EFG - Hermes Holding Company
(Egyptian Joint Stock Company)

Separate financial statements
for the year ended December 31, 2022
&
Auditor's Report

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AUDITOR'S REPORT

To the shareholders of EFG - Hermes Holding Company

Report on the separate Financial Statements

We have audited the accompanying separate financial statements of EFG - Hermes Holding Company (Egyptian Joint Stock Company) which comprise the separate statement of financial position as at December 31, 2022 and the separate statements of income, comprehensive income, changes in equity and cash flows for the financial year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the separate financial statements referred to above present fairly, in all material respects, the financial position of EFG - Hermes Holding Company as of December 31, 2022 and of its financial performance and its cash flows for the year then ended in accordance with the Egyptian Accounting Standards and the Egyptian laws and regulations relating to the preparation of these financial statements.

Report on Other Legal and Regulatory Requirements

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

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

KPMG Hazem Hassan

KPMG Hazem Hassan
Public Accountants and Consultants
(23)

Cairo, March 22 , 2023

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

(in EGP)	Note no.	31/12/2022	31/12/2021
Assets			
Non - current assets			
Loans to subsidiaries	(11,29)	71 883 257	497 353 245
Investments at fair value through OCI	(12)	1 150 986 779	1 236 578 134
Investment property	(13)	113 500 668	119 806 261
Investments in subsidiaries	(14)	6 629 578 371	6 291 097 115
Fixed assets	(15)	226 797 616	230 983 777
Intangible assets	(16)	18 883 104	21 124 044
Total non - current assets		8 211 629 795	8 396 942 576
Current assets			
Cash and cash equivalents	(3)	1 424 806 328	152 949 842
Investments at fair value through profit and loss	(4)	2 632 995 710	1 720 818 400
Investments at fair value through OCI	(12)	315 668 671	821 750 508
Due from subsidiaries & related parties	(5)	3 879 866 320	1 709 040 611
Other debit balances	(6)	75 138 599	367 359 162
Current portion of Loans to subsidiaries	(11,29)	-	37 891 435
Total current assets		8 328 475 628	4 809 809 958
Total assets		16 540 105 423	13 206 752 534
Equity			
Issued & paid - in capital	(17)	5 838 424 030	4 865 353 355
Legal reserve		867 454 520	840 272 556
Other reserves		1 582 327 149	1 665 902 837
Retained earnings		2 304 346 361	1 273 140 776
Equity settled share- based payment	(17,20)	289 008 712	149 646 943
Total equity		10 881 560 772	8 794 316 467
Liabilities			
Non - current liabilities			
Deferred tax liabilities	(23)	628 750 962	292 505 198
Finance lease liabilities	(27)	62 396 641	133 441 883
Total non - current liabilities		691 147 603	425 947 081
Current liabilities			
Current portion of finance lease liabilities	(27)	72 747 567	65 932 783
Banks' overdraft	(8)	3 031 589 769	2 811 098 701
Due to subsidiaries & related parties	(7)	790 607 681	520 125 036
Creditors and other credit balances	(9,29)	828 509 475	390 882 282
Claims provision	(10)	243 942 556	198 450 184
Total current liabilities		4 967 397 048	3 986 488 986
Total liabilities		5 658 544 651	4 412 436 067
Total equity and liabilities		16 540 105 423	13 206 752 534

The accompanying notes and accounting policies from page (6) to page (50) are an integral part of these financial statements and are to be read therewith.

Mona Zulficar
Chairperson

Karim Awad
Group Chief Executive Officer

" Auditor's report attached "

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

(in EGP)	Note no.	For the year ended 31/12/2022	For the year ended 31/12/2021
Revenues			
Dividends income	(19)	2 967 011 901	1 152 301 365
Custody activity income		28 714 375	28 597 586
Net changes in the fair value of investments at fair value through profit and loss	(4)	909 067 687	2 031 725
Treasury bills and bonds interests	(12)	261 196 173	180 496 880
Interest income	(29)	86 682 732	42 640 140
Gain from sale fixed asset		80 240	765 729
Other income	(24,29)	79 887 174	72 298 033
Foreign currencies exchange differences		701 485 764	446 488
Gains on sale / redemptions of investments	(25)	264 827 222	57 165 180
Total revenues		5 298 953 268	1 536 743 126
Expenses			
Finance cost		(386 999 588)	(170 363 954)
General administrative expenses	(20)	(779 688 701)	(439 229 835)
Fixed assets depreciation	(15)	(24 715 465)	(24 897 633)
Investment property depreciation	(13)	(6 305 593)	(6 305 593)
Intangible assets amortization	(16)	(9 082 189)	(8 665 580)
Impairment loss on assets	(3,14)	(4 391 122)	824 842
Bad debt	(29)	(1 530 838 000)	(270 018 230)
Provisions	(10)	(46 000 000)	(40 000 000)
Total expenses		(2 788 020 658)	(958 655 983)
Profit before tax		2 510 932 610	578 087 143
Current income tax	(22)	(52 626 697)	(36 082 581)
Deferred tax	(23)	(360 509 672)	1 634 722
Profit for the year		2 097 796 241	543 639 284
Earnings per share	(26)	1.80	0.48

The accompanying notes and accounting policies from page (6) to page (50) are an integral part of these financial statements and are to be read therewith.

