EFG - Hermes Holding Company
(Egyptian Joint Stock Company)

Separate financial statements
for the period ended June 30, 2016
&
Auditor's Report

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KPMG

Hazem Hassan
Public Accountants & Consultants

Pyramids Heights Office Park
Km 22 Cairo/Alex Road
P.O. Box 48 Al Ahram
Giza - Cairo - Egypt

Telephone : (202) 35 36 22 00 - 35 36 22 11
Telefax : (202) 35 36 23 01 - 35 36 23 05
E-mail : egypt@kpmg.com.eg
Postal Code : 12556 Al Ahram

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 30 June 2016, and the separate statements of income, comprehensive income, changes in equity and cash flows for the six months then ended, and a summary of significant accounting policies and other explanatory notes.

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.

KPMG

Hazem Hassan

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 June 30, 2016 and of its financial performance and its cash flows for the six months then ended in accordance with the Egyptian Accounting Standards and the Egyptian laws and regulations relating to the preparation of these financial statements.

Hassan Bas

KPMG Hazem Hassan

Cairo, August 11, 2016

KPMG Hazem Hassan
Public Accountants and Consultants
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EFG - Hermes Holding Company
(Egyptian Joint Stock Company)
Separate statement of financial position
as at June 30, 2016

(in EGP)	Note no.	30/6/2016	31/12/2015
Non - current assets			
Loans to subsidiaries	(11,26)	204 432 500	50 000 000
Available -for- sale investments	(12)	1 302 630 422	1 160 876 588
Investments in subsidiaries	(13)	2 458 419 466	4 067 889 182
Investment property	(14)	248 759 022	253 639 818
Fixed assets (net)	(15)	147 758 232	151 803 645
Total non - current assets		4 361 999 642	5 684 209 233
Current assets			
Cash and cash equivalents	(3,21)	314 535 785	499 063 379
Investments at fair value through profit and loss	(4)	87 060 387	151 766 818
Treasury bills (net)	(5)	304 059 730	-
Due from subsidiaries & associates	(6)	3 756 966 772	1 027 440 272
Other debit balances	(7)	37 830 500	26 201 226
Current portion of loans to subsidiaries	(11,26)	50 000 000	150 000 000
Total current assets		4 550 453 174	1 854 471 695
Total assets		8 912 452 816	7 538 680 928
Shareholders' equity			
Issued & paid - in capital	(17)	3 074 472 890	3 074 472 890
Legal reserve		1 523 711 250	1 523 711 250
Other reserves		2 312 188 774	2 189 688 278
Retained earnings (losses)		528 994 824	(31 340 150)
Total shareholders' equity		7 439 367 738	6 756 532 268
Non - current liabilities			
Long term loans	(16)	133 333 333	-
Deferred tax liabilities	(22)	118 690 618	99 652 395
Total non - current liabilities		252 023 951	99 652 395
Current liabilities			
Banks overdraft	(21)	199 850 564	179 991 432
Due to subsidiaries & associates	(8)	799 419 964	387 126 091
Tax authority		2 655 624	516 691
Creditors and other credit balances	(9,26)	195 768 887	108 591 765
Expected claims provision	(10)	6 699 421	6 270 286
Current portion of long term loans	(16)	16 666 667	-
Total current liabilities		1 221 061 127	682 496 265
Total liabilities		1 473 085 078	782 148 660
Total shareholders' equity and liabilities		8 912 452 816	7 538 680 928

The accompanying notes and accounting policies from page (6) to page (34) are an integral part of these financial statements and are to be read therewith.

"Auditor's report attached"

Mona Zulficar
Chairperson

Karim Awad
Executive Managing Director

EFG - Hermes Holding Company
(Egyptian Joint Stock Company)
Separate income statement
for the period ended June 30, 2016

(in EGP)	Note no.	2016 From 1/4/2016 to 30/6/2016	2016 From 1/1/2016 to 30/6/2016	2015 From 1/4/2015 to 30/6/2015	2015 From 1/1/2015 to 30/6/2015
Dividend income	(19)	93 897 478	96 632 394	2 897 410	5 758 684
Custody activity income		1 055 138	1 894 129	2 891 429	3 510 009
		94 952 616	98 526 523	5 788 839	9 268 693
Finance cost		(9 982 597)	(17 240 544)	(4 504 006)	(9 065 083)
General administrative expenses	(20)	(36 739 305)	(75 003 011)	(34 040 471)	(137 002 406)
Fixed assets depreciation	(15)	(2 153 058)	(4 497 259)	(3 291 913)	(6 630 015)
Investment property depreciation	(14)	(2 440 398)	(4 880 796)	-	-
Expected claims provision	(10)	(306 250)	(612 500)	-	-
Net activity's profit (loss)		43 331 008	(3 707 587)	(36 047 551)	(143 428 811)
Interest income	(26)	17 609 718	26 038 971	7 896 563	14 208 440
Net changes in the fair value of investments at fair value through profit and loss		1 068 361	1 909 225	1 056 965	1 686 665
Gains on sale / redemption of investments	(23)	525 069 031	525 405 915	3 543 547	9 782 139
Foreign currency differences		(73 715)	100 536 937	114 587	44 687 666
Other income	(26)	9 753 145	18 755 374	9 699 233	18 783 910
Profit (loss) before tax		596 757 548	668 938 835	(13 736 656)	(54 279 991)
Current income tax		(107 957 448)	(107 957 448)	-	-
Deferred tax	(22)	(512 595)	(646 413)	40 620	208 558
Profit (loss) for the period		488 287 505	560 334 974	(13 696 036)	(54 071 433)
Earnings per share	(24)	0.79	0.91	(0.02)	(0.08)

