

EFG Holding Company
(EFG - Hermes Holding Company "previously")
(Egyptian Joint Stock Company)

Separate interim financial statements
for the period ended 30 September 2023
&
Review Report

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Review Report

To the Board of Directors of EFG Holding Company (EFG - Hermes Holding Company "previously")

Introduction

We have performed a limited review for the accompanying separate statement of financial position of EFG Holding Company (EFG Hermes - Holding Company "previously") (Egyptian Joint Stock Company) as of 30 September, 2023 and the related separate statements of income, comprehensive income, changes in equity and cash flows for the nine months then ended, and a summary of significant accounting policies and other explanatory notes. The company's management is responsible for the preparation and fair presentation of these interim financial statements in accordance with Egyptian Accounting Standards. Our responsibility is to express a conclusion on these interim financial statements based on our limited review.

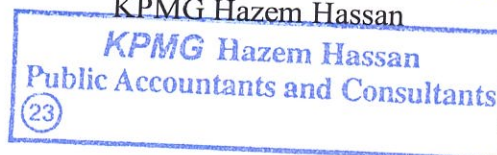
Scope of Limited Review

We conducted our limited review in accordance with Egyptian Standard on Review Engagements 2410, "Limited Review of Interim Financial Statements Performed by the Independent Auditor of the Entity." A limited review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters in the Company, and applying analytical and other limited review procedures. A limited review is substantially less in scope than an audit conducted in accordance with Egyptian Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on these interim financial statements.

Conclusion

Based on our limited review, nothing has come to our attention that causes us to believe that the accompanying separate interim financial statements do not present fairly, in all material respects, the financial position of the Company as at 30 September, 2023 and of its financial performance and its separate cash flows for the nine months then ended in accordance with Egyptian Accounting Standards.

KPMG Hazem Hassan
KPMG Hazem Hassan

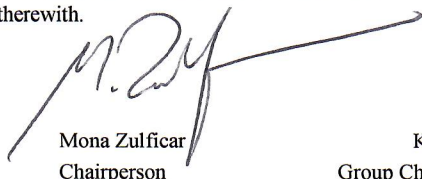


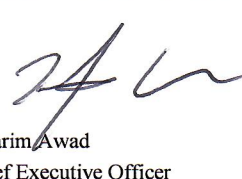
Cairo, November 15, 2023

EFG Holding company
EFG Hermes Holding Company "previously"
(Egyptian Joint Stock Company)
Separate statement of financial position

	Note no.	30/9/2023	31/12/2022
<i>(in EGP)</i>			
Assets			
Non - current assets			
Loans to subsidiaries	(11,28)	-	71 883 257
Investments at fair value through OCI	(12)	1 056 949 850	1 150 986 779
Investment property	(13)	108 771 473	113 500 668
Investments in subsidiaries	(14)	6 668 597 943	6 629 578 371
Fixed assets	(15)	226 541 217	226 797 616
Intangible assets	(16)	12 383 295	18 883 104
Total non - current assets		<u>8 073 243 778</u>	<u>8 211 629 795</u>
Current assets			
Cash and cash equivalents	(3)	2 032 638 481	1 424 806 328
Investments at fair value through profit and loss	(4)	3 821 694 097	2 632 995 710
Investments at fair value through OCI	(12)	917 812 538	315 668 671
Due from subsidiaries & related parties	(5)	3 159 865 226	3 879 866 320
Other debit balances	(6)	129 580 194	75 138 599
Current portion of loans to subsidiaries	(11,28)	74 290 270	-
Total current assets		<u>10 135 880 806</u>	<u>8 328 475 628</u>
Total assets		<u>18 209 124 584</u>	<u>16 540 105 423</u>
Equity			
Issued & paid - in capital	(17)	7 298 030 040	5 838 424 030
Legal reserve		972 344 332	867 454 520
Other reserves		1 527 918 987	1 582 327 149
Retained earnings		1 209 435 714	2 304 346 361
Equity settled share- based payment	(17,20)	386 246 754	289 008 712
Total equity		<u>11 393 975 827</u>	<u>10 881 560 772</u>
Liabilities			
Non - current liabilities			
Deferred tax liabilities	(22)	926 703 384	628 750 962
Finance lease liabilities	(26)	-	62 396 641
Total non - current liabilities		<u>926 703 384</u>	<u>691 147 603</u>
Current liabilities			
Current portion of finance lease liabilities	(26)	82 904 377	72 747 567
Banks' overdraft	(8)	3 606 992 254	3 031 589 769
Due to subsidiaries & related parties	(7)	1 350 037 068	790 607 681
Creditors and other credit balances	(9,28)	604 569 118	828 509 475
Claims provision	(10)	243 942 556	243 942 556
Total current liabilities		<u>5 888 445 373</u>	<u>4 967 397 048</u>
Total liabilities		<u>6 815 148 757</u>	<u>5 658 544 651</u>
Total equity and liabilities		<u>18 209 124 584</u>	<u>16 540 105 423</u>

The accompanying notes and accounting policies from page (6) to page (45) are an integral part of these financial statements and are to be read therewith.


Mona Zulficar
Chairperson


Karim Awad
Group Chief Executive Officer

" Review's report attached "

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

	Note no.	2023		2022	
		For the period	For the period	For the period	For the period
		from 1/7/2023 to 30/9/2023	from 1/1/2023 to 30/9/2023	from 1/7/2022 to 30/9/2022	from 1/1/2022 to 30/9/2022
<i>(in EGP)</i>					
Revenues					
Dividends income	(19)	1 334	170 910 137	154 721 282	2 596 732 252
Custody activity income		6 242 855	22 700 650	4 679 591	12 549 487
Net changes in the fair value of investments at fair value through profit and loss	(4)	42 130 121	1 184 846 182	93 403 826	285 703 477
Treasury bills and bonds interests	(12)	84 618 019	240 109 943	65 290 750	193 784 744
Interest income	(28)	29 362 536	70 791 444	27 222 658	62 855 041
Gain from sale fixed asset		-	-	12 300	13 135
Other income	(23,28)	29 144 559	88 330 915	19 157 952	56 307 861
Foreign currencies exchange differences		(153 872)	210 145 094	178 503 225	532 801 628
Gains on sale / redemptions of investments	(24)	-	22 904 328	94 118 920	231 733 365
Total revenues		<u>191 345 552</u>	<u>2 010 738 693</u>	<u>637 110 504</u>	<u>3 972 480 990</u>
Expenses					
Finance cost		(180 559 789)	(494 472 265)	(101 289 840)	(271 311 867)
General administrative expenses	(20)	(147 712 534)	(470 211 388)	(106 305 632)	(310 876 237)
Fixed assets depreciation	(15)	(5 955 886)	(18 084 693)	(5 997 950)	(18 249 616)
Investment property depreciation	(13)	(1 576 399)	(4 729 195)	(1 576 399)	(4 729 195)
Intangible assets amortization	(16)	(2 321 004)	(7 007 164)	(2 287 527)	(6 741 152)
Impairment loss on assets	(3)	(420 013)	(783 756)	(168 096)	(201 745)
Total expenses		<u>(338 545 625)</u>	<u>(995 288 461)</u>	<u>(217 625 444)</u>	<u>(612 109 812)</u>
Profit before tax		(147 200 073)	1 015 450 232	419 485 060	3 360 371 178
Current income tax		(16 858 033)	(49 626 716)	(10 445 540)	(57 297 176)
Deferred tax	(22)	(8 807 995)	(313 748 341)	(21 002 723)	(62 541 848)
Profit for the period		<u>(172 866 101)</u>	<u>652 075 175</u>	<u>388 036 797</u>	<u>3 240 532 154</u>
Earnings per share	(25)	<u>(0.12)</u>	<u>0.45</u>	<u>0.27</u>	<u>2.22</u>

The accompanying notes and accounting policies from page (6) to page (45) are an integral part of these financial statements and are to be read therewith.

