixed assets

Particular	Land & Buildings	Leasehold improvements	Office furniture, equipment & electrical appliances	Computer Equipment	Vehicles	Projects under construction	Total
Cost							
Balance as at 1/1/2019 *	362,557,982	56,923,015	268,704,586	319,618,165	27,215,851	--	1,035,019,599
Additions	--	13,852,252	14,556,555	19,618,874	6,236,003	--	54,263,684
Disposals	--	--	(16,046)	(121,454)	(1,924,984)	--	(2,062,484)
Acquisition from subsidiaries	--	--	--	525,470	--	--	525,470
Foreign currency translation differences	(103,621)	(218,262)	(11,864,740)	(11,423,488)	(956,533)	--	(24,566,644)
Total cost as at 30/6/2019	362,454,361	70,557,005	271,380,355	328,217,567	30,570,337	--	1,063,179,625
Balance as at 1/1/2018 *	270,147,690	38,875,956	208,104,521	260,369,535	26,838,747	13,144,249	817,480,698
Additions *	80,000,000	8,356,457	14,268,962	34,843,734	4,651,587	--	142,120,740
Disposals	--	--	(108,452)	(206,473)	(2,464,294)	--	(2,779,219)
Foreign currency translation differences	(53,575)	118,292	802,745	2,191,540	(293,770)	--	2,765,232
Total cost as at 30/6/2018	350,094,115	47,350,705	223,067,776	297,198,336	28,732,270	13,144,249	959,587,451

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

Particular	Land & Buildings	Leasehold improvements	Office furniture, equipment & electrical appliances	Computer Equipment	Vehicles	Projects under construction	Total
Accumulated depreciation							
Accumulated depreciation as at 1/1/2019 *	52,571,963	29,824,408	187,559,272	240,614,826	18,099,952	--	528,670,421
Depreciation	4,770,202	4,489,834	12,411,246	17,492,980	2,145,626	--	41,309,888
Disposals' accumulated depreciation	--	--	(4,904)	(115,615)	(1,701,528)	--	(1,822,047)
Acquisition from subsidiaries	--	--	--	35,031	--	--	35,031
Foreign currency translation differences	(35,490)	(67,771)	(9,102,172)	(10,442,762)	(748,396)	--	(20,396,591)
Accumulated depreciation as at 30/6/2019	57,306,675	34,246,471	190,863,442	247,584,460	17,795,654	--	547,796,702
Accumulated depreciation as at 1/1/2018 *	42,568,513	24,604,782	179,845,857	217,392,127	17,114,250	--	481,525,529
Depreciation *	4,416,310	2,344,805	5,443,177	11,329,354	1,985,415	--	25,519,061
Disposals' accumulated depreciation	--	--	(85,887)	(193,678)	(1,632,899)	--	(1,912,464)
Foreign currency translation differences	(18,530)	16,920	897,905	994,180	(201,195)	--	1,689,280
Accumulated depreciation as at 30/6/2018	46,966,293	26,966,507	186,101,052	229,521,983	17,265,571	--	506,821,406
Carrying amount							
Carrying amount as at 30/6/2019	305,147,686	36,310,534	80,516,913	80,633,107	12,774,683	--	515,382,923
Carrying amount as at 30/6/2018	303,127,822	20,384,198	36,966,724	67,676,353	11,466,699	13,144,249	452,766,045
Carrying amount as at 31/12/2018	309,986,019	27,098,607	81,145,314	79,003,339	9,115,899	--	506,349,178

* Note no (32).

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

14- Goodwill and other intangible assets

		30/6/2019	31/12/2018
Goodwill	(14-1)	896,012,911	896,012,911
Customer relationships		60,120,000	68,505,751
Licenses		11,444,436	12,312,090
Software		35,926,579	28,712,155
Balance		1,003,503,926	1,005,542,907

14-1 Goodwill is relating to the acquisition of the following subsidiaries:

	30/6/2019	31/12/2018
EFG- Hermes Oman LLC	5,921,803	5,921,803
EFG- Hermes IFA Financial Brokerage Company Kuwait – (KSC)	179,148,550	179,148,550
IDEAVELOPERS – Egypt	1,600,000	1,600,000
EFG- Hermes Jordan	8,639,218	8,639,218
Tanmeyah Micro Enterprise Services S.A.E	365,398,862	365,398,862
EFG - Hermes Pakistan Limited	9,503,738	9,503,738
Frontier Investment Management Partners LTD	325,800,740	325,800,740
Balance	896,012,911	896,012,911

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

15- Other assets

		30/6/2019	**31/12/2018 Restated ***
Deposits with others	(15-1)	32,305,415	167,566,404
Down payments to suppliers		26,122,467	26,826,240
Prepaid expenses		74,294,097	74,065,440
Employees' advances		96,576,878	60,149,639
Accrued revenues		176,785,023	231,717,098
Taxes withheld by others		21,360,072	29,346,476
Payments for investments	(15-2)	1,623,856	1,373,856
Settlement Guarantee Fund		28,610,853	21,929,917
Due from Ara Inc. Company		587,758	630,344
Due from Egypt Gulf Bank- Tanmeyah Clients		8,534,740	3,510,092
Receivables-sale of investments		621,993,376	33,312,297
Securitization surplus	(15-3)	14,608,548	14,608,548
Sundry debtors		34,103,125	25,674,910
Balance		1,137,506,208	690,711,261

* Note no (32).

15-1 Deposits with others include an amount of EGP 15,384,445 in the name of the subsidiaries, Financial Brokerage Group Company and Hermes Securities Brokerage Company which represents blocked deposits for same day trading operations settlement takes place in the Egyptian Stock Exchange. Both companies are not entitled to use these amounts without prior approval from Misr Clearance Company.

15-2 Payments for investments are represented in the following:

	30/6/2019	**31/12/2018**
AAW Company for Infrastructure	1,348,856	1,348,856
IDEAVELOPERS	25,000	25,000
Paytabs Egypt Solutions	250,000	--
Balance	1,623,856	1,373,856

15-3 On 15/11/2018 EFG-Hermes Leasing (a subsidiary – 100%) has signed a contract to securitize finance lease contracts it's undiscounted cash flows amounted to EGP 407 344 556 and it's discounted cash flows amounted to EGP 329 608 548 to EFG Hermes Securitization Company (a subsidiary – 100%), the financial rights related to the finance lease agreements assigned to EFG Hermes Securitization Company (transferee). EFG Hermes Securitization Company made a special offering for the securitization bonds according to the approval of the Egyptian Financial Supervisory Authority to offering bonds and the underwriting of bonds which amounted to EGP 315 000 000 was paid in full through a special offering that was closed on 3/12/2018, the amount of the securitization surplus as at 30 June 2019 is EGP 14 608 548 represents the fair value of the rights of EFG – Hermes Leasing at the end of the securitization process which the custodian is obligated to repay to the Company as the transferor in those issuances at the maturity of the securitization bonds or by its accelerated payment and after the full payment of all entitlements of bondholders both principal and interest and the payment of all other obligations.