The accompanying notes and accounting policies from page (6) to page (34) 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
for the period ended June 30, 2016

(in EGP)	2016 From 1/4/2016 to 30/6/2016	2016 From 1/1/2016 to 30/6/2016	2015 From 1/4/2015 to 30/6/2015	2015 From 1/1/2015 to 30/6/2015
Profit (loss) for the period	488 287 505	560 334 974	(13 696 036)	(54 071 433)
Other comprehensive income:				
Available -for- sale - net change in fair value	5 532 103	140 892 306	32 763 050	102 591 872
Related tax	3 352 925	(18 391 810)	(14 635 993)	(33 368 580)
Other comprehensive income, net of tax	8 885 028	122 500 496	18 127 057	69 223 292
Total comprehensive income for the period	497 172 533	682 835 470	4 431 021	15 151 859

The accompanying notes and accounting policies from page (6) to page (34) 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

for the period ended June 30, 2016

(in EGP)	Issued & paid- in capital	Legal reserve	Other reserves: General reserve	Other reserves: Share premium	Other reserves: Fair value-available-for-sale investments	Other reserves: Revaluation surplus of fixed assets transferred to investment property	Other reserves: Hedging reserve	Retained earnings (losses)	Total
Balance as at 31 December, 2014	2 867 422 500	990 432 067	158 271	2 837 343 593	333 315 029	15 449 979	(26 442 387)	443 372 737	7 461 051 789
Transfer to legal reserve *	-	533 279 183	-	(533 279 183)	-	-	-	-	-
Dividends payout of 2014	-	-	-	-	-	-	-	(51 167 000)	(51 167 000)
Other comprehensive income items	-	-	-	-	69 223 292	-	-	-	69 223 292
Loss for the period ended June 30, 2015	-	-	-	-	-	-	-	(54 071 433)	(54 071 433)
Balance as at June 30, 2015	2 867 422 500	1 523 711 250	158 271	2 304 064 410	402 538 321	15 449 979	(26 442 387)	338 134 304	7 425 036 648
Balance as at 31 December, 2015	3 074 472 890	1 523 711 250	158 271	1 922 267 818	278 254 597	15 449 979	(26 442 387)	(31 340 150)	6 756 532 268
Other comprehensive income items	-	-	-	-	122 500 496	-	-	-	122 500 496
Profit for the period ended June 30, 2016	-	-	-	-	-	-	-	560 334 974	560 334 974
Balance as at June 30, 2016	3 074 472 890	1 523 711 250	158 271	1 922 267 818	400 755 093	15 449 979	(26 442 387)	528 994 824	7 439 367 738

* According to the Company's Ordinary General Assembly held on May 17, 2015.

The accompanying notes and accounting policies from page (6) to page (34) 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 cash flows
for the period ended June 30, 2016

(in EGP)	Note no.	For the period ended 30/6/2016	For the period ended 30/6/2015
Cash flows from operating activities			
Profit (loss) before tax		668 938 835	(54 279 991)
Adjustments for :			
Fixed assets depreciation		4 497 259	6 630 015
Gains from sale of fixed assets		-	(110 000)
Investment property depreciation		4 880 796	-
Provisions formed		612 500	-
Provisions used		(183 365)	(500 000)
Gains on / redemption of sale of investments in subsidiaries		(523 336 111)	-
Net changes in the fair value of investments at fair value through profit and loss		(1 909 225)	(1 686 665)
Gains on sale of available -for- sale investments		275 565	(929 785)
Foreign currency differences		(100 536 937)	(44 687 666)
		53 239 317	(95 564 092)
Changes in :			
Investments at fair value through profit and loss		66 637 760	134 729 285
Treasury bills		(304 059 730)	-
Due from subsidiaries		59 509 032	42 971 239
Other debit balances		(10 500 905)	33 925 716
Due to subsidiaries		372 702 257	108 311 584
Tax authority		2 138 933	(904 679)
Creditors and other credit balances		10 979 955	(4 929 980)
Net cash provided from operating activities		250 646 619	218 539 073
Cash flows from investing activities			
Payments to purchase fixed assets		(451 846)	(2 288 110)
Proceeds from sale of fixed assets		-	110 000
Payments for loans to subsidiaries		(53 897 550)	(50 000 000)
Payments to purchase available -for- sale investments		(3 234 683)	(13 953 055)
Proceeds from sale of available -for- sale investments		2 097 582	3 360 970
Payments to purchase investments in subsidiaries		(571 860 000)	(75 245 000)
Net cash used in investing activities		(627 346 497)	(138 015 195)
Cash flows from financing activities			
Dividends payout		(32 194 450)	(14 952 794)
Proceeds from long term loans		150 000 000	-
Net cash provided from (used in) financing activities		117 805 550	(14 952 794)
Net change in cash and cash equivalents during the period		(258 894 328)	65 571 084
Cash and cash equivalents at the beginning of the period	(21)	373 579 549	68 574 618
Cash and cash equivalents at the end of the period	(21)	114 685 221	134 145 702

