EFG - Hermes Holding Company
(Egyptian Joint Stock Company)

Separate financial statements
for the year ended December 31, 2020
&
Auditor's Report

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KPMG

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AUDITOR'S REPORT

To the shareholders of EFG - Hermes Holding Company

Report on the 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, 2020 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, 2020 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.

Emphasis of Matter:

Without qualifying our opinion, as detailed in note No. (31) of the separate interim financial statements, most of the world countries, including Egypt, were exposed during 2020 to the new Covid-19 pandemic, causing disruption to most of commercial and economic activities in general and to the financial investments activities in Egypt in particular.

The Company has adjusted the assumptions used in calculating the expected credit loss, thus, it is possible that this will have a significant impact on the pre-defined operational and marketing plans, future cash flows associated with it , the associated elements of assets, liabilities and business results in the separate interim financial statements of the company during the period and following periods.

As indicated in the above-mentioned clarification, the company's management is currently taking several procedures to counter this risk and reduce its impact on its financial position and support its ability to continue. However, in light of the instability and the state of uncertainty as a result of the current events, the magnitude of the impact of that event depends mainly on the time period of the continuation of those effects at which the event is expected to end and its related effects and the company's ability to achieve its plans to confront this danger, Which it is difficult to determine at the present time.

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

KPMG Hazem Hassan
Public Accountants and Consultants
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Cairo, March 17 , 2021

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

(in EGP)	Note no.	31/12/2020	31/12/2019
Assets			
Non - current assets			
Loans to subsidiaries	(11,29)	415 563 640	-
Investments at fair value through OCI	(12)	136 216 613	1 433 129 664
Investment property	(13)	126 111 854	132 417 447
Investments in subsidiaries	(14)	3 963 875 340	3 968 219 291
Fixed assets	(15)	241 830 539	249 078 775
Intangible assets	(16)	22 922 747	18 127 196
Total non - current assets		4 906 520 733	5 800 972 373
Current assets			
Cash and cash equivalents	(4,21)	908 334 776	253 924 784
Investments at fair value through profit and loss	(5)	2 247 688 276	90 301 049
Investments at fair value through OCI	(12)	191 227 642	844 026 433
Due from subsidiaries & related parties	(6)	3 452 353 768	4 417 405 178
Other debit balances	(7)	27 493 990	71 951 502
Current portion of loans to subsidiaries	(11,29)	-	8 022 500
Total current assets		6 827 098 452	5 685 631 446
Total assets		11 733 619 185	11 486 603 819
Equity			
Issued & paid - in capital	(17)	3 843 091 115	3 843 091 115
Legal reserve		833 933 867	803 102 208
Other reserves		1 915 653 464	2 603 438 781
Retained earnings		1 610 309 431	872 468 514
Total equity		8 202 987 877	8 122 100 618
Liabilities			
Non - current liabilities			
Deferred tax liabilities	(23)	293 009 582	133 609 916
Finance lease liabilities	(27)	199 374 665	261 371 571
Total non - current liabilities		492 384 247	394 981 487
Current liabilities			
Banks' overdraft		391 573 523	198 543 552
Due to subsidiaries & related parties	(8)	2 078 476 557	2 143 023 927
Creditors and other credit balances	(9,29)	348 840 015	397 044 473
Claims provision	(10)	160 000 000	182 000 000
Current portion of finance lease liabilities	(27)	59 356 966	48 909 762
Total current liabilities		3 038 247 061	2 969 521 714
Total liabilities		3 530 631 308	3 364 503 201
Total equity and liabilities		11 733 619 185	11 486 603 819

The accompanying notes and accounting policies from page (6) to page (52) are an integral part of these financial statements and are to be read therewith.

Mona Zulficar
Chairperson

Karim Awad
Group Chief Executive Officer

" Auditor report attached "

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

(in EGP)	Note no.	For the year ended 31/12/2020	For the year ended 31/12/2019
Revenues			
Dividends income	(19)	131 601 735	1 241 810 027
Custody activity income		20 794 685	17 283 066
Net changes in the fair value of investments at fair value through profit and loss		521 682 263	14 271 739
Treasury bills and bonds interests		81 542 756	14 539 282
Interest income	(29)	37 110 037	34 375 174
Gain from sale fixed asset		907	936 666
Provisions reversed		22 000 000	-
Other income	(29)	68 432 145	71 387 486
Total revenues		883 164 528	1 394 603 440
Expenses			
Finance cost		(51 496 177)	(69 480 575)
General administrative expenses	(20)	(452 553 217)	(409 038 102)
Fixed assets depreciation	(15)	(22 247 826)	(20 254 144)
Investment property depreciation	(13)	(6 305 593)	(6 305 593)
Intangible assets amortization	(16)	(7 089 640)	(4 284 471)
Claims provision	(10)	-	(87 398 803)
(Loss) Gains on sale / redemptions of investments	(25)	(3 198 142)	27 542 063
Foreign currencies exchange differences		(47 854 255)	(284 655 683)
Impairment loss on assets		(824 842)	-
Total expenses		(591 569 692)	(853 875 308)
Profit before income tax		291 594 836	540 728 132
Current tax		-	98 468
Deferred tax	(23)	(164 821 055)	75 806 576
Profit for the year		126 773 781	616 633 176
Earnings per share	(26)	0.16	0.80

The accompanying notes and accounting policies from page (6) to page (52) 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 31/12/2020**	**For the year ended 31/12/2019**
Profit for the year	126 773 781	616 633 176
Other comprehensive income:		
Investments at fair value through OCI - net change in fair value	(53 484 384)	(143 679 818)
Tax related to comprehensive income items	12 033 986	32 021 523
Other comprehensive income, net of tax	(41 450 398)	(111 658 295)
Total comprehensive income for the year	85 323 383	504 974 881