EFG Holding Company
EFG Hermes Holding Company "previously"
(Egyptian Joint Stock Company)
Separate statement of comprehensive income

	2023		2022	
	For the period from 1/7/2023 to 30/9/2023	For the period from 1/1/2023 to 30/9/2023	For the period from 1/7/2022 to 30/9/2022	For the period from 1/1/2022 to 30/9/2022
<i>(in EGP)</i>				
Profit for the period	(172 866 101)	652 075 175	388 036 797	3 240 532 154
Other comprehensive income:				
Investments at fair value through OCI - net change in fair value	(21 960 382)	(70 204 080)	(86 749 913)	(108 576 399)
Tax related to comprehensive income items	4 941 086	15 795 918	19 518 730	24 429 690
Other comprehensive income	<u>(17 019 296)</u>	<u>(54 408 162)</u>	<u>(67 231 183)</u>	<u>(84 146 709)</u>
Total comprehensive income for the period	<u><u>(189 885 397)</u></u>	<u><u>597 667 013</u></u>	<u><u>320 805 614</u></u>	<u><u>3 156 385 445</u></u>

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EFG Holding Company
EFG Hermes Holding Company "previously"
(Egyptian Joint Stock Company)
Separate statement of changes in equity

	Attributable to owners of the Company								
	Issued & paid-in capital	Legal reserve	Other reserves				Retained earnings	Equity settled share- based payment	Total equity
			General reserve	Share premium	Fair value- Investments at fair value through OCI	Revaluation surplus of fixed assets transferred to investment property			
<i>(in EGP)</i>									
Balance as at 31 December 2022	5 838 424 030	867 454 520	158 271	1 668 623 803	(101 904 904)	15 449 979	2 304 346 361	289 008 712	10 881 560 772
Total comprehensive income									
Profit for the period	-	-	-	-	-	-	652 075 175	-	652 075 175
Other comprehensive income items	-	-	-	-	(54 408 162)	-	-	-	(54 408 162)
Total comprehensive income	-	-	-	-	(54 408 162)	-	652 075 175	-	597 667 013
Transactions with owners of the Company									
Equity settled share- based payment	-	-	-	-	-	-	-	97 238 042	97 238 042
Transferred to legal reserve	-	104 889 812	-	-	-	-	(104 889 812)	-	-
Dividends	1 459 606 010	-	-	-	-	-	(1 642 096 010)	-	(182 490 000)
Balance as at 30 September, 2023	7 298 030 040	972 344 332	158 271	1 668 623 803	(156 313 066)	15 449 979	1 209 435 714	386 246 754	11 393 975 827
Balance as at 31 December, 2021	4 865 353 355	840 272 556	158 271	1 668 623 803	(18 329 216)	15 449 979	1 273 140 776	149 646 943	8 794 316 467
Total comprehensive income									
Profit for the period	-	-	-	-	-	-	3 240 532 154	-	3 240 532 154
Other comprehensive income items	-	-	-	-	(84 146 709)	-	-	-	(84 146 709)
Total comprehensive income	-	-	-	-	(84 146 709)	-	3 240 532 154	-	3 156 385 445
Transactions with owners of the Company									
Equity settled share- based payment	-	-	-	-	-	-	-	112 235 205	112 235 205
Transferred to legal reserve	-	27 181 964	-	-	-	-	(27 181 964)	-	-
Dividends	973 070 675	-	-	-	-	-	(1 039 408 692)	-	(66 338 017)
Balance as at 30 September, 2022	5 838 424 030	867 454 520	158 271	1 668 623 803	(102 475 925)	15 449 979	3 447 082 274	261 882 148	11 996 599 100

The accompanying notes and accounting policies from page (6) to page (45) are an integral part of these financial statements and are to be read therewith.

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

	Note no.	For the period ended 30/9/2023	For the period ended 30/9/2022
<i>(in EGP)</i>			
Cash flows from operating activities			
Profit before tax		1 015 450 232	3 360 371 178
Adjustments for :			
Fixed assets depreciation	(15)	18 084 693	18 249 616
Gain from sale of fixed assets		-	(13 135)
Investment property depreciation	(13)	4 729 195	4 729 195
Intangible assets amortization	(16)	7 007 164	6 741 152
Impairment loss on assets		783 756	201 745
Net changes in the fair value of investments at fair value through profit and loss		(1 184 846 182)	(285 703 477)
Gains on sale / redemptions of investments in subsidiaries		(22 904 328)	(231 733 365)
Treasury bills and bonds interests		(240 109 943)	(193 784 744)
Interest income		(70 791 444)	(62 855 041)
Finance cost		489 140 747	266 400 604
Foreign currencies exchange differences		(210 145 094)	(532 801 628)
Equity settled share- based payment		27 222 799	28 170 696
		<u>(166 378 405)</u>	<u>2 377 972 796</u>
Change in			
Investments at fair value through profit and loss		(3 750 000)	(2 992 302)
Due from subsidiaries and related parties		984 760 940	(1 583 457 988)
Other debit balances		(43 401 258)	319 579 129
Due to subsidiaries and related parties		437 216 387	82 411 678
Creditors and other credit balances		(320 662 736)	189 142 410
Income tax paid		(35 637 157)	(47 458 052)
Net cash provided from operating activities		<u>852 147 771</u>	<u>1 335 197 671</u>
Cash flows from investing activities			
Payments to purchase fixed assets		(17 828 294)	(14 895 808)
Proceeds from sale fixed assets		-	369 189
Payments to purchase intangible assets		(507 355)	(3 432 244)
Proceeds from interest income		234 501 856	300 145 303
Payments for loans to subsidiaries		(400 922 000)	(1 671 636 000)
Proceeds from loans to subsidiaries		417 062 000	2 009 431 844
Payments to purchase Investments at fair value through OCI		(744 830 475)	(1 188 655 562)
Proceeds from sale of Investments at fair value through OCI		236 141 707	1 189 931 132
Payments to purchase investments in subsidiaries		-	(314 200 000)
Proceeds from investments in subsidiaries		53 900 000	589 826 500
Net cash (used in) provided from investing activities		<u>(222 482 561)</u>	<u>896 884 354</u>
Cash flows from financing activities			
Dividends payout		(105 314 469)	(87 082 518)
Payments for finance expense		(488 586 516)	(266 400 604)
Payments for finance lease liabilities		(52 794 062)	(47 779 552)
Net cash used in financing activities		<u>(646 695 047)</u>	<u>(401 262 674)</u>
Net change in cash and cash equivalents during the period		(17 029 837)	1 830 819 351
Cash and cash equivalents at the beginning of the period	(21)	<u>(1 556 429 201)</u>	<u>(2 500 139 832)</u>
Cash and cash equivalents at the end of the period	(21)	<u>(1 573 459 038)</u>	<u>(669 320 481)</u>

The accompanying notes and accounting policies from page (6) to page (45) are an integral part of these financial statements and are to be read therewith.

