

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

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

<b>Contents</b>	<b>Page</b>
Review report	
Separate statement of financial position	1
Separate income statement	2
Separate statement of comprehensive income	3
Separate statement of changes in equity	4
Separate statement of cash flows	5
Notes to the separate interim financial statements	6-25
Significant accounting policies applied	26-46



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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 June, 2023 and the related separate 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 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 June, 2023 and of its financial performance and its separate cash flows for the six months then ended in accordance with Egyptian Accounting Standards.

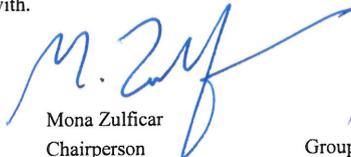
Cairo, August 10, 2023



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

	Note no.	30/06/2023	31/12/2022
<i>(in EGP)</i>			
<b>Assets</b>			
<b>Non - current assets</b>			
Loans to subsidiaries	(11,28)	211 467 870	71 883 257
Investments at fair value through OCI	(12)	1 116 017 876	1 150 986 779
Investment property	(13)	110 347 872	113 500 668
Investments in subsidiaries	(14)	6 639 308 370	6 629 578 371
Fixed assets	(15)	220 304 218	226 797 616
Intangible assets	(16)	14 704 299	18 883 104
<b>Total non - current assets</b>		<u>8 312 150 505</u>	<u>8 211 629 795</u>
<b>Current assets</b>			
Cash and cash equivalents	(3)	1 282 880 350	1 424 806 328
Investments at fair value through profit and loss	(4)	3 779 572 110	2 632 995 710
Investments at fair value through OCI	(12)	875 459 325	315 668 671
Due from subsidiaries & related parties	(5)	3 406 474 647	3 879 866 320
Other debit balances	(6)	115 608 076	75 138 599
Current portion of loans to subsidiaries	(11,28)	68 944 400	-
<b>Total current assets</b>		<u>9 528 938 908</u>	<u>8 328 475 628</u>
<b>Total assets</b>		<u>17 841 089 413</u>	<u>16 540 105 423</u>
<b>Equity</b>			
Issued & paid - in capital	(17)	7 298 030 040	5 838 424 030
Legal reserve		972 344 332	867 454 520
Other reserves		1 544 938 283	1 582 327 149
Retained earnings		1 382 301 815	2 304 346 361
Equity settled share- based payment	(17,20)	343 031 433	289 008 712
<b>Total equity</b>		<u>11 540 645 903</u>	<u>10 881 560 772</u>
<b>Liabilities</b>			
<b>Non - current liabilities</b>			
Deferred tax liabilities	(22)	922 836 476	628 750 962
Finance lease liabilities	(26)	22 303 140	62 396 641
<b>Total non - current liabilities</b>		<u>945 139 616</u>	<u>691 147 603</u>
<b>Current liabilities</b>			
Current portion of finance lease liabilities	(26)	78 688 855	72 747 567
Banks' overdraft	(8)	3 506 476 921	3 031 589 769
Due to subsidiaries & related parties	(7)	650 973 253	790 607 681
Creditors and other credit balances	(9,28)	875 222 309	828 509 475
Claims provision	(10)	243 942 556	243 942 556
<b>Total current liabilities</b>		<u>5 355 303 894</u>	<u>4 967 397 048</u>
<b>Total liabilities</b>		<u>6 300 443 510</u>	<u>5 658 544 651</u>
<b>Total equity and liabilities</b>		<u>17 841 089 413</u>	<u>16 540 105 423</u>

The accompanying notes and accounting policies from page (6) to page (46) 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 "