The accompanying notes and accounting policies from page (6) to page (52) 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 & paid- in capital	Legal reserve	Other reserves					Retained earnings	Total equity
(in EGP)			General reserve	Share premium	Fair value- Investments at fair value through OCI	Revaluation surplus of fixed assets transferred to investment property	Hedging reserve		
Restated balance as at 31 December, 2018	3 843 091 115	773 338 368	158 271	1 922 267 818	803 663 395	15 449 979	(26 442 387)	858 832 724	8 190 359 283
Total comprehensive income									
Profit for the year	-	-	-	-	-	-	-	616 633 176	616 633 176
Other comprehensive income items	-	-	-	-	(111 658 295)	-	-	-	(111 658 295)
Total comprehensive income	-	-	-	-	(111 658 295)	-	-	616 633 176	504 974 881
Transactions with owners of the Company									
Dividends	-	-	-	-	-	-	-	(573 233 546)	(573 233 546)
Transferred to legal reserve	-	29 763 840	-	-	-	-	-	(29 763 840)	-
Balance as at 30 December, 2019	3 843 091 115	803 102 208	158 271	1 922 267 818	692 005 100	15 449 979	(26 442 387)	872 468 514	8 122 100 618
Effect of change in accounting policies	-	-	-	-	(672 777 306)	-	26 442 387	639 722 322	(6 612 597)
Restated balance as at 31 December, 2019	3 843 091 115	803 102 208	158 271	1 922 267 818	19 227 794	15 449 979	-	1 512 190 836	8 115 488 021
Total comprehensive income									
Profit for the year	-	-	-	-	-	-	-	126 773 781	126 773 781
Other comprehensive income items	-	-	-	-	(41 450 398)	-	-	-	(41 450 398)
Total comprehensive income	-	-	-	-	(41 450 398)	-	-	126 773 781	85 323 383
Transactions with owners of the Company									
Dividends	-	-	-	-	-	-	-	2 176 473	2 176 473
Transferred to legal reserve	-	30 831 659	-	-	-	-	-	(30 831 659)	-
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

The accompanying notes and accounting policies from page (6) to page (52) are an integral part of these financial statements and are to be read therewith.

(in EGP)	Note no.	For the year ended 31/12/2020	For the year ended 31/12/2019
Cash flows from operating activities			
Profit before income tax		291 594 836	540 728 132
Adjustments for :			
Fixed assets depreciation	(15)	22 247 826	20 254 144
Gain from sale of fixed asset		(907)	(936 666)
Investment property depreciation	(13)	6 305 593	6 305 593
Intangible assets amortization	(16)	7 089 640	4 284 471
Claims provisions formed	(10)	-	87 398 803
Claims provisions used	(10)	-	(15 563 274)
Provisions reversed	(10)	(22 000 000)	-
Impairment loss on assets		824 842	-
Gain from sale of investments in subsidiaries		-	(6 134 216)
Net changes in the fair value of investments at fair value through profit and loss		(521 682 263)	(14 271 739)
Gain from sale of investments at fair value through OCI		-	(20 929 466)
Foreign currencies exchange differences	(32-1-1)	47 854 255	284 655 683
		(167 766 178)	885 791 465
Change in			
Investments at fair value through profit and loss		(373 195 679)	21 124 985
Due from subsidiaries		908 592 584	17 848 970
Other debit balances		44 236 452	(11 743 673)
Due to subsidiaries		(64 547 370)	324 755 705
Creditors and other credit balances		7 080 427	124 846 572
Income tax paid		-	(53 824 250)
Net cash provided from operating activities		354 400 236	1 308 799 774
Cash flows from investing activities			
Payments to purchase fixed assets		(15 010 476)	(18 728 610)
Proceeds from sale fixed assets		11 793	950 000
Payments to purchase intangible assets		(11 885 191)	(5 433 733)
Payments for loans to subsidiaries		(878 205 950)	(238 810 000)
Proceeds from loans to subsidiaries		472 749 043	292 703 900
Payments to purchase Investments at fair value through OCI		(676 480 261)	(883 805 123)
Proceeds from sale of Investments at fair value through OCI		1 307 210 637	49 541 930
Payments to purchase investments in subsidiaries		4 343 951	(500 016)
Net cash provided from investing activities		202 733 546	(804 081 652)
Cash flows from financing activities			
Dividends payout		(55 000 000)	(534 345 916)
Proceeds from short term loans		(150 670 000)	-
Proceeds from short term loans		147 677 500	-
Payments for finance lease liabilities		(51 549 702)	(39 829 405)
Net cash used in financing activities		(109 542 202)	(574 175 321)
Net change in cash and cash equivalents during the year		447 591 580	(69 457 199)
Cash and cash equivalents at the beginning of the year	(21)	69 994 515	124 838 431
Cash and cash equivalents at the end of the year	(21)	517 586 095	55 381 232

The accompanying notes and accounting policies from page (6) to page (52) 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 16, 2021.

2-2 Functional and presentation currency

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

2-3 Use of estimates and judgments

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

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

2-3-1 Fair value measurement

- The fair value of financial instruments are determined based on the market value of the financial instrument or similar financial instruments at the date of the financial statements without deducting any estimated future selling costs.
- The value of financial assets are determined by the values of the current purchase prices for those assets, while the value of financial liabilities is determined by the current prices that can be settled by those liabilities.
- In the absence of an active market to determine the fair value of financial instruments, the fair value is estimated using various valuation techniques, taking into consideration the prices of the transactions occurred recently, and guided by the current fair value of other similar tools substantially - discounted cash flow method - or any other evaluation method to get resulting values that can rely on.
- When using the discounted cash flow method as a way to evaluate, the future cash flows are estimated based on the best estimates of management. And the discount rate used is determined in the light of the prevailing market price at the date of the financial statements that are similar in nature and conditions.

2-4 Consolidated financial statements

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

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

3- Change in accounting policies

- On March 18, 2019, the Minister of Investment and International Cooperation introduced amendments to some provisions of the Egyptian Accounting Standards issued thereby by virtue of Decree No. 110 of 2015 , which include some new accounting standards as well as introducing amendments to certain existing standards published in the official gazette on 25 April 2019.
- As per the Financial Regulatory Authority (FRA) decree on April 12,2020, the implementation of the new Egyptian Accounting Standards and the accompanied amendments issued in decree No.69 of 2019 was postponed for the interim financial statements of year 2020, due to the outbreak of COVID-19 pandemic. This was issued in view of the current circumstances and the resulting economic and financial implications as well as the application of precautionary measures including restrictions on the presence of human resources with its full capacity on regular basis in face of the widespread of the pandemic.
- As per the Prime minister decision No 1871 for the year ended 2020 dated 20 September 2020 the application of the accounting standards No. (47) "Financial Instruments", No. (48) - "Revenue from Contracts with Customers" and No (49) " Lease Contracts" have been postponed till1 January 2021.
- The group has early adopted the new standards EAS 47 (Note no.32-5, 32-6), EAS 48 (Note no. 32-13) and EAS 49 (Note no. 32-17) including any consequential amendments to other standards and it also required to apply EAS (1),(25),(26),and (40) at the same date.

Changes in accounting policies resulting from the adoption of EAS 47 and EAS 49 have been applied using the modified retrospective approach, and therefore the comparative information has not been restated.

- The following tables show the effects of applying the new standards on the opening balances on 1 January 2020:

A- The following table shows the effect of applying the new standards on retained earnings opening balance.