EFG Holding Company
EFG - Hermes Holding Company "previously"
(Egyptian Joint Stock Company)
Notes to the separate financial statements
For the interim period ended September 30, 2023
(In the notes all amounts are shown in EGP unless otherwise stated)

1- Description of business

1-1 Legal status

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

The name of the company have been changed to EFG Holding based of the General Assembly's approved dated May 24, 2023 and was reflected in the commercial register on June 14, 2023.

1-2 Purpose of the company

- EFG Holding (EFG - Hermes Holding Company "previously"), 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-banking financial products, including leasing, micro-finance, factoring, securitization, collection and Sukuk.
- The purpose of the company includes participation in the establishment of companies that issues securities or in increasing their share capital, custody activities and margin trading.

2- Basis of preparation

2-1 Statement of compliance

- These financial statements have been prepared in accordance with the Egyptian Accounting Standards and relevant Egyptian laws and regulations.
- The financial statements were authorized for issue in accordance with a resolution of the board of directors on 14 November , 2023.

2-2 Functional and presentation currency

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

2-3 Use of estimates and judgments

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

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

2-4 Consolidated financial statements

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

3- Cash and cash equivalents

	30/9/2023	31/12/2022
Cash on hand	873 918	475 494
Banks - current accounts	579 658 498	1 017 139 313
Banks - time deposits	1 453 000 800	407 302 500
Total	<u>2 033 533 216</u>	<u>1 424 917 307</u>
Deduct: Impairment loss	(894 735)	(110 979)
Balance	<u>2 032 638 481</u>	<u>1 424 806 328</u>
	=====	=====

4- Investments at fair value through profit and loss

	30/9/2023	31/12/2022
Mutual fund certificates	3 818 292 579	2 629 795 530
Equity securities	3 401 518	3 200 180
Balance	<u>3 821 694 097</u>	<u>2 632 995 710</u>
	=====	=====

5- Due from subsidiaries & related parties

	30/9/2023	31/12/2022
EFG- Hermes Advisory Inc.	623 246 803	416 140 203
Fleming CIIC Holding	29 407 302	28 717 676
EFG- Hermes IB Limited	1 398 012 495	2 476 189 035
EFG- Hermes IFA Financial Brokerage	2 593 236	1 627 139
EFG- Hermes KSA	2 942 575	1 533 065
EFG Hermes Fund Management (Egyptian Fund Management Group “Previously”)	105 176 882	49 037 850
EFG- Hermes Holding – Lebanon	3 976 724	3 187 189
EFG- Hermes Management	1 116 601	841 523
EFG- Hermes USA	469 759	830 640
EFG- Hermes Jordan	1 609 458	724 184
EFG – Hermes Brokerage Holding Ltd.	451 806 326	133 233 131
EFG- Hermes Brokerage – UAE LLC.	1 160 369	8 203 200
OLT Investment International S.A.B	297 242	251 842
EFG Hermes FI Limited	38 845 067	405 060 893
Beaufort Asset Management Company	29 106 675	19 789 850
EFG securitization (EFG-Hermes Securitization “Previously”)	--	22 181
EFG Hermes PE Holding LLC	24 531 617	--
EFG- Hermes – UAE Limited Company	--	10 680 838
EFG Finance Holding	505 937 367	391 832 551
EFG-Hermes SP Limited	--	11 269 517
Fleming CIIC Securities	--	104 760
Fleming AL Mansour Securities	--	104 760
Hermes portfolio fund management	634 202	2 043 362
EFG IB Investco Limited	796 221	163 711
EFG IB Holdco Limited	771 881	387 069
EFG - Hermes Promoting & Underwriting	19 531 372	--
EFG MENA Securities Trading Company	4 901	--
Total	<u>3 241 975 075</u>	<u>3 961 976 169</u>
Impairment*	(82 109 849)	(82 109 849)
Balance	<u>3 159 865 226</u>	<u>3 879 866 320</u>

* The impairment amount deducted represents the impairment in Fleming CIIC Holding and EFG Hermes Fund Management (Egyptian Fund Management Group “Previously”).

6- Other debit balances

	30/9/2023	31/12/2022
Accrued revenues	7 104 487	9 099 438
Taxes withheld by others	4 639 696	3 556 855
Deposits with others	1 483 827	1 458 827
Prepaid expenses	24 272 582	15 265 948
Employees advances	3 945 311	4 550 648
Down payments to suppliers	8 559 782	39 260 991
Sundry debtors	79 574 509	1 945 892
	<u>129 580 194</u>	<u>75 138 599</u>
	=====	=====

7- Due to subsidiaries & related parties

	30/9/2023	31/12/2022
Arab Visual Company	1 250 500	1 250 500
Hermes Corporate Finance Co.	8 491 125	8 656 100
EFG- Hermes Fixed Income	5 456 414	5 619 857
EFG- Hermes Regional Investments Ltd.	256 136 456	79 567 256
EFG Hermes securitization (Financial Group for Securitization "Previously")	2 927 684	3 462 440
EFG- Hermes Syria LTD	7 912 165	7 912 165
EFG- Hermes – Lebanon – S.A.L.	170 726 351	136 830 519
EFG-Hermes International Securities Brokerage	111 187 474	201 006 677
EFG - Hermes Promoting & Underwriting	--	184 574 704
EFG - Hermes Int. Fin Corp	12 497 330	4 967 012
EFG Hermes for Sukuk	8 167 012	8 628 338
EFG- Hermes Private Equity - BVI	878 032	878 771
EFG securitization (EFG-Hermes Securitization "Previously")	5 796 298	--
Bayonne Enterprises Ltd.	584 653 348	33 694 797
EFG Hermes IPE Holding LLC	--	38 593 140
EFG- Hermes Global CB Holding Limited	100 587	569 380
Hermes securities brokerage	106 185 310	74 396 025
EFG-Hermes U.A.E- LTD	9 621 666	--
EFG Hermes SP Limited	58 049 316	--
	<u>1 350 037 068</u>	<u>790 607 681</u>
	=====	=====

8- Bank overdraft

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

- A pledged governmental bond contract has been signed to obtain a credit facility. The balance of facility as of 30 September 2023 is EGP 1 066 057 081.
- A pledged Treasury bills contract has been signed to obtain a credit facility. The balance of facility as of 30 September 2023 is EGP 742 531 798.