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

16- Due to banks and financial institutions

	30/6/2019	31/12/2018
Financial institutions	5,161,245,429	3,010,470,101
Bank overdraft	2,987,907,372	1,940,726,231
Balance	8,149,152,801	4,951,196,332

17- Accounts payable - customers credit balance at fair value through profit and loss

This amount represents payable to customers against the structured notes issued by one of group companies.

18- Creditors and other credit balances

	30/6/2019	31/12/2018 Restated *
Accrued expenses	774,233,661	1,110,652,819
Dividends payable (prior years)	232,204,781	209,238,453
Deferred revenues	143,111,851	354,220,414
Suppliers	228,325,161	80,037,687
Due to Industry Modernization Center	--	13,388,123
Clients' coupons - custody activity	15,113,265	11,121,066
Tax authority	14,495,327	13,205,208
Social Insurance Association	7,980,838	4,857,889
Payables- purchase of investments	532,615,763	2,000,000
Medical takaful insurance tax	4,437,829	3,235,227
Deposits due to others –finance lease contracts**	4,464,120	4,428,849
Sundry creditors	91,490,134	74,685,910
Balance	2,048,472,730	1,881,071,645

* Note no (32).

** Deposits due to others amounted to EGP 4 464 120 as at 30 June 2019 versus EGP 4 428 849 as at 31 December 2018 represents the deposits collected from the lessees of EFG-Hermes Leasing.

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

19- Deferred tax liabilities

	Balance at 1/1/2019	Recognized in profit or loss	Recognized in equity	Acquisition from subsidiaries	Foreign currency differences	Net	Deferred tax assets	Deferred tax liabilities
Fixed assets depreciation	(7,707,007)	(1,216,376)	--	--	--	(8,923,383)	--	(8,923,383)
Claims provision	906,827	--	--	--	(22,933)	883,894	883,894	--
Impairment loss on assets	1,224,794	--	--	--	--	1,224,794	1,224,794	--
Prior year losses carried forward	11,831,386	(8,514,719)	--	8,894,602	(1,174,575)	11,036,694	11,036,694	--
Changes in fair value of cash flow hedges *	6,612,597	--	--	--	--	6,612,597	6,612,597	--
Fair value of available-for-sale financial assets **	(233,354,371)	--	31,587,349	--	1,617	(201,765,405)	--	(201,765,405)
Foreign currency translation differences	(5,029,029)	52,266,250	--	--	(1,548)	47,235,673	47,235,673	--
Revaluation of investment property	1,867,147	--	--	--	--	1,867,147	1,867,147	--
Deferred capital gain	(7,664,152)	656,928	--	--	--	(7,007,224)	--	(7,007,224)
	(231,311,808)	43,192,083	31,587,349	8,894,602	(1,197,439)	(148,835,213)	68,860,799	(217,696,012)

* Directly deducted from cash flow hedging reserve item presented on the statement of changes in equity.

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

20- Provisions

		30/6/2019	31/12/2018
Claims provision	(20-1)	279,649,864	261,828,886
Severance pay provision	(20-1)	181,183,278	183,758,769
Financial guarantee for contingent liabilities	(20-1)	25,996,082	15,910,292
Balance		486,829,224	461,497,947

20-1

	Claims provision	Severance Pay provision*	Financial guarantee for contingent liabilities	Total
Balance at the beginning of the period	261,828,886	183,758,769	15,910,292	461,497,947
Formed during the period	26,622,054	15,858,432	10,110,835	52,591,321
Foreign currency differences	(1,901,231)	(13,131,695)	--	(15,032,926)
Amounts used during the period	(6,899,845)	(5,302,228)	--	(12,202,073)
Provision reversed	--	--	(25,045)	(25,045)
Balance at the end of the period	279,649,864	181,183,278	25,996,082	486,829,224

* Related to group entities outside Egypt.

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

21- Loans and borrowings

The borrower	Credit Limit	Contract date	Maturity date	30/6/2019	31/12/2018 Restated *
EFG – Hermes Leasing**	250 million	10/6/2015	10/6/2023	51,313,806	57,857,503
,,	100 million	4/6/2015	4/6/2022	95,653,182	110,556,267
,,	280 million	14/7/2015	14/9/2022	404,548,089	397,427,154
,,	300 million	4/11/2015	4/11/2022	221,617,278	287,034,097
,,	200 million	9/8/2015	9/8/2023	180,158,619	149,596,498
,,	200 million	30/9/2015	30/9/2025	75,068,584	82,602,958
,,	175 million	14/3/2016	14/3/2023	236,182,183	213,312,910
,,	50 million	1/6/2016	1/6/2023	48,555,608	24,572,142
,,	100 million	1/6/2016	1/5/2020	87,649,879	92,810,380
,,	100 million	28/11/2016	31/10/2021	45,642,263	65,590,555
,,	80 million	15/12/2016	30/9/2021	3,957,726	6,879,429
,,	100 million	12/2/2017	28/2/2022	172,534,789	121,746,300
,,	70 million	19/2/2017	30/8/2024	66,940,180	69,654,724
,,	100 million	15/12/2016	30/9/2021	84,285,046	44,787,489
,,	50 million	3/4/2017	3/4/2024	2,001,468	2,225,451
,,	20 million	24/4/2017	24/4/2023	3,271,967	3,680,963
,,	100 million	25/5/2017	25/5/2022	142,619,494	83,893,021
,,	65 million	29/5/2017	29/5/2024	45,333,490	51,071,656
,,	44 million	19/10/2017	19/10/2022	26,302,500	32,238,000
,,	90 million	1/12/2017	1/6/2022	53,524,542	61,675,435
,,	150 million	7/2/2018	7/2/2023	145,000,000	100,000,000
,,	100 million	24/9/2018	24/9/2025	64,212,428	17,941,217
,,	600 million	5/9/2018	5/9/2028	229,947,715	137,779,949
EFG – Hermes Pakistan Limited	112.1 million	12/5/2017	11/5/2020	38,391,000	48,037,500
Tanmeyah Micro Enterprise Services S.A.E	100 million	30/3/2019	30/3/2020	88,370,046	98,612,166
,,	50 million	5/4/2018	5/3/2023	37,400,260	2,845,387
,,	500 million	18/6/2017	18/6/2022	300,754,675	255,236,691
,,	72 milion	15/10/2018	15/10/2023	71,151,015	72,235,627
Valu	100 million	10/11/2017	9/11/2023	73,407,410	39,801,781
EFG-Hermes Holding	370 milion	26/11/2017	25/11/2024	332,198,685	350,110,738
	Balance			3,427,993,927	3,081,813,988

Current	816,115,702	792,627,413
Non-current	2,611,878,225	2,289,186,575
Balance	3,427,993,927	3,081,813,988

* Note no (32).

** EFG-Hermes Leasing (wholly owned subsidiary), is committed to settle the credit granted by waiving the rental value of the finance lease contracts to the banks within the credit amount.

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

22- 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.

23- Non - controlling interests

	30/6/2019	**31/12/2018 Restated ***
Share capital	173,562,663	172,989,573
Additional paid-in capital	140,177,954	140,177,954
Legal reserve	16,964,533	16,224,736
Other reserves	21,405,499	47,608,718
Retained earnings	61,973,845	25,057,882
Profit for the period / year	10,071,978	35,654,689
Balance	424,156,472	437,713,552

* Note no (32).