**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 1/4/2023 to 30/6/2023	from 1/1/2023 to 30/6/2023	from 1/4/2022 to 30/6/2022	from 1/1/2022 to 30/6/2022
<i>(in EGP)</i>					
<b>Revenues</b>					
Dividends income	(19)	165 801 022	170 908 803	10 096	2 442 010 970
Custody activity income		8 973 379	16 457 795	5 152 289	7 869 896
Net changes in the fair value of investments at fair value through profit and loss	(4)	396 823 074	1 142 716 061	75 555 220	192 299 651
Treasury bills and bonds interests	(12)	82 963 655	155 491 924	64 090 728	128 493 994
Interest income	(28)	21 524 899	41 428 908	22 646 321	35 632 383
Gain from sale fixed asset		-	-	-	835
Other income	(23,28)	32 146 001	59 186 356	19 157 151	37 149 909
Foreign currencies exchange differences		294 156	210 298 966	116 733 004	354 298 403
Gains on sale / redemptions of investments	(24)	17 014 644	22 904 328	79 143 721	137 614 445
<b>Total revenues</b>		<u>725 540 830</u>	<u>1 819 393 141</u>	<u>382 488 530</u>	<u>3 335 370 486</u>
<b>Expenses</b>					
Finance cost		(169 265 110)	(313 912 476)	(96 200 387)	(170 022 027)
General administrative expenses	(20)	(147 259 012)	(322 498 854)	(126 556 258)	(204 570 605)
Fixed assets depreciation	(15)	(5 823 462)	(12 128 807)	(6 074 840)	(12 251 666)
Investment property depreciation	(13)	(1 576 398)	(3 152 796)	(1 576 398)	(3 152 796)
Intangible assets amortization	(16)	(2 321 270)	(4 686 160)	(2 279 257)	(4 453 625)
Impairment loss on assets	(3,14)	( 474 722)	( 363 743)	316 220	( 33 649)
<b>Total expenses</b>		<u>( 326 719 974)</u>	<u>( 656 742 836)</u>	<u>( 232 370 920)</u>	<u>( 394 484 368)</u>
Profit before tax		398 820 856	1 162 650 305	150 117 610	2 940 886 118
Current income tax		(18 154 052)	( 32 768 683)	5 778 365	( 46 851 636)
Deferred tax	(22)	(90 068 074)	( 304 940 346)	( 18 574 298)	( 41 539 125)
Profit for the period		<u>290 598 730</u>	<u>824 941 276</u>	<u>137 321 677</u>	<u>2 852 495 357</u>
Earnings per share	(25)	<u>0.20</u>	<u>0.57</u>	<u>0.09</u>	<u>1.95</u>

The accompanying notes and accounting policies from page (6) to page (46) 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 1/4/2023 to 30/6/2023	For the period from 1/1/2023 to 30/6/2023	For the period from 1/4/2022 to 30/6/2022	For the period from 1/1/2022 to 30/6/2022
<i>(in EGP)</i>				
Profit for the period	290 598 730	824 941 276	137 321 677	2 852 495 357
<b>Other comprehensive income:</b>				
Investments at fair value through OCI - net change in fair value	21 818 511	( 48 243 698)	(8 992 773)	( 21 826 486)
Tax related to comprehensive income items	( 4 909 165)	10 854 832	2 023 374	4 910 959
<b>Other comprehensive income</b>	<u>16 909 346</u>	<u>( 37 388 866)</u>	<u>( 6 969 399)</u>	<u>( 16 915 527)</u>
<b>Total comprehensive income for the period</b>	<u><u>307 508 076</u></u>	<u><u>787 552 410</u></u>	<u><u>130 352 278</u></u>	<u><u>2 835 579 830</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>									
<b>Balance as at 31 December 2022</b>	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
<b>Total comprehensive income</b>									
Profit for the period	-	-	-	-	-	-	824 941 276	-	824 941 276
Other comprehensive income items	-	-	-	-	( 37 388 866)	-	-	-	( 37 388 866)
<b>Total comprehensive income</b>	-	-	-	-	( 37 388 866)	-	824 941 276	-	787 552 410
<b>Transactions with owners of the Company</b>									
Equity settled share- based payment	-	-	-	-	-	-	-	54 022 721	54 022 721
Transferred to legal reserve	-	104 889 812	-	-	-	-	( 104 889 812)	-	-
Dividends	1 459 606 010	-	-	-	-	-	(1 642 096 010)	-	( 182 490 000)
<b>Balance as at 30 June, 2023</b>	7 298 030 040	972 344 332	158 271	1 668 623 803	( 139 293 770)	15 449 979	1 382 301 815	343 031 433	11 540 645 903
<b>Balance as at 31 December, 2021</b>	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
<b>Total comprehensive income</b>									
Profit for the period	-	-	-	-	-	-	2 852 495 357	-	2 852 495 357
Other comprehensive income items	-	-	-	-	( 16 915 527)	-	-	-	( 16 915 527)
<b>Total comprehensive income</b>	-	-	-	-	( 16 915 527)	-	2 852 495 357	-	2 835 579 830
<b>Transactions with owners of the Company</b>									
Equity settled share- based payment	-	-	-	-	-	-	-	74 823 470	74 823 470
Transferred to legal reserve	-	27 181 964	-	-	-	-	( 27 181 964)	-	-
Dividends	973 070 675	-	-	-	-	-	(1 039 408 692)	-	( 66 338 017)
<b>Balance as at 30 June, 2022</b>	5 838 424 030	867 454 520	158 271	1 668 623 803	( 35 244 743)	15 449 979	3 059 045 477	224 470 413	11 638 381 750