Non cash transactions

An amount of EGP 2 704 601 245 has been eliminated from due from subsidiaries and proceeds from redemption of investments in subsidiaries, represents the decrease of company investment in EFG-Hermes Global CB Holding Limited.

The accompanying notes and accounting policies from page (6) to page (34) 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

The Company is a universal bank with a lead position in the Arab world in investment banking, securities brokerage, asset management, private equity and research. The purpose of the Company also includes the participation in the establishment of companies which issue securities or in increasing their share capitals, 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 10 August, 2016.

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- Cash and cash equivalents

	30/6/2016	31/12/2015
Cash on hand	456 787	560 329
Banks - current accounts	314 078 998	478 785 010
Banks - time deposits	--	19 718 040
Balance	314 535 785	499 063 379

4- Investments at fair value through profit and loss

	30/6/2016	31/12/2015
Mutual fund certificates	86 790 573	151 450 268
Equity securities	269 814	316 550
Balance	87 060 387	151 766 818

5- Treasury bills

	30/6/2016	31/12/2015
Treasury bills maturity more than 180 Days	334 075 000	--
Unearned revenues	(30 015 270)	--
Net	304 059 730	--

6- Due from subsidiaries & associates

	30/6/2016	31/12/2015
EFG- Hermes Management	908 311	862 425
Financial Brokerage Group Co.	2 873 463	22 625 779
EFG- Hermes Advisory Inc.	416 529 709	399 760 658
Flemming CIIC Holding *	25 489 438	25 028 023
EFG- Hermes Jordan	586 149	108 864
EFG- Hermes IB Limited	456 468	347 341
EFG- Hermes Oman LLC	1 616 042	295 992
EFG- Hermes IFA Financial Brokerage	502 223	1 657 190
EFG-Hermes Promoting & Underwriting	209 400 933	213 016 534
EFG- Hermes KSA	47 305 962	160 643 587
Egyptian Fund Management Group	46 135 890	23 138 345
Bayonne Enterprises Ltd.	4 953 442	23 013 881
EFG-Hermes Global CB Holding Limited	3 020 216 045	179 730 478
EFG- Hermes Brokerage- UAE LLC	1 265 755	99 042
EFG-Hermes Holding-Lebanon	1 144 599	1 006 460
EFG-Direct Investment Fund	539 036	473 981
EFG-Hermes Leasing	665 920	659 715
Tanmeyah Micro Enterprise Services S.A.E	216 882	--
Beaufort Investments Company	1 188 528	--
	3 781 994 795	1 052 468 295
Accumulated impairment loss on due from subsidiaries and associates *	(25 028 023)	(25 028 023)
Balance	3 756 966 772	1 027 440 272

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

7- Other debit balances

	30/6/2016	31/12/2015
Accrued revenues	1 166 696	7 240 414
Taxes withheld by others	4 103 518	2 920 281
Deposits with others	1 051 027	1 157 152
Prepaid expenses	7 403 381	2 889 941
Employees advances	1 025 387	581 312
Down payments to suppliers	3 138 671	235 948
Payments for investments *	8 776 500	2 500 000
Sundry debtors	11 165 320	8 676 178
Balance	37 830 500	26 201 226

* Payments for investments are represented in the following:

Company	30/6/2016	31/12/2015
Arab Visual Company	2 500 000	2 500 000
Egyptian Portfolio Management Group	1 326 500	--
EFG Finance Holding S.A.E (under construction)	4 950 000	--
Balance	8 776 500	2 500 000

8- Due to subsidiaries & associates

	30/6/2016	31/12/2015
Arab Visual Company	5 000 000	5 000 000
Hermes Corporate Finance Co.	9 545 699	9 708 685
EFG – Hermes Fixed Income	6 806 094	7 181 080
EFG- Hermes Mutual Funds	9 905 691	9 940 691
EFG-Hermes Regional Investments Ltd.	146 065 185	130 317 319
EFG – Hermes Syria LLC	8 186 245	8 615 946
Egyptian Portfolio Management Group	32 749 870	33 847 835
EFG- Hermes – Lebanon – S.A.L.	49 139 257	43 208 734
Hermes Fund Management	29 311 321	31 236 401
EFG-Hermes UAE Ltd. Co.	12 782 505	214 749
EFG- Hermes Qatar	--	147 576
Hermes Securities Brokerage	264 614 518	10 483 834
EFG- Hermes Financial Management (Egypt) Ltd.	202 530 855	99 027 704
EFG- Hermes Private Equity	22 782 724	(1 804 463)
Balance	799 419 964	387 126 091