EFG - Hermes Holding Company

(Egyptian Joint Stock Company)

Separate statement of comprehensive income

(in EGP)	**For the year ended 31/12/2022**	**For the year ended 31/12/2021**
Profit for the year	2 097 796 241	543 639 284
Other comprehensive income:		
Investments at fair value through OCI - net change in fair value	(107 839 596)	5 023 726
Tax related to comprehensive income items	24 263 908	(1 130 338)
Other comprehensive income	(83 575 688)	3 893 388
Total comprehensive income for the year	2 014 220 553	547 532 672

The accompanying notes and accounting policies from page (6) to page (50) are an integral part of these financial statements and are to be read therewith.

EFG - Hermes Holding Company

(Egyptian Joint Stock Company)

Separate statement of changes in equity

	Attributable to owners of the Company								
	Issued &	Legal	Other reserves				Retained	Equity settled	Total
	paid- in	reserve	General	Share	Fair value- Investments at fair value through OCI	Revaluation surplus of fixed assets transferred to investment property	earnings	share- based	equity
(in EGP)	capital		reserve	premium				payment	
Balance as at 31 December 2020	3 843 091 115	833 933 867	158 271	1 922 267 818	(22 222 604)	15 449 979	1 610 309 431	-	8 202 987 877
Total comprehensive income									
Profit for the year	-	-	-	-	-	-	543 639 284	-	543 639 284
Other comprehensive income items	-	-	-	-	3 893 388	-	-	-	3 893 388
Total comprehensive income	-	-	-	-	3 893 388	-	543 639 284	-	547 532 672
Transactions with owners of the Company									
Equity settled share- based payment	-	-	-	-	-	-	-	149 646 943	149 646 943
Transferred to legal reserve	-	6 338 689	-	-	-	-	(6 338 689)	-	-
Dividends	-	-	-	-	-	-	(105 851 025)	-	(105 851 025)
Increased in issued and paid capital	1 022 262 240	-	-	(253 644 015)	-	-	(768 618 225)	-	-
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 year	-	-	-	-	-	-	2 097 796 241	-	2 097 796 241
Other comprehensive income items	-	-	-	-	(83 575 688)	-	-	-	(83 575 688)
Total comprehensive income	-	-	-	-	(83 575 688)	-	2 097 796 241	-	2 014 220 553
Transactions with owners of the Company									
Equity settled share- based payment	-	-	-	-	-	-	-	139 361 769	139 361 769
Transferred to legal reserve	-	27 181 964	-	-	-	-	(27 181 964)	-	-
Dividends	-	-	-	-	-	-	(66 338 017)	-	(66 338 017)
Increased in issued and paid capital	973 070 675	-	-	-	-	-	(973 070 675)	-	-
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

The accompanying notes and accounting policies from page (6) to page (50) are an integral part of these financial statements and are to be read therewith.

(in EGP)	Note no.	For the year ended 31/12/2022	For the year ended 31/12/2021
Cash flows from operating activities			
Profit before tax		2 510 932 610	578 087 143
Adjustments for :			
Fixed assets depreciation	(15)	24 715 465	24 897 633
Gain from sale of fixed assets		(80 240)	(765 729)
Investment property depreciation	(13)	6 305 593	6 305 593
Intangible assets amortization	(16)	9 082 189	8 665 580
Impairment loss on assets		4 391 122	(824 842)
Provisions used		(507 628)	(1 549 816)
Provision formed		46 000 000	40 000 000
Net changes in the fair value of investments at fair value through profit and loss		(909 067 687)	(2 031 725)
Gains on sale / redemptions of investments in subsidiaries		(264 827 222)	(106 202 420)
Foreign currencies exchange differences		(701 485 764)	(446 488)
Equity settled share- based payment		38 488 140	37 560 927
		763 946 578	583 695 856
Change in			
Investments at fair value through profit and loss		(2 942 516)	526 540 638
Due from subsidiaries and related parties		(1 728 532 535)	1 695 498 171
Other debit balances		291 558 068	(332 990 771)
Due to subsidiaries and related parties		128 234 542	(1511 404 289)
Creditors and other credit balances		453 603 418	(65 048 940)
Income tax paid		(56 071 976)	-
Net cash (used in) provided from operating activities		(150 204 421)	896 290 665
Cash flows from investing activities			
Payments to purchase fixed assets		(20 894 411)	(14 062 844)
Proceeds from sale fixed assets		445 347	777 700
Payments to purchase intangible assets		(6 841 249)	(6 866 877)
Payments for loans to subsidiaries		(2 089 558 500)	(1 200 152 000)
Proceeds from loans to subsidiaries		2 766 915 844	1 080 060 440
Payments to purchase Investments at fair value through OCI		(1 365 281 259)	(2 965 102 660)
Proceeds from sale of Investments at fair value through OCI		1 849 114 854	1 217 965 369
Payments to purchase investments in subsidiaries		(628 760 000)	(2 551 306 836)
Proceeds from investments in subsidiaries		651 699 453	442 373 495
Net cash provided from (used in) investing activities		1 156 840 079	(3 996 314 213)
Cash flows from financing activities			
Dividends payout		(87 082 518)	(20 342 500)
Payments for finance lease liabilities		(64 230 458)	(59 356 965)
Net cash used in financing activities		(151 312 976)	(79 699 465)
Net change in cash and cash equivalents during the year		855 322 682	(3 179 723 013)
Cash and cash equivalents at the beginning of the year	(21)	(2 461 995 144)	521 574 154
Cash and cash equivalents at the end of the year	(21)	(1 606 672 462)	(2 658 148 859)

The accompanying notes and accounting policies from page (6) to page (50) are an integral part of these financial statements and are to be read therewith.