The accompanying notes and accounting policies from page (6) to page (46) are an integral part of these financial statements and are to be read therewith.

	Note no.	For the period ended 30/06/2023	For the period ended 30/06/2022
<i>(in EGP)</i>			
<b>Cash flows from operating activities</b>			
Profit before tax		1 162 650 305	2 940 886 118
<b>Adjustments for :</b>			
Fixed assets depreciation	(15)	12 128 807	12 251 666
Gain from sale of fixed assets		-	( 835)
Investment property depreciation	(13)	3 152 796	3 152 796
Intangible assets amortization	(16)	4 686 160	4 453 625
Impairment loss on assets		363 743	33 649
Net changes in the fair value of investments at fair value through profit and loss		(1 142 716 061)	( 192 299 651)
Gains on sale / redemptions of investments in subsidiaries		(22 904 328)	( 137 614 445)
Foreign currencies exchange differences		(210 298 966)	( 354 298 403)
Equity settled share- based payment		13 297 050	18 780 464
		<u>(179 640 494)</u>	<u>2 295 344 984</u>
<b>Change in</b>			
Investments at fair value through profit and loss		( 3 750 000)	( 44 275)
Due from subsidiaries and related parties		735 917 875	( 441 553 907)
Other debit balances		( 36 206 421)	314 192 133
Due to subsidiaries and related parties		( 259 079 269)	(98 458 389)
Creditors and other credit balances		(49 477 414)	353 768 196
Income tax paid		(19 762 666)	(26 059 094)
Net cash provided from operating activities		<u>188 001 611</u>	<u>2 397 189 648</u>
<b>Cash flows from investing activities</b>			
Payments to purchase fixed assets		(5 635 409)	(3 701 859)
Proceeds from sale fixed assets		-	356 889
Payments to purchase intangible assets		( 507 355)	(3 432 244)
Payments for loans to subsidiaries		( 250 922 000)	(1 549 636 001)
Proceeds from loans to subsidiaries		60 940 000	1 301 426 844
Payments to purchase Investments at fair value through OCI		( 814 956 795)	( 596 627 875)
Proceeds from sale of Investments at fair value through OCI		241 891 346	598 438 756
Payments to purchase investments in subsidiaries		-	( 314 200 000)
Proceeds from investments in subsidiaries		53 900 000	361 208 500
Net cash used in investing activities		<u>( 715 290 213)</u>	<u>( 206 166 990)</u>
<b>Cash flows from financing activities</b>			
Dividends payout		( 105 314 469)	( 87 082 518)
Payments for finance lease liabilities		( 34 152 213)	( 31 540 914)
Net cash used in financing activities		<u>(139 466 682)</u>	<u>( 118 623 432)</u>
Net change in cash and cash equivalents during the period		( 666 755 284)	2 072 399 226
Cash and cash equivalents at the beginning of the period	(21)	<u>(1 556 366 565)</u>	<u>(2 577 192 553)</u>
Cash and cash equivalents at the end of the period	(21)	<u>(2 223 121 849)</u>	<u>( 504 793 327)</u>

The accompanying notes and accounting policies from page (6) to page (46) 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 June 30, 2023**  
**(In the notes all amounts are shown in EGP unless otherwise stated)**

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**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-bank finance products, which include leasing, micro-finance, factoring, securitization, collection and Sukuk.
- The purpose of the company includes participation in the establishment of companies which issue securities or in increasing their share capital, custody activities and margin trading.