9- Creditors and other credit balances

	30/6/2016	31/12/2015
Social Insurance Authority	298 795	274 132
Accrued expenses	136 321 890	46 616 838
Accrued interest	7 373 958	--
Clients coupons - custody activity	24 814 897	11 181 288
Unearned revenues (Note no. 26)	11 787 391	5 587 415
Dividends payable prior years	12 028 271	44 222 721
Sundry credit balances	3 143 685	709 371
Balance	195 768 887	108 591 765

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

10- Expected claims provision

	30/6/2016	31/12/2015
Balance at the beginning of the period / year	6 270 286	6 770 286
Amounts formed during the period / year	612 500	--
Amounts used during the period / year	(183 365)	(500 000)
Balance	6 699 421	6 270 286

11- Loans to subsidiaries

Company's name	Currency	Loan value	Loan date	Maturity date	30/6/2016	31/12/2015
Hermes Securities Brokerage	EGP	70 million	12/5/2016	12/5/2018	70 000 000	70 000 000
Hermes Securities Brokerage	EGP	50 million	15/5/2016	15/5/2018	50 000 000	50 000 000
Hermes Securities Brokerage	EGP	30 million	19/6/2016	19/6/2018	30 000 000	30 000 000
Hermes Securities Brokerage	EGP	50 million	29/6/2016	29/6/2017	50 000 000	50 000 000
Tanmeyah Micro Enterprise Services S.A.E	EGP	50 million	22/6/2016	22/7/2016	50 000 000	--
EFG- Hermes Jordan	US$	500 thousand	1/3/2016	28/2/2018	4 432 500	--
Total					254 432 500	200 000 000
Current portion of loans to subsidiaries					(50 000 000)	(150 000 000)
Balance					204 432 500	50 000 000

12- Available –for– sale investments

	30/6/2016	31/12/2015
Equity securities	257 711 622	234 174 419
Mutual fund certificates	1 044 918 800	926 702 169
Balance	1 302 630 422	1 160 876 588

Available -for- sale investments are represented in the following:

	30/6/2016	31/12/2015
Quoted investments	218 768 120	206 687 091
Non- quoted investments	1 083 862 302	954 189 497
	1 302 630 422	1 160 876 588

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

13- Investments in subsidiaries

Company's name	Nationality	Share percentage %	The currency of payment	Carrying amount 30/6/2016	Carrying amount 31/12/2015
Financial Brokerage Group Co.	Egyptian	99.87	EGP	41 838 060	41 838 060
Egyptian Fund Management Group	Egyptian	88.51	EGP	4 427 233	4 427 233
Egyptian Portfolio Management Group	Egyptian	66.33	EGP	1 990 000	1 990 000
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	99.37	EGP	5 476 029	5 476 029
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
Flemming CIIC Holding	Egyptian	100	EGP	--	--
EFG- Hermes Private Equity **	BVI	1.59	US$	39 975	39 975
EFG- Hermes – UAE Limited Company	Emirates	100	US$	147 110 000	23 000 000
EFG- Hermes Holding Lebanon – S.A.L.	Lebanon	99	US$	153 713	153 713
EFG- Hermes – KSA	Saudi	73.1	US$	118 707 354	118 707 354
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 Qatar L.L.C	Qatar	100	US$	--	1 577 332
EFG-Hermes Jordan	Jordanian	100	US$	33 610 631	33 610 631
EFG – Hermes Investment Funds Co.	Egyptian	99.998	EGP	6 399 800	6 399 800
EFG-Hermes Global CB Holding Limited *	Cayman Island	100	US$	957 343 622	3 137 096 006
EFG – Hermes Syria LLC ***	Syria	49	US$	12 703 775	12 703 775
Sindyan Syria LLC ***	Syria	97	US$	--	--
EFG – Hermes Mutual Funds Co.	Egyptian	99.999	EGP	9 999 990	9 999 990
Beaufort Investments Company	Luxembourg	100	EURO	4 930 012	4 930 012
EFG-Hermes Leasing	Egyptian	99	EGP	99 000 000	74 250 000
EFG-Direct Investment Fund	Egyptian	64	EGP	640 000	640 000
EFG-Hermes IB Limited.	Cayman Island	100	US$	7	7
Tanmeyah Micro Enterprise Services S.A.E ****	Egyptian	94	EGP	423 000 000	--
Balance				2 458 419 466	4 067 889 182