1- Description of business

1-1 Legal status

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

1-2 Purpose of the company

- EFG Hermes Group, is a premiere financial services corporation that offers diverse investment banking services including securities brokerage, investment banking, asset management and private equity. In addition to its non-bank finance products, which include leasing, micro-finance, factoring, securitization, 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 March 21, 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).

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

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

	31/12/2022	**31/12/2021**
Cash on hand	475 494	252 868
Banks - current accounts	1 017 139 313	152 696 974
Banks - time deposits	407 302 500	--
Total	1 424 917 307	152 949 842
Deduct: Impairment loss	(110 979)	--
Balance	1 424 806 328	152 949 842

4- Investments at fair value through profit and loss

	31/12/2022	**31/12/2021**
Mutual fund certificates	2 629 795 530	1 717 799 704
Equity securities	3 200 180	3 018 696
Balance	2 632 995 710	1 720 818 400

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

5- Due from subsidiaries & related parties

	31/12/2022	31/12/2021
EFG- Hermes Advisory Inc.	416 140 203	--
Fleming CIIC Holding	28 717 676	28 682 917
EFG- Hermes IB Limited	2 476 189 035	908 886 213
EFG- Hermes Oman LLC	--	4 509 912
EFG- Hermes IFA Financial Brokerage	1 627 139	52 747
EFG- Hermes KSA	1 533 065	1 547 865
Egyptian Fund Management Group	49 037 850	10 134 594
EFG- Hermes Holding – Lebanon	3 187 189	2 028 387
EFG- Hermes Direct Investment Fund	--	23 035
EFG- Hermes Management	841 523	578 190
EFG- Hermes USA	830 640	276 792
EFG- Hermes Jordan	724 184	772 762
EFG – Hermes Frontier Holdings LLC	133 233 131	--
EFG- Hermes Brokerage – UAE LLC.	8 203 200	4 328 144
OLT Investment International S.A.B	251 842	458 561
EFG Hermes FI Limited	405 060 893	297 134 188
Beaufort Asset Management Company	19 789 850	8 056 358
EFG-Hermes Securitization	22 181	49 961
EFG Hermes PE Holding LLC	--	576 706
Hermes securities brokerage	--	10 362 796
Bayonne Enterprises Ltd.	--	9 948 655
EFG- Hermes – UAE Limited Company	10 680 838	13 685 709
Beaufort Management LTD.	--	618 438
EFG Finance Holding	391 832 551	198 588 030
EFG-Hermes SP Limited	11 269 517	--
Fleming CIIC Securities	104 760	--
Fleming AL Mansour Securities	104 760	--
EFG- Hermes Global CB Holding Limited	--	289 849 500
Hermes portfolio fund management	2 043 362	--
EFG IB Investco Limited	163 711	--
EFG IB Holdco Limited	387 069	--
Total	3 961 976 169	1 791 150 460
Impairment	(82 109 849)	(82 109 849)
Balance	3 879 866 320	1 709 040 611

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

6- Other debit balances

	31/12/2022	31/12/2021
Accrued revenues	9 099 438	7 771 422
Taxes withheld by others	3 556 855	2 798 079
Deposits with others	1 458 827	1 458 827
Prepaid expenses	15 265 948	7 711 794
Employees advances	4 550 648	1 341 793
Down payments to suppliers	39 260 991	7 020 983
Sundry debtors	1 945 892	25 056 264
Payments for investment	--	314 200 000
Balance	75 138 599	367 359 162

7- Due to subsidiaries & related parties

	31/12/2022	31/12/2021
Arab Visual Company	1 250 500	1 250 500
Hermes Corporate Finance Co.	8 656 100	8 785 386
EFG- Hermes Fixed Income	5 619 857	5 860 675
EFG- Hermes Regional Investments Ltd.	79 567 256	--
Finance Group for Securitization	3 462 440	3 885 743
EFG- Hermes Syria LTD	7 912 165	7 912 165
EFG- Hermes – Lebanon – S.A.L.	136 830 519	87 081 525
EFG-Hermes International Securities Brokerage	201 006 677	83 069 199
EFG - Hermes Promoting & Underwriting	184 574 704	200 459 203
EFG - Hermes Int. Fin Corp	4 967 012	--
EFG Hermes for Sukuk	8 628 338	9 047 770
EFG - Hermes Mena Securities Ltd.	--	16 644 835
EFG- Hermes Private Equity	878 771	910 220
Beaufort Investments Company	--	316 049
Bayonne Enterprises Ltd.	33 694 797	--
Hermes portfolio fund management	--	94 901 766
EFG Hermes PE Holding LLC	38 593 140	--
EFG- Hermes Global CB Holding Limited	569 380	--
Hermes securities brokerage	74 396 025	--
Balance	790 607 681	520 125 036

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

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 31 December 2022 is EGP 1 061 304 159.
- A pledged Treasury bills contract has been signed to obtain a credit facility. The balance of facility as at 31 December 2022 is EGP 739 070 182.