**2- Basis of preparation**

**2-1 Statement of compliance**

- These financial statements have been prepared in accordance with the Egyptian Accounting Standards and relevant Egyptian laws and regulations.
- The financial statements were authorized for issue in accordance with a resolution of the board of directors on 9 August , 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

	<b>30/6/2023</b>	<b>31/12/2022</b>
Cash on hand	977 536	475 494
Banks - current accounts	774 177 536	1 017 139 313
Banks - time deposits	508 200 000	407 302 500
Total	1 283 355 072	1 424 917 307
Deduct: Impairment loss	(474 722)	(110 979)
Balance	1 282 880 350	1 424 806 328
	=====	=====

### 4- Investments at fair value through profit and loss

	<b>30/6/2023</b>	<b>31/12/2022</b>
Mutual fund certificates	3 776 158 351	2 629 795 530
Equity securities	3 413 759	3 200 180
Balance	3 779 572 110	2 632 995 710
	=====	=====

**5- Due from subsidiaries & related parties**

	<b>30/6/2023</b>	<b>31/12/2022</b>
EFG- Hermes Advisory Inc.	521 895 944	416 140 203
Fleming CIIC Holding	29 407 302	28 717 676
EFG- Hermes IB Limited	1 981 245 098	2 476 189 035
EFG- Hermes IFA Financial Brokerage	--	1 627 139
EFG- Hermes KSA	2 140 620	1 533 065
Egyptian Fund Management Group	93 529 096	49 037 850
EFG- Hermes Holding – Lebanon	3 976 724	3 187 189
EFG- Hermes Management	1 097 134	841 523
EFG- Hermes USA	390 273	830 640
EFG- Hermes Jordan	1 241 670	724 184
EFG – Hermes Brokerage Holding Ltd.	402 016 062	133 233 131
EFG- Hermes Brokerage – UAE LLC.	--	8 203 200
OLT Investment International S.A.B	1 001 597	251 842
EFG Hermes FI Limited	30 414 768	405 060 893
Beaufort Asset Management Company	28 459 019	19 789 850
EFG-Hermes Securitization	--	22 181
EFG Hermes PE Holding LLC	21 852 991	--
EFG- Hermes – UAE Limited Company	259 158	10 680 838
EFG Finance Holding	299 677 325	391 832 551
EFG-Hermes SP Limited	3 550 686	11 269 517
Fleming CIIC Securities	--	104 760
Fleming AL Mansour Securities	--	104 760
Hermes portfolio fund management	697 497	2 043 362
EFG IB Investco Limited	204 266	163 711
EFG IB Holdco Limited	725 312	387 069
EFG - Hermes Promoting & Underwriting	64 801 954	--
<b>Total</b>	<b>3 488 584 496</b>	<b>3 961 976 169</b>
<b>Impairment</b>	<b>(82 109 849)</b>	<b>(82 109 849)</b>
<b>Balance</b>	<b>3 406 474 647</b>	<b>3 879 866 320</b>

**6- Other debit balances**

	<b>30/6/2023</b>	<b>31/12/2022</b>
Accrued revenues	2 683 857	9 099 438
Taxes withheld by others	4 635 858	3 556 855
Deposits with others	1 483 827	1 458 827
Prepaid expenses	34 037 577	15 265 948
Employees advances	3 774 141	4 550 648
Down payments to suppliers	12 246 143	39 260 991
Sundry debtors	56 746 673	1 945 892
	<u>115 608 076</u>	<u>75 138 599</u>