* The company acquired 14 914 883 shares that represents 63.739% controlling stake in Credit Libanais SAL (the Bank) through its wholly owned subsidiary EFG – Hermes CL Holding SAL for an amount of USD 577.8 million. The company approved to proceed with all necessary steps to sell 9 408 749 shares (Phase I) represent approximately 40% of its indirect subsidiary Credit Libanais Bank S.A.L. (total Bank shares 23 400 000) at US$ 33 per share (prior to payment of associated fees) to a consortium of Lebanese and Arab Investors. This sale process is subject to some conditions precedent, including the approval of the Central Bank of Lebanon. The company agreed with Credit Libanais Investment Bank S.A.L. ("CLIB"), a wholly owned subsidiary of Credit Libanais, to sell 5 506 134 shares represent the remaining stake of the bank on best effort basis at the same price (Phase II).
During the period the company sold 9 408 749 shares (Phase I) and 954 578 shares from (Phase II) with total 10 363 327 shares, represents approximately 69.48 % of the Bank shares. As a result, the company decreased its investment in EFG-Hermes Global CB Holding Limited with the same percentage and recognized a profit from the redemption of investment with an amount of EGP 524 848 861 (Note no.23)

** 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 is a subsidiary.

*** The Company owns 20.37 % of EFG - Hermes Syria LLC with indirect ownership through one of its subsidiaries - Sindyan Syria LLC (97%).

**** On 23 February 2016, the company signed purchase agreements to acquire 76.7 % of Tanmeyah Micro Enterprise Services S.A.E. stocks through acquiring 70 % the stack owned by Financial Unlimited Company – a subsidiary of Qalaa Holding Company – and acquiring 6.7% of the shares held by Tanmeyah's management, in a transaction with an amount of EGP 345 million, the procedures of transferring of the title had been completed. On 18 April 2016, the company announced that it has completed the purchase of 17.30% of Tanmeyah Micro Enterprise Services S.A.E. which owned by Egyptian Gulf Bank S.A.E in a bargain of an amount of EGP 77.9 million. And the procedures of transferring of title are currently taken place.

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

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

14- Investment property

Particular	Buildings
Balance as at 1/1/2016	253 639 818
Total cost as at 30/6/2016	253 639 818
Depreciation for the period	4 880 796
Accumulated depreciation as at 30/6/2016	4 880 796
Net carrying amount as at 30/6/2016	248 759 022

Investment property amounted EGP 248 759 022 as at 30 June 2016, represents the following:-

- EGP 154 487 022 represents the fair value of the area owned by EFG – Hermes Holding Company in Nile City Building.
- EGP 94 272 000 represents the fair value of the area owned by EFG – Hermes Holding Company in the headquarter of the Company in Smart Village Building.

15- Fixed assets

For the period ended 30 June 2016

Particular	Land	Buildings	Office, furniture & equipment	Computer equipment	Vehicles & transportation means	Fixtures	Total
Balance as at 1/1/2016	10 000 000	154 159 871	19 260 475	45 857 919	7 738 411	4 202 747	241 219 423
Additions during the period	--	--	3 210	448 636	--	--	451 846
Total cost as at 30/6/2016	10 000 000	154 159 871	19 263 685	46 306 555	7 738 411	4 202 747	241 671 269
Accumulated depreciation as at 1/1/2016	--	25 328 706	18 650 808	37 079 703	4 388 643	3 967 918	89 415 778
Depreciation during the period	--	2 312 398	245 596	1 383 949	405 791	149 525	4 497 259
Accumulated depreciation as at 30/6/2016	--	27 641 104	18 896 404	38 463 652	4 794 434	4 117 443	93 913 037
Net book value as at 30/6/2016	10 000 000	126 518 767	367 281	7 842 903	2 943 977	85 304	147 758 232
Net book value as at 31/12/2015	10 000 000	128 831 165	609 667	8 778 216	3 349 768	234 829	151 803 645

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

For the period ended 30 June 2015

Particular	Land	Buildings	Office, furniture & equipment	Computer equipment	Vehicles & transportation means	Fixtures	Total
Balance as at 1/1/2015	10 000 000	154 159 871	19 223 924	40 079 733	5 138 511	4 143 327	232 745 366
Additions during the period	--	--	9 047	1 109 743	1 109 900	59 420	2 288 110
Disposals	--	--	--	--	(380 667)	--	(380 667)
Total cost as at 30/6/2015	10 000 000	154 159 871	19 232 971	41 189 476	5 867 744	4 202 747	234 652 809
Accumulated depreciation as at 1/1/2015	--	20 703 910	16 522 624	32 607 723	5 113 193	3 491 911	78 439 361
Depreciation during the period	--	2 312 397	1 738 345	2 267 035	61 743	250 495	6 630 015
Disposal's accumulated depreciation	--	--	--	--	(380 667)	--	(380 667)
Accumulated depreciation as at 30/6/2015	--	23 016 307	18 260 969	34 874 758	4 794 269	3 742 406	84 688 709
Net book value as at 30/6/2015	10 000 000	131 143 564	972 002	6 314 718	1 073 475	460 341	149 964 100

16- Long term loans

Company's name	Currency	Loan value	Loan date	Maturity date	Balance as at 30/6/2016
Audi Bank	EGP	150 million	29/2/2016	28/2/2021	150 000 000
Current portion of loans to subsidiaries					(16 666 667)
Balance					133 333 333