9- Creditors and other credit balances

	30/9/2023	31/12/2022
Social Insurance Authority	971 249	809 194
Accrued expenses	33 917 131	376 889 809
Clients' coupons - custody activity	243 497 519	205 684 541
Unearned revenues (Note no. 28)	30 594 804	43 649 467
Dividends payable prior years	142 450 871	65 275 340
Medical Takaful Insurance Tax	4 985 114	13 248 641
Sundry credit balances	108 627 728	101 353 091
Tax Authority	39 524 702	21 599 392
	-----	-----
Balance	604 569 118	828 509 475
	=====	=====

10- Claims provision

	30/9/2023	31/12/2022
Balance at the beginning of the period / year	243 942 556	198 450 184
Amounts used during the period / year	--	(507 628)
Amounts formed during the period / year	--	46 000 000
	-----	-----
Balance at the end of the period / year	243 942 556	243 942 556
	=====	=====

11- Loans to subsidiaries

Company's name	Currency	Loan Value	Loan date	Maturity date	30/9/2023	31/12/2022
EFG- Hermes Jordan	USD	500 thousand	1/3/2020	28/2/2024	15 400 000	12 342 500
„	USD	500 thousand	1/3/2020	28/2/2024	15 400 000	12 342 500
„	USD	1.4 million	1/9/2020	31/8/2024	43 490 270	34 855 757
EFG- Hermes Brokerage – UAE LLC.	USD	500 thousand	28/7/2020	28/7/2025	--	12 342 500
Total					74 290 270	71 883 257
current portion of loans to subsidiaries					74 290 270	--
Non- current portion of loans to subsidiaries					--	71 883 257
					<u>74 290 270</u>	<u>71 883 257</u>

12- Investments at fair value through OCI

	30/9/2023	31/12/2022
Non- current investments		
Equity securities	17 289 550	17 289 550
Mutual fund certificates	104 973 573	89 651 051
Debt instruments – bond *	934 686 727	1 044 046 178
	<u>1 056 949 850</u>	<u>1 150 986 779</u>
Current investments		
Debt instruments – treasury bills *	917 812 538	315 668 671
Balance	<u>1 974 762 388</u>	<u>1 466 655 450</u>

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

Quoted investments	974 341 195	1 083 211 263
Non- quoted investments	1 000 421 193	383 444 187
	<u>1 974 762 388</u>	<u>1 466 655 450</u>

* Note no (8).

13- Investment property

	Buildings
Cost	
Balance as at 1/1/2023	157 639 818

Total cost as at 30/9/2023	157 639 818

Total cost as at 1/1/2022	157 639 818

Total cost as at 30/9/2022	157 639 818

Accumulated depreciation	
Accumulated depreciation as at 1/1/2023	44 139 150
Depreciation for the period	4 729 195

Accumulated depreciation as at 30/9/2023	48 868 345

Accumulated depreciation as at 1/1/2022	37 833 557
Depreciation for the period	4 729 195

Accumulated depreciation as at 30/9/2022	42 562 752

Net carrying amount	
Net carrying amount as at 30/9/2023	108 771 473
	=====
Net carrying amount as at 30/9/2022	115 077 066
	=====
Net carrying amount as at 31/12/2022	113 500 668
	=====

- Investment property represents the area owned by EFG-Hermes Holding Company in Nile city building. The fair value of the investment amounted EGP 493 185 000 as of 30 September , 2023.

14- Investments in subsidiaries

Company's name	Nationality	Share percentage. %	Currency of payment	Carrying amount	
				30/9/2023	31/12/2022
EFG- Hermes International Securities Brokerage	Egyptian	99.87	EGP	62 177 015	56 630 027
Hermes Securities Brokerage	Egyptian	97.58	EGP	264 297 058	255 774 220
Hermes Corporate Finance Co.	Egyptian	99.47	EGP	5 976 029	5 976 029
EFG- Hermes Advisory Inc.	BVI	100	USD	6	6
EFG - Hermes Promoting & Underwriting	Egyptian	99.88	EGP	61 526 170	52 453 887
EFG- Hermes Fixed Income	Egyptian	99	EGP	9 900 000	9 900 000
EFG- Hermes Management	Egyptian	96.3	EGP	1 249 490	1 249 490
EFG- Hermes – UAE Limited Company	Emirates	100	USD	753 952 423	736 261 360
EFG- Hermes Holding Lebanon – S.A.L.	Lebanon	99	USD	153 713	153 713
EFG- Hermes – KSA	Saudi	73.1	USD	96 493 548	96 129 687
EFG- Hermes – Lebanon – S.A.L.	Lebanon	99	USD	27 564 787	27 564 787
EFG- Hermes Regional Investments Ltd.	Cayman Islands	100	USD	398 486 250	396 303 081
EFG- Hermes Jordan	Jordanian	100	USD	33 610 631	33 610 631
EFG Hermes securitization (Financial Group for Securitization "Previously")	Egyptian	99.999	EGP	4 999 995	4 999 995
EFG-Direct Investment Fund	Egyptian	64	EGP	640 000	640 000
EFG- Hermes IB Limited	Cayman Islands	100	USD	921 560 008	921 560 008
EFG – Hermes Brokerage Holding Ltd. (Hermes Frontier Holding Company "Previously")	Emirates	100	USD	61 876 905	48 748 864
EFG – Hermes USA	American	100	USD	15 779 612	45 319 836
EFG Finance Holding S.A.E *	Egyptian	99.82	EGP	723 786 850	721 944 073
Etkan for Inquiry and Collection and Business processes *	Egyptian	0.002	EGP	100	100
EFG-Hermes PE Holding	Emirates	100	USD	635 659 214	634 021 838
EFG- Hermes Global CB Holding Limited	Cayman Islands	100	USD	574 782	574 782
OLT Investment International S.A.B	Bahrain	99.9	BHD	63 720 196	63 720 196
EFG - Hermes Int. Fin Corp	Cayman Islands	100	USD	16	16
EFG Hermes for Sukuk	Egyptian	90	EGP	9 000 000	9 000 000
EFG Hermes Fund Management (Egyptian Fund Management Group "Previously")	Egyptian	88.512	EGP	27 636 598	21 306 771
Hermes portfolio fund management	Egyptian	78.81	EGP	17 975 310	15 733 737
Bayonne Enterprises Ltd.	BVI	100	EGP	6	6
Fleming CIIC Holding	Egyptian	100	EGP	100 000 000	100 000 000
Arab Investment Bank	Egyptian	51	EGP	2 551 048 598	2 551 048 598
Total				6 849 645 310	6 810 625 738
Impairment**				(181 047 367)	(181 047 367)
Balance				6 668 597 943	6 629 578 371

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

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

** Impairment items represent in EFG Hermes Fund Management (Egyptian Fund Management Group "Previously"), Fleming CIIC Holding, EFG-Hermes Regional Investments Ltd and EFG-Hermes Fixed Income.