	Retained Earnings
Balance as at December 31, 2019	872,468 514
Effect of applying EAS 47	639 722 322
Balance as at January 1,2020	1 512 190 836

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

B- The following table shows the settlement between the items of the balance sheet and the classification of financial instruments on January 1, 2020:

Financial assets	FVTOCI -debit Instrument	FVTOCI -Equity	FVTPL -debit Instrument	FVTPL -Equity	Amortized Cost	Total
Cash and Cash equivalents	--	--	--	--	253 924 784	253 924 784
Investments at fair value	884 754 241	124 728 300	--	1 357 974 605	--	2 367 457 146
Due from subsidiaries & related parties	--	--	--	--	4 417 405 178	4 417 405 178
Other assets	--	--	--	--	71 951 502	71 951 502
Total	**884 754 241**	**124 728 300**	--	**1 357 974 605**	**4 743 281 464**	**7 110 738 610**

C- The following table shows the classifications and book value of the financial assets according to old and new standards on January 1, 2020:

Financial assets	Old classification EAS No. (26)	New classification EAS No. (47)	Book Value EAS No. (26)	Book Value EAS No. (47)
Cash and Cash equivalents	Held to Maturity	Amortized Cost	253 924 784	253 924 784
Investments at fair value	Available for sale	FVTOCI	2 277 156 097	1 009 482 541
Investments at fair value	Trading	FVTPL	90 301 049	1 357 974 605
Due from subsidiaries & related parties	Held to Maturity	Amortized Cost	4 417 405 178	4 417 405 178
Other assets	Held to Maturity	Amortized Cost	71 951 502	71 951 502
Total Financial assets			**7 110 738 610**	**7 110 738 610**

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

D- The following table shows the settlement between the book value of the financial assets according to EAS No. (26) and EAS No. (47) on January 1, 2020:

Financial Assets	Book Value EAS 26 31 Dec 2019	Reclassification	Revaluation/ Impairment loss on assets	Book Value EAS 47 01 January 2020
Amortized Cost				
Cash and Cash equivalents	253 924 784	--	--	253 924 784
Due from subsidiaries & related parties	4 417 405 178	--	--	4 417 405 178
Other assets	71 951 502	--	--	71 951 502
Total Amortized Cost	**4 743 281 464**	**--**	**--**	**4 743 281 464**
FVTOCI				
Investment equity /debt instrument	2 277 156 097	(1,267,673,556)	--	1 009 482 541
Total FVTOCI	**2 277 156 097**	**(1,267,673,556)**	**--**	**1 009 482 541**
FVTPL				
Investment equity /debt instrument	90 301 049	1,267,673,556	--	1 357 974 605
Total FVTPL	**90 301 049**	**1,267,673,556**	**--**	**1 357 974 605**
Total Financial assets	**7 110 738 610**	**--**	**--**	**7 110 738 610**

4- Cash and cash equivalents

	31/12/2020	31/12/2019
Cash on hand	497 199	426 492
Banks - current accounts	309 525 387	71 594 792
Banks - time deposits	599 137 032	181 903 500
Total	909 159 618	253 924 784
Deduct: Impairment loss	(824 842)	--
Balance	908 334 776	253 924 784

5- Investments at fair value through profit and loss

	31/12/2020	31/12/2019
Mutual fund certificates	1 715 796 201	89 425 670
Equity securities	605 888	875 379
Debt securities	531 286 187	--
Balance	2 247 688 276	90 301 049

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

6- Due from subsidiaries & related parties

	31/12/2020	31/12/2019
EFG- Hermes Advisory Inc.	175 312 051	707 404 604
Fleming CIIC Holding	3 042 429	2 390 440
EFG- Hermes IB Limited	2 400 846 332	1 998 044 828
EFG- Hermes Oman LLC	3 113 811	3 191 605
EFG- Hermes IFA Financial Brokerage	3 075 889	1 300 667
EFG- Hermes KSA	6 555 629	30 957 423
Egyptian Fund Management Group	101 337 374	187 458 789
Bayonne Enterprises Ltd.	--	18 100 615
EFG- Hermes Holding – Lebanon	2 031 615	2 071 641
EFG- Hermes Direct Investment Fund	15 567	975 616
Beaufort Investments Company	--	4 159 874
EFG- Hermes Management	365 814	134 505
EFG- Hermes USA	79 000	843 319
EFG- Hermes Jordan	1 437 919	545 183
EFG- Hermes Mena Securities Ltd.	--	12 566
EFG – Hermes Frontier Holdings LLC	577 543 360	422 819 435
EFG- Hermes Brokerage – UAE LLC.	3 296 465	3 986 168
EFG-Hermes UAE Ltd.	--	3 236 064
OLT Investment International S.A.B	418 643	1 193 141
EFG Hermes FI Limited	154 602 890	131 007 186
EFG- Hermes Securitization	--	3 291
Beaufort Asset Management Company	1 314 622	639 259
EFG Hermes Global CB Holding Limited	--	804 368 945
EFG Hermes PE Holding LLC	--	92 421 110
Tanmeyah Micro Enterprise Services	--	138 904
Hermes securities brokerage	17 964 358	--
Balance	3 452 353 768	4 417 405 178

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

7- Other debit balances

	31/12/2020	31/12/2019
Accrued revenues	7 122 056	14 231 173
Taxes withheld by others	2 051 666	1 413 587
Deposits with others	1 428 827	1 428 827
Prepaid expenses	9 874 639	12 384 355
Employees advances	2 634 101	1 587 539
Down payments to suppliers	2 719 867	3 654 346
Payments for investments	--	10 000 000
Receivables-sale of investments	--	26 191 006
Sundry debtors	1 662 834	1 060 669
Balance	27 493 990	71 951 502

8- Due to subsidiaries & related parties

	31/12/2020	31/12/2019
EFG- Hermes Financial Management (Egypt) Ltd.	--	659 266 513
EFG- Hermes Regional Investments Ltd.	284 101 726	257 173 280
Arab Visual Company	1 250 500	1 250 500
Hermes Corporate Finance Co.	8 870 541	8 737 523
EFG- Hermes Fixed Income	6 120 107	6 357 815
Finance Group for Securitization	9 172 672	9 633 397
EFG- Hermes Syria LLC	7 912 165	7 912 165
Egyptian Portfolio Management Group	79 447 344	78 711 047
EFG- Hermes – Lebanon – S.A.L.	87 220 102	88 938 451
Hermes Fund Management	8 242 366	15 627 988
Financial Brokerage Group	58 158 490	41 737 335
Hermes Securities Brokerage	--	11 387 964
EFG-Hermes SP Limited	134 463 518	112 834 950
EFG Finance Holding	124 705 146	198 433 453
EFG- Hermes Finance Solutions	--	162 774
EFG - Hermes Promoting & Underwriting	67 550 556	84 938 064
EFG - Hermes Int. Fin Corp	58 634 485	559 920 708
EFG Hermes for Sukuk	9 893 066	--
EFG - Hermes Mena Securities Ltd.	16 961 303	--
EFG- Hermes Private Equity	1 002 602	--
EFG- Hermes IB Limited	1 591 832	--
EFG- Hermes Global CB Holding Limited	910 096 455	--
Bayonne Enterprises Ltd.	2 183 838	--
Beaufort Investments Company	334 718	--
EFG Hermes PE Holding LLC	200 563 025	--
Balance	2 078 476 557	2 143 023 927

