EFG – Hermes Holding Company
<u>(Egyptian Joint Stock Company)</u>

Consolidated financial statements
for the period ended 30 September 2016
&
<u>Review Report</u>

Contents | **Page**

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

Review Report

To the Board of Directors of EFG - Hermes Holding Company

Introduction

We have performed a limited review for the accompanying consolidated statement of financial position of EFG – Hermes Holding Company as at 30 September 2016 and the related consolidated statements of income, comprehensive income, changes in equity and cash flows for the nine months then ended, and a summary of significant accounting policies and other explanatory notes. The company's management is responsible for the preparation and fair presentation of these interim financial statements in accordance with Egyptian Accounting Standards. Our responsibility is to express a conclusion on these interim financial statements based on our limited review.

Scope of Limited Review

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

Conclusion

Based on our limited review, nothing has come to our attention that causes us to believe that the accompanying interim consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Company as at 30 September 2016, and of its consolidated financial performance and its consolidated cash flows for the nine months then ended in accordance with Egyptian Accounting Standards.

Hassan Bas

KPMG Hazem Hassan
Public Accountants and Consultants
1

Cairo, November 15, 2016

Consolidated statement of financial position as at 30 September 2016

(in EGP)	Note no.	30/9/2016	31/12/2015
Assets			
Cash and due from banks	(6)	6,800,288,687	26,456,336,103
Investments at fair value through profit and loss	(7)	344,993,488	584,988,674
Accounts receivables (net)	(8)	1,506,885,055	1,152,562,684
Loans and advances	(9)	263,145,118	22,767,229,109
Available -for- sale investments	(10)	1,467,230,088	1,839,153,380
Held-to-maturity investments	(11)	-	26,776,423,305
Investments in associates	(12)	-	94,043,999
Investment property	(13)	292,069,754	295,444,152
Leased assets (net)	(14)	968,018,297	467,713,544
Fixed assets (net)	(15)	190,848,908	1,679,295,854
Goodwill and other intangible assets	(16)	587,707,860	4,573,414,469
Other assets	(17)	472,727,522	1,714,180,306
Assets held for sale	(5)	1,131,008,364	-
Total assets		**14,024,923,141**	**88,400,785,579**
Liabilities			
Due to banks and financial institutions	(18)	486,588,861	3,855,071,009
Customers' deposits	(19)	-	64,245,803,241
Accounts payable - customers' credit balances		2,517,346,395	1,986,949,572
Bonds	(20)	-	613,917,600
Creditors and other credit balances	(21)	702,739,372	1,878,265,916
Other liabilities	(22)	1,174,478	769,999,478
Current tax liability		12,420,876	116,578,675
Deferred tax liabilities	(23)	109,448,805	798,960,213
Provisions	(24)	261,676,043	422,738,071
Loans	(25)	957,980,242	328,680,803
Total liabilities		**5,049,375,072**	**75,016,964,578**
Shareholders' equity			
Share capital	(26)	3,074,472,890	3,074,472,890
Legal reserve		1,523,711,250	1,523,711,250
Share premium		1,922,267,826	1,922,267,826
Other reserves		641,162,714	2,118,547,403
Retained earnings		1,689,460,677	1,319,604,367
Equity attributable to owners of the Company		8,851,075,357	9,958,603,736
Non - controlling interests	(27)	124,472,712	3,425,217,265
Total shareholders' equity		**8,975,548,069**	**13,383,821,001**
Total shareholders' equity and liabilities		**14,024,923,141**	**88,400,785,579**

The accompanying notes and accounting policies from page (6) to page (64) are an integral part of these financial statements and are to be read therewith.

Review report "attached"

Mona Zulficar
Chairperson

Karim Awad
Executive Managing Director

Consolidated income statement for the period ended 30 September 2016

	Note no.	2016 For the period from 1/7/2016 to 30/9/2016	2016 For the period from 1/1/2016 to 30/9/2016	2015 For the period from 1/7/2015 to 30/9/2015	2015 For the period from 1/1/2015 to 30/9/2015
(in EGP)					
Continuing operations					
Fee and commission income		179,059,709	615,367,055	190,683,168	613,413,218
Fee and commission expense		(13,592,146)	(39,192,702)	(11,746,630)	(33,801,805)
Net fee and commission income		165,467,563	576,174,353	178,936,538	579,611,413
Securities gains		61,602,039	80,741,167	1,676,404	21,444,072
Changes in the investments at fair value through profit and loss		(954,207)	2,906,174	2,206,860	2,439,652
Revenues from leasing activities		58,571,093	141,258,310	8,718,607	10,388,643
Foreign currencies exchange differences		2,771,686	158,588,655	35,711,422	107,398,757
Gains on selling fixed assets		53,837	53,837	11,500	260,502
Other income		7,827,989	30,092,473	5,782,774	25,876,152
Non-interest revenue		295,340,000	989,814,969	233,044,105	747,419,191
Interest and dividend income		62,207,322	139,064,465	13,951,723	35,405,536
Interest expense		(60,588,476)	(139,219,149)	(14,392,268)	(33,891,528)
Net interest income		1,618,846	(154,684)	(440,545)	1,514,008
Total net revenue		296,958,846	989,660,285	232,603,560	748,933,199
General administrative expenses	(33)	201,484,842	670,887,490	163,475,060	507,815,995
Provisions	(24)	5,685,515	18,207,013	9,553,453	26,331,950
Depreciation and amortization	(13),(14),(15)	27,437,597	71,736,756	7,174,768	18,062,187
Impairment loss on assets	(30)	535,142	1,019,274	1,214,405	1,308,196
Total non-interest expenses		235,143,096	761,850,533	181,417,686	553,518,328
Profit before income tax		61,815,750	227,809,752	51,185,874	195,414,871
Income tax expense	(31)	(21,773,230)	(40,961,655)	(8,303,898)	(32,194,700)
Profit from continuing operations		40,042,520	186,848,097	42,881,976	163,220,171
Discontinued operations					
(Loss) profit from discontinued operations (net of tax)	(5-1)	109,368,107	(168,650,036)	134,596,101	373,290,550
Profit for the period		149,410,627	18,198,061	177,478,077	536,510,721
Profit attributable to:					
Owners of the Company		150,525,928	(47,537,385)	119,610,887	381,003,549
Non - controlling interests	(27)	(1,115,301)	65,735,446	57,867,190	155,507,172
		149,410,627	18,198,061	177,478,077	536,510,721