24- Contingent liabilities

The holding company guarantees its subsidiary EFG- Hermes Brokerage – UAE against the Letters of Guarantee issued from banks amounting to:

	30/6/2019	**31/12/2018**
AED	118,670,000	118,670,000
Equivalent to EGP	539,533,155	578,623,053

Group off-financial position items :

Assets under management	55,832,424,682	81,462,718,026

25- Other income

Other income includes rental income, and non-recurring income.

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

26- Impairment loss on assets

	2019		2018	
	For the period from 1/4/2019 to 30/6/2019	**For the period from 1/1/2019 to 30/6/2019**	**For the period from 1/4/2018 to 30/6/2018**	**For the period from 1/1/2018 to 30/6/2018**
Impairment loss on accounts receivables	608,630	17,213,447	(6,863,631)	2,747,205
Impairment loss on loans receivables	15,490,216	28,821,279	8,564,480	13,576,585
Total	16,098,846	46,034,726	1,700,849	16,323,790

27- Income tax expense

	2019		2018	
	For the period from 1/4/2019 to 30/6/2019	**For the period from 1/1/2019 to 30/6/2019**	**For the period from 1/4/2018 to 30/6/2018**	**For the period from 1/1/2018 to 30/6/2018**
Current income tax	(53,705,084)	(107,243,383)	(65,072,292)	(117,212,021)
Deferred tax	17,060,070	43,192,083	(7,265,689)	(3,108,762)
Total	(36,645,014)	(64,051,300)	(72,337,981)	(120,320,783)

28- Cash and cash equivalents

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

	30/6/2019	**31/12/2018**
Cash and due from banks	7,892,416,762	6,507,881,367
Due to banks and financial institutions	(8,149,152,801)	(4,951,196,332)
Treasury bills less than 90 days	37,645,557	41,341,595
Effect of exchange rate	--	(252,043,893)
Cash and cash equivalents	(219,090,482)	1,345,982,737

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

29- General administrative expenses

	2019		2018 Restated *	
	For the period from 1/4/2019 to 30/6/2019	**For the period from 1/1/2019 to 30/6/2019**	**For the period from 1/4/2018 to 30/6/2018**	**For the period from 1/1/2018 to 30/6/2018**
Wages, salaries and similar items **	471,662,778	1,076,824,896	448,121,771	843,313,223
Consultancy	13,111,473	24,534,117	14,515,216	26,908,141
Travel , accommodation and transportation	16,062,345	33,128,849	17,000,711	26,609,062
Leased line and communication	32,018,639	59,512,776	31,058,242	59,385,017
Rent and utilities expenses	26,052,357	54,818,257	26,491,654	49,064,576
Other expenses	86,533,097	170,442,175	77,238,535	143,599,256
Total	645,440,689	1,419,261,070	614,426,129	1,148,879,275

* Note no (32).

** In 2018 the group based on the compensation committee recommendation approved enrolling a number of employees in a three years retention program whereby these employees would receive a cash bonus during the company's annual bonus cycle that is based on the share price of EFG- Hermes Holding at the end of the relevant year. The line item (Wages, salaries and similar items) includes an amount of EGP 164,212,907 relevant to this program for the period ended June 30, 2019.

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

30- Operating segment

(a) Basis for operating segment

Segment information is presented in respect of the Group's business segments.

The primary format, business segment, is based on the Group's management and internal reporting structure. Inter-segment pricing is determined on an arm's length basis.

Segment results, assets and liabilities include items directly attributable to a segment. The revenue & expense and assets & liabilities analyses in the table below are based on the type of business activities and services that are distinguishable component.

For the period ended June 30, 2019

	Holding & Treasury	Brokerage	Asset Management	Investment Banking	Private Equity	Leasing	Micro Finance	Consumer Finance	Factoring	Adjustments	Total
Fee and commission income	--	710,371,438	172,662,698	95,606,994	418,125,273	--	308,719,491	7,971,161	940,419	(2,345,304)	1,712,052,170
Securities gains	103,214,583	4,026,135	--	--	--	--	--	--	--	--	107,240,718
Changes in the investments at fair value through profit and loss	10,656,920	3,022,770	--	--	--	--	--	--	--	--	13,679,690
Revenues from leasing activities	--	--	--	--	--	264,532,163	--	--	--	--	264,532,163
Interest and dividend income	620,187,133	52,599,321	6,643,449	10,892,979	12,597,936	4,240,651	453,837,797	7,270,562	10,038,614	(9,585,288)	1,168,723,154
Provision reversed	--	--	--	--	--	--	25,045	--	--	--	25,045
Other income	23,922,737	5,303,028	440,142	221,522	835,842	299,292	1,595,014	--	1,516,344	--	34,133,921
Total revenues	757,981,373	775,322,692	179,746,289	106,721,495	431,559,051	269,072,106	764,177,347	15,241,723	12,495,377	(11,930,592)	3,300,386,861

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

	Holding & Treasury	Brokerage	Asset Management	Investment Banking	Private Equity	Leasing	Micro Finance	Consumer Finance	Factoring	Adjustments	Total
Fee and commission expense	(2,255,958)	(91,520,155)	(28,115,006)	(108,068)	(136,822,475)	(1,527)	(3,892)	(1,479,334)	(77,898)	37,606,009	(222,778,304)
Interest expense	(77,319,484)	(101,949,862)	--	(3,454,441)	(2,490,217)	(183,547,156)	(236,681,138)	(4,982,944)	(8,604,002)	(17,635,133)	(636,664,377)
Foreign currencies exchange differences	(122,924,711)	3,075,506	--	--	--	--	--	--	--	--	(119,849,205)
Net revenues	555,481,220	584,928,181	151,631,283	103,158,986	292,246,359	85,523,423	527,492,317	8,779,445	3,813,477	8,040,284	2,321,094,975
General administrative expenses	(594,603,448)	(415,639,703)	(110,540,210)	(36,106,422)	(24,591,167)	(20,304,166)	(197,923,811)	(19,751,119)	(7,399,933)	7,598,909	(1,419,261,070)
Provisions	(28,957,759)	(9,404,528)	(2,641,705)	(949,789)	--	--	(10,637,540)	--	--	--	(52,591,321)
Depreciation and amortization	(16,504,444)	(8,698,283)	(8,442,820)	(127,736)	(138,475)	(85,831)	(16,011,640)	(2,038,428)	(543,275)	--	(52,590,932)
Impairment loss on assets	--	(242,124)	--	--	--	(8,700,000)	(20,121,279)	(363,519)	(968,611)	(15,639,193)	(46,034,726)
Total expenses	(842,565,804)	(624,379,149)	(149,739,741)	(40,746,456)	(164,042,334)	(212,638,680)	(481,379,300)	(28,615,344)	(17,593,719)	11,930,592	(2,549,769,935)
Profit before income tax	(84,584,431)	150,943,543	30,006,548	65,975,039	267,516,717	56,433,426	282,798,047	(13,373,621)	(5,098,342)	--	750,616,926
Income tax expense	42,310,387	(24,172,379)	(355,898)	(2,086,814)	(145,305)	(13,146,450)	(66,417,041)	(21,688)	(16,112)	--	(64,051,300)
Profit for the period	(42,274,044)	126,771,164	29,650,650	63,888,225	267,371,412	43,286,976	216,381,006	(13,395,309)	(5,114,454)	--	686,565,626
Total assets	13,551,167,826	17,369,466,628	683,449,142	396,336,364	616,695,348	3,092,733,561	2,438,034,959	237,961,263	192,435,820	--	38,578,280,911
Total liabilities	2,543,354,910	16,781,265,690	95,896,779	70,219,822	273,194,201	2,759,145,067	1,751,433,156	159,154,739	184,493,061	--	24,618,157,425