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

9- Creditors and other credit balances

	31/12/2020	31/12/2019
Social Insurance Authority	503 290	484 563
Accrued expenses	242 494 886	246 672 709
Clients coupons - custody activity	11 528 114	12 514 276
Unearned revenues (Note no. 29)	17 464 523	17 591 335
Dividends payable prior years	511 316	55 511 316
Medical Takaful Insurance Tax	2 167 141	3 555 363
Sundry credit balances	71 742 980	58 524 603
Tax Authority	2 427 765	2 190 308
Balance	348 840 015	397 044 473

10- Claims provision

	31/12/2020	31/12/2019
Balance at the beginning of the year	182 000 000	110 164 471
Amounts formed during the year	--	87 398 803
Amounts used during the year	--	(15 563 274)
Provision reversed	(22 000 000)	--
Balance at the end of the year	160 000 000	182 000 000

(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	30/9/2020	31/12/2019
EFG- Hermes Jordan	US$	500 thousand	1/3/2018	28/2/2022	7 867 500	8 022 500
	US$	500 thousand	1/3/2020	28/2/2022	7 867 500	--
	US$	1.4 million	1/9/2020	31/8/2022	22 216 735	--
EFG-Hermes Finance Solutions	US$	8.5 million	24/2/2020	23/2/2025	133 747 505	--
VALU	EGP	36 million	24/8/2020	23/8/2025	36 000 000	--
EFG- Hermes Brokerage – UAE LLC.	US$	500 million	28/7/2020	28/7/2025	7 867 500	--
EFG-Hermes Finance Solutions	US$	340 thousand	22/10/2020	21/10/2025	5 349 900	--
EFG-Hermes Finance Solutions	EGP	7.5 million	3/11/2020	2/11/2025	7 500 000	--
EFG-Hermes Finance Solutions	EGP	13 million	16/11/2020	15/11/2025	13 000 000	--
EFG-Hermes Finance Solutions	EGP	12 million	16/11/2020	15/11/2025	12 000 000	--
EFG-Hermes Finance Solutions	EGP	50 million	19/11/2020	18/11/2025	50 000 000	--
EFG Finance Holding	EGP	362 million	8/11/2020	31/1/2021	112 147 000	--
Total					415 563 640	8 022 500
Current portion of loans to subsidiaries					--	8 022 500
Non- Current portion of loans to subsidiaries					415 563 640	--
					415 563 640	8 022 500

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

12- Investments at fair value through OCI

	31/12/2020	31/12/2019
Non- current investments		
Equity securities	17 647 535	82 303 804
Mutual fund certificates	53 943 834	1 310 098 052
Debt instruments – bond	64 625 244	40 727 808
	136 216 613	1 433 129 664
Current investments		
Debt instruments – treasury bills	191 227 642	844 026 433
Balance	327 444 255	2 277 156 097

Investments at fair value through OCI are represented in the following:		
Quoted investments	82 632 835	167 404 498
Non- quoted investments	244 811 420	2 109 751 599
	327 444 255	2 277 156 097

13- Investment property

	Buildings
Cost	
Balance as at 1/1/2019	157 639 818
Total cost as at 31/12/2019	157 639 818
Total cost as at 31/12/2020	157 639 818
Accumulated depreciation	
Accumulated depreciation as at 1/1/2019	18 916 778
Depreciation for the year	6 305 593
Accumulated depreciation as at 31/12/2019	25 222 371
Depreciation for the year	6 305 593
Accumulated depreciation as at 31/12/2020	31 527 964
Net carrying amount	
Net carrying amount as at 31/12/2019	132 417 447
Net carrying amount as at 31/12/2020	126 111 854

- Investment property represents the area owned by EFG-Hermes Holding Company in Nile city building, the fair value of the investment amounted EGP 404 820 000 as at 31 December,2020.

(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 31/12/2020	Carrying amount 31/12/2019
Financial Brokerage Group Co.	Egyptian	99.87	EGP	41 838 060	41 838 060
Egyptian Portfolio Management Group	Egyptian	66.33	EGP	3 316 500	3 316 500
Hermes Securities Brokerage	Egyptian	97.58	EGP	219 763 969	219 763 969
Hermes Fund Management	Egyptian	89.95	EGP	6 439 709	6 439 709
Hermes Corporate Finance Co.	Egyptian	99.47	EGP	5 976 029	5 976 029
EFG- Hermes Advisory Inc.	BVI	100	US$	6	6
EFG- Hermes Promoting & Underwriting	Egyptian	99.88	EGP	7 990 000	7 990 000
EFG- Hermes Fixed Income	Egyptian	99	EGP	9 900 000	9 900 000
EFG- Hermes Management	Egyptian	96.3	EGP	1 249 490	1 249 490
EFG- Hermes Private Equity *	BVI	1.59	US$	39 975	39 975
EFG- Hermes – UAE Limited Company	Emirates	100	US$	750 510 000	750 510 000
EFG- Hermes Holding Lebanon – S.A.L.	Lebanon	99	US$	153 713	153 713
EFG- Hermes – KSA	Saudi	73.1	US$	94 901 158	94 901 158
EFG- Hermes – Lebanon – S.A.L.	Lebanon	99	US$	27 564 787	27 564 787
EFG- Hermes Regional Investments Ltd. *	Cayman Islands	100	US$	318 141 304	318 141 304
EFG- Hermes Jordan	Jordanian	100	US$	33 610 631	33 610 631
Finance Group for Securitization.	Egyptian	99.999	EGP	9 999 990	9 999 990
EFG-Direct Investment Fund	Egyptian	64	EGP	640 000	640 000
EFG- Hermes IB Limited	Cayman Islands	100	US$	921 560 008	921 560 008
EFG - Hermes Frontier Holdings LLC	Emirates	100	US$	13 740 750	13 740 750
EFG – Hermes USA	American	100	US$	41 438 649	54 782 600
EFG Finance Holding S.A.E **	Egyptian	99.82	EGP	717 030 000	717 030 000
Etkan for Inquiry and Collection and Business processes **	Egyptian	0.002	EGP	100	100
EFG-Hermes PE Holding Ltd.	Emirates	100	US$	895 500	895 500
EFG- Hermes Global CB Holding Limited	Cayman Islands	100	US$	664 454 800	664 454 800
OLT Investment International S.A.B	Bahrain	99.9	BHD	63 720 196	63 720 196
EFG - Hermes Int. Fin Corp	Cayman Islands	100	US$	16	16
EFG Hermes for Sukuk	Egyptian	90	EGP	9 000 000	--
Balance				3 963 875 340	3 968 219 291