EFG Holding Company
EFG - Hermes Holding Company "previously"
Notes to the separate financial statements
for the interim period ended September 30, 2023 (Cont'd)
(In the notes all amounts are shown in EGP unless otherwise stated)

15- Fixed assets	Land*	Buildings*	Office furniture & equipment	Computer Equipment	Vehicles & transportation means	Fixtures	Total
Cost							
Balance as at 1/1/2023	18 597 100	244 159 870	39 971 951	118 563 336	13 913 187	6 848 290	442 053 734
Additions during the period	--	--	4 385 472	8 929 715	3 800 000	713 107	17 828 294
Total cost as at 30/9/2023	18 597 100	244 159 870	44 357 423	127 493 051	17 713 187	7 561 397	459 882 028
Balance as at 1/1/2022	18 597 100	244 159 870	40 201 432	103 651 179	13 913 187	6 848 290	427 371 058
Additions during the period	--	--	1 843 094	13 052 714	--	--	14 895 808
Disposals during the period	--	--	(1 718 350)	(2 412 908)	--	--	(4 131 258)
Total cost as at 30/9/2022	18 597 100	244 159 870	40 326 176	114 290 985	13 913 187	6 848 290	438 135 608
Accumulated depreciation							
Accumulated depreciation as at 1/1/2023	--	80 781 802	29 476 555	85 721 115	13 092 639	6 184 007	215 256 118
Depreciation during the period	--	5 896 461	3 017 597	8 130 209	671 817	368 609	18 084 693
Accumulated depreciation as at 30/9/2023	--	86 678 263	32 494 152	93 851 324	13 764 456	6 552 616	233 340 811
Accumulated depreciation as at 1/1/2022	--	72 919 854	27 683 611	79 161 569	10 967 349	5 654 898	196 387 281
Depreciation during the period	--	5 896 461	3 068 010	7 277 424	1 610 889	396 832	18 249 616
Accumulated depreciation for disposal	--	--	(1 678 016)	(2 097 188)	--	--	(3 775 204)
Accumulated depreciation as at 30/9/2022	--	78 816 315	29 073 605	84 341 805	12 578 238	6 051 730	210 861 693
Net carrying amount							
Net carrying amount as at 30/9/2023	18 597 100	157 481 607	11 863 271	33 641 727	3 948 731	1 008 781	226 541 217
Net carrying amount as at 30/9/2022	18 597 100	165 343 555	11 252 571	29 949 180	1 334 949	796 560	227 273 915
Net carrying amount as at 31/12/2022	18 597 100	163 378 068	10 495 396	32 842 221	820 548	664 283	226 797 616

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

16- Intangible assets

	Software license
Cost	
Balance as at 1/1/2023	48 985 105
Additions during the period	507 355
	<hr/>
Total cost as at 30/9/2023	49 492 460
	<hr/>
Balance as at 1/1/2022	42 143 855
Additions during the period	3 432 244
	<hr/>
Total cost as at 30/9/2022	45 576 099
	<hr/>
Accumulated amortization	
Accumulated amortization as at 1/1/2023	30 102 001
Amortization during the period	7 007 164
	<hr/>
Accumulated amortization as at 30/9/2023	37 109 165
	<hr/>
Accumulated amortization as at 1/1/2022	21 019 811
Amortization during the period	6 741 152
	<hr/>
Accumulated amortization as at 30/9/2022	27 760 963
	<hr/>
Net carrying amount	
Net carrying amount as at 30/9/2023	12 383 295
	<hr/> <hr/>
Net carrying amount as at 30/9/2022	17 815 136
	<hr/> <hr/>
Net carrying amount as at 31/12/2022	18 883 104
	<hr/> <hr/>

17- Share capital

- The company's authorized capital amounts EGP 6 billion and issued capital amounts EGP 3 843 091 115 distributed on 768 618 223 shares of par value EGP 5 per share which is fully paid.
- The company's General Assembly approved in its session held on May 20, 2021 to increase the company's issued capital from EGP 3 843 091 115 to EGP 4 611 709 340 distributed on 922 341 868 shares with an increase amounting to EGP 768 618 225 by issuing 153 723 645 shares with par value EGP 5 through the issuance of one free share for every five shares. This increase is transferred from the company's retained earnings presented in December 31, 2020 financial statements. The required procedures had been taken to register the increase in the Commercial Register.
- On September 28, 2021, the Company's General Assembly approved the increase in issued capital from EGP 4 611 709 340 to EGP 4 865 353 355 representing an increase of EGP 253 644 015 distributed on 50 728 803 shares having a par value of EGP 5 per share, The issuance of the capital increase shares were financed from the share premium reserve for the purpose of the Remuneration & Incentive Program of the Employees, Managers & Executive Board Members of the Company and its subsidiaries. The commercial register was updated and the issued shares were allocated under the Remuneration & Incentive Program of the Employees of the Company, and the Beneficiary of the program will be entitled to attend the Ordinary and Extraordinary General Shareholders of the Company and to vote on its resolutions upon the transfer of ownership of the Granted Shares to the Beneficiary.
- The company's General Assembly approved in its session held on May 19, 2022 to increase the company's issued capital from EGP 4 865 353 355 to EGP 5 838 424 030 distributed on 1 167 684 806 shares with an increase amounting to EGP 973 070 675 by issuing 194 614 135 shares with par value EGP 5 through the issuance of one free share for every five shares. This increase is transferred from the company's retained earnings presented in December 31, 2021 financial statements. The required procedures had been taken to register the increase in the Commercial Register.
- The company's General Assembly approved in its session held on May 24, 2023 to increase the company's authorized capital from EGP 6 billion to EGP 30 billion and increase the company's issued capital from EGP 5 838 424 030 to EGP 7 298 030 040 distributed on 1 459 606 008 shares with an increase amounting to EGP 1 459 606 010 distributed on 291 921 202 shares with par value EGP 5 through the issuance of one free share for every four shares. This increase is transferred from the company's retained earnings presented in December 31, 2022 financial statements. The required procedures had been taken to register the increase in the Commercial Register.

18- Contingent liabilities & commitments

The Company guarantees its subsidiaries – EFG-Hermes International Securities Brokerage, Hermes Securities Brokerage and EFG- Hermes Jordan– against the credit facilities granted from banks and EFG- Hermes Brokerage – UAE against the Letters of Guarantee granted from banks amounting to AED 83 670 000 (equivalent to EGP 701 614 785).

19- Dividend income

	2023		2022	
	For the period from 1/7/2023 to 30/9/2023	For the period from 1/1/2023 to 30/9/2023	For the period from 1/7/2022 to 30/9/2022	For the period from 1/1/2022 to 30/9/2022
Income from investments at fair value through OCI	--	15 396 172	--	--
Income from investments at fair value through profit and loss	1 334	1 513 965	1 282	12 252
Income from investments in subsidiaries	--	154 000 000	154 720 000	2 596 720 000
Total	1 334	170 910 137	154 721 282	2 596 732 252

20- General administrative expenses

	2023		2022	
	For the period from 1/7/2023 to 30/9/2023	For the period from 1/1/2023 to 30/9/2023	For the period from 1/7/2022 to 30/9/2022	For the period from 1/1/2022 to 30/9/2022
Wages , salaries and similar items*	90 522 987	274 612 291	56 057 870	155 897 379
Consultancy	5 710 606	25 357 637	2 558 836	14 554 080
Travel , accommodation and transportation	3 416 104	10 839 226	1 657 902	2 997 459
Leased line and communication	7 951 536	16 821 114	1 665 373	3 883 625
Rent and utilities expenses	6 670 650	14 584 131	5 827 481	12 509 089
Other expenses	33 440 651	127 996 989	38 538 170	121 034 605
Total	147 712 534	470 211 388	106 305 632	310 876 237

***Share-based payments.**

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

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

The equity instruments for share-based payment are recognized at fair value on the grant date and are record in the income statement with a corresponding increase in equity. The value of expenses charged to the income statement during the first nine months of 2023 amounted EGP 27 222 799 in return for an increase in shareholders' equity by the same amount.