**7- Due to subsidiaries & related parties**

	<b>30/6/2023</b>	<b>31/12/2022</b>
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.	89 533 105	79 567 256
Finance Group for Securitization	3 289 542	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	154 280 384	201 006 677
EFG - Hermes Promoting & Underwriting	--	184 574 704
EFG - Hermes Int. Fin Corp	10 363 574	4 967 012
EFG Hermes for Sukuk	8 173 049	8 628 338
EFG- Hermes Private Equity	878 282	878 771
EFG-Hermes Securitization	5 808 482	--
Bayonne Enterprises Ltd.	57 022 099	33 694 797
EFG Hermes IPE Holding LLC	--	38 593 140
EFG- Hermes Global CB Holding Limited	303 867	569 380
Hermes securities brokerage	120 406 914	74 396 025
EFG- Hermes UAE Ltd	6 512 947	--
EFG- Hermes IFA Financial Brokerage	564 453	--
	<u>650 973 253</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 at 30 June 2023 is EGP 1 065 183 515.
- A pledged Treasury bills contract has been signed to obtain a credit facility. The balance of facility as at 30 June 2023 is EGP 741 923 465.

## 9- Creditors and other credit balances

	<b>30/6/2023</b>	<b>31/12/2022</b>
Social Insurance Authority	974 192	809 194
Accrued expenses	37 445 507	376 889 809
Clients' coupons - custody activity	494 452 320	205 684 541
Unearned revenues (Note no. 28)	59 483 663	43 649 467
Dividends payable prior years	142 450 871	65 275 340
Medical Takaful Insurance Tax	4 548 883	13 248 641
Sundry credit balances	98 710 321	101 353 091
Tax Authority	37 156 552	21 599 392
	<hr/>	<hr/>
Balance	875 222 309	828 509 475
	<hr/> <hr/>	<hr/> <hr/>

## 10- Claims provision

	<b>30/6/2023</b>	<b>31/12/2022</b>
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
	<hr/>	<hr/>
Balance at the end of the period / year	243 942 556	243 942 556
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### 11- Loans to subsidiaries

Company's name	Currency	Loan Value	Loan date	Maturity date	30/6/2023	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	15 400 000	12 342 500
U consumer finance	EGP	190.722 million	30/6/2023	29/6/2028	190 722 000	--
Total					280 412 270	71 883 257
current portion of loans to subsidiaries					68 944 400	--
Non- current portion of loans to subsidiaries					211 467 870	71 883 257
					<u>280 412 270</u>	<u>71 883 257</u>

### 12- Investments at fair value through OCI

	30/6/2023	31/12/2022
<b>Non- current investments</b>		
Equity securities	17 289 550	17 289 550
Mutual fund certificates	104 654 337	89 651 051
Debt instruments – bond *	994 073 989	1 044 046 178
	<u>1 116 017 876</u>	<u>1 150 986 779</u>
<b>Current investments</b>		
Debt instruments – treasury bills *	875 459 325	315 668 671
	<u>1 991 477 201</u>	<u>1 466 655 450</u>
Investments at fair value through OCI are represented in the following:		
Quoted investments	1 035 130 382	1 083 211 263
Non- quoted investments	956 346 819	383 444 187
	<u>1 991 477 201</u>	<u>1 466 655 450</u>

\* Note no (8).

**13- Investment property**

	<b>Buildings</b>
<b>Cost</b>	
Balance as at 1/1/2023	157 639 818
	-----
Total cost as at 30/6/2023	157 639 818
	-----
Total cost as at 1/1/2022	157 639 818
	-----
Total cost as at 30/6/2023	157 639 818
	-----
<b>Accumulated depreciation</b>	
Accumulated depreciation as at 1/1/2023	44 139 150
Depreciation for the period	3 152 796
	-----
Accumulated depreciation as at 30/6/2023	47 291 946
	-----
Accumulated depreciation as at 1/1/2022	37 833 557
Depreciation for the period	3 152 796
	-----
Accumulated depreciation as at 30/6/2022	40 986 353
	-----
<b>Net carrying amount</b>	
Net carrying amount as at 30/6/2023	110 347 872
	=====
Net carrying amount as at 30/6/2022	116 653 465
	=====
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 at 30 June, 2023.