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

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

(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 1/1/2019	18 597 100	244 159 870	26 182 189	76 658 332	10 795 024	6 205 199	382 597 714
Additions during the year	--	--	3 710 457	9 363 181	5 404 547	250 425	18 728 610
Disposals during the year	--	--	--	--	(1 409 111)	--	(1 409 111)
Total cost as at 31/12/2019	18 597 100	244 159 870	29 892 646	86 021 513	14 790 460	6 455 624	399 917 213
Additions during the year	--	--	2 002 065	12 231 463	693 860	83 088	15 010 476
Disposals during the year	--	--	--	(27 215)	--	--	(27 215)
Total cost as at 31/12/2020	18 597 100	244 159 870	31 894 711	98 225 761	15 484 320	6 538 712	414 900 474
Accumulated depreciation							
Accumulated depreciation as at 1/1/2019	--	49 334 010	20 770 368	51 012 467	6 569 851	4 293 376	131 980 072
Depreciation during the year	--	7 861 948	1 613 179	7 980 600	2 361 000	437 417	20 254 144
Accumulated depreciation for disposal	--	--	--	--	(1 395 778)	--	(1 395 778)
Accumulated depreciation as at 31/12/2019	--	57 195 958	22 383 547	58 993 067	7 535 073	4 730 793	150 838 438
Depreciation during the year	--	7 861 948	2 228 303	9 171 619	2 529 044	456 912	22 247 826
Accumulated depreciation for disposal	--	--	--	(16 329)	--	--	(16 329)
Accumulated depreciation as at 31/12/2020	--	65 057 906	24 611 850	68 148 357	10 064 117	5 187 705	173 069 935
Net carrying amount							
Net carrying amount as at 31/12/2019	18 597 100	186 963 912	7 509 099	27 028 446	7 255 387	1 724 831	249 078 775
Net carrying amount as at 31/12/2020	18 597 100	179 101 964	7 282 861	30 077 404	5 420 203	1 351 007	241 830 539

* 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 EFG-Hermes Emirates NBD Leasing Company (a subsidiary) and Hermes Finance 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 1/1/2019	17 958 055
Additions during the year	5 433 733
Total cost as at 31/12/2019	23 391 788
Additions during the year	11 885 191
Total cost as at 31/12/2020	35 276 979
Accumulated amortization	
Accumulated amortization as at 1/1/2019	980 121
Amortization during the year	4 284 471
Accumulated amortization as at 31/12/2019	5 264 592
Amortization during the year	7 089 640
Accumulated amortization as at 31/12/2020	12 354 232
Net carrying amount	
Net carrying amount as at 31/12/2019	18 127 196
Net carrying amount as at 31/12/2020	22 922 747

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.

18- Contingent liabilities & commitments

The Company guarantees its subsidiaries – Financial Brokerage Group, Hermes Securities Brokerage, EFG- Hermes Jordan and EFG- Hermes Oman LLC – against the credit facilities granted from banks and EFG- Hermes Brokerage – UAE against the Letters of Guarantee granted from banks amounting to AED 83 670 000 (equivalent to EGP 358 425 546).

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

19- Dividend income

	For the year ended 31/12/2020	For the year ended 31/12/2019
Income from investments at fair value through OCI	5 163 570	27 092 500
Income from investments at fair value through profit and loss	11 574 263	92 527
Income from investments in subsidiaries	114 863 902	1 214 625 000
Total	131 601 735	1 241 810 027

20- General administrative expenses

	For the year ended 31/12/2020	For the year ended 31/12/2019
Wages , salaries and similar items	278 345 217	304 247 924
Consultancy	24 315 468	3 950 686
Travel , accommodation and transportation	1 049 710	6 150 531
Leased line and communication	4 997 078	4 316 146
Rent and utilities expenses	14 243 071	6 669 050
Other expenses	129 602 673	83 703 765
Total	452 553 217	409 038 102

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 31/12/2020	For the year ended 31/12/2019
Cash and cash equivalents as presented in the statement of financial position	909 159 618	253 924 784
Banks overdraft	(391 573 523)	(198 543 552)
Effect of exchange rate changes	---	14 613 283
Cash and cash equivalents (adjusted)	517 586 095	69 994 515

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

22- Reconciliation of effective tax rate

	31/12/2020	31/12/2019
Profit before tax	291 594 836	540 728 132
Add / (deduct):		
Depreciation and amortization	9 649 782	6 082 057
Capital (gains) losses	(907)	(936 666)
Effect of provisions	(22 000 000)	87 398 803
Cost of financing and investment opposite to exempted revenues	42 522 237	8 241 376
Foreign currencies exchange differences	(236 801 428)	305 571 771
Tax exemptions	(113 550 275)	(1 242 078 452)
Medical Takaful Insurance Tax	2 139 808	3 555 364
Other additions	158 400 560	232 333 332
Other deductibles	(743 765 965)	(123 500 288)
Net tax base	(611 811 352)	(182 604 571)
Tax due	--	--
Prior year adjustments	--	(98 468)
Current income tax	--	(98 468)
Effective tax rate	--	--

23- Deferred tax liabilities

Deferred tax liabilities are attributable to the following:

	31/12/2020 Liability (Asset)	3/12/2019 Liability (Asset)
(A) Deferred tax		
Fixed assets' (depreciation)	4 543 308	4 297 458
Investment property (depreciation)	1 773 448	1 418 758
Intangible assets (depreciation)	(1 650 702)	(655 429)
Foreign currencies exchange differences	--	(64 047 529)
Investment property (revaluation reserve)	(1 867 147)	(1 867 147)
Investments at fair value	101 168 259	--
Net deferred tax liabilities (assets)	103 967 166	(60 853 889)

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

(B) Deferred tax recognized directly in equity

	31/12/2020	31/12/2019
Changes in the fair value of cash flow hedges *	--	(6 612 597)
Investments at fair value through OCI **	189 042 416	201 076 402
	--	194 463 805
Balance	293 009 582	133 609 916

* Directly deducted from cash flow hedges item presented in the statement of changes in equity.

** 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, and also includes the value of rental spaces owned by the Company in Nile City building.