9- Creditors and other credit balances

	31/12/2022	**31/12/2021**
Social Insurance Authority	809 194	576 249
Accrued expenses	376 889 809	162 714 639
Clients' coupons - custody activity	205 684 541	12 321 329
Unearned revenues (Note no. 29)	43 649 467	18 114 684
Dividends payable prior years	65 275 340	86 019 841
Medical Takaful Insurance Tax	13 248 641	3 799 113
Sundry credit balances	101 353 091	83 129 259
Tax Authority	21 599 392	24 207 168
Balance	828 509 475	390 882 282

10- Claims provision

	31/12/2022	**31/12/2021**
Balance at the beginning of the year	198 450 184	160 000 000
Amounts used during the year	(507 628)	(1 549 816)
Amounts formed during the year	46 000 000	40 000 000
Balance at the end of the year	243 942 556	198 450 184

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

11- Loans to subsidiaries

Company's name	Currency	Loan Value	Loan date	Maturity date	31/12/2022	31/12/2021
EFG- Hermes Jordan	USD	500 thousand	1/3/2020	28/2/2024	12 342 500	7 855 000
,,	USD	500 thousand	1/3/2020	28/2/2024	12 342 500	7 855 000
,,	USD	1.4 million	1/9/2020	31/8/2024	34 855 757	22 181 436
EFG- Hermes Brokerage – UAE LLC.	USD	500 thousand	28/7/2020	28/7/2025	12 342 500	7 855 000
EFG Hermes Corp-Solutions	USD	25 million	24/2/2020	23/2/2025	--	99 498 244
,,	EGP	240 million	21/12/2021	20/12/2026	--	240 000 000
,,	EGP	50 million	1/11/2021	31/10/2026	--	50 000 000
,,	EGP	13 million	16/11/2020	15/11/2025	--	13 000 000
,,	EGP	12 million	16/11/2020	15/11/2025	--	12 000 000
EFG Finance Holding	EGP	450 million	31/8/2021	30/8/2026	--	75 000 000
Total					71 883 257	535 244 680
current portion of loans to subsidiaries					--	37 891 435
Non- current portion of loans to subsidiaries					71 883 257	497 353 245
					71 883 257	535 244 680

12- Investments at fair value through OCI

	31/12/2022	31/12/2021
Non- current investments		
Equity securities	17 289 550	17 289 550
Mutual fund certificates	89 651 051	65 416 957
Debt instruments – bond *	1 044 046 178	1 153 871 627
	1 150 986 779	1 236 578 134
Current investments		
Debt instruments – treasury bills *	315 668 671	821 750 508
Balance	1 466 655 450	2 058 328 642

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

	31/12/2022	31/12/2021
Quoted investments	1 083 211 263	1 182 576 697
Non- quoted investments	383 444 187	875 751 945
	1 466 655 450	2 058 328 642

* Note no (8).

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

13- Investment property

	Buildings
Cost	
Balance as at 1/1/2021	157 639 818
Total cost as at 31/12/2021	157 639 818
Total cost as at 1/1/2022	157 639 818
Total cost as at 31/12/2022	157 639 818
Accumulated depreciation	
Accumulated depreciation as at 1/1/2021	31 527 964
Depreciation for the year	6 305 593
Accumulated depreciation as at 31/12/2021	37 833 557
Accumulated depreciation as at 1/1/2022	37 833 557
Depreciation for the year	6 305 593
Accumulated depreciation as at 31/12/2022	44 139 150
Net carrying amount	
Net carrying amount as at 31/12/2021	119 806 261
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 31 December, 2022.