17- Share capital

- The Company's authorized capital amounts EGP 3 200 million and issued and paid in capital amounts EGP 2 867 422 500 distributed on 573 484 500 shares of par value EGP 5 per share.
- The Company's Extraordinary General Assembly approved in its session held on May 31, 2015 to increase the Company's authorized capital from EGP 3 200 million to EGP 6 billion and to increase issued and paid-in capital from EGP 2 867 422 500 to EGP 3 259 255 500 with an increase amounting to EGP 391 833 000 by issuing 78 366 600 shares of par value EGP 5 through the issuance of free shares at a ratio of 1.46 free share for every ten outstanding shares and approximating the fractions in favor of the small shareholders. This

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

increase is financed from the 2014 profits which were approved in the Ordinary General Assembly in its session held on May 17, 2015 after the exclusion of 36 956 522 shares. The required procedures have been taken for this increase and the registration in the Commercial Register took place on July 5, 2015.

- On September 30, 2015, The Company's Board of Directors approved to decrease the Company's issued capital from EGP 3 259 255 500 to EGP 3 074 472 890 with a decrease amounting to EGP 184 782 610 by cancelling 36 956 522 treasury shares with par value EGP 5 each and The Company's Extraordinary General Assembly approved it in it's session held on November 16, 2015, and the Egyptian Financial Supervisory Authority approved the cancellation on December 15, 2015, The required procedures have been taken for this decrease and the registration in the Commercial Register took place on December 20, 2015.

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 118 670 000 (equivalent to EGP 285 790 588).

19- Dividend income

	2016		2015	
	For the period from 1/4/2016 to 30/6/2016	For the period from 1/1/2016 to 30/6/2016	For the period from 1/4/2015 to 30/6/2015	For the period from 1/1/2015 to 30/6/2015
Income from available - for-sale investments	5 128 193	7 863 109	2 620 242	5 481 516
Income from investments at fair value through profit and loss	119 285	119 285	277 168	277 168
Income from investments in subsidiaries	88 650 000	88 650 000	--	--
Total	93 897 478	96 632 394	2 897 410	5 758 684

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

20- General administrative expenses

	2016		2015	
	For the period from 1/4/2016 to 30/6/2016	For the period from 1/1/2016 to 30/6/2016	For the period from 1/4/2015 to 30/6/2015	For the period from 1/1/2015 to 30/6/2015
Wages , salaries and similar items	25 502 950	45 292 165	18 748 378	82 819 838
Consultancy	(13 995)	6 384 123	864 980	15 212 540
Travel , accommodation and transportation	867 572	1 884 381	1 430 773	3 038 928
Leased line and communication	1 228 689	3 159 453	1 202 959	2 518 189
Rent and utilities expenses	2 305 496	4 189 827	2 269 586	4 119 604
Other expenses	6 848 593	14 093 062	9 523 795	29 293 307
Total	36 739 305	75 003 011	34 040 471	137 002 406

21- Cash and cash equivalents

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

	For the period ended 30/6/2016	For the year ended 31/12/2015
Cash and cash equivalents as presented in the statement of financial position	314 535 785	499 063 379
Banks overdraft	(199 850 564)	(179 991 432)
Effect of exchange rate changes	--	54 507 602
Cash and cash equivalents (adjusted)	114 685 221	373 579 549

22- Deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	30/6/2016	31/12/2015
(A) Deferred tax	**Liabilities**	**Liabilities**
Fixed assets' (depreciation)	(8 626 420)	(8 308 552)
Property investments (depreciation)	(328 545)	--
Net deferred tax liabilities	(8 954 965)	(8 308 552)

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

(B) Deferred tax recognized directly in equity

	30/6/2016	31/12/2015
Changes in fair value of cash flow hedges *	6 612 597	6 612 597
Fair value of available-for-sale financial assets **	(116 348 250)	(97 956 440)
	(109 735 653)	(91 343 843)
Balance	(118 690 618)	(99 652 395)

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

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

23- Gains on sale / redemption of investments

	2016		2015	
	For the period from 1/4/2016 to 30/6/2016	For the period from 1/1/2016 to 30/6/2016	For the period from 1/4/2015 to 30/6/2015	For the period from 1/1/2015 to 30/6/2015
Investments in subsidiaries	524 848 861*	523 336 111	--	--
Investments at fair value through profit and loss	651 244	2 500 878	2 613 761	8 852 353
Available - for- sale investments	(275 565)	(275 565)	929 786	929 786
Treasury bills	(155 509)	(155 509)	--	--
Total	525 069 031	525 405 915	3 543 547	9 782 139

*Note no. (13)

24- Earnings per share

	2016		2015	
	For the period from 1/4/2016 to 30/6/2016	For the period from 1/1/2016 to 30/6/2016	For the period from 1/4/2015 to 30/6/2015	For the period from 1/1/2015 to 30/6/2015
Profit (loss) for the period	488 287 505	560 334 974	(13 696 036)	(54 071 433)
Weighted average number of shares	614 894 578	614 894 578	651 851 100	651 851 100
Earnings per share	0.79	0.91	(0.02)	(0.08)