## 14- Investments in subsidiaries

Company's name	Nationality	Share percentage %	Currency of payment	Carrying amount	
				30/6/2023	31/12/2022
EFG- Hermes International Securities Brokerage	Egyptian	99.87	EGP	60 328 019	56 630 027
Hermes Securities Brokerage	Egyptian	97.58	EGP	261 456 112	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	52 550 917	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	748 055 402	736 261 360
EFG- Hermes Holding Lebanon – S.A.L.	Lebanon	99	USD	153 713	153 713
EFG- Hermes – KSA	Saudi	73.1	USD	96 372 261	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	397 758 527	396 303 081
EFG- Hermes Jordan	Jordanian	100	USD	33 610 632	33 610 631
Finance Group for Securitization.	Egyptian	99.999	EGP	4 999 995	4 999 995
EFG-Direct Investment Fund	Egyptian	64	EGP	640 000	640 000
EFG- Hermes IB Limited	Cayman Islands	100	USD	921 560 007	921 560 008
EFG – Hermes Brokerage Holding Ltd.	Emirates	100	USD	57 500 891	48 748 864
EFG – Hermes USA	American	100	USD	15 294 463	45 319 836
EFG Finance Holding S.A.E **	Egyptian	99.82	EGP	723 172 591	721 944 073
Etkan for Inquiry and Collection and Business processes **	Egyptian	0.002	EGP	100	100
EFG-Hermes PE Holding	Emirates	100	USD	635 113 422	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	63 720 197	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
Egyptian Fund Management Group	Egyptian	88.512	EGP	25 526 655	21 306 771
Hermes portfolio fund management	Egyptian	78.81	EGP	17 228 119	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				6 820 355 737	6 810 625 738
Impairment***				(181 047 367)	(181 047 367)
Balance				6 639 308 370	6 629 578 371

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

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

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

\*\*\* Impairment items represent in Egyptian Fund Management Group, 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 June 30, 2023 (Cont'd)  
(In the notes all amounts are shown in EGP unless otherwise stated)

	<b>15- Fixed assets</b>						<b>Total</b>
	<b>Land*</b>	<b>Buildings*</b>	<b>Office furniture &amp; equipment</b>	<b>Computer equipment</b>	<b>Vehicles &amp; transportation means</b>	<b>Fixtures</b>	
<b>Cost</b>							
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	--	--	3 792 122	1 439 803	--	403 484	5 635 409
<b>Total cost as at 30/6/2023</b>	<b>18 597 100</b>	<b>244 159 870</b>	<b>43 764 073</b>	<b>120 003 139</b>	<b>13 913 187</b>	<b>7 251 774</b>	<b>447 689 143</b>
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	--	--	1 671 760	2 030 099	--	--	3 701 859
Disposals during the period	--	--	(236 161)	(1 436 058)	--	--	(1 672 219)
<b>Total cost as at 30/6/2022</b>	<b>18 597 100</b>	<b>244 159 870</b>	<b>41 637 031</b>	<b>104 245 220</b>	<b>13 913 187</b>	<b>6 848 290</b>	<b>429 400 698</b>
<b>Accumulated depreciation</b>							
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	--	3 930 974	1 991 164	5 451 043	237 508	518 118	12 128 807
<b>Accumulated depreciation as at 30/6/2023</b>	<b>--</b>	<b>84 712 776</b>	<b>31 467 719</b>	<b>91 172 158</b>	<b>13 330 147</b>	<b>6 702 125</b>	<b>227 384 925</b>
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	--	3 930 975	2 088 832	4 893 380	1 073 925	264 554	12 251 666
Accumulated depreciation for disposal	--	--	(195 827)	(1 120 338)	--	--	(1 316 165)
<b>Accumulated depreciation as at 30/6/2022</b>	<b>--</b>	<b>76 850 829</b>	<b>29 576 616</b>	<b>82 934 611</b>	<b>12 041 274</b>	<b>5 919 452</b>	<b>207 322 782</b>
<b>Net carrying amount</b>							
Net carrying amount as at 30/6/2023	18 597 100	159 447 094	12 296 354	28 830 981	583 040	549 649	220 304 218
Net carrying amount as at 30/6/2022	18 597 100	167 309 041	12 060 415	21 310 609	1 871 913	928 838	222 077 916
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 Hermes Corp-Solutions (Note no. (26)).