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

14- Investments in subsidiaries

Company's name	Nationality	Share percentage %	Currency of payment	Carrying amount 31/12/2022	Carrying amount 31/12/2021
EFG- Hermes International Securities Brokerage	Egyptian	99.87	EGP	56 630 027	49 234 043
Hermes Securities Brokerage	Egyptian	97.58	EGP	255 774 220	238 717 858
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	52 453 887	30 500 904
EFG- Hermes Fixed Income	Egyptian	99	EGP	9 900 000	9 900 000
EFG- Hermes Management	Egyptian	96.3	EGP	1 249 490	1 249 490
EFG- Hermes Private Equity *	BVI	1.59	USD	-	39 975
EFG- Hermes – UAE Limited Company	Emirates	100	USD	736 261 360	715 802 487
EFG- Hermes Holding Lebanon – S.A.L.	Lebanon	99	USD	153 713	153 713
EFG- Hermes – KSA	Saudi	73.1	USD	96 129 687	95 644 539
EFG- Hermes – Lebanon – S.A.L.	Lebanon	99	USD	27 564 787	27 564 787
EFG- Hermes Regional Investments Ltd. *	Cayman Islands	100	USD	396 303 081	393 392 189
EFG- Hermes Jordan	Jordanian	100	USD	33 610 631	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	921 560 008	921 560 008
EFG - Hermes Frontier Holdings	Emirates	100	USD	48 748 864	31 244 807
EFG – Hermes USA	American	100	USD	45 319 836	43 379 240
EFG Finance Holding S.A.E **	Egyptian	99.82	EGP	721 944 073	724 387 039
Etkan for Inquiry and Collection and Business processes **	Egyptian	0.002	EGP	100	100
EFG-Hermes PE Holding	Emirates	100	USD	634 021 838	3 078 670
EFG- Hermes Global CB Holding Limited	Cayman Islands	100	USD	574 782	387 407 037
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
Egyptian Fund Management Group	Egyptian	88.512	EGP	21 306 771	12 867 003
Hermes portfolio fund management	Egyptian	78.81	EGP	15 733 737	12 744 973
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				6 810 625 738	6 467 864 339
Impairment***				(181 047 367)	(176 767 224)
Balance				6 629 578 371	6 291 097 115

* 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.

(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 1/1/2021	18 597 100	244 159 870	31 894 711	98 225 761	15 484 320	6 538 712	414 900 474
Additions during the year	--	--	8 306 721	5 446 544	--	309 578	14 062 843
Disposals during the year	--	--	--	(21 126)	(1 571 133)	--	(1 592 259)
Total cost as at 31/12/2021	18 597 100	244 159 870	40 201 432	103 651 179	13 913 187	6 848 290	427 371 058
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 year	--	--	2 008 008	18 886 403	--	--	20 894 411
Disposals during the year	--	--	(2 237 489)	(3 974 246)	--	--	(6 211 735)
Total cost as at 31/12/2022	18 597 100	244 159 870	39 971 951	118 563 336	13 913 187	6 848 290	422 053 734
Accumulated depreciation							
Accumulated depreciation as at 1/1/2021	--	65 057 906	24 611 850	68 148 357	10 064 117	5 187 705	173 069 935
Depreciation during the year	--	7 861 948	3 071 761	11 022 366	2 474 365	467 193	24 897 633
Accumulated depreciation for disposal	--	--	--	(9 154)	(1 571 133)	--	(1 580 287)
Accumulated depreciation as at 31/12/2021	--	72 919 854	27 683 611	79 161 569	10 967 349	5 654 898	196 387 281
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 year	--	7 861 948	3 990 098	10 209 020	2 125 290	529 109	24 715 465
Accumulated depreciation for disposal	--	--	(2 197 154)	(3 649 474)	--	--	(5 846 628)
Accumulated depreciation as at 31/12/2022	--	80 781 802	29 476 555	85 721 115	13 092 639	6 184 007	215 256 118
Net carrying amount							
Net carrying amount as at 31/12/2021	18 597 100	171 240 016	12 517 821	24 489 610	2 945 838	1 193 392	230 983 777
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 – Hermes Holding Company and both True Finance Lease Company (Emirates NBD Leasing Company previously) and EFG Hermes Corp-Solutions (Note no. (27)).

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

16- Intangible assets

	Software license
Cost	
Balance as at 1/1/2021	35 276 979
Additions during the year	6 866 877
Total cost as at 31/12/2021	42 143 856
Balance as at 1/1/2022	42 143 856
Additions during the year	6 841 249
Total cost as at 31/12/2022	48 985 105
Accumulated amortization	
Accumulated amortization as at 1/1/2021	12 354 232
Amortization during the year	8 665 580
Accumulated amortization as at 31/12/2021	21 019 812
Accumulated amortization as at 1/1/2022	21 019 812
Amortization during the year	9 082 189
Accumulated amortization as at 31/12/2022	30 102 001
Net carrying amount	
Net carrying amount as at 31/12/2021	21 124 044
Net carrying amount as at 31/12/2022	18 883 104

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.

18- Contingent liabilities & commitments

The Company guarantees its subsidiaries – EFG-Hermes International Securities Brokerage, Hermes Securities Brokerage, EFG- Hermes Jordan and EFG- Hermes Oman LLC – against the credit facilities granted from banks and EFG- Hermes Brokerage – UAE against the Letters of Guarantee granted from banks amounting to AED 83 670 000 (equivalent to EGP 562 362 804).

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

19- Dividend income

	For the year ended 31/12/2022	For the year ended 31/12/2021
Income from investments at fair value through OCI	--	10 109 400
Income from investments at fair value through profit and loss	16 901	7 144 465
Income from investments in subsidiaries	2 966 995 000	1 135 047 500
Total	2 967 011 901	1 152 301 365

20- General administrative expenses

	For the year ended 31/12/2022	For the year ended 31/12/2021
Wages, salaries and similar items*	581 606 879	331 861 738
Consultancy	17 117 681	20 937 716
Travel, accommodation, and transportation	6 147 827	1 241 440
Leased line and communication	9 165 825	5 056 704
Rent and utilities expenses	17 269 931	16 417 753
Other expenses	148 380 558	63 714 484
Total	779 688 701	439 229 835

***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.

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

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 year amounted EGP 38 488 140 in return for an increase in shareholders' equity by the same amount.