The accompanying notes and accounting policies from page (6) to page (64) are an integral part of these financial statements and are to be read therewith.

Consolidated statement of comprehensive income for the period ended 30 September 2016

	2 016		2 015	
	For the period from 1/7/2016 to 30/9/2016	For the period from 1/1/2016 to 30/9/2016	For the period from 1/7/2015 to 30/9/2015	For the period from 1/1/2015 to 30/9/2015
(in EGP)				
Profit	149 410 627	18 198 061	177 478 077	536 510 721
Other comprehensive income:				
Items that are or may be reclassified to profit or loss				
Foreign operations - foreign currency translation differences	411 630	1 270 803 354	275 566 553	836 951 225
Available -for- sale - net change in fair value	(40 352 953)	118 844 844	(100 908 257)	(145 230)
Foreign currency translation differences - reclassified to retained earnings	(671 836)	(37 480 111)	(8 486 169)	(8 486 169)
Foreign currency translation differences - reclassified to profit or loss	-	(1 978 517 404)	-	-
Available -for- sale - net change in fair value reclassified to profit or loss	-	(67 657 211)	-	-
Related tax	4 912 838	(13 512 433)	63 493 075	(8 639 406)
Other comprehensive income, net of tax	(35 700 321)	(707 518 961)	229 665 202	819 680 420
Total comprehensive income	113 710 306	(689 320 900)	407 143 279	1 356 191 141
Other comprehensive income attributable to :				
Owners of the Company	(35 759 924)	(1 097 471 105)	120 768 995	515 637 478
Non-controlling interests	59 603	389 952 144	108 896 207	304 042 942
	(35 700 321)	(707 518 961)	229 665 202	819 680 420
Total comprehensive income attributable to :				
Owners of the Company	114 766 004	(1 145 008 490)	240 379 882	896 641 027
Non-controlling interests	(1 055 698)	455 687 590	166 763 397	459 550 114
	113 710 306	(689 320 900)	407 143 279	1 356 191 141

The accompanying notes and accounting policies from page (6) to page (64) are an integral part of these financial statements and are to be read therewith.

Consolidated statement of changes in equity for the period ended 30 September 2016

	Attributable to owners of the Company												
				Other reserves									
(in EGP)	Share capital	Legal reserve	Share premium	General reserve	Translation reserve	Fair value reserve	Hedging reserve	Other reserves	Retained earnings	Treasury shares	Total	Non - controlling interests	Total equity
Balance as at 31 December, 2014	2 867 422 500	990 432 067	2 697 382 769	158 269	960 100 338	378 666 624	(26 442 387)	276 032 552	1 464 385 399	(426 451 266)	9 181 686 865	3 098 827 747	12 280 514 612
Total comprehensive income													
Profit	-	-	-	-	-	-	-	-	381 003 549	-	381 003 549	155 507 172	536 510 721
Other comprehensive income	-	-	-	-	525 859 606	(10 222 128)	-	-	8 486 169	-	524 123 647	304 042 942	828 166 589
Total comprehensive income	-	-	-	-	525 859 606	(10 222 128)	-	-	389 489 718	-	905 127 196	459 550 114	1 364 677 310
Reclassifications	-	533 279 183	(533 279 183)	-	-	-	-	106 439 324	(106 439 324)	-	-	-	-
Transactions with owners of the Company													
Contributions and distributions													
Increase in paid in capital	391 833 000	-	-	-	-	-	-	-	(391 833 000)	-	-	-	-
Cost of repurchasing of treasury shares	-	-	-	-	-	-	-	-	-	(167 104)	(167 104)	-	(167 104)
Dividends payout	-	-	-	-	-	-	-	-	(58 681 079)	-	(58 681 079)	(61 877 930)	(120 559 009)
Balance as at 30 September, 2015	3 259 255 500	1 523 711 250	2 164 103 586	158 269	1 485 959 944	368 444 496	(26 442 387)	382 471 876	1 296 921 714	(426 618 370)	10 027 965 878	3 496 499 931	13 524 465 809
Balance as at 31 December, 2015	3 074 472 890	1 523 711 250	1 922 267 826	158 269	1 430 705 902	334 212 035	(26 442 387)	379 913 584	1 319 604 367	-	9 958 603 736	3 425 217 265	13 383 821 001
Total comprehensive income													
(Loss) Profit	-	-	-	-	-	-	-	-	(47 537 385)	-	(47 537 385)	65 735 446	18 198 061
Other comprehensive income	-	-	-	-	(1 134 917 303)	37 446 198	-	-	37 480 111	-	(1 059 990 994)	389 952 144	(670 038 850)
Total comprehensive income	-	-	-	-	(1 134 917 303)	37 446 198	-	-	(10 057 274)	-	(1 107 528 379)	455 687 590	(651 840 789)
Reclassifications	-	-	-	-	-	-	-	(379 913 584)	379 913 584	-	-	-	-
Transactions with owners of the Company													
Changes in ownership interests													
Acquisition of subsidiary with NCI	-	-	-	-	-	-	-	-	-	-	-	104 855 291	104 855 291
Acquisition of NCI without a change in control	-	-	-	-	-	-	-	-	-	-	-	(77 855 292)	(77 855 292)
Disposal of subsidiary with NCI	-	-	-	-	-	-	-	-	-	-	-	(3 783 432 142)	(3 783 432 142)
Balance as at 30 September, 2016	3 074 472 890	1 523 711 250	1 922 267 826	158 269	295 788 599	371 658 233	(26 442 387)	-	1 689 460 677	-	8 851 075 357	124 472 712	8 975 548 069