25- Tax status

- As to Income Tax, the years till 31/12/2010 the competent Tax Inspectorate inspected the parent company's books and all the disputed points have been settled with the Internal Committee and as to years 2011 / 2012 have been inspected and the Company was notified by form no. (19) which was objected thereon on the due date and the settlement procedures are currently taking place and as to year 2013 the competent Tax Inspectorate inspected the parent Company's books and the Company was notified by form no. (19). which was objected thereon on the due date and the settlement procedures are currently taking place and as to year 2014/2015, it has not been inspected yet.
- As to Salaries Tax, the parent Company's books had been examined till 2008 and all the disputed points have been settled with the Internal Committee and the due amount has been paid and as to years 2009/2012 Company's books had been examined and the settlement procedures are currently taking place, and as to years 2013 / 2015, the parent Company's books have not been inspected yet.
- As to Stamp Tax, the parent Company's books had been examined from 1998 till 31/7/2006 and paid the due tax according to the resolution of appeal committee which was objected thereon in the court, and the period from 1/8/2006 till 31/12/2013 has been inspected and the Company was notified by form no. (19). which was objected thereon on the due date and the settlement procedures are currently taking place and as to year 2014/2015, it has not been inspected yet.

26- 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 6 595 494 which represents the value of rental spaces for some affiliated companies in addition to EGP 4 562 068 which represents the value of redemption of some expenses of the new headquarter that were allocated to the subsidiaries.
- Interest income item presented in the income statement includes an amount of EGP 16 091 667 and EGP 2 120 833 which represent the interest on subordinated loan that granted from the Company to Hermes Securities Brokerage (a subsidiary – 97.58%) and Tanmeyah Micro Enterprise Services S.A.E (a subsidiary – 76.699%) respectively (Note no. 11).
- Loans to subsidiaries item as at June 30, 2016 is presented in the statement of financial position represents in the loan granted to Hermes Securities Brokerage (a subsidiary – 97.58%) with an amount of EGP 200 million & EFG Hermes Jordan (a subsidiary – 100 %) with an amount 500 000 USD (4 432 500 EGP) and loan granted to Tanmeyah Micro Enterprise Services S.A.E (a subsidiary – 76.699%) with an amount of EGP 50 million (Note no. 11).
- Creditors and other credit balances item includes an amount of EGP 8 302 320 represents the unearned revenues from the affiliated companies for rental of Group's headquarter owned by the Company (Note no. 9).

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

27- 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.

27/1 Market risk

A. Foreign currencies risk

- The foreign currencies exchange risk represents the risk of fluctuation in exchange rates, which in turn affects the Company's cash inflows and outflows as well as the value of its assets and liabilities in foreign currencies.
- As at the financial position date the Company has assets and liabilities in foreign currencies equivalent to EGP 5 198 617 960 and EGP 557 398 925 respectively. The Company's net exposures in foreign currencies as at the financial position date are as follows:

	Surplus
USD	4 470 632 455
Euro	163 616 034
AED	5 008 978
GBP	1 212 047
CHF	749 521

The Company has used the prevailing exchange rates to revaluate assets and liabilities at financial position date as disclosed in note 29-1, "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.

27/2 Credit risk

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

27/3 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.

27/4 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.

27/5 Financial instruments' fair value

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

27/6 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.

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

28- Comparative figures

Certain reclassification and adjustments have been made to some comparative figures in order to conform with the current period presentation. These adjustments are attributable to the following:

	(As reported) For the year ended 31/12/2015	Adjustments	(Amended) For the year ended 31/12/2015
Due from subsidiaries and associates	1 029 244 735	(1 804 463)	1 027 440 272
Due to subsidiaries and associates	388 930 554	(1 804 463)	387 126 091

29- Significant accounting policies

The accounting policies set out below have been applied consistently with those applied in the previous period presented in these financial statements certain reclassifications have been made to some comparative figures in order to conform with current period presentation. (note 28).

29-1 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.

29-2 Property, plant and equipment

29-2-1 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.

29-2-2 Subsequent expenditure

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

29-2-3 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 Group will obtain ownership by the end of the lease term. Land is not depreciated. The estimated useful lives of property, plant and equipment for current and comparative periods are as follows:

	Estimated useful life
- Buildings	33.3 years
- Furniture, office and electrical appliances	4 years
- Computer equipment	4 years
- Vehicles & transportation means	5 years
- Fixtures	2 years

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

29-2-4 Reclassification to investment property

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

29-2-5 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.

29-3 Treasury bills

Treasury bills are recorded at nominal value and the unearned income is recorded under the item of "creditors and other credit balances". Treasury bills are presented on the financial position net of the unearned income.

29-4 Investments

29-4-1 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.

29-4-2 Available-for-sale financial investments

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 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.

29-4-3 Investments in subsidiaries & associates

Investments in subsidiaries and associates are valued at cost, the book value is amended by any impairment concerning the value of these investments (note 29-7). The impairment value is to be charged to the income statement for every investment individually.