Equity instruments during the year represents the following:

	For the year ended 31/12/2022	**For the year ended 31/12/2021**
Shares granted at the beginning of the year	48 504 101	--
Free shares distributed during the year	9 700 821	--
Shares granted during the year to the employees of the Holding company	--	12 174 382
Shares granted during the year to the employees of the subsidiaries	--	36 329 719
Shares forfeited to employees of the holding company	(94 352)	--
Shares forfeited to employees of subsidiary companies	(1 905 848)	--
Total at the end of the year	56 204 722	48 504 101

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 year ended 31/12/2022	**For the year ended 31/12/2021**
Cash and cash equivalents as presented in the statement of financial position	1 424 917 307	152 949 842
Banks overdraft	(3 031 589 769)	(2 811 098 701)
Effect of exchange rate changes	--	196 153 715
Cash and cash equivalents (adjusted)	(1 606 672 462)	(2 461 995 144)

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

22- Reconciliation of effective tax rate

	31/12/2022	31/12/2021
Profit before tax	2 510 932 610	578 087 143
Add / (deduct):		
Depreciation and amortization	9 749 594	14 871 943
Capital losses	(80 240)	(765 729)
Effect of provisions	50 391 122	39 175 158
Equity settled share- based payment	38 488 140	37 560 927
Cost of financing and investment opposite to exempted revenues	60 779 784	6 184 400
Foreign currencies exchange differences	(701 039 276)	(48 300 743)
Tax exemptions	(2 966 995 000)	(1 134 493 723)
Medical Takaful Insurance Tax	13 248 641	3 798 038
Boards of directors presence payment	21 055 302	--
Other additions	368 916 061	652 795 201
Other deductibles	(1 284 826 690)	(312 173 002)
Net tax base	(1 879 379 952)	(163 260 387)
Tax due	--	--
Tax on separate taxable income	52 626 697	36 082 581
Current income tax	52 626 697	36 082 581
Effective tax rate	2.10%	6.24%

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

23- Deferred tax liabilities

Deferred tax liabilities are attributable to the following:

	31/12/2022 Liability (Asset)	31/12/2021 Liability (Asset)
(A) Deferred tax		
Fixed assets' (depreciation)	4 123 245	4 604 524
Investment property (depreciation)	4 256 275	2 128 137
Intangible assets (amortization)	(5 079 615)	(2 778 032)
Investment property (revaluation reserve)	(1 867 147)	(1 867 147)
Foreign currencies exchange differences	157 834 323	--
Investments at fair value	303 575 035	100 244 962
Net deferred tax liabilities	462 842 116	102 332 444

(B) Deferred tax recognized directly in equity

	31/12/2022	31/12/2021
Investments at fair value through OCI *	165 908 846	190 172 754
Balance	628 750 962	292 505 198

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

24- Other income

Other income item presented in the income statement includes the value of rental for some affiliated companies, (Note 29) also includes the value of rental spaces owned by the Company in Nile City building.

25- Gains on sale / redemptions of investments

	For the year ended 31/12/2022	For the year ended 31/12/2021
Investments at fair value through profit and loss	--	(48 436 610)
Investments at fair value through OCI	--	(600 630)
Investments in subsidiaries	264 827 222	106 202 420
Total	264 827 222	57 165 180

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

26- Earnings per share

	For the year ended 31/12/2022	For the year ended 31/12/2021
Profit for the year	2 097 796 241	543 639 285
Weighted average number of shares	1 167 684 806	1 122 487 526
Earnings per share	1.80	0.48

27- Finance lease liabilities

	31/12/2022	31/12/2021
Current portion of finance lease liabilities	72 747 567	65 932 783
Non- Current portion of finance lease liabilities	62 396 641	133 441 883
Total	135 144 208	199 374 666

* Note no. (15).

28- 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, 2021, 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 December 2022 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, 2021.

29- Related party transactions

The related parties transactions are represented in the following:

- Other income item an amount of EGP 33 088 500 which represents the value of rental spaces for some affiliated companies.
- Interest income item presented in the income statement includes an amount of EGP 17 465 334 represent the interest on subordinated loan to EFG-Hermes Corp solutions, an amount of EGP 9 450 397 represent the interest on subordinated loan to ValU, and an amount of EGP 499 767 represent the interest on subordinated loan to EFG-Hermes UAE, an amount of EGP 1 834 213 represent 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 5 530 500 presented the unearned revenue which the value of rental spaces for some subsidiaries companies (Note no. 9).
- The company agreed to waive the balance owed by EFG-Hermes FI Limited in the amount of EGP 78 640 000, Hermes Frontier Holding in the amount of EGP 1 087 198 000 and EFG-Hermes Advisory Inc. in the amount of EGP 365 000 000.

30- 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).