Equity instruments during the period/year represents the following:

	For the period ended 30/9/2023	For the year ended 31/12/2022
Shares granted at the beginning of the period /year	56 204 722	48 504 101
Free shares distributed during the period /year	13 657 274	9 700 821
Shares forfeited to employees of the holding company	(707 616)	(94 352)
Shares forfeited to employees of subsidiary companies	(868 010)	(1 905 848)
Total at the end of the period /year	<u>68 286 370</u>	<u>56 204 722</u>

21- Cash and cash equivalents

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

	For the period ended 30/9/2023	For the year ended 31/12/2022
Cash and cash equivalents as presented in the statement of financial position	2 033 533 216	1 424 917 307
Banks overdraft	(3 606 992 254)	(3 031 589 769)
Effect of exchange rate changes	--	50 243 261
	<hr/>	<hr/>
Cash and cash equivalents (adjusted)	(1 573 459 038)	(1 556 429 201)
	<hr/> <hr/>	<hr/> <hr/>

22- Deferred tax liabilities

Deferred tax liabilities are attributable to the following:

	30/9/2023	31/12/2022
	Liability (Asset)	Liability (Asset)
(A) Deferred tax		
Fixed assets' (depreciation)	3 798 404	4 123 245
Investment property (depreciation)	6 295 740	4 256 275
Intangible assets (amortization)	(6 538 938)	(5 079 615)
Investment property (revaluation reserve)	(1 867 147)	(1 867 147)
Foreign currencies exchange differences	205 119 700	157 834 323
Investments at fair value	569 782 699	303 575 035
	<hr/>	<hr/>
Net deferred tax liabilities	776 590 458	462 842 116
	<hr/> <hr/>	<hr/> <hr/>
(B) Deferred tax recognized directly in equity		
	30/9/2023	31/12/2022
Investments at fair value through OCI *	150 112 926	165 908 846
	<hr/>	<hr/>
Balance	926 703 384	628 750 962
	<hr/> <hr/>	<hr/> <hr/>

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

23- Other income

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

24- Gains on sale / redemptions of investments

	2023		2022	
	For the period from 1/7/2023 to 30/9/2023	For the period from 1/1/2023 to 30/9/2023	For the period from 1/7/2022 to 30/9/2022	For the period from 1/1/2022 to 30/9/2022
Investments in subsidiaries	--	22 904 328	94 118 920	231 733 365
Total	--	22 904 328	94 118 920	231 733 365

25- Earnings per share

	2023		2022	
	For the period from 1/7/2023 to 30/9/2023	For the period from 1/1/2023 to 30/9/2023	For the period from 1/7/2022 to 30/9/2022	For the period from 1/1/2022 to 30/9/2022
Profit for the period	(172 866 101)	652 075 175	388 036 797	3 240 532 154
Weighted average number of shares	1 459 606 008	1 459 606 008	1 459 606 008	1 459 606 008
Earnings per share	(0.12)	0.45	0.27	2.22

26- Finance lease liabilities

	30/9/2023	31/12/2022
Current portion of finance lease liabilities	82 904 377	72 747 567
Non- Current portion of finance lease liabilities	--	62 396 641
Total	82 904 377	135 144 208

* Note no. (15).

27- Tax status

- As to Income Tax, for the years from the start of operations until 2019, the competent Tax Inspectorate inspected the parent company's books and all the disputed points have been settled with the Internal Committee. And as to years 2020/2022 have not been inspected yet.
- As to Salaries Tax, the parent company's books had been examined till 2020 and all the disputed points have been settled with the Internal committee and as to years 2021 till September 2023, the company paid tax till and have not been inspected yet.
- As to Stamp Tax, the parent company's books had been examined from year 1998 till 2018 and all the disputed points have been settled with the competent Tax Inspectorate and as to years 2019 till 2022, they have not yet been inspected.
- As to Property Tax, for Smart Village building, the company paid tax till December 31, 2022 and as for Nile City building, the company paid tax till December 31, 2022.

28- Related party transactions

The related parties transactions are represented in the following:

- Other income item an amount of EGP 25 624 875 which represents the value of rental spaces for some affiliated companies.
- Interest income item presented in the income statement includes an amount of EGP 513 116 represent the interest on subordinated loan to EFG-Hermes UAE, an amount of EGP 155 703 represents the interest on subordinated loan to Hermes Securities Brokerage and an amount of EGP 6 487 192 represents the interest on subordinated loan U Consumer finance (Valu "previously") .
- The company grants support loans to some companies for purpose of providing financial leverage (Note no. 11).
- Creditors and other credit balances item includes an amount of EGP 14 353 125 presented the unearned revenue which the value of rental spaces for some subsidiaries companies (Note no. 9).

29- Measurement of fair value

- Countless group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.
- When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.
 - Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).
 - Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).
- If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.
- Valuation techniques include net present value and discounted cash flow models, comparison with similar instruments for which observable market prices exist and other valuation models. Assumptions and inputs used in valuation techniques include risk-free and benchmark interest rates, credit spreads and other premiums used in estimating discount rates, bond and equity prices, foreign currency exchange rates.
- The following table analyses financial instruments measured at fair value at the reporting date, by the level in the fair value hierarchy into which the fair value measurement is categorized. The amounts are based on the values recognized in the statement of financial position:

30 September 2023

<u>Financial assets</u>	Note no	Level 1	Level 2	Level 3	Total
Mutual fund certificates	(4,12)	39 654 467	--	3 883 611 685	3 923 266 152
Equity securities	(4,12)	996 532	--	19 694 536	20 691 068
Treasury bills	(12)	--	917 812 538	--	917 812 538
Debt instruments	(12)	934 686 727	--	--	934 686 727
		<u>975 337 726</u>	<u>917 812 538</u>	<u>3 903 306 221</u>	<u>5 796 456 485</u>

31 December 2022

<u>Financial assets</u>	Note no	Level 1	Level 2	Level 3	Total
Mutual fund certificates	(4,12)	39 165 085	--	2 680 281 496	2 719 446 581
Equity securities	(4,12)	795 194	--	19 694 536	20 489 730
Treasury bills	(12)	--	315 668 671	--	315 668 671
Debt instruments	(12)	1 044 046 178	--	--	1 044 046 178
		<u>1 084 006 457</u>	<u>315 668 671</u>	<u>2 699 976 032</u>	<u>4 099 651 160</u>

30- Classification of financial assets and financial liabilities

30 September 2023

<u>Financial assets</u>	Note	Amortised Cost	FVTPL	FVTOCI
	no			
Mutual fund certificates	(4,12)	--	3 818 292 579	104 973 573
Equity securities	(4,12)	--	3 401 518	17 289 550
Treasury bills	(12)	--	--	917 812 538
Debt instruments	(12)	--	--	934 686 727
Cash and cash equivalents	(3)	2 032 638 481	--	--
Loans to subsidiaries	(11,28)	74 290 270	--	--
Due from subsidiaries and related parties	(5)	3 159 865 227	--	--
Other debit balances	(6)	129 580 194	--	--
		<u>5 396 374 172</u>	<u>3 821 694 097</u>	<u>1 974 762 388</u>
<u>Financial Liabilities</u>				
Banks overdraft	(8)	3 606 992 254	--	--
Due to subsidiaries and related parties	(7)	1 350 037 068	--	--
Finance lease liabilities	(26)	82 904 377	--	--
Creditors and other credit balances	(9,28)	604 569 118	--	--
		<u>5 644 502 717</u>	<u>--</u>	<u>--</u>

31 December 2022

<u>Financial assets</u>	Note	Amortised Cost	FVTPL	FVTOCI
	no			
Mutual fund certificates	(4,12)	--	2 629 795 530	89 651 051
Equity securities	(4,12)	--	3 200 180	17 289 550
Treasury bills	(12)	--	--	315 668 671
Debt instruments	(12)	--	--	1 044 046 178
Cash and cash equivalents	(3)	1 424 806 328	--	--
Loans to subsidiaries	(11,28)	71 883 257	--	--
Due from subsidiaries and related parties	(5)	3 879 866 320	--	--
Other debit balances	(6)	75 138 599	--	--
		<u>5 451 694 504</u>	<u>2 632 995 710</u>	<u>1 466 655 450</u>
<u>Financial Liabilities</u>				
Banks overdraft	(8)	3 031 589 769	--	--
Due to subsidiaries and related parties	(7)	790 607 681	--	--
Finance lease liabilities	(26)	135 144 208	--	--
Creditors and other credit balances	(9,28)	828 509 475	--	--
		<u>4 785 851 133</u>	<u>--</u>	<u>--</u>

31- 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.