29-4-4 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 years.

29-5 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 Group's other accounting policies. Impairment losses on initial classification as held-for-sale or held-for distribution and subsequent gains and losses on remeasurement are recognised in profit or loss.

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

29-6 Financial instruments

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

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

29-6-1 Non-derivative financial assets and financial liabilities – Recognition and Derecognition

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

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

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

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

29-6-2 Non-derivative financial assets – Measurement

29-6-2-1 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.

29-6-2-2 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.

29-6-2-3 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 amortised cost using the effective interest method.

29-6-2-4 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 recognised in OCI and accumulated in the fair value reserve. When these assets are derecognised, the gain or loss accumulated in equity is reclassified to profit or loss.

29-6-3 Non-derivative financial liabilities – Measurement

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

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

29-6-4 Derivative financial instruments and hedge accounting

The Group holds derivative financial instruments to hedge its foreign currency and interest rate risk exposures. Embedded derivatives are separated from the host contract and accounted for separately if certain criteria are met.

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

29-6-4-1 Cash flow hedges

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

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

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

29-7 Impairment

29-7-1 Non-derivative financial assets

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

Objective evidence that financial assets are impaired includes:

- Default or delinquency by a debtor;
- Restructuring of an amount due to the Group on terms that the Group would not consider otherwise;
- Indications that a debtor or issuer will enter bankruptcy;
- Adverse changes in the payment status of borrowers or issuers;

- The disappearance of an active market for a security because of financial difficulties.
- Observable data indicating that there is a measurable decrease in the expected cash flows from a group of financial assets.
- For an investment in an equity security, objective evidence of impairment includes a significant or prolonged decline in its fair value below its cost. The Group considers a decline of 20% to be significant and a period of nine months to be prolonged.

Financial assets measured at amortized cost

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

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

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

Available-for-sale financial assets

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

Equity-accounted investees

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

29-7-2 Non-financial assets

The carrying amounts of the Group'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.

29-8 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.

29-9 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.

29-10 Provisions

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

29-11 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

29-12 Share capital

29-12-1 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.

29-12-2 Repurchase and reissue of ordinary shares (treasury shares)

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

29-13 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 Group 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.

29-14 Revenues

29-14-1 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.

29-14-2 Dividend income

Dividend income is recognized when declared.

29-14-3 Custody fees

Custody fees are recognized when provide service and issue invoice.

29-14-4 Interest income

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

29-15 Expenses

29-15-1 Borrowing costs

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

29-15-2 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.

29-15-3 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.

29-16 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, and is presented in the consolidated financial statements.

29-17 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.

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

New versions and amendments on the Egyptian Accounting Standards has been activated as at 1/1/2016:

During 2015, A modified version of the Egyptian Accounting Standards "EAS" was issued, these standards involves some of the new accounting standards and adjustments to be applied for the financial periods that starts after the first of January, 2016 knowing that the early application of these standards is not allowed

The most important amendments on the Egyptian Accounting Standards that may have a significant on the financial statements of the company as at 30/6/2016:

New or amended standards	Summary of the most significant amendments	Impact on the financial statements
<u>EAS (1)</u> Presentation of Financial Statements	*<u>Statement Of Financial Position</u>* • The standard does not require to present the working capital presentation. The reference financial statements that was included in 2006 standards was excluded; which presented the working capital presentation. • A column shall be added to the statement of financial position including balances of the beginning of the first presented comparative period in case of retrospective implementation or change in an accounting policy or reclassification carried out by the entity.	• Re-presenting all the presented financial statements, disclosures and their accompanying notes including the comparative figures to be in conformity with the required amendments to the standard.
	<u>Income Statement / Statement of Comprehensive Income</u> The entity shall disclose all recognized income and expense captions during the financial period in two separate statements; one of them presents the profit or loss components (*Income Statement*) and the other one starts with the profit or loss and presents the other comprehensive income items *(Statement of Comprehensive Income)*.	• Adding a new statement, '*Statement of Comprehensive Income*', for the current and comparative period.

New or amended standards	Summary of the most significant amendments	Impact on the financial statements
EAS (10) Property, Plant and Equipment *(PPE)*	• The financial shall disclose amount movement of the PPE and its depreciations in the notes accompanying the financial statements at the beginning and the end of the current period and the comparable period.	Re-presenting the comparative figures related to the PPE in the notes accompanying the financial statements to be in conformity with the required amendments on the standard.
	• The option of using the revaluation model in the subsequent measurement of PPE has been canceled	The amendment on the standard has no impact on the figures presented in the financial statements.
EAS (34) Investment Property	• The option of using the fair value model in the measurement after recognition of the Property Investment has been canceled.	• The fair value of the investment at the beginning of the implementation of this standard considered as deemed cost of that investment for the purposes of the subsequent accounting treatment according to EAS (10) "PPE". • Revaluation surplus of fixed assets transferred to investment property is recognized in retained earning (loss) on the retirement or disposal of the investment property