The accompanying notes and accounting policies from page (6) to page (64) are an integral part of these financial statements and are to be read therewith.

Consolidated statement of cash flows for the period ended 30 September 2016

	30 , September	
(in EGP)	2 016	2 015
Cash flows from operating activities		
Profit before income tax	227 809 752	195 414 871
Adjustments for:		
Depreciation and amortization	71 736 756	18 062 187
Provisions formed	18 207 013	26 331 950
Provisions used	(9 667 273)	(10 023 642)
Gains on sale of fixed assets	(53 837)	-
Gains on sale of available -for- sale investments	(62 691 129)	(8 157 197)
Changes in the fair value of investments at fair value through profit and loss	(2 906 174)	(2 439 652)
Impairment loss on assets	1 019 274	-
Foreign currency translation differences	170 957 942	187 743 558
Foreign currencies exchange differences	(158 588 655)	(107 398 757)
	255 823 669	299 533 318
Changes in:		
Other assets	(32 279 905)	(2 090 695)
Creditors and other credit balances	77 926 032	(170 503 016)
Loans and advances	(171 528 361)	-
Accounts receivables	(282 368 745)	62 289 223
Accounts payables	256 053 458	777 783 326
Investments at fair value through profit and loss	62 511 106	139 275 175
Cash flows from operating activities (Discontiued Operations)	-	3 556 020 747
Income tax paid	(28 080 468)	(50 906 137)
Net cash provided from operating activities	138 056 786	4 611 401 941
Cash flows from investing activities		
Payments to purchase fixed assets and other intangible assets	(4 609 862)	(283 738 196)
Proceeds from sale of fixed assets	101 553	260 477
Payments to purchase leased assets	(548 107 769)	-
Proceeds from sale of available -for- sale investments	114 161 064	3 415 315
Payments to purchase available -for- sale investments	(10 937 115)	(14 530 484)
Payments to purchase held to maturity investments	-	(30 000 000)
Proceeds from sale of held to maturity investments	30 000 000	-
Proceeds from sale of investments in subsidiaries	3 258 302 853	-
Acquisition of subsidiary, net of cash acquired	(410 147 119)	-
Cash flows from investing activities (Discontiued Operations)	-	(2 980 274 200)
Net cash provided from (used in) investing activities	2 428 763 605	(3 304 867 088)
Cash flows from financing activities		
Purchasing of treasury shares	-	(167 104)
Dividends paid	(34 174 433)	(2 960 368)
Proceeds from long term loans	629 299 439	231 161 271
Cash flows from financing activities (Discontiued Operations)	-	(127 520 241)
Net cash provided from financing activities	595 125 006	100 513 558
Net increase in cash and cash equivalents	3 161 945 397	1 407 048 411
Cash and cash equivalents at 1 January (note no. 32)	11 740 355 149	9 772 325 768
Cash transferred to assets held for sale	(8 494 330 500)	-
Cash and cash equivalents at 30 September (note no. 32)	6 407 970 046	11 179 374 179

The accompanying notes and accounting policies from page (6) to page (64) are an integral part of these financial statements and are to be read therewith.

1- Background

1-1 Incorporation

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 12577 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 capital, custody activities and margin trading.

Acquisition of the Tanmeyah Micro Enterprise Services S.A.E

- On 23 February 2016, the company acquired 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 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 acquired 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. The procedures of transferring the title had been completed.

2- Basis of preparation

2-1 Statement of compliance

These consolidated financial statements have been prepared in accordance with Egyptian Accounting Standards and relevant Egyptian laws and regulations.

2-2 Authorization of the financial statements

The financial statements were authorized for issue in accordance with a resolution of the board of directors on November 14, 2016.

3- Functional and presentation currency

These consolidated financial statements are presented in Egyptian pounds (EGP) which is the Company's functional currency.

4- 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.

4-1 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.

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

5- Discontinued operations

- During 2010, EFG-Hermes Holding Company purchased 14 914 883 shares that represents 63.739% a controlling stake in Credit Libanais SAL (the Bank) through its wholly owned subsidiary EFG – Hermes CL Holding SAL with an amount of USD 577,8 million.
- On March 2016 the company's Board of Directors approved to proceed with all necessary steps required to sell 9 408 749 shares (Phase I) represents approximately 40% of it's indirect subsidiary Credit Libanais Bank S.A.L. (total Bank's 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 1 728 613 shares from (Phase II) accordingly the company‘s stake on 30 September 2016 is 3 777 521 shares represent approximately 16.14% of Credit Libanais Bank S.A.L. 23 400 000 shares, which presented as Assets Held for Sale on the consolidated statement of financial position with an amount of 1,131,008,364 EGP.