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

For the period ended June 30, 2018

	Holding & treasury	Brokerage	Asset management	Investment banking	Private Equity	Leasing	Micro finance	Consumer Finance	Factoring	Adjustments	Total
Fee and commission income	--	610,951,344	227,848,807	116,070,058	40,633,420	--	177,939,554	746,747	--	--	1,174,189,930
Securities gains	86,555,493	795,316	--	--	--	--	--	--	--	--	87,350,809
Revenues from leasing activities	--	--	--	--	--	240,652,200	--	--	--	--	240,652,200
Changes in the investments at fair value through profit and loss	(24,631,857)	67,977	--	--	--	--	--	--	--	--	(24,563,880)
Interest and dividend income	425,938,405	45,165,717	374,611	23,165,308	9,725,596	3,523,864	244,897,961	2,764,079	112,953	(16,263,885)	739,404,609
Provision reversed	72,649,482	--	--	--	--	--	279,672	--	--	--	72,929,154
Other income	16,917,346	18,620,632	3,200,232	207,500	24,750	--	558,198	--	--	--	39,528,658
Total revenues	577,428,869	675,600,986	231,423,650	139,442,866	50,383,766	244,176,064	423,675,385	3,510,826	112,953	(16,263,885)	2,329,491,480
Fee and commission expense	(18,285)	(60,510,576)	(23,103,560)	(131,883)	(114,071)	(5,235)	(3,812)	(20,944)	--	20,794,079	(63,114,287)
Interest expense	(60,914,104)	(78,791,082)	--	(8,406,822)	(2,773,897)	(174,484,733)	(143,828,568)	(112,280)	--	6,345,833	(462,965,653)
Foreign currencies exchange differences	16,456,153	--	--	--	--	--	--	--	--	--	16,456,153
Net revenues	532,952,633	536,299,328	208,320,090	130,904,161	47,495,798	69,686,096	279,843,005	3,377,602	112,953	10,876,027	1,819,867,693

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

	Holding & treasury	**Brokerage**	**Asset management**	**Investment banking**	**Private Equity**	**Leasing**	**Micro finance**	**Consumer Finance**	**Factoring**	**Adjustments**	**Total**
General administrative expenses	(423,374,959)	(387,321,365)	(118,717,005)	(35,832,397)	(23,484,241)	(17,090,611)	(118,997,521)	(.9,769,624)	(3,415,525)	(10,876,027)	(1,148,879,275)
Provisions	(3,662,146)	(11,658,507)	(1,891,141)	(871,488)	(150,304)	--	(4,355,366)	--	--	--	(22,588,952)
Depreciation and amortization	(13,319,154)	(6,561,649)	(6,534,631)	(95,256)	(46,018)	(364,820)	(7,124,306)	(519,192)	(10,271)	--	(34,575,297)
Impairment loss on assets	--	(177,300)	--	--	--	(4,500,000)	(9,076,586)	(2,569,904)	--	--	(16,323,790)
Total expenses	(484,832,495)	(545,020,479)	(150,246,337)	(45,337,846)	(26,568,531)	(196,445,399)	(283,386,159)	(12,991,944)	(3,425,796)	16,263,885	(1,731,991,101)
Profit before income tax	92,596,374	130,580,507	81,177,313	94,105,020	23,815,235	47,730,665	140,289,226	(9,481,118)	(3,312,843)	--	597,500,379
Income tax expense	(28,823,888)	(36,433,155)	(4,977,585)	(6,868,470)	(42,004)	(11,415,646)	(31,760,035)	--	--	--	(120,320,783)
Profit for the period	63,772,486	94,147,352	76,199,728	87,236,550	23,773,231	36,315,019	108,529,191	(9,481,118)	(3,312,843)	--	477,179,596
Total assets	12,181,212,331	14,361,999,171	641,314,186	395,019,339	1,993,048,168	2,441,712,080	1,427,094,574	105,524,609	550,466	--	33,547,474,924
Total liabilities	1,991,396,091	13,609,747,703	88,437,163	67,077,551	285,335,735	2,150,224,539	896,334,498	59,204,887	87,598	--	19,147,845,765

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

(b) Geographical segments

- The Group operates in three main geographical areas: Egypt, GCC and Lebanon. In presenting the geographic information, segment revenue has been based on the geographical location of operation and the segment assets were based on the geographical location of the assets. The group's operations are reported under geographical segments, reflecting their respective size of operation.
- The revenue analysis in the tables below is based on the location of the operating company, which is the same as the location of the major customers and the location of the operating companies.

June 30, 2019

	Egypt	**GCC**	**Lebanon**	**Other**	**Total**
Total revenues	2,236,604,272	914,429,240	36,575,512	112,777,837	3,300,386,861
Segment assets	21,502,775,270	15,513,705,431	1,139,266,705	422,533,505	38,578,280,911

June 30, 2018

	Egypt	**GCC**	**Lebanon**	**Other**	**Total**
Total revenues	1,777,368,707	440,195,886	48,168,154	63,758,733	2,329,491,480
Segment assets	18,013,403,614	13,782,616,505	1,290,147,772	461,307,033	33,547,474,924

31- Tax status (the holding company)

- 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 competent Tax Inspectorate. And as to years 2017 / 2018, according to tax form of tax law no. 91 of 2005 the company has submitted the tax returns and 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 competent Tax Inspectorate and as to years 2009 / 2012 the company’s books had been examined and all the disputed points have been transferred with the Internal Committee, 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 years 2017 / 2018 have not been inspected yet.

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

32- Corresponding figures

As a result of issuing the new Egyptian Accounting Standard No. (49) "Lease Contracts" (Note no 36), certain adjustments have been made to some comparative figures in order to conform with the current period presentation as following:

	(As reported) for the year ended 31/12/2018 EGP	Adjustments EGP	(Restated) for the year ended 31/12/2018 EGP
Balance sheet			
Assets			
Fixed assets	213,815,107	292,534,071	506,349,178
Leased assets	2,489,934,226	(2,489,934,226)	--
Loans receivables	2,340,876,532	2,524,477,431	4,865,353,963
Account receivables	2,598,363,983	(35,092,235)	2,563,271,748
Other assets	771,523,445	(80,812,184)	690,711,261
Equity and liabilities			
Loans and borrowings	2,659,467,623	422,346,365	3,081,813,988
Accounts payable - customers credit balance	2,561,925,913	(16,453,599)	2,545,472,314
Creditors and other credit balances	2,062,678,665	(181,607,020)	1,881,071,645
Other reserves	3,861,768,238	7,151,547	3,868,919,785
Retained earnings	3,597,789,315	(20,254,702)	3,577,534,613
Non - controlling interests	437,723,286	(9,734)	437,713,552

	for the period ended 30/6/2018 EGP	Adjustments EGP	for the period ended 30/6/2018 EGP
Income statement			
Revenues from leasing activities	366,831,608	(126,179,408)	240,652,200
Other income	48,859,128	(9,330,470)	39,528,658
Foreign currencies differences	15,578,032	878,121	16,456,153
Interest expense	(444,203,888)	(18,761,765)	(462,965,653)
General administrative expenses	(1,180,209,566)	31,330,291	(1,148,879,275)
Depreciation and amortization*	(154,065,544)	119,490,247	(34,575,297)
Profit for the period	479,752,580	(2,572,984)	477,179,596
Owners of the Company	449,032,038	(559,030)	448,473,008
Non - controlling interests	30,720,542	(2,013,954)	28,706,588

* Depreciation and amortization item adjustments includes an amount of EGP 3 993 188 represent the amortization of intangible assets during the comparative period resulted from Frontier Investment Management Partners LTD Purchase Price Allocation (PPA) study (one of Group's subsidiaries) which determine the fair value of the identifiable assets and liabilities acquired.