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

- 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:

31 December 2022

Financial assets	**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
		1 084 006 457	**315 668 671**	**2 699 976 032**	**4 099 651 160**

31 December 2021

Financial assets	**Note no**	**Level 1**	**Level 2**	**Level 3**	**Total**
Mutual fund certificates	(4,12)	28 705 072	--	1 754 511 589	1 783 216 661
Equity securities	(4,12)	613 710	--	19 694 536	20 308 246
Treasury bills	(12)	--	821 750 508	--	821 750 508
Debt instruments	(12)	1 153 871 627	--	--	1 153 871 627
		1 183 190 409	**821 750 508**	**1 774 206 125**	**3 779 147 042**

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

31- Classification of financial assets and financial liabilities

31 December 2022

Financial assets	**Note no**	**Amortised Cost**	**FVTPL**	**FVTOCI**
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	(11,29)	71 883 257	--	--
Due from subsidiaries and related parties	(5)	3 879 866 320	--	--
Other debit balances	(6)	75 138 599	--	--
		5 451 694 504	**2 632 995 710**	**1 466 655 450**

Financial Liabilities				
Banks over draft	(8)	3 031 589 769	--	--
Due to subsidiaries and related parties	(7)	790 607 681	--	--
Creditors and other credit balances	(9,29)	828 509 475	--	--
		4 650 706 925	--	--

31 December 2021

Financial assets	**Note no**	**Amortised Cost**	**FVTPL**	**FVTOCI**
Mutual fund certificates	(4,12)	--	1 717 799 704	65 416 957
Equity securities	(4,12)	--	3 018 696	17 289 550
Treasury bills	(12)	--	--	821 750 508
Debt instruments	(12)	--	--	1 153 871 627
Cash and cash equivalents	(3)	152 949 842	--	--
Loans to subsidiaries	(11,29)	535 244 680	--	--
Due from subsidiaries and related parties	(5)	1 709 040 611	--	--
Other debit balances	(6)	367 359 162	--	--
		2 764 594 295	1 720 818 400	2 058 328 642

Financial Liabilities				
Banks over draft	(8)	2 811 098 701	--	--
Due to subsidiaries and related parties	(7)	520 125 036	--	--
Creditors and other credit balances	(9)	390 882 282	--	--
		3 722 106 019	--	--

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

32- 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.

32/1 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 4 300 854 176 and EGP 526 141 228 respectively. The Company's net exposures in foreign currencies as at the financial position date are as follows:

	Surplus EGP
USD	3 521 324 204
EURO	249 477 311
AED	706 327
GBP	2 707 136
CHF	410 676
SAR	87 294

The company has used the prevailing exchange rates to revaluate assets and liabilities at financial position date as disclosed in note (33-1-1) "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.

32/2 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.

32/3 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.

32/4 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.

32/5 Financial instruments' fair value

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

32/6 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.

33- Significant accounting policies applied

33-1 Basis of preparation

33-1-1 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.

33-2 Property, plant, and equipment

33-2-1 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.

33-2-2 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.

33-2-3 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.

33-2-4 Re-classification to investment property

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

33-2-5 Intangible assets

Intangible assets are recorded at historical cost less accumulated amortization and any impairment losses (note 33-5), intangible assets are amortized using the straight-line method and are recognized in profit or loss over their estimated useful lives.

33-3 Investments

33-3-1 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 33-5). The impairment value is to be charged to the income statement for every investment individually.

33-3-2 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 is 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.

33-4 Financial instruments

33-4-1 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.

33-4-2 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.

33-4-3 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.

33-4-4 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.

33-4-5 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.

33-4-6 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.

33-4-7 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.

33-4-8 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.

33-4-9 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.

33-5 Impairment

33-5-1 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.

33-5-2 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.

33-5-3 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.

33-5-4 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.

33-5-5 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.

33-5-6 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.

33-6 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.

33-7 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.

33-8 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.

33-9 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

33-10 Share capital

33-10-1 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.

33-10-2 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.

33-11 Revenues

33-11-1 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.

33-11-2 Dividend income

Dividend income is recognized when declared.

33-11-3 Custody fees

Custody fees are recognized when provide service and issue invoice.

33-11-4 Interest income

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

33-12 Expenses

33-12-1 Borrowing costs

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

33-12-2 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.

33-12-3 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.

33-13 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.

33-14 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.

33-15 Employees benefits

33-15-1 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.

33-16 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.

33-16-1 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 Comapny 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.

33-16-2 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'.

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

34- 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. (10) amended 2023 "Fixed Assets " and Egyptian Accounting Standard No. (23) amended 2023 "Intangible Assets".	1- These standards were reissued in 2023, allowing the use of revaluation model when subsequent measurement of fixed assets and intangible assets. 2- This resulted in amendment of the paragraphs related to the use of the revaluation model option in some of the applicable Egyptian Accounting Standards, which are as follows: − Egyptian Accounting Standard No. (5) "Accounting Policies, Changes in Accounting Estimates and Errors". − Egyptian Accounting Standard No. (24) "Income Taxes" − Egyptian Accounting Standard No. (30) "Interim Financial Reporting" − Egyptian Accounting Standard No. (31) "Impairment of Assets" − Egyptian Accounting Standard No. (49) "Leasing Contracts"		The amendments of adding the option to use the revaluation model are effective for financial periods starting **on or after January 1, 2023, retrospectively**, cumulative impact of the preliminary applying of the revaluation model shall be **added to the revaluation surplus account in equity, at the beginning of the financial period in which the company applies this model for the first time**.