25- (Loss) Gains on sale / redemptions of investments

	For the year ended 31/12/2020	For the year ended 31/12/2019
Investments in subsidiaries	(1 598 955)	6 134 216
Investments at fair value through profit and loss	(1 094 480)	478 381
Investments at fair value through OCI	(504 707)	20 929 466
Total	(3 198 142)	27 542 063

26- Earnings per share

	For the year ended 31/12/2020	For the year ended 31/12/2019
Profit for the year	126 773 781	616 633 176
Weighted average number of shares	768 618 223	768 618 223
Earnings per share	0.16	0.80

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

27- Finance lease liabilities

	31/12/2020	31/12/2019
Current portion of finance lease liabilities	59 356 966	48 909 762
Non- Current portion of finance lease liabilities	199 374 665	261 371 571
Total	258 731 631	310 281 333

* Note no. (15).

28- Tax status

- As to Income Tax, the years till 2017 the competent Tax Inspectorate inspected the parent company's books and all the disputed points have been settled with the Internal Committe. And as to years 2018/2019, have not been inspected yet.
- As to Salaries Tax, the parent company's books had been examined till 2017 and all the disputed points have been settled with the Internal committee and as to years 2018/2020 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 2019/2020 had been examined and the settlement procedures are currently taking place.
- As to Property Tax, for Smart Village building and Nile City building the company paid tax till December 31,2020.

29- Related party transactions

The related parties transactions are represented in the following:

- Other income item presented in the income statement includes an amount of EGP 32 494 680 which represents the value of rental spaces for some affiliated companies.
- Interest income item presented in the income statement includes an amount of EGP 5 649 519 represent the interest on subordinated loan to EFG-Hermes finance solutions, an amount of EGP 344 531 represent the interest on subordinated loan to Hermes Securities Brokerage, an amount of EGP 2 155 943represent the interest on subordinated loan to Valu, and an amount of EGP 167 493 represent the interest on subordinated loan to EFG-Hermes UAE, and an amount of EGP 2 457 774 represent the interest on subordinated loan to EFG Finance Holding.

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

- Loans to subsidiaries item as at December 31, 2020 presented in the statement of financial position represents in the loan granted to EFG- Hermes Jordan (a subsidiary – 100 %) with an amount of 2.4 million USD (equivalent to EGP 37 951 734) and represents in the loan granted to EFG-Hermes finance solutions with an amount of 8.5 million USD (equivalent to EGP 133 747 505) and loan granted to VALU with an amount of 36 million EGP and represents in the loan granted to EFG-Hermes UAE with an amount of 500 000 USD (equivalent to EGP 7 867 500), and loan granted to EFG Finance Holding with an amount of 362 million EGP (Note no. 11)
- Creditors and other credit balances item includes an amount of EGP 5 436 000 presented the unearned revenue which the value of rental spaces for some subsidiaries companies (Note no. 9).

30- 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.

30/1 Market risk

A. Foreign currencies risk

- The foreign currencies exchange risk represents the risk of fluctuation in exchange rates, which in turn affects the Company's cash inflows and outflows as well as the value of its assets and liabilities in foreign currencies.
- As at the financial position date the Company has assets and liabilities in foreign currencies equivalent to EGP 6 186 627 566 and EGP 1 935 927 576 respectively. The Company's net exposures in foreign currencies as at the financial position date are as follows:

	Surplus / (deficit) EGP
USD	4 103 392 520
EURO	136 056 495
AED	18 970 559
GBP	(9 050 025)
CHF	1 487 220
SAR	(156 779)

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

B. Interest rate risk

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

C. Price risk

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

- Performing the necessary studies before investment decision in order to verify that investment is made in potential securities.
- Diversification of investments in different sectors and industries.
- Performing continuous studies required to follow up the Company's investments and their development.

30/2 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.

30/3 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.

30/4 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.

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

30/5 Financial instruments' fair value

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

30/6 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.

30/7 Accounting classification and fair value

The following table shows the settlement between the items of the balance sheet and the classification of financial instruments as at 31 December 2020:

Financial assets	FVTOCI -debit Instrument	FVT OCI -Equity	FVTPL -debit Instrument	FVTPL -Equity	Amortized Cost	Total
Cash and Cash equivalents	--	--	--	--	908 334 776	908 334 776
Investments	255 852 886	1 716 402 089	531 286 187	71 591 369	--	2 575 132 531
Due from subsidiaries & related parties	--	--	--	--	3 452 353 768	3 452 353 768
Other assets	--	--	--	--	27 493 990	27 493 990
Total Financial assets	**255 852 886**	**1 716 402 089**	**531 286 187**	**71 591 369**	**4 388 182 534**	**6 963 315 065**

31- Significant events

With the outbreak of COVID-19 pandemic all over the world, including Egypt, the year 2020 witnesses a slowdown in the economic activities. The Egyptian government introduced a number of precautionary measures to prevent the spread of the pandemic. Accordingly, the company's management has formed a teamwork to develop and implement the emergency plan to face these exceptional circumstances where several measures have been taken, including:

Business continuity

- The Company approved a plan to split the employee work force whereby 50% of the employees will work from the office in different locations, while the remaining 50% will work remotely from home. The management is closely monitoring the situation to ensure the safety of the Company's employees.

Expected Credit Losses

The outbreak of pandemic COVID-19 all over the world has stifled economic activities and shaken financial markets. Moreover, the spread of the virus and the heighten uncertainties continued to be an overhang on markets. Amid that, the assumptions used in models to calculate the Expected Credit Loss "ECL" are adjusted to reflect a judgement of what the future economic conditions might convey and taking into consideration measures taken by governments and policy makers in an attempt to mitigate and relief industries. This has resulted in businesses taking a more prudent approach, which was reflected in the level of impairment loss on assets (ECL) booked by different segment amid the current ambiguity of what the future might hold.

The Company is currently closely monitoring and evaluating all developments related to the spread of the emerging virus considering our current knowledge and available information, we do not expect that the new (COVID-19) virus to be a threat to the continuance in the upcoming future.

32- Significant accounting policies applied

The accounting policies set out below have been applied consistently with those applied in the previous period except for what mentioned in note no. (3) changes in accounting policies.

32-1 Basis of preparation

32-1-1 Translation of the foreign currencies transactions

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

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

32-2 Property, plant and equipment

32-2-1 Recognition and measurement

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

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

32-2-2 Subsequent expenditure

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

32-2-3 Depreciation

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

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

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

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

32-2-4 Re-classification to investment property

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

32-2-5 Projects under-construction

Projects under construction are recognized initially at cost, the book value is amended by any impairment concerning the value of these projects cost includes all expenditures directly attributable to bringing the asset to a working condition for its intended use. Property and equipment under construction are transferred to property and equipment caption when they are completed and are ready for their intended use.

32-2-6 Intangible assets

Intangible assets are recorded at historical cost less accumulated amortization and any impairment losses (note 30-6) ,intangible assets are amortized using the straight-line method and are recognized in profit or loss over their estimated useful lives.