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

33- Group's entities

The parent company owns the following subsidiaries:

	Direct ownership %	Indirect ownership %
Financial Brokerage Group	99.87	0.09
Egyptian Fund Management Group	88.51	11.49
Egyptian Portfolio Management Group	66.33	33.67
Hermes Securities Brokerage	97.58	2.42
Hermes Fund Management	89.95	10.05
Hermes Corporate Finance	99.37	0.53
EFG - Hermes Advisory Inc.	100	--
EFG- Hermes Financial Management (Egypt) Ltd.	--	100
EFG - Hermes Promoting & Underwriting	99.88	--
Bayonne Enterprises Ltd.	100	--
EFG- Hermes Fixed Income	99	1
EFG- Hermes Management	96.3	3.7
EFG- Hermes Private Equity	1.59	63.41
EFG- Hermes UAE LLC.	--	100
Flemming CIIC Holding	100	--
Flemming Mansour Securities	--	99.33
Flemming CIIC Securities	--	96
Flemming CIIC Corporate Finance	--	74.92
EFG- Hermes UAE Ltd.	100	--
EFG- Hermes Holding - Lebanon	99	--
EFG- Hermes KSA	73.1	26.9
EFG- Hermes Lebanon	99	0.97
Mena Opportunities Management Limited	--	95
Mena (BVI) Holding Ltd.	--	95
EFG - Hermes Mena Securities Ltd.	--	100
Middle East North Africa Financial Investments W.L.L	--	100
EFG- Hermes Oman LLC	--	51
EFG- Hermes Regional Investment Ltd.	100	--
Offset Holding KSC **	--	50
EFG- Hermes IFA Financial Brokerage	--	63.084
IDEAVELOPERS	--	52
EFG- Hermes CB Holding Limited	--	100
EFG- Hermes Global CB Holding Limited	100	--
EFG - Hermes Syria LLC *	49	20.37
Sindyan Syria LLC *	97	--
Talas & Co. LLP *	--	97
EFG - Hermes Jordan	100	--
Mena Long-Term Value Feeder Holdings Ltd. **	--	50
Mena Long-Term Value Master Holdings Ltd. **	--	45
Mena Long-Term Value Management Ltd. **	--	45
EFG - Hermes CL Holding SAL	--	100
EFG - Hermes Investment Funds Co.	99.998	--
EFG-Hermes IB Limited	100	--
Financial Group for Securitization	100	--
Beaufort Investments Company	100	--
EFG-Hermes Leasing	--	100

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

	Direct ownership %	**Indirect ownership %**
EFG Hermes-Direct Investment Fund	64	--
Tanmeyah Micro Enterprise Services S.A.E	--	94.302
EFG – Hermes Frontier Holdings LLC	100	--
EFG – Hermes USA	100	--
EFG Capital Partners III	--	65
Health Management Company	--	52.5
EFG – Hermes Kenya Ltd.	--	100
EFG Finance Holding	99.82	0.18
EFG - Hermes Pakistan Limited	--	51
EFG - Hermes UK Limited	--	100
OLT Investment International Company (B.S.C)	99.9	--
Frontier Investment Management Partners LTD **	--	50
EFG-Hermes SP limited	--	100
Valu	--	100
EFG-Hermes Factoring	--	100
Beaufort Asset Managers LTD	--	100
EFG Hermes Bangladesh Limited	--	100
EFG Hermes FI Limited	--	100
EFG Hermes Securitization	--	100
EFG Hermes PE Holding LLC	100	--
Etkan for Inquiry and Collection and Business Processes	0.002	95.196
RX Healthcare Management	--	52.5
FIM Partners KSA **	--	50
Egypt Education Fund GP Limited	--	80
EFG Hermes Nigeria Limited	--	100

* Due to exposing Syrian Arab Republic to events have significantly impact on the economic sectors in general and lead to lose of control so, the company's management decided in 2016 to transfer these fully impaired investments from investments in subsidiaries to available for sale investments.

** The Holding Company has the power to govern the financial and operating policies of the mentioned companies then the investees Companies is classified as investments in subsidiaries.

34- 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.

34-1 Market risk

Market risk is defined as the potential loss in both on and off financial position resulting from movements in market risk factors such as foreign exchange rates, interest rates, and equity prices.

Market risk is represented in the factors which affect values, earnings and profits of all securities negotiated in stock exchange or affect the value, earning and profit of a particular security.

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.

34-2 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.
- The company has revaluate assets and liabilities at the financial position date as disclosed in foreign currency accounting policy.

34-3 Risk management

In the ordinary course of business, the Group is exposed to a variety of risks, the most important of which are liquidity risk, interest rate risk, currency risk, credit risk and market risk. These risks are identified, measured and monitored through various control mechanisms in order to price facilities and products on a risk adjusted basis and to prevent undue risk concentrations.

The independent risk control process does not include business risks such as changes in the environment, technology and industry. They are monitored through the Group’s strategic planning process.

34-4 Credit risk

Credit risk is the risk of a person or an organization defaulting in the repayment of their obligations to the Group in respect of the terms and conditions of the credit facilities granted to them by the Group. The management minimizes this risk by spreading its loan portfolio overall economic sectors and by adopting appropriate procedures and controls to evaluate the quality of the credit facilities granted and the creditworthiness of the borrowers. The credit risk of connected accounts is monitored on a united basis. In addition, the effective credit appraisal procedure for examining applications for credit facilities followed by the Group, adopts as the main criteria the repayment capability and obtaining sufficient collateral. The continuous monitoring of credit accounts and the timely preventive action further minimize, to a large extent, the exposure to credit risk.

34-5 Liquidity risk

Liquidity risk is the risk that the Group will be unable to meet its payment obligations when they fall due under normal and stress circumstances. To limit this risk, management has arranged diversified funding sources in addition to its core deposit base, manages assets with liquidity in mind and monitors future cash flows and liquidity on daily basis. This incorporates an assessment of expected cash flows and the availability of high grade collateral which could be used to secure additional funding if required.

The Group maintains a portfolio of high marketable and diverse assets that can be easily liquidated in the event of an unforeseen interpretation of cash flow. In addition, the Group maintains statutory deposits with the Central Banks.