5-1 Results of discontinued operations

	For the period from 1/1/2016 to 30/9/2016	**For the period from 1/1/2015 to 30/9/2015**
Fee and commission income	194,769,780	464,958,000
Fee and commission expense	(121,841,220)	(248,918,800)
Securities gains	12,791,860	2,548,000
Share of profit of associate	3,501,280	9,594,000
Changes in the investments at fair value through profit and loss	349,020	2,740,400
Gains on selling fixed assets	--	83,200
Foreign currencies differences	10,902,720	32,910,800
Other income	10,559,240	10,998,000
Interest and dividend income	1,157,701,674	3,041,617,512
Interest expense	(836,197,046)	(2,171,686,815)

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

	For the period from 1/1/2016 to 30/9/2016	For the period from 1/1/2015 to 30/9/2015
General administrative expenses	(228,087,340)	(599,835,600)
Net losses on loans and advances	(36,730,200)	(51,282,400)
Other provisions	(4,088,520)	(13,249,600)
Depreciation and amortization	(22,529,196)	(49,748,730)
Loss on sale of investment in subsidiaries	(170,507,337)	--
Net (loss) profit before income tax	(29,405,285)	430,727,967
Income tax expense *	(139,244,751)	(57,437,417)
Net (loss) profit from discontinued operation	(168,650,036)	373,290,550

* Include the tax computed on the capital gain resulted from partial redemption of the investment in the subsidiary EFG- Hermes Global CB Holding Limited ,which is eliminated in the consolidation process , consequent to partial selling of the indirect subsidiary Credit Libanais Bank.

6- Cash and due from banks

	30/9/2016	31/12/2015
Cash on hand	9,197,379	330,455,059
Central Bank of Lebanon		
- Demand deposits	--	2,439,916,500
- Time deposits	--	14,423,916,900
Other Central Banks		
- Demand deposits	--	180,412,500
- Time deposits	--	91,743,900
Cheques under collection	160,000	191,092
Banks - current accounts (net)	3,187,058,819	3,264,037,258
Banks - demand deposits	--	2,074,277,100
Banks - time deposits	3,603,872,489	3,651,385,794
Balance	6,800,288,687	26,456,336,103

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

7- Investments at fair value through profit and loss

	30/9/2016	31/12/2015
Mutual fund certificates	145,533,052	279,857,518
Equity securities	22,786,631	44,918,956
Debt securities	--	33,802,800
Treasury bills (net)	176,673,805	211,338,900
Financial International Sukuk	--	15,070,500
Balance	344,993,488	584,988,674

8- Accounts receivables (net)

	30/9/2016	31/12/2015
Accounts receivables (net)	1,463,240,509	1,161,543,659
Other brokerage companies (net)	43,644,546	(8,980,975)
Balance	1,506,885,055	1,152,562,684

9- Loans and advances

		30/9/2016	31/12/2015
Loans and advances to customers	(9-1)	--	22,682,036,365
Loans and advances to related parties	(9-2)	--	84,267,300
Micro loans		146,406,136	--
Other loans		116,738,982	925,444
Balance		263,145,118	22,767,229,109

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

9-1 Loans and advances to customers

	30/9/2016	31/12/2015
Regular retail customers		
Cash collateral	--	634,363,500
Mortgage loans	--	8,317,810,579
Personal loans	--	239,133,900
Credit cards	--	205,198,500
Others	--	1,619,193,900
Regular corporate customers		
Corporate	--	10,292,945,401
Classified retail customers		
Watch	--	188,221,679
Substandard	--	153,617,100
Doubtful	--	131,697,300
Classified corporate customers		
Watch	--	709,012,506
Substandard	--	83,461,500
Doubtful	--	205,030,200
Collective provision for retail loans	--	(55,559,400)
Collective provision for corporate loans	--	(42,090,300)
Balance	--	22,682,036,365

9-2 Loans and advances to related parties

	30/9/2016	31/12/2015
Regular retail loans	--	16,034,400
Regular corporate loans	--	68,232,900
Balance	--	84,267,300

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

10- Available - for- sale investments

	30/9/2016	31/12/2015
Preferred shares	--	146,747,400
Equity securities	511,609,609	740,682,044
Mutual fund certificates	955,620,479	951,723,936
Balance	1,467,230,088	1,839,153,380

11- Held-to-maturity investments

	30/9/2016	31/12/2015
Lebanese government treasury bills and Eurobonds	--	18,769,882,679
Other sovereign bonds	--	212,267,100
Certificates of deposit issued by banks	--	7,493,521,703
Other debt instruments	--	300,751,823
Balance	--	26,776,423,305

12- Investments in associates

	2016 Ownership %	2015 Ownership %	30/9/2016	31/12/2015
Agence Générale de Courtage d'Assurance SAL	--	25.86	--	42,304,500
Credit Card Management SAL	--	28.96	--	14,881,800
International Payment Network SAL	--	20.18	--	8,292,600
Net Commerce SAL	--	21.88	--	1,377,000
Hot Spot Properties SAL	--	48.12	--	8,236,500
Dourrat Loubnan Al Iqaria SAL	--	45	--	18,951,599
Balance			--	94,043,999

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

13- Investment property

	Buildings
Balance as at 1/1/2016	295,444,152
Foreign currency translation differences	5,202,480
Total cost as at 30/9/2016	300,646,632
Depreciation for the period	8,539,530
Foreign currency translation differences	37,348
Accumulated depreciation as at 30/9/2016	8,576,878
Net carrying amount as at 30/9/2016	292,069,754

Investment property amounted EGP 292,069,754 as at 30 September 2016, represents the following:-

- EGP 152,910,624 the book value of the area owned by EFG – Hermes Holding Company in Nile City Building.
- EGP 93,408,000 the book value of the area owned by EFG – Hermes Holding Company in the headquarters of the Company in Smart Village Building.
- EGP 3,798,502 the book value of the area owned by Hermes Securities Brokerage, one of the subsidiaries, in the Elmanial Branch.
- EGP 41,952,628 the book value of the area owned by EFG – Hermes UAE Limited, one of the subsidiaries, in the Index Tower – UAE.