32-3 Investments

32-3-1 Investments at fair value through profit and loss

An instrument is classified as at fair value through income statement if it is held for trading or is designated as such upon initial recognition. Financial instruments are designated at fair value through income statement if the Company manages such investments and makes purchase and sale decisions based on their fair value. Upon initial recognition, attributable transaction costs are recognized in income statement when incurred. Financial instruments at fair value through income statement are measured at fair value, and changes therein are recognized in income statement.

32-3-2 Investments at fair value through OCI

Available-for-sale financial assets are valued at fair value, with any resultant gain or loss being recognized in equity, except for impairment losses which is recognized (note 30-6) in the income statement. When these investments are derecognized, the cumulative gain or loss previously recognized directly in equity is recognized in the income statement. The fair value of investments available-for-sale, is based on quoted price of the exchange market at the financial position date, investments that are not quoted, and whose fair value cannot be measured reliably are valued by accepted valuation techniques including the use of new objective techniques or discounted cash flow analysis or option pricing models or other valuation techniques – if the Company cannot estimate the fair value, it can be stated at cost less impairment loss.

32-3-3 Investments in subsidiaries

Investments in subsidiaries and associates are valued at cost, the book value is amended by any impairment concerning the value of these investments (note 32-6). The impairment value is to be charged to the income statement for every investment individually.

32-3-4 Investment property

Investment property is measured at cost on initial recognition.

Subsequent to initial recognition investment property is measured at cost less accumulated depreciation and impairment loss, if any. Investment property is depreciated on a straight line basis over is useful life. The estimated useful life of investment property is 33.3 years.

32-4 Assets held for sale

Non-current assets, or disposal groups comprising assets and liabilities, are classified as held-for-sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use.

Any impairment loss on a disposal group is allocated first to goodwill, and then to the remaining assets and liabilities on a pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets, employee benefit assets, investment property or biological assets, which continue to be measured in accordance with the Company's other accounting policies. Impairment losses on initial classification as held-for-sale or held-for distribution and subsequent gains and losses on re-measurement are recognized in profit or loss.

Once classified as held-for-sale, intangible assets and property, plant and equipment are no longer amortized or depreciated, and any equity-accounted investee is no longer equity accounted.

32-5 Financial instruments

Policy applicable from 1 January 2020

32-5-1 Recognition and initial measurement

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

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

32-5-2 Classification and subsequent measurement

Financial assets

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

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

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

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

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

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

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

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

32-5-3 Financial assets – Business model assessment

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

- The stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realizing cash flows through the sale of the assets;
- How the performance of the portfolio is evaluated and reported to the Company's management;
- The risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;

- How managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- The frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

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

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

32-5-4 Financial assets – Assessment whether contractual cash flows are solely payments of principal and interest

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

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

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

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount

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

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

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.
Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.
Debt investments at FVOCI	These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

32-5-6 Financial liabilities – Classification, subsequent measurement and gains and losses

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

32-5-7 Derecognition

Financial assets

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

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

Financial liabilities

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

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

32-5-8 Offsetting

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

32-5-9 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.

Policy applicable before 1 January 2020

The Company classifies non-derivative financial assets into the following categories: financial assets at fair value through profit or loss, held-to-maturity financial assets, loans and receivables and available-for-sale financial assets.

The Company classifies non-derivative financial liabilities into the following categories: financial liabilities at fair value through profit or loss and other financial liabilities category.

32-5-10 Non-derivative financial assets and financial liabilities – Recognition and Derecognition

The Company initially recognises loans and receivables and debt securities issued on the date when they are originated. All other financial assets and financial liabilities are initially recognised on the trade date when the entity becomes a party to the contractual provisions of the instrument.

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in such derecognised financial assets that is created or retained by the Company is recognised as a separate asset or liability.

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

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

32-5-11 Non-derivative financial assets – Measurement

32-5-11-1 Financial assets at fair value through profit or loss

A financial asset is classified as at fair value through profit or loss if it is classified as held for-trading or is designated as such on initial recognition. Directly attributable transaction costs are recognised in profit or loss as incurred. Financial assets at fair value through profit or loss are measured at fair value and changes therein, including any interest or dividend income, are recognised in profit or loss.

32-5-11-2 Held-to-maturity financial assets

These assets are initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortised cost using the effective interest method.

32-5-11-3 Loans and receivables

These assets are initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortized cost using the effective interest method.

32-5-11-4 Available-for-sale financial assets

These assets are initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses and foreign currency differences on debt instruments are recognized in OCI and accumulated in the fair value reserve. When these assets are derecognized, the gain or loss accumulated in equity is reclassified to profit or loss.

32-5-12 Non-derivative financial liabilities – Measurement

A financial liability is classified as at fair value through profit or loss if it is classified as held-for-trading or is designated as such on initial recognition. Directly attributable transaction costs are recognized in profit or loss as incurred. Financial liabilities at fair value through profit or loss are measured at fair value and changes therein, including any interest expense, are recognized in profit or loss.

Other non-derivative financial liabilities are initially measured at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these liabilities are measured at amortized cost using the effective interest method.

32-5-13 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 certain criteria are met.

Derivatives are initially measured at fair value; any directly attributable transaction costs are recognized in profit or loss as incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognized in profit or loss.

32-5-13-1 Cash flow hedges

When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognized in OCI and accumulated in the hedging reserve. Any ineffective portion of changes in the fair value of the derivative is recognized immediately in profit or loss.

The amount accumulated in equity is retained in OCI and reclassified to profit or loss in the same period or periods during which the hedged forecast cash flows affects profit or loss or the hedged item affects profit or loss.

If the forecast transaction is no longer expected to occur, the hedge no longer meets the criteria for hedge accounting, the hedging instrument expires or is sold, terminated or exercised, or the designation is revoked, then hedge accounting is discontinued prospectively. If the forecast transaction is no longer expected to occur, then the amount accumulated in equity is reclassified to profit or loss.

32-6 Impairment

Policy applied from January 1, 2020

32-6-1 Non-derivative financial assets

Financial instruments and contract assets

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

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

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

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

- Debt securities that are determined to have low credit risk at the reporting date; and
- Other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

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

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

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

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

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

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

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

32-6-2 Measurement of ECLs

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

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

32-6-3 Credit-impaired financial assets

At each reporting date, the Company assesses whether financial assets carried at amortised cost and debt securities at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

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

- Significant financial difficulty of the debtor;

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

32-6-4 Presentation of allowance for ECL in the statement of financial position

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

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

32-6-5 Write-off

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

32-6-6 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.