The liquidity position is assessed and managed under a variety of scenarios, giving due consideration to stress factors relating to both the market in general and to the Group in specific. The Group maintains a solid ratio of high liquid net assets in foreign currencies to deposits and commitments in foreign currencies taking markets conditions into consideration.

34-6 Interest rate risk

Interest rate risk stems from the sensitivity of earnings to future movements in interest rates applied on assets and liabilities.

The Group’s management closely monitors interest rate fluctuations on a continuous basis and ensures that assets and liabilities are matched and re-priced in a timely manner. The Group is exposed to interest rate risk as a result of mismatches or gaps in the amounts of assets and liabilities that mature or are re-priced in a given period. The most important source of interest rate risk derives from the lending, funding and investing activities, where fluctuations in interest rates are reflected in interest margins and earnings.

34-7 Equity price risk

Equity price risk is the risk that the value of a portfolio will fall as a result of change in stock prices. Risk factors underlying this type of market risk are a whole range of various equity (and index) prices corresponding to different markets (and currencies/maturities), in which the Group holds equity-related positions.

The Group sets tight limits on equity exposures and the types of equity instruments that traders are allowed to take positions in. Nevertheless, depending on the complexity of financial instruments, equity risk is measured in first cash terms, such as the market value of a stock/index position, and also in price sensitivities, such as sensitivity of the value of a portfolio to changes in the underlying asset price. These measures are applied to an individual position and/or a portfolio of equity products.

34-8 Operational risk

Operational risk is the risk of direct or indirect loss due to an event or action causing failure of technology, process infrastructure, personnel, and other risks having an operational risk impact. The Group seeks to minimize actual or potential losses from operational risk failure through a framework of policies and procedures that identify, assess, control, manage, and report those risks. Controls include effective segregation of duties, access, authorization and reconciliation procedures, staff education and assessment processes.

34-9 Fair value of financial instruments

The fair value of the financial instruments does not substantially deviated from its book value at the financial position date. According to the valuation basis applied, in accounting policies to the assets and liabilities.

34-10 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 instruments.
- In accordance with an arrangement between the subsidiary, EFG-Hermes Mena Securities Limited Co. and its customers (“the customers”), the Company from time to time enters into fully paid Shares Swap Transaction Contracts (“the contracts”) with the

customers. Under the contracts the customers pay to the Company a pre-determined price, which is essentially the market price at the trade date, in respect of certain reference securities. In return for such shares swap transactions the Company pays to the customers the mark to market price of the reference securities at a pre-determined date (normally after one year). However, the contracts can be terminated at any time by either of the parties, which shall be the affected party.

In order to hedge the price risks with respect to the reference securities under the contracts, the Company enters into back-to-back fully paid Share Swap Transaction Contracts with other subsidiaries, MENA Financial Investments W.L.L. (“MENA-F”) and EFG-Hermes KSA.

Accordingly, the Share Swap Transactions are measured at fair value based on underlying reference securities under the contracts.

35- Significant accounting policies applied

35-1 Business Combination

- The Group accounts for business combinations using the acquisition method when control is transferred to the Group.
- The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired.
- Any goodwill that arises is tested annually for impairment, any gain on a bargain purchase is recognized immediately in profit or loss
- Transaction costs are expensed as incurred, except if related to the issue of debtor equity securities.
- The consideration transferred doesn't include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognized in profit or loss.
- Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not re measured and settlement is accounted for within equity. Otherwise, other contingent consideration is re measured at fair value at each reporting date and subsequent changes in the fair value of the contingent consideration are recognized in profit or loss.

35-2 Subsidiaries

- Subsidiaries are entities controlled by the Group.
- The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.
- The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

35-2-1 Non-controlling interests

NCI are measured at their proportionate share of the acquiree's identifiable net assets at the date of acquisition. Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

35-2-2 Loss of control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

35-3 Interests in equity-accounted investees

The Group's interests in equity-accounted investees comprise interests in associates and a joint venture. Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies. A joint venture is an arrangement in which the Group has joint control, where by the Group has rights to the net assets of the arrangement.

Rather than rights to its assets and obligations for its liabilities. Interests in associates and the joint venture are accounted for using the equity method. They are initially recognized at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and OCI of equity accounted investees, until the date on which significant influence or joint control ceases.

35-3-1 Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising fromintra-group transactions, are eliminated. Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

35-4 Foreign currency

35-4-1 Foreign currency 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. Foreign currency differences are generally recognized in profit or loss. However, foreign currency differences arising from the translation of the following items are recognized in OCI:

- Available-for-sale equity investments (except on impairment, in which case foreign currency differences that have been recognized in OCI are reclassified to profit or loss);
- A financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective.
- Qualifying cash flow hedges to the extent that the hedges are effective.

35-4-2 Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated at the exchange rates at the reporting date. The income and expenses of foreign operations are translated at the exchange rates at the dates of the transactions.

Foreign currency differences are recognized in OCI and accumulated in the translation reserve, except to the extent that the translation difference is allocated to NCI.

When a foreign operation is disposed of in its entirety or partially such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. If the Group disposes of part of its interest in a subsidiary but retains control, then the relevant proportion of the cumulative amount is reattributed to NCI. When the Group disposes of only part of an associate or joint venture while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

35-5 Discontinued operation

A discontinued operation is a component of the Group’s business, the operations and cash flows of which can be clearly distinguished from the rest of the Group.

Classification as a discontinued operation occurs at the earlier of disposal or when the operation meets the criteria to be classified as held-for-sale.

When an operation is classified as a discontinued operation, the comparative statement of profit or loss and OCI is re-presented as if the operation had been discontinued from the start of the comparative period.

35-6 Revenue

35-6-1 Gain (loss) on sale of investments

Gain (loss) resulting from sale of investments are recognized on transaction date and measured by the difference between cost and selling price less selling commission and expenses. In case of derecognizing of investments in associates, the difference between the carrying amount and the sum of both the consideration received and cumulative gain or loss that had been recognized in shareholders’ equity shall be recognized in income statement.

35-6-2 Dividend income

Dividend income is recognized when declared.

35-6-3 Custody fee

Custody fees are recognized when the service is provided and the invoice is issued.

35-6-4 Interest income and expenses

Interest income and expenses are recognized in the income statement under “Interest income” item or “Interest expenses” by using the effective interest rate method of all instruments bearing interest other than those classified held for trading or which have been classified at inception “fair value through income statement”.

35-6-5 Fee and commission income

Fee related to servicing the loan or facility are recognized in income when performing the service while the fees and commissions related to non-performing or impaired loans are not recognized, instead, they are to be recorded in marginal records off the financial position. Then they are recognized within the income pursuant to the cash basis when the interest income is collected. As for fees which represent an integral part of the actual return on the financial assets, they are treated as an amendment to the rate of actual return.

35-6-6 Brokerage commission

Brokerage commission resulting from purchase of and sale of securities operations in favor of clients are recorded when operation is implemented and the invoice is issued.

35-6-7 Management fee

Management fee is calculated as determined by the management contract of each investment fund & portfolio and recorded on accrual basis.

35-6-8 Incentive fee

Incentive fee is calculated based on certain percentages of the annual return realized by the fund and portfolio, however these incentive fee will not be recognized until revenue realization conditions are satisfied and there is adequate assurance of collection.