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

14- Leased assets

For the period ended 30 September 2016

Particular	**Land**	**Building & property**	**Equipment**	**Computer equipments**	**Vehicles**	**Total**
Balance as at 1/1/2016	47,104,210	278,564,535	27,097,500	2,625,401	119,651,070	475,042,716
Additions	212,766,699	109,509,404	37,271,425	2,540,306	186,019,935	548,107,769
Disposals	--	--	--	--	(122,850)	(122,850)
Total cost as at 30/9/2016	259,870,909	388,073,939	64,368,925	5,165,707	305,548,155	1,023,027,635
Accumulated depreciation as at 1/1/2016	--	3,600,065	779,238	47,148	1,984,864	6,411,315
Depreciation	--	12,403,938	6,564,469	1,150,297	28,497,747	48,616,451
Disposals' accumulated depreciation	--	--	--	--	(18,428)	(18,428)
Accumulated depreciation as at 30/9/2016	--	16,004,003	7,343,707	1,197,445	30,464,183	55,009,338
Carrying amount as at 30/9/2016	259,870,909	372,069,936	57,025,218	3,968,262	275,083,972	968,018,297
Carrying amount as at 31/12/2015	47,104,210	274,046,613	26,453,963	2,578,255	117,530,503	467,713,544

- Leased assets (after depreciation) include an amount of EGP 54,699,928 represents leased assets that have not been registered yet in the Egyptian Financial Supervisory Authority and the required procedures to register those assets are currently taking place.

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

For the period ended 30 September 2015

Particular	Buildings & premises	Equipments	Cars & transportation means	Total
Additions	245,834,407	9,163,750	17,144,647	272,142,804
Total cost as at 30/9/2015	245,834,407	9,163,750	17,144,647	272,142,804
Depreciation	2,006,037	--	647,370	2,653,407
Accumulated depreciation as at 30/9/2015	2,006,037	--	647,370	2,653,407
Carrying amount as at 30/9/2015	243,828,370	9,163,750	16,497,277	269,489,397

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

15- Fixed assets

For the period ended 30 September 2016

Particular	Land & buildings	Leasehold improvements	Office furniture, equipment & electrical appliances	Computer equipment	Vehicles	* Projects under construction	Total
Balance as at 1/1/2016	911,211,588	288,049,350	405,947,371	123,063,157	25,081,927	744,062,100	2,497,415,493
Additions	--	26,820	591,946	4,150,802	--	40,574	4,810,142
Disposals	--	--	(217,544)	(25,714)	(774,077)	(145,823)	(1,163,158)
Disposals of subsidiaries	(732,266,717)	(279,913,500)	(306,759,900)	--	(10,230,600)	(734,277,600)	(2,063,448,317)
Acquisition from subsidiaries	--	19,437,569	6,740,824	14,830,520	538,700	105,249	41,652,862
Foreign currency translation differences	--	37,313	7,542,982	8,669,928	509,057	--	16,759,280
Total cost as at 30/9/2016	178,944,871	27,637,552	113,845,679	150,688,693	15,125,007	9,784,500	496,026,302
Accumulated depreciation as at 1/1/2016	178,036,906	222,141,127	294,618,358	108,552,151	14,771,097	--	818,119,639
Depreciation	3,699,281	1,030,234	3,235,372	5,105,048	1,510,840	--	14,580,775
Disposals' accumulated depreciation	--	--	(193,340)	(4,695)	(774,077)	--	(972,112)
Disposals of subsidiaries	(146,424,627)	(216,556,199)	(201,455,100)	--	(7,017,600)	--	(571,453,526)
Acquisition from subsidiaries	--	14,652,122	4,779,841	9,480,055	202,899	--	29,114,917
Foreign currency translation differences	--	37,314	7,177,045	8,258,421	314,921	--	15,787,701
Accumulated depreciation as at 30/9/2016	35,311,560	21,304,598	108,162,176	131,390,980	9,008,080	--	305,177,394
Carrying amount as at 30/9/2016	143,633,311	6,332,954	5,683,503	19,297,713	6,116,927	9,784,500	190,848,908
Carrying amount as at 31/12/2015	733,174,682	65,908,223	111,329,013	14,511,006	10,310,830	744,062,100	1,679,295,854