**16- Intangible assets**

	<b>Software license</b>
<b>Cost</b>	
Balance as at 1/1/2023	48 985 105
Additions during the period	507 355
	<hr/>
Total cost as at 30/6/2023	49 492 460
	<hr/>
Balance as at 1/1/2022	42 143 855
Additions during the period	3 432 244
	<hr/> <hr/>
Total cost as at 30/6/2022	45 576 099
	<hr/>
<b>Accumulated amortization</b>	
Accumulated amortization as at 1/1/2023	30 102 001
Amortization during the period	4 686 160
	<hr/>
Accumulated amortization as at 30/6/2023	34 788 161
	<hr/>
Accumulated amortization as at 1/1/2022	21 019 811
Amortization during the period	4 453 625
	<hr/>
Accumulated amortization as at 30/6/2022	25 473 436
	<hr/>
<b>Net carrying amount</b>	
	14 704 299
Net carrying amount as at 30/6/2023	<hr/> <hr/>
Net carrying amount as at 30/6/2022	20 102 663
	<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 retained earnings that presented in December 31, 2020 financial statements. The required procedures had been taken to register the increase in the Commercial Register.
- On 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 retained earnings that 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 retained earnings that 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 701 598 051).

## 19- Dividend income

	2023		2022	
	For the period from 1/4/2023 to 30/6/2023	For the period from 1/4/2023 to 30/6/2023	For the period from 1/4/2022 to 30/6/2022	For the period from 1/1/2022 to 30/6/2022
Income from investments at fair value through OCI	10 289 547	15 396 172	--	--
Income from investments at fair value through profit and loss	1 511 475	1 512 631	10 096	10 970
Income from investments in subsidiaries	154 000 000	154 000 000	--	2 442 000 000
<b>Total</b>	<b>165 801 022</b>	<b>170 908 803</b>	<b>10 096</b>	<b>2 442 010 970</b>

## 20- General administrative expenses

	2023		2022	
	For the period from 1/4/2023 to 30/6/2023	For the period from 1/1/2023 to 30/6/2023	For the period from 1/4/2022 to 30/6/2022	For the period from 1/1/2022 to 30/6/2022
Wages , salaries and similar items*	78 582 687	184 089 304	55 292 332	99 839 509
Consultancy	18 207 695	19 647 031	7 128 714	11 995 244
Travel , accommodation and transportation	4 044 809	7 423 122	652 782	1 339 557
Leased line and communication	4 262 830	8 869 578	933 116	2 218 252
Rent and utilities expenses	4 137 539	7 913 481	3 529 194	6 681 608
Other expenses	38 023 452	94 556 338	59 020 120	82 496 435
<b>Total</b>	<b>147 259 012</b>	<b>322 498 854</b>	<b>126 556 258</b>	<b>204 570 605</b>

**\*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 six months of 2023 amounted EGP 13 297 050 in return for an increase in shareholders' equity by the same amount.

Equity instruments during the period/year represents the following:

	<b>For the period ended 30/6/2023</b>	<b>For the year ended 31/12/2022</b>
Shares granted at the beginning of the period /year	56 204 722	48 504 101
Free shares distributed during the period /year	--	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	54 629 096	56 204 722



### 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 1/4/2023 to 30/6/2023	For the period from 1/1/2023 to 30/6/2023	For the period from 1/4/2022 to 30/6/2022	For the period from 1/1/2022 to 30/6/2022
Investments in subsidiaries	17 014 644	22 904 328	79 143 721	137 614 445
Total	<u>17 014 644</u>	<u>22 904 328</u>	<u>79 143 721</u>	<u>137 614 445</u>

### 25- Earnings per share

	2023		2022	
	For the period from 1/4/2023 to 30/6/2023	For the period from 1/1/2023 to 30/6/2023	For the period from 1/4/2022 to 30/6/2022	For the period from 1/1/2022 to 30/6/2022
Profit for the period	290 598 730	824 941 276	137 321 677	2 852 495 357
Weighted average number of shares	<u>1 459 606 008</u>			
Earnings per share	<u>0.20</u>	<u>0.57</u>	<u>0.09</u>	<u>1.95</u>

### 26- Finance lease liabilities

	30/6/2023	31/12/2022
Current portion of finance lease liabilities	78 688 855	72 747 567
Non- Current portion of finance lease liabilities	22 303 140	62 396 641
Total	<u>100 991 995</u>	<u>135 144 208</u>

\* Note no. (15).