35-6-9 Finance lease income

Income resulted from lease contracts is recognized based on internal return rate resulted from lease contracts in addition to the equivalent amount of a periodical depreciation installment. The differences between the income recognized and accrued rental value for the same period is suspended in a separate account, and is to be settled with the carrying amount of the leased assets at the end of contract period.

35-6-10 Investment property rental income

Rental income from investment property is recognized as revenue on a straight-line basis over the term of the lease. Lease incentives granted are recognized as an integral part of the total rental income, over the term of the lease. Rental income from other property is recognized as other income.

35-6-11 Revenue from micro-finance services

- Revenue from micro-finance services is recognized based on time proportion taking into consideration the rate of return on asset. Revenue yield is recognized in the income statement using the effective interest method for all financial instruments that carry a yield, the effective interest method is the method of measuring the amortized cost of a financial asset and distributing the revenue over the life of time the relevant instrument. The effective interest rate is the rate that discounts estimated future cash receipts during the expected life of the financial instrument to reach the book value of the financial asset.
- When classifying loans to customers as irregular, no income is recognized on its return and it is recognized in marginal records outside the financial statements and are recognized as revenue in accordance with the cash basis when it is collected.
- The commission income is represented in the value of the difference between the yield of the financing granted micro-enterprises and the accruals of the company's bank by deducting the services provided directly from the amounts collected from the entrepreneurs.
- The benefits and commissions resulting from the performance of the service are recognized, according to the accrual basis as soon as the service is provided to the client unless those revenues cover more of the financial period are recognized on a time proportion basis.
- An administrative commission of 8% of the loan granted to customers is collected on contracting in exchange for the issuance of the loan service and administrative commission revenue are proven in the income statement upon the issuance of the loan to the client.

- A commission delay in payments of premiums is collected at rates agreed upon within the contracts and are recognized as soon as customers delayed payment on the basis of the extended delay.

35-6-12 Gains from securitization

Gains from securitization is measured as the difference between the fair value of the consideration received or is still due to the company at the end of securitization process and the carrying amount of the securitization portfolios in the company's books on the date of the transfer agreement.

35-7 Income tax

Income tax expense comprises current and deferred tax. It is recognized in profit or loss except to the extent that it relates to a business combination, or items recognized directly in equity or in OCI.

35-7-1 Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends.

Current tax assets and liabilities are offset only if certain criteria are met.

35-7-2 Deferred tax

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is not recognized for:

- Temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- Temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future.
- Taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognized for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on business plans for individual subsidiaries in the Group. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized; such reductions are reversed when the probability of future taxable profits improves.

Unrecognized deferred tax assets are reassessed at each reporting date and recognized to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. For this purpose, the carrying amount of investment property measured at fair value is presumed to be recovered through sale, and the Group has not rebutted this presumption.

Deferred tax assets and liabilities are offset only if certain criteria are met.

35-8 Property, plant and equipment

35-8-1 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.

35-8-2 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.

35-8-3 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 - 50 years
- Office furniture, equipment & electrical appliances	2-16.67 years
- Computer equipment	3.33 - 5 years
- Transportation means	3.33 - 8 years

Leased assets are recorded at their historical cost after deducting the accumulated depreciation and any impairment in its value and are depreciated using the straight line method over the estimated productive life for each type of assets as follows:

	Estimated useful life
- Buildings and premises	20 years
- Equipment	5 -7 years
- Computer equipment	3 years
- Vehicles & transportation means	5 years

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

35-8-4 Reclassification to investment property

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

35-9 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.

35-10 Intangible assets and goodwill

- **Goodwill**

Goodwill arising on the acquisition of subsidiaries is measured at cost less accumulated impairment losses.

- **Research and development**

Expenditure on research activities is recognized in profit or loss as incurred.

Development expenditure is capitalised only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Group intends to and has sufficient resources to complete development and to use or sell the asset. Otherwise, it is recognized in profit or loss as incurred. Subsequent to initial recognition, development expenditure is measured at cost less accumulated amortisation and any accumulated impairment losses.

- **Other intangible assets**

  Other intangible assets, are measured at cost less accumulated amortisation and any accumulated impairment losses.

35-11 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 years.

35-12 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.

Such assets, or disposal groups, are generally measured at the lower of their carrying amount and fair value less costs to sell. 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.

35-13 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.

35-13-1 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.

35-13-2 Non-derivative financial assets – Measurement

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.

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.

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.

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.

35-13-3 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.

35-13-4 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.

35-13-4-1 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.

35-14 Share capital

35-14-1 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.

35-14-2 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.

35-15 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

35-16 Impairment

35-16-1 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.

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.

35-16-2 Non-financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than investment property and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognized in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

The provision for doubtful debts is calculated on the investment cost of the leased assets (cost of leased assets in addition to its return at the date of calculating the provision) which are uncertainly collected i.e. (doubtful rent value) after deducting the credit deposits held by the Company. The Company's provisions committee specifies the provision percentage for each credit class which is calculated according to the risk rates of the doubtful rent values or according to the negative changes of the credit indicators, this provision is reviewed regularly or whenever there is a need to do so.

35-17 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.

35-18 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.

35-19 Trade, and notes receivables, debtors and other debit balances

- Trade, notes receivables, debtors and other debit balances are stated at nominal value less impairment losses.
- The Company's lessees and the leased assets are regularly classified & evaluated and their obligations are reduced by the rent value paid in each financial period, and with the assurance of the availability of adequate guarantee to collect the client's rent values.

35-20 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, cash on hand, cheques under collection and due from banks and financial institutions.

35-21 Profit sharing to employees

The holding 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.

35-22 Micro-enterprises Receivables

35-22-1 Credit policy

Funding Consideration

- Funding are granted to clients who have previous experience not less than one year in his current activity which is confirmed by the client with adequate documentation and field inquiry.
- Funding are granted to the client which it’s installment is suitable according to his predictable income activity and this done throw analyzing client's revenues and expenses and his foreseeable marginal income, and this done by the branches specialists of the company on the prepared form for this purpose(financial study form and credit decision).
- Before grant funding, a client activity field inquiry is done.
- Recording inquiries results about client and guarantor with inquiring forms of the company which reveal client’s activity (visit form & Inquiry form).
- The company prohibit grant funding for new client unless the activity is existing with previous one year experience where the granted funds be within a minimum 1 000 EGP and maximum 30 000 EGP with loan duration of 12 months.
- Inquiries for clients are performed by I-Score Company before granting and in case of approval on granting. The credit limit of the client is considered when calculating the client’s revenue and expenses.

Client's Life Insurance

The insurance process on the client is performed with the authorized companies from insurance supervisory authority.

Client's Following up

The company keeps specialists in branches from following up all regular clients, and irregular with continuous application of that during finance period with judging on their commitment in paying the remaining installments and this done through recording visits for clients with daily basis and also with data base provided by computer system for all branches all over the republic.

35-22-2 Impairment loss of micro financed loans

The company at the date of the financial statements estimates the impairment loss of micro financed loans, in the light of the basis and rules of granting credit and forming the provisions according to the Board of Directors decision of the Financial Supervisory Authority No. (173) issued on December 21, 2014 to deal with the impairment loss.