31/1 Market risk

A. Foreign currencies risk

- The foreign currencies exchange risk represents the risk of fluctuation in exchange rates, which in turn affects the Company's cash inflows and outflows as well as the value of its assets and liabilities in foreign currencies.
- As at the financial position date the Company has assets and liabilities in foreign currencies equivalent to EGP 6 659 869 616 and EGP 1 973 568 484 respectively. The Company's net exposures in foreign currencies as at the financial position date are as follows:

	Surplus
	EGP
USD	4 399 635 854
EURO	277 914 451
AED	7 468 589
GBP	695 540
CHF	523 750
SAR	62 948

The company has used the prevailing exchange rates to revalue assets and liabilities at financial position date as disclosed in note (32-1-1) "foreign currencies transactions".

B. Interest rate risk

The cash flows of the Company affected by the changes in market rates of interest. To mitigate interest rate risk, the company maintains banks deposits for short-term periods renewed monthly, and are negotiated in the re-pricing date comparing to interest rates announced by the central bank or LIBOR.

C. Price risk

The Company is exposed to market price risk for equity instruments, According to the company's investment policy, the following procedures are undertaken to reduce the effect of this risk:

- Performing the necessary studies before investment decision 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.

31/2 Credit risk

Financial institutions that the Company deals with are only those enjoying high credit quality. The Company has policies that limit the amount of credit exposure to any one financial institution.

31/3 Liquidity risk

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

31/4 Capital risk

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

31/5 Financial instruments' fair value

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

31/6 Derivative financial instruments and hedge accounting

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

32- Significant accounting policies applied

32-1 Basis of preparation

32-1-1 Translation of the foreign currencies' transactions

Transactions in foreign currencies are translated into the respective functional currencies of Group companies at the exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction.

32-2 Property, plant, and equipment

32-2-1 Recognition and measurement

Items of property, plant, and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. The cost of certain items of property, plant, and equipment. If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant, and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognized in profit or loss.

32-2-2 Subsequent expenditure

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

32-2-3 Depreciation

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

The estimated useful lives of property, plant and equipment for current and comparative periods are as follows:

Assets	Estimated useful life
- Buildings	33.3 years
- Furniture, office and electrical appliances	5 years
- Computer equipment	5 years
- Vehicles & transportation means	5 years
- Fixtures	5 years

Improvements are depreciated in leased locations over the contract life or the useful life whichever is less.

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

32-2-4 Re-classification to investment property

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

32-2-5 Intangible assets

Intangible assets are recorded at historical cost less accumulated amortization and any impairment losses (note 32-5), intangible assets are amortized using the straight-line method and are recognized in profit or loss over their estimated useful lives.

32-3 Investments

32-3-1 Investments in subsidiaries

Investments in subsidiaries and associates are valued at cost, the book value is amended by any impairment concerning the value of these investments (note 32-5). The impairment value is to be charged to the income statement for every investment individually.

32-3-2 Investment property

Investment property is measured at cost on initial recognition.

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

The estimated useful life of investment property is 33.3 years.

The profits or losses resulting from the disposal of the Investment property (calculated as the difference between the net proceeds from the disposal of the property and the net book value of it) in the profits or losses.

32-4 Financial instruments

32-4-1 Recognition and initial measurement

Trade receivables and debt securities issued are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

32-4-2 Classification and subsequent measurement **Financial assets**

On initial recognition, a financial asset is classified as measured at: amortised cost; FVOCI – debt investment; FVOCI – equity investment; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an instrument-by-instrument basis.

All financial assets not classified as measured at amortized cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

32-4-3 Financial assets – Business model assessment

The Company assesses the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed, and information is provided to management. The information considered includes:

- The stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realizing cash flows through the sale of the assets;
- How the performance of the portfolio is evaluated and reported to the Company's management;
- The risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- How managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- The frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Company's continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

32-4-4 Financial assets – Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers:

- Contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable-rate features;
- Prepayment and extension features; and
- Terms that limit the Company's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable compensation for early termination of the contract. Additionally, for a financial asset acquired at a discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

32-4-5 Financial assets – Subsequent measurement and gains and losses

Financial assets at FVTPL These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

Financial assets at amortised cost These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Debt investments at FVOCI These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

Equity investments at FVOCI These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

32-4-6 Financial liabilities – Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

32-4-7 Derecognition

Financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Company enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

Financial liabilities

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

32-4-8 Offsetting

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

32-4-9 Derivative financial instruments and hedge accounting

The Company holds derivative financial instruments to hedge its foreign currency and interest rate risk exposures. Embedded derivatives are separated from the host contract and accounted for separately if the host contract is not a financial asset and certain criteria are met.

Derivatives are initially measured at fair value. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognised in profit or loss.

The Company designates certain derivatives as hedging instruments to hedge the variability in cash flows associated with highly probable forecast transactions arising from changes in foreign exchange rates and interest rates and certain derivatives and non-derivative financial liabilities as hedges of foreign exchange risk on a net investment in a foreign operation.

At inception of designated hedging relationships, the Company documents the risk management objective and strategy for undertaking the hedge. The Company also documents the economic relationship between the hedged item and the hedging instrument, including whether the changes in cash flows of the hedged item and hedging instrument are expected to offset each other.

Cash flow hedges

When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognised in OCI and accumulated in the hedging reserve. The effective portion of changes in the fair value of the derivative that is recognised in OCI is limited to the cumulative change in fair value of the hedged item, determined on a present value basis, from inception of the hedge. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in profit or loss.

The Company designates only the change in fair value of the spot element of forward exchange contracts as the hedging instrument in cash flow hedging relationships. The change in fair value of the forward element of forward exchange contracts (forward points) is separately accounted for as a cost of hedging and recognised in a costs of hedging reserve within equity.

When the hedged forecast transaction subsequently results in the recognition of a non-financial item such as inventory, the amount accumulated in the hedging reserve and the cost of hedging reserve is included directly in the initial cost of the non-financial item when it is recognised.

For all other hedged forecast transactions, the amount accumulated in the hedging reserve and the cost of hedging reserve is reclassified to profit or loss in the same period or periods during which the hedged expected future cash flows affect profit or loss.