## **27- Tax status**

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

## **28- Related party transactions**

The related parties transactions are represented in the following:

- Other income item an amount of EGP 17 013 000 which represents the value of rental spaces for some affiliated companies.
- Interest income item presented in the income statement includes an amount of EGP 384 783 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.
- 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 22 965 000 presented the unearned revenue which the value of rental spaces for some subsidiaries companies (Note no. 9).

## **29- Measurement of fair value**

- A number of the 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 categorised 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 categorised 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 categorised. The amounts are based on the values recognised in the statement of financial position:

### 30 June 2023

<b><u>Financial assets</u></b>	<b>Note no</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Mutual fund certificates	(4,12)	41 056 394	--	3 839 756 294	3 880 812 688
Equity securities	(4,12)	1 008 773	--	19 694 536	20 703 309
Treasury bills	(12)	--	875 459 325	--	875 459 325
Debt instruments	(12)	994 073 989	--	--	994 073 989
		<u>1 036 139 156</u>	<u>875 459 325</u>	<u>3 859 450 830</u>	<u>5 771 049 311</u>

### 31 December 2022

<b><u>Financial assets</u></b>	<b>Note no</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
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 June 2023

<b><u>Financial assets</u></b>	<b>Note</b>			
		<b>no</b>	<b>Amortised Cost</b>	<b>FVTPL</b>
Mutual fund certificates	(4,12)	--	3 776 158 351	104 654 337
Equity securities	(4,12)	--	3 413 759	17 289 550
Treasury bills	(12)	--	--	875 459 325
Debt instruments	(12)	--	--	994 073 989
Cash and cash equivalents	(3)	1 282 880 350	--	--
Loans to subsidiaries	(11,28)	280 412 270	--	--
Due from subsidiaries and related parties	(5)	3 406 474 647	--	--
Other debit balances	(6)	115 608 076	--	--
		<b>5 085 375 343</b>	<b>3 779 572 110</b>	<b>1 991 477 201</b>
<b><u>Financial Liabilities</u></b>				
Banks over draft	(8)	3 506 476 921	--	--
Due to subsidiaries and related parties	(7)	650 973 253	--	--
Finance lease liabilities	(26)	100 991 995	--	--
Creditors and other credit balances	(9,28)	875 222 310	--	--
		<b>5 133 664 479</b>	--	--

#### 31 December 2022

<b><u>Financial assets</u></b>	<b>Note</b>			
		<b>no</b>	<b>Amortised Cost</b>	<b>FVTPL</b>
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	--	--
		<b>5 451 694 504</b>	<b>2 632 995 710</b>	<b>1 466 655 450</b>
<b><u>Financial Liabilities</u></b>				
Banks over draft	(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	--	--
		<b>4 785 851 133</b>	--	--

### **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 5 609 211 269 and EGP 991 374 709 respectively. The Company's net exposures in foreign currencies as at the financial position date are as follows:

	<b>Surplus EGP</b>
USD	4 323 575 346
EURO	291 494 662
AED	256 639
GBP	1 907 318
CHF	526 427
SAR	76 168

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 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.

#### **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:

<b>Assets</b>	<b>Estimated useful life</b>
- 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
<b>Egyptian Accounting Standard No. (50)  "Insurance Contracts"</b>	<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 <b><u>on or after July 1, 2024</u></b>, 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"> <li>- Egyptian Accounting Standard No. (10) "Fixed Assets".</li> <li>- Egyptian Accounting Standard No. (23) "Intangible Assets".</li> <li>- Egyptian Accounting Standard No. (34) "Investment property".</li> </ul>		