35-23 Operating segment

A segment is a distinguishable component of the Group that is engaged either in providing products or services (business segment) or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments. The Group’s primary format for segment reporting is based on business segment.

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

36- Initial application of new Egyptian Accounting Standards "EAS"

On March 18, 2019, the Minister of Investment and International Cooperation introduced amendments to some provisions of the Egyptian Accounting Standards issued thereby by virtue of Decree No. 110 of 2015 , which include some new accounting standards as well as introducing amendments to certain existing standards published in the official gazette on 25 April 2019. The most prominent amendments are as follows:

New or Amended Standards	A Summary of the Most Significant Amendments	The Possible Impact on the Financial Statements	Date of Implementation
The new Egyptian Accounting Standard No. (47) "Financial Instruments"	1-The new Egyptian Accounting Standard No. (47), "Financial Instruments", supersedes the corresponding related issues included in the Egyptian Accounting Standard No. (26), "Financial Instruments: Recognition and Measurement". Accordingly, Egyptian Accounting Standard No. 26 was amended and reissued after cancelling the paragraphs pertaining to the issues addressed in the new Standard No. (47) and the scope of the amended Standard No. (26) was specified and intended to deal only with limited cases of Hedge Accounting according to the choice of the enterprise. 2-Pursuant to the requirements of the Standard, financial assets are classified based on their subsequent measurement whether at amortized cost, or fair value through other comprehensive income or at fair value through profit or loss, in accordance with the enterprise business model for managing financial assets and the contractual cash flow characteristics of the financial asset.		This standard applies to financial periods beginning on or after January1st, 2020, and the early implementation thereof is permitted; provided that the amended Egyptian Accounting Standards Nos.(1), (25), (26) and (40) are to be simultaneously applied.

3-When measuring the impairment of financial assets the Incurred Loss Model is replaced by the Expected Credit Loss (ECL) Models, which requires measuring the impairment of all financial assets measured at amortized cost and financial instruments measured at fair value through other comprehensive income from their initial recognition date regardless whether there is any indication of the occurrence of loss event. 4-based on the requirements of this standard the following standards were amended : 1-Egyptian Accounting Standard No. (1) “Presentation of Financial Statements” as amended in 2019. 2-Egyptian Accounting Standard No. (4) - “Statement of Cash Flows”. 3-Egyptian Accounting Standard No. (25) - “Financial Instruments: Presentation. 4-Egyptian Accounting Standard No. (26) - “Financial Instruments: Recognition and Measurement”. 5- Egyptian Accounting Standard - EAS No. (40) - “Financial Instruments: Disclosures “	The Management is currently assessing the potential impact of implementing the amendment of the standard on the financial statements.	-These ammendments are effective as of the date of implementing Standard No. (47)

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The new Egyptian Accounting Standard No. (48) - "Revenue from Contracts with Customers"	1-The new Egyptian Accounting Standard No. (48) - "Revenue from Contracts with Customers" shall supersede the following standards and accordingly such standards shall be deemed null and void: a. Egyptian Accounting Standard No. (8) - "Construction Contracts" as amended in 2015. b. Egyptian Accounting Standard No. (11) – "Revenue" as amended in 2015. 2- For revenue recognition, Control Model is used instead of Risk and Rewards Model. 3- incremental costs of obtaining a contract with a customer are recognized as an asset if the enterprise expects to recover those costs and the costs of fulfilling the contract are to be recognized as an asset when certain conditions are met 4- the standard requires that contract must have a commercial substance in order for revenue to be recognized 5- Expanding in the presentation and disclosure requirements	The Management is currently assessing the potential impact of implementing the amendment of the standard on the financial statements	Standard No(48) applies to financial periods beginning on or after January1st, 2020, and the early implementation thereof is permitted
The new Egyptian Accounting Standard No. (49) "Lease Contracts	1- The new Egyptian Accounting Standard No. (49) "Lease Contracts" shall supersede and revoke Standard No. (20), "Accounting Rules and Standards related to Financial Leasing" issued in 2015 2- The Standard introduces a single accounting model for the lessor and the lessee where the lessee recognizes the usufruct of the leased asset as part of the company's assets and	The Management is currently assessing the potential impact of implementing the amendment of the standard on the financial statements	This standard No. (49) applies to financial periods beginning on or after January 1st, 2020, and the early implementation thereof is permitted if Egyptian Accounting Standard No. (48)

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	recognizes a liability that represents the present value of the unpaid lease payments under the company's liabilities, taking into account that the lease contracts are not classified in respect of the lessee as operating l or finance lease contracts. 3- As for the lessor, he shall classify each lease contract either as an operating lease or a finance lease contract. 4- As for operating leases, the lessor must recognize the lease payments of operating lease contracts as income either based on the straight-line method or based on any other regular basis		"Revenue from Contracts with Customers" is simultaneously applied. Except for the above-mentioned date of enforcement, Standard No. (49) applies to lease contracts that were subjected to Finance Lease Law No. 95 of 1995 and its amendments and were treated according to Egyptian Accounting
	5- As for the finance lease , the lessor must recognize the assets held under a finance lease contract in the Statement of Financial Position and present them as amounts receivable with an amount equivalent to the amount of the net investment in the lease contract .	The Group has applied the standard No. (49) to lease contracts that were subjected to Finance Lease Law No. 95 of 1995 and its amendments and also The financial leasing as well as the finance lease contracts that arise under and are subjected to Law No. 176 of 2018	Standard No. 20, ”Accounting rules and standards related to financial leasing ” as well as the finance lease contracts that arise under and are subjected to Law No. 176 of 2018 to the effect of regulating both financial leasing and factoring activities starting from the beginning of the annual reporting period in which Law No. (95) of 1995 was revoked and Law No. (176) of 2018 was issued.

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Egyptian Accounting Standard No. (38) as ammended " Employees Benefits "	Anumber of paragraphs were introduced and amended in order to amend the Accounting Rules of Settlements and Curtailments of Benefit Plans	The Management is currently assessing the potential impact of implementing the amendment of the standard on the financial statements.	This standard No. (38) applies to financial periods beginning on or after January 1st, 2020, and the early implementation thereof is permitted.
Egyptian Accounting Standard No. (42) as ammended " Consolidated Financial Statements"	Some paragraphs related to the exclusion of the Investment Entities from the consolidation process were added . This amendment has resulted in introducing an amendment to some of the standards related to the subject of the Investment Entities. The standards that were ammended are as follows: - (ESA 15) Related Party Disclosures - (ESA 17) Consolidated and Separate Financial Statements - (ESA 18) Investments in Associates - (ESA 24) Income Taxes - (ESA 29) Business Combinations - ESA (30) Periodical Financial Statements - EAS (44) Disclosure of Interests in Other Entities.	The Management is currently assessing the potential impact of implementing the amendment of the standard on the financial statements.	This standard applies to financial periods beginning on or after January 1st, 2020, and the early implementation thereof is permitted. -The new or amended paragraphs pertaining to the ammended standards concerning the investment entities shall apply on the effective date of Egyptian Accounting Standard No. (42) "Consolidated Financial Statements", as amended and issued in 2019.