If the hedge no longer meets the criteria for hedge accounting or the hedging instrument is sold, expires, is terminated or is exercised, then hedge accounting is discontinued prospectively. When hedge accounting for cash flow hedges is discontinued, the amount that has been accumulated in the hedging reserve remains in equity until, for a hedge of a transaction resulting in the recognition of a non-financial item, it is included in the non-financial item's cost on its initial recognition or, For other cash flow hedges, it is reclassified to profit or loss in the same period or periods as the hedged expected future cash flows affect profit or loss.

If the hedged future cash flows are no longer expected to occur, then the amounts that have been accumulated in the hedging reserve and the cost of hedging reserve are immediately reclassified to profit or loss.

Net investment hedges

When a derivative instrument or a non-derivative financial liability is designated as the hedging instrument in a hedge of a net investment in a foreign operation, the effective portion of, for a derivative, changes in the fair value of the hedging instrument or, for a non-derivative, foreign exchange gains and losses is recognised in OCI and presented in the translation reserve within equity. Any ineffective portion of the changes in the fair value of the derivative or foreign exchange gains and losses on the non-derivative is recognised immediately in profit or loss. The amount recognised in OCI is reclassified to profit or loss as a reclassification adjustment on disposal of the foreign operation.

32-5 Impairment

32-5-1 Non-derivative financial assets

Financial instruments and contract assets

The Company recognises loss allowances for Expected Credit Loss (ECLs) on:

- Financial assets measured at amortised cost;
- Debt investments measured at FVOCI;
- contract assets.

The Company also recognises loss allowances for ECLs on loans receivables.

The Company measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- Debt securities that are determined to have low credit risk at the reporting date; and

- Other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment, that includes forward-looking information.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due, unless it can be rebutted.

The Company considers a financial asset to be in default when:

- The debtor is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realising security (if any is held); or
- The financial asset is more than 90 days past due unless it can be rebutted.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

32-5-2 Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive).

ECLs are discounted at the effective interest rate of the financial asset.

32-5-3 Credit-impaired financial assets

At each reporting date, the Company assesses whether financial assets carried at amortised cost and debt securities at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more

events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- Significant financial difficulty of the debtor;
- A breach of contract such as a default or being more than 90 days past due;
- The restructuring of a loan or advance by the Company on terms that the Company would not consider otherwise;
- It is probable that the debtor will enter bankruptcy or other financial reorganisation; or
- The disappearance of an active market for a security because of financial difficulties.

32-5-4 Presentation of allowance for ECL in the statement of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

For debt securities at FVOCI, the loss allowance is charged to profit or loss and is recognised in OCI.

32-5-5 Write-off

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For individual customers, the Company has a policy of writing off the gross carrying amount when the financial asset is 180 days past due based on historical experience of recoveries of similar assets. For corporate customers, the Company individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Company expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

32-5-6 Non-financial assets

- At each reporting date, the Company reviews the carrying amounts of its non-financial assets (other than, investment property, contract assets and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.
- For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.
- The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.
- An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount.
- Impairment losses are recognised in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.
- An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

32-6 Cash and cash equivalents

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

32-7 Interest-bearing borrowings

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

32-8 Provisions

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

32-9 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

32-10 Share capital

32-10-1 Ordinary shares

Incremental costs directly attributable to the issue of ordinary shares are recognized as a deduction from equity. Income tax relating to transaction costs of an equity transaction are accounted for in accordance with EAS 24 income tax.

32-10-2 Re-purchase and reissue of ordinary shares (treasury shares)

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

32-11 Revenues

32-11-1 Gains (losses) on sale of investments

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

32-11-2 Dividend income

Dividend income is recognized when declared.

32-11-3 Custody fees

Custody fees are recognized when provide service and issue invoice.

32-11-4 Interest income

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

32-12 Expenses

32-12-1 Borrowing costs

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

32-12-2 Employees' pension

The Company contributes to the government social insurance system for the benefit of its personnel in accordance with the social insurance law. Under this law, the employees and the employers contribute into the system on a fixed percentage-of-salaries basis. The Company's liability is confined to the amount of its contribution. Contributions are charged to income statement using the accrual basis of accounting.

32-12-3 Income tax

Income tax on the income statement for the year comprises current and deferred tax. Income tax is recognized in the income statement except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the financial position date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the financial position liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the financial position date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

32-13 Earnings per share

The Company presents basic earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period.

32-14 Profit sharing to employees

The Company pays 10% of its cash dividends as profit sharing to its employees provided that it will not exceed total employees annual salaries. Profit sharing is recognized as a dividend distribution through equity and as a liability when approved by the Company's shareholders.

32-15 Employees benefits

32-15-1 Share based payments

Equity settled transactions

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

Vesting conditions, other than market conditions, are taken into account by adjusting the number of equity instruments included in the measurement of the transaction amount so that, ultimately, the amount recognized for services received as consideration for the equity instruments granted are based on the number of equity instruments that eventually vest. Hence, on a cumulative basis, no amount is recognized

for services received if the equity instruments granted do not vest because of failure to satisfy a vesting condition.

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

32-16 Leases

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

32-16-1 As a lessee

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

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

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

impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

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

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

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

fixed payments, including in-substance fixed payments;

variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;

amounts expected to be payable under a residual value guarantee; and the exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

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

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

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

Short-term leases and leases of low-value assets

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

32-16-2 As a lessor

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

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

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

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

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

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

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

33- New Editions and Amendments to Egyptian Accounting Standards:

On March 6, 2023, the Prime Minister's Decree No. (883) of 2023 was issued amending some provisions of the Egyptian Accounting Standards, the following is a summary of the most significant amendments:

New or reissued standards	Summary of the most significant amendments	Potential impact on the financial statements	Effective date
Egyptian Accounting Standard No. (50) "Insurance Contracts"	<p>1- This standard determines the principles of recognition of insurance contracts falling within the scope of this standard, and determines their measurement, presentation, and disclosure. The objective of the standard is to ensure that the company provides appropriate information that truthfully reflects those contracts.</p> <p>This information provides users of the financial statements with the basis for assessing the impact of insurance contracts on the company's financial position, financial performance, and cash flows.</p> <p>2- Egyptian Accounting Standard No. (50) replaces and cancels Egyptian Accounting Standard No. 37 "Insurance Contracts".</p> <p>3- Any reference to Egyptian Accounting Standard No. (37) in other Egyptian Accounting Standards to be replaced by Egyptian Accounting Standard No. (50).</p>	<p>Management is currently evaluating the potential impact on the financial statements from the application of the standard.</p>	<p>Egyptian Accounting Standard No. (50) is effective for annual financial periods starting <u>on or after July 1, 2024</u>, and if the Egyptian Accounting Standard No. (50) shall be applied for an earlier period, the company should disclose that fact.</p>

New or reissued standards	Summary of the most significant amendments	Potential impact on the financial statements	Effective date
	<p>4- The following Egyptian Accounting Standards have been amended to comply with the requirements of the application of Egyptian Accounting Standard No. (50) "Insurance Contracts", as follows:</p> <ul style="list-style-type: none"> - Egyptian Accounting Standard No. (10) "Fixed Assets". - Egyptian Accounting Standard No. (23) "Intangible Assets". - Egyptian Accounting Standard No. (34) "Investment property". 		