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

For the period ended 30 September 2015

Particular	Land & buildings	Leasehold improvements	Office furniture, equipment & electrical appliances	Computer equipment	Vehicles	* Projects under construction	Total
Balance as at 1/1/2015	871,088,471	262,539,563	377,872,052	80,164,594	19,714,924	656,105,000	2,267,484,604
Additions	--	5,816,637	28,112,834	7,131,973	3,920,821	29,286,600	74,268,865
Disposals	(10,977,562)	(4,610,388)	(8,561,043)	(2,383,110)	(1,448,189)	--	(27,980,292)
Reclassifications	--	5,200,000	6,240,000	--	--	(11,440,000)	--
Foreign currency translation differences	62,787,779	26,291,170	28,116,570	2,389,524	1,125,192	69,812,900	190,523,135
Total cost as at 30/9/2015	922,898,688	295,236,982	431,780,413	87,302,981	23,312,748	743,764,500	2,504,296,312
Accumulated depreciation as at 1/1/2015	159,437,451	200,954,815	283,993,960	70,842,683	14,457,099	--	729,686,008
Depreciation	17,505,613	10,247,202	23,612,476	4,192,284	1,310,973	--	56,868,548
Disposals' accumulated depreciation	(10,977,562)	(1,790,388)	(6,911,368)	(2,383,110)	(1,255,489)	--	(23,317,917)
Reclassifications	--	(322,400)	322,400	--	--	--	--
Foreign currency translation differences	7,922,502	20,040,721	18,431,707	2,361,243	725,730	--	49,481,903
Accumulated depreciation as at 30/9/2015	173,888,004	229,129,950	319,449,175	75,013,100	15,238,313	--	812,718,542
Carrying amount as at 30/9/2015	749,010,684	66,107,032	112,331,238	12,289,881	8,074,435	743,764,500	1,691,577,770

* Projects under construction are represented in the following:

	30/9/2016	31/12/2015
Preparation of new headquarters –		
Office spaces in Egypt	9,784,500	9,784,500
Credit Libanais SAL "the Bank" - Lebanon	--	734,277,600
Balance	9,784,500	744,062,100

16- Goodwill and other intangible assets

		30/9/2016	31/12/2015
Goodwill	(16-1)	584,031,766	195,309,571
Other intangible assets	(16-2)	3,676,094	4,378,104,898
Balance		587,707,860	4,573,414,469

16-1 Goodwill is relating to the acquisition of the following subsidiaries:

	30/9/2016	31/12/2015
EFG- Hermes Oman LLC	5,921,803	5,921,803
EFG- Hermes IFA Financial Brokerage Company		
Kuwait – (KSC)	179,148,550	179,148,550
IDEAVELOPERS – Egypt	1,600,000	1,600,000
EFG- Hermes Jordan	8,639,218	8,639,218
Tanmeyah Micro Enterprise Services S.A.E *	388,722,195	--
Balance	584,031,766	195,309,571

* The acquiree's financial statements have been consolidated based on the book value of the identifiable assets and liabilities, The Company has a grace period of 12 months ending March 2017 for preparing Purchase Price Allocation (PPA) study to determine the fair value of the identifiable assets and liabilities according to the Egyptian Accounting Standards. The Company is in the process of determining this fair value exercise and adjust accordingly.

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

16-2 Other intangible assets are represented in the following:

	30/9/2016	31/12/2015
Branches network - Credit Libanais Bank	--	4,344,286,589
Key money	--	1,076,100
Licenses & franchise	3,676,094	23,063,540
Software	--	9,678,669
Balance	3,676,094	4,378,104,898

17- Other assets

		30/9/2016	31/12/2015
Deposits with others	(17-1)	18,209,060	47,854,400
Down payments to suppliers		8,752,780	299,910
Prepaid expenses		30,835,730	133,954,610
Employees' advances		18,258,830	15,414,994
Accrued revenues		12,666,117	742,890,543
Taxes withheld by others		17,590,744	13,347,142
Payments for investments	(17-2)	10,126,948	5,768,590
Re-insurers' share of technical reserve		--	95,109,900
Infra Egypt Fund		--	3,959,279
Settlement Guarantee Fund		42,208,542	30,881,735
Unquoted assets - ready for sale acquired in satisfaction of loans		--	164,138,400
Due from EFG- Hermes Employees Trust		261,444,740	263,989,219
Due from Ara Inc. Company		312,004	274,349
Due from related parties		--	13,550,700
Re-insurance accrued commission		--	18,309,000
Cards transaction on ATM		--	14,948,100
Re-insurance debtors		--	1,591,200
Due from Egypt Gulf Bank- Tanmeyah clients		5,282,982	--
Sundry debtors		47,039,045	147,898,235
Balance		472,727,522	1,714,180,306

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

17-1 Deposits with others include an amount of EGP 12,998,357 in the name of the subsidiaries, Financial Brokerage Group Company and Hermes Securities Brokerage Company which represents blocked deposits for same day trading operations settlement takes place in the Egyptian Stock Exchange. Both companies are not entitled to use these amounts without prior approval from Misr Clearance Company.

17-2 Payments for investments are represented in the following:

	30/9/2016	**31/12/2015**
Arab Visual Company	3,749,500	3,749,500
IDEAVELOPERS	25,000	25,000
AAW Company for Infrastructure	1,352,448	1,887,590
Vortex Energy Investments II	--	106,500
EFG Finance Holding	5,000,000	--
Balance	10,126,948	5,768,590

18- Due to banks and financial institutions

	30/9/2016	**31/12/2015**
Due to Central Bank of Lebanon	--	2,939,160,600
Current deposits of banks	--	156,294,600
Time deposits	--	38,168,400
Financial institutions	5,743,900	294,089,450
Bank overdraft	480,844,961	427,357,959
Balance	486,588,861	3,855,071,009

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

19- Customers' deposits

	30/9/2016	31/12/2015
Deposits from customers (private sector):		
Saving accounts	--	33,931,427,100
Time deposits	--	19,028,397,441
Current accounts	--	5,814,484,500
	--	58,774,309,041
Deposits from customers (public sector):		
Time deposits	--	2,542,401,000
Current accounts	--	473,183,100
	--	3,015,584,100
Others:	--	228,158,700
	--	228,158,700
	--	62,018,051,841
Deposits from related parties:		
Long term saving accounts	--	721,956,000
Long term deposits	--	1,367,610,900
Short term deposits	--	138,184,500
	--	2,227,751,400
Balance	--	64,245,803,241

20- Bonds

On November 11, 2010 Credit Libanais SAL issued US.$ 75,000,000, 6.75% Subordinated Bonds due January 15, 2018 at an issue price of 100% of their principal amount. The bonds have been fully underwritten. The net proceeds from the sale of bonds will be used for general corporate purposes, and the obligation of the issuer in respect of the bonds constitutes direct, unsecured and general obligation of the issuer. The arranger of the offering is Credit Libanais Investment Bank SAL (an affiliate) and the bonds will not be listed on any stock exchange. The bonds balance as at September 30, 2016 nil due to deconsolidation of the Bank versus an amount of EGP 613,917,600 as at December 31, 2015.