Policy applied before January 1, 2020

32-6-7 Non-derivative financial assets

Financial assets not classified as at fair value through profit or loss, including an interest in an equity accounted investee, are assessed at each reporting date to determine whether there is objective evidence of impairment.

Objective evidence that financial assets are impaired includes:

- Default or delinquency by a debtor;
- Restructuring of an amount due to the Company on terms that the Company would not consider otherwise;
- Indications that a debtor or issuer will enter bankruptcy;
- Adverse changes in the payment status of borrowers or issuers;
- The disappearance of an active market for a security because of financial difficulties.
- Observable data indicating that there is a measurable decrease in the expected cash flows from a group of financial assets.

For an investment in an equity security, objective evidence of impairment includes a significant or prolonged decline in its fair value below its cost.

Financial assets measured at amortized cost

The Company considers evidence of impairment for these assets at both an individual asset and a collective level. All individually significant assets are individually assessed for impairment. Those found not to be impaired are then collectively assessed for any impairment that has been incurred but not yet individually identified. Assets that are not individually significant are collectively assessed for impairment. Collective assessment is carried out by grouping together assets with similar risk characteristics.

In assessing collective impairment, the Company uses historical information on the timing of recoveries and the amount of loss incurred, and makes an adjustment if current economic and credit conditions are such that the actual losses are likely to be greater or lesser than suggested by historical trends.

An impairment loss is calculated as the difference between an asset's carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognized in profit or loss and reflected in an allowance account. When the Company considers that there are no realistic prospects of recovery of the asset, the relevant amounts are written off. If the amount of impairment loss subsequently decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, then the previously recognized impairment loss is reversed through profit or loss.

Available-for-sale financial assets

Impairment losses on available-for-sale financial assets are recognized by reclassifying the losses accumulated in the fair value reserve to profit or loss. The amount reclassified is the difference between the acquisition cost (net of any principal repayment and amortization) and the current fair value, less any impairment loss previously recognized in profit or loss. If the fair value of an impaired available-for-sale debt security subsequently increases and the increase can be related objectively to an event occurring after the impairment loss was recognized, then the impairment loss is reversed through profit or loss. Impairment losses recognized in profit or loss for an investment in an equity instrument classified as available-for-sale are not reversed through profit or loss.

Equity-accounted investees

An impairment loss in respect of an equity-accounted investee is measured by comparing the recoverable amount of the investment with its carrying amount. An impairment loss is recognized in profit or loss, and is reversed if there has been an estimates used to determine the recoverable amount.

32-6-8 Non-financial assets

The carrying amounts of the Company's non-financial assets, other than investment property, inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment.

An impairment loss is recognized if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups. Impairment losses are recognized in income statement.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell.

Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

32-7 Cash and cash equivalents

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

32-8 Interest-bearing borrowings

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

32-9 Provisions

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

32-10 Legal reserve

The Company's statutes provides for deduction of a sum equal to 5% of the annual net profit for formation of the legal reserve. Such deduction will be ceased when the total reserve reaches an amount equal to half of the Company's issued capital and when the reserve falls below this limit, it shall be necessary to resume

32-11 Share capital

32-11-1 Ordinary shares

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

32-11-2 Re-purchase and reissue of ordinary shares (treasury shares)

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

32-12 Derivative financial instruments

The Company uses derivative financial instruments to hedge its exposure to foreign exchange and interest rate risks arising from operational, financial and investment activities. In accordance with its treasury policy, the Company does not hold or issue derivative financial instruments for trading purposes. However, derivatives that do not qualify for hedge accounting are accounted for as trading instruments. Derivatives are recognized initially at fair value; attributable transaction costs are recognized in income statement when incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are accounted for as described below.

Cash flow hedges

Changes in the fair value of the derivative hedging instrument designated as a cash flow hedge are recognized directly in equity to the extent that the hedge is effective. To the extent that the hedge is ineffective, changes in fair value are recognized in income statement.

If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated or exercised, then hedge accounting is discontinued prospectively. The cumulative gain or loss previously recognized in equity remains there until the forecast transaction occurs. When the hedged item is a non-financial asset, the amount recognized in equity is transferred to the carrying amount of the asset when it is recognized. In other cases the amount recognized in equity is transferred to income statement in the same period that the hedged item affects income statement.

Fair value hedges

Changes in the fair value of a derivative hedging instrument designated as a fair value hedge are recognized in profit or loss. The hedged item also is stated at fair value in respect of the risk being hedged, with any gain or loss being recognized in income statement.

32-13 Revenues

32-13-1 Gains (losses) on sale of investments

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

32-13-2 Dividend income

Dividend income is recognized when declared.

32-13-3 Custody fees

Custody fees are recognized when provide service and issue invoice.

32-13-4 Interest income

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

32-14 Expenses

32-14-1 Borrowing costs

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

32-14-2 Employees' pension

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

32-14-3 Income tax

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

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

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

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

32-15 Earnings per share

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

32-16 Profit sharing to employees

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

32-17 Leases

The Company has applied EAS 49 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under EAS 20. The details of accounting policies under EAS 20 are disclosed separately.

Policy applicable from 1 January 2020

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.

This policy is applied to contract entered in to, or after 1 Jan 2020.

32-17-1 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.

32-17-2 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 recognises lease payments received under operating leases as income on a straight- line basis over the lease term as part of 'other revenue'.

Policy applicable before 1 January 2020

For contracts entered into before 1 January 2020, the Company determined whether the arrangement was or contained a lease based on the assessment of whether:

fulfilment of the arrangement was dependent on the use of a specific asset or assets; and

the arrangement had conveyed a right to use the asset. An arrangement conveyed the right to use the asset if one of the following was met:

the purchaser had the ability or right to operate the asset while obtaining or controlling more than an insignificant amount of the output;

the purchaser had the ability or right to control physical access to the asset while obtaining or controlling more than an insignificant amount of the output; or

facts and circumstances indicated that it was remote that other parties would take more than an insignificant amount of the output, and the price per unit was neither fixed per unit of output nor equal to the current market price per unit of output.

32-17-3 As a lessee

In the comparative period, as a lessee the Comapny classified leases that transferred substantially all of the risks and rewards of ownership as finance leases. When this was the case, the leased assets were measured initially at an amount equal to the lower of their fair value and the present value of the minimum lease payments. Minimum lease payments were the payments over the lease term that the lessee was required to make, excluding any contingent rent. Subsequent

to initial recognition, the assets were accounted for in accordance with the accounting policy applicable to that asset.

Assets held under other leases were classified as operating leases and were not recognised in the Comapny's statement of financial position. Payments made under operating leases were recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received were recognised as an integral part of the total lease expense, over the term of the lease.

32-17-4 As a lessor

When the Company acted as a lessor, it determined at lease inception whether each lease was a finance lease or an operating lease.

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