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

New or reissued standards	Summary of the most significant amendments	Potential impact on the financial statements	Effective date
Egyptian Accounting Standard No. (34) amended 2023 "Investment property".	1- This standard was reissued in 2023, allowing the use fair value model when subsequent measurement of investment property. 2- This resulted in amendment of some paragraphs related to the use of the fair value model option in some of the applicable Egyptian Accounting Standards, which are as follows: − Egyptian Accounting Standard No. (1) "Presentation of Financial Statements" − Egyptian Accounting Standard No. (5) "Accounting Policies, Changes in Accounting Estimates and Errors". − Egyptian Accounting Standard No. (13) "The Effects of Changes in Foreign Exchange Rates" − Egyptian Accounting Standard No. (24) "Income Taxes" − Egyptian Accounting Standard No. (30) "Interim Financial Reporting " − Egyptian Accounting Standard No. (31) "Impairment of Assets" − Egyptian Accounting Standard No. (32) "Non-Current Assets Held for Sale and Discontinued Operations" − Egyptian Accounting Standard No. (49) "Leasing Contracts"	Management is currently studying the possibility of changing the applied accounting policy and using the fair value model option stated in the standard and assessing the potential impact on the financial statements in case of using this option.	The amendments of adding the option to use the fair value model are effective for financial periods starting **on or after January 1, 2023** **retrospectively,** cumulative impact of the preliminary applying of the fair value model shall be **added to the balance of retained earnings or losses at the beginning of the financial period in which the company applies this model for the first time.**

New or reissued standards	Summary of the most significant amendments	Potential impact on the financial statements	Effective date
Egyptian Accounting Standard No. (36) amended 2023 "Exploration for and Evaluation of Mineral Resources"	1- This standard was reissued in 2023, allowing the use of revaluation model when subsequent measurement of exploration and valuation assets. 2- The company applies either the cost model or the revaluation model for exploration and valuation assets, the evaluation should carried out by experts specialized in valuation and registered in a register maintained for this purpose at the Ministry of Petroleum, and in the case of applying the revaluation model (whether the model stated in the Egyptian Accounting Standard (10) "Fixed Assets " or the model stated in Egyptian Accounting Standard (23) "Intangible Assets") should consistent with the classification of assets in accordance with paragraph No. (15) of Egyptian Accounting Standard No. (36) amended 2023.	The standard has no impact on the financial statements.	The amendments of adding the option to use the revaluation model are effective for financial periods starting **on or after January 1, 2023, retrospectively**, cumulative impact of the preliminary applying of the revaluation model shall be **added to the revaluation surplus account in equity, at the beginning of the financial period in which the company applies this model for the first time.**

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

New or reissued standards	Summary of the most significant amendments	Potential impact on the financial statements	Effective date
Egyptian Accounting Standard No. (35) amended 2023 "Agriculture"	1- This standard was reissued in 2023, where paragraphs (1-5), (8), (24), and (44) were amended and paragraphs (5a) - (5c) and (63) were added, with respect to the accounting treatment of agricultural produce harvested, (Egyptian Accounting Standard (10) "Fixed assets " was amended accordingly). 2- The Company is not required to disclose the quantitative information required under paragraph 28(f) of Egyptian Accounting Standard No. (5) for the current period, which is the period of the financial statements in which the Egyptian Accounting Standard No. (35) amended 2023 and Egyptian Accounting Standard No. (10) amended 2023 are applied for the first time in relation to agricultural produce harvested. However, the quantitative information required under paragraph 28(f) of Egyptian Accounting Standard No. (5) should be disclosed for each comparative period presented.	The standard has no impact on the financial statements.	These amendments are effective for annual financial periods starting **on or after January 1, 2023** **retrospectively**, cumulative impact of the preliminary applying of the accounting treatment for agricultural produce harvested shall be **added to the balance of retained earnings or losses at the beginning of the financial period in which the company applies this treatment for the first time.**

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"	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. 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. 2- Egyptian Accounting Standard No. (50) replaces and cancels Egyptian Accounting Standard No. 37 "Insurance Contracts". 3- Any reference to Egyptian Accounting Standard No. (37) in other Egyptian Accounting Standards to be replaced by Egyptian Accounting Standard No. (50).	Management is currently evaluating the potential impact on the financial statements from the application of the standard.	Egyptian Accounting Standard No. (50) is effective for annual financial periods starting **on or after July 1, 2024**, and if the Egyptian Accounting Standard No. (50) shall be applied for an earlier period, the company should disclose that fact.

New or reissued standards	Summary of the most significant amendments	Potential impact on the financial statements	Effective date
	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: − Egyptian Accounting Standard No. (10) "Fixed Assets ". − Egyptian Accounting Standard No. (23) "Intangible Assets". − Egyptian Accounting Standard No. (34) " Investment property".		