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

21- Creditors and other credit balances

	30/9/2016	31/12/2015
Margins held against documentary credits	--	124,455,300
Technical reserve for insurance companies	--	541,033,500
Social Insurance Association	1,668,520	805,996
Unearned revenues	64,713,087	10,770,337
Suppliers	10,665,000	202,536,381
Accrued expenses	371,885,695	643,506,178
Clients' coupons- custody activity	8,279,817	11,248,960
Due to Industry Modernization Center	6,574,851	5,773,294
Dividends payable	121,356,811	154,466,265
Cards transaction on ATM	--	15,835,500
Re-insurance creditors	--	118,513,800
Lease settlement account	49,393,414	14,881,999
Sundry creditors	68,202,177	34,438,406
Balance	702,739,372	1,878,265,916

22- Other liabilities

	30/9/2016	31/12/2015
Preferred shareholders in subsidiaries *	--	768,825,000
Others	1,174,478	1,174,478
Balance	1,174,478	769,999,478

* On 16 September 2013, the extraordinary general meeting of Credit Libanais SAL (the Bank) approved to issue 1,000,000 preferred shares at a price of LBP 11,000 per share with total amount of LBP 11,000 million (equivalent to EGP 64,350,000). These shares were issued and fully paid.
The extraordinary general meeting of the Bank approved at the same date to issue the preferred shares with premium amounting to LBP 139,750 per share with total amount of LBP 139,750 million (equivalent to EGP 817,537,500), settled in cash by the subscribers according to the terms set by the extraordinary general meeting on 4 July 2013.

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

23- Deferred tax liabilities

	Balance at 1/1/2016	Recognized in profit or loss	Recognized in equity	Disposal of subsidiaries	Acquisition from subsidiaries	Foreign currency differences	Net	Deferred tax assets	Deferred tax liabilities
Fixed assets depreciation	(7,401,208)	(1,115,656)	--	--	(286,000)	(9,757)	(8,812,621)	--	(8,812,621)
Expected claims provision	610,250	--	--	--	--	--	610,250	610,250	--
Impairment loss on assets	3,151,533	(1,906,996)	--	--	--	2,658	1,247,195	1,247,195	--
Prior year losses carried forward	2,368,282	(37,116)	--	--	--	84,538	2,415,704	2,415,704	--
Fair value adjustments *	(706,292,170)	--	--	706,292,170	--	--	--	--	--
Changes in fair value of cash flow hedges **	6,612,597	--	--	--	--	--	6,612,597	6,612,597	--
Fair value of available-for-sale financial assets ***	(98,009,497)	--	(13,512,433)	--	--	--	(111,521,930)	--	(111,521,930)
	(798,960,213)	(3,059,768)	(13,512,433)	706,292,170	(286,000)	77,439	(109,448,805)	10,885,746	(120,334,551)

* Deferred tax liabilities arising from the assets acquired and liabilities assumed as a result of the acquisition of the subsidiary Credit Libanais Bank.

** 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 comprehensive income.

24- Provisions

		30/9/2016	31/12/2015
Expected claims provision	(24-1)	180,049,781	190,387,261
Severance pay provision	(24-1)	76,070,418	230,973,810
Financial guarantee for contingent liabilities	(24-1)	5,555,844	--
Other provisions		--	1,377,000
Balance		261,676,043	422,738,071

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

24-1

	Expected claims provision	Severance pay provision	Financial guarantee for contingent liabilities	Total
Balance at the beginning of the period	190,387,261	230,973,810	--	421,361,071
Formed during the period	8,474,434	9,217,567	515,012	18,207,013
Foreign currency differences	1,006,423	8,901,176	--	9,907,599
Disposals of subsidiaries	(15,310,200)	(168,860,999)	--	(184,171,199)
Acquisition from subsidiaries	998,000	--	5,040,832	6,038,832
Amounts used during the period	(5,506,137)	(4,161,136)	--	(9,667,273)
Balance at the end of the period	180,049,781	76,070,418	5,555,844	261,676,043

25- Loans

Loans as at 30 September 2016 represent the following:

Currency	Financial limit	Finance contract date	Maturity date	30/9/2016	31/12/2015
EGP*	250 million	10/6/2015	10/6/2023	205,040,160	139,904,817
EGP*	100 million	4/6/2015	4/6/2022	73,084,933	70,811,772
EGP*	200 million	14/7/2015	14/9/2022	116,000,457	101,381,149
EGP*	200 million	4/11/2015	4/11/2022	185,464,152	16,583,065
EGP*	200 million	9/8/2015	9/8/2023	46,565,083	--
EGP*	100 million	30/9/2015	30/9/2025	84,847,862	--
EGP*	100 million	14/3/2016	14/3/2023	53,960,702	--
EGP*	50 million	1/6/2016	1/6/2023	35,965,338	--
EGP*	100 million	1/6/2016	1/5/2020	7,051,555	--
EGP**	150 million	29/2/2016	28/2/2021	150,000,000	--
Balance				957,980,242	328,680,803

	30/9/2016	31/12/2015
Current	167,258,328	54,142,170
Non-current	790,721,914	274,538,633
Balance	957,980,242	328,680,803

* Loans from banks to EFG-Hermes Leasing (wholly owned subsidiary), which is committed to settle the finance granted by waiving the rental value of the finance lease contracts to the banks within the facility amount.

** Loan from Audi Bank to EFG-Hermes Holding used to finance regional expansion of the holding company.

26- 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 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.

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

27- Non - controlling interests

	30/9/2016	31/12/2015
Share capital	72,136,659	423,420,239
Legal reserve	18,344,483	164,513,308
Other reserves	(27,068,304)	875,611,621
Retained earnings	20,965,624	206,077,866
Other equity	--	111,613,500
Increase in fair value of net assets	--	1,456,486,747
Goodwill of subsidiary	23,323,331	--
Interim dividends	(2,474,899)	--
Net profit for the period year *	19,245,818	187,493,984
Balance	124,472,712	3,425,217,265

* The non- controlling interests presented in the income statement with an amount of 65 735 446 EGP include an amount of 46 489 628 EGP represents the non - controlling interests relating to the discontinued operations.

28- Contingent liabilities

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 issued from banks amounting to:

	30/9/2016	31/12/2015
AED	118,670,000	118,670,000
Equivalent to EGP	285,792,961	251,877,075

Group off-balance sheet items :

	30/9/2016	31/12/2015
Financing commitments given to financial institutions	--	1,101,375,600
Commitments to customers	--	2,622,165,000
Guarantees given to customers	--	965,450,400
Restricted and non – restricted fiduciary accounts	--	54,197,700
Commitments of signature received from financial intermediaries	--	194,218,200
Securities' commitments	--	411,131,400
Other commitments received	--	42,128,590,800
Assets under management	26,592,086,846	28,218,132,733

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

29- Incentive fee revenue

Due to inadequate assurance concerning the revenue recognition conditions and collection of the incentive fee on managing investment funds and portfolios, the assets management companies (subsidiaries) deferred the recognition of incentive fee with an amount of EGP 1,188,322 till September 30, 2016 versus EGP 115,876 till September 30, 2015 as no revenues are recognized if there are any uncertainties regarding the recovery of the consideration due.

Subsidiary's name	For the period ended	
	30/9/2016	30/9/2015
Egyptian Portfolio Management Group	1,092,901	110,909
Hermes Fund Management	95,421	--
EFG- Hermes Financial Management (Egypt) Ltd.	--	4,967
Total	1,188,322	115,876

30- Impairment loss on assets

	2016		2015	
	For the period from 1/7/2016 to 30/9/2016	For the period from 1/1/2016 to 30/9/2016	For the period from 1/7/2015 to 30/9/2015	For the period from 1/1/2015 to 30/9/2015
Impairment loss on accounts receivables & debit accounts	--	484,132	1,004,145	1,097,936
Impairment loss on available –for–sale investments	535,142	535,142	210,260	210,260
Total	535,142	1,019,274	1,214,405	1,308,196

31- Income tax expense

	2016		2015	
	For the period from 1/7/2016 to 30/9/2016	For the period from 1/1/2016 to 30/9/2016	For the period from 1/7/2015 to 30/9/2015	For the period from 1/1/2015 to 30/9/2015
Current income tax	(21,351,722)	(37,901,887)	(8,628,510)	(32,047,320)
Deferred tax	(421,508)	(3,059,768)	324,612	(147,380)
Total	(21,773,230)	(40,961,655)	(8,303,898)	(32,194,700)

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

32- Cash and cash equivalents

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

	30/9/2016	31/12/2015
Cash and due from banks	6,800,288,687	26,456,336,103
Due to banks and financial institutions	(486,588,861)	(3,855,071,009)
Assets – maturity more than three months	--	(11,019,498,600)
Treasury bills less than 90 days	88,270,220	--
Effect of exchange rate	--	158,588,655
Cash and cash equivalents	6,407,970,046	11,740,355,149

33- General administrative expenses

	2016		2015	
	For the period from 1/7/2016 to 30/9/2016	For the period from 1/1/2016 to 30/9/2016	For the period from 1/7/2015 to 30/9/2015	For the period from 1/1/2015 to 30/9/2015
Wages , salaries and similar items	139,984,016	492,637,338	107,164,731	353,687,916
Consultancy	4,014,649	14,548,860	6,681,357	5,206,447
Travel , accommodation and transportation	3,616,401	11,968,676	3,302,996	13,554,623
Leased line and communication	12,895,147	37,483,747	9,788,165	31,605,505
Rent and utilities expenses	12,024,142	30,637,359	8,280,854	23,706,152
Other expenses	28,950,487	83,611,510	28,256,957	80,055,352
Total	201,484,842	670,887,490	163,475,060	507,815,995

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

34- Operating segment

(a) Basis for operating segment

Segment information is presented in respect of the Group's business segments.

The primary format, business segment, is based on the Group's management and internal reporting structure. Inter-segment pricing is determined on an arm's length basis.

Segment results, assets and liabilities include items directly attributable to a segment. The revenue & expense and assets & liabilities analyses in the table below are based on the type of business activities and services that are distinguishable component.

For the period ended September 30, 2016

	Holding & Treasury	Brokerage	Asset Management	Investment Banking	Private Equity	Leasing	Micro Finance	Assets held for sale (commercial bank)	Total
Fee and commission income	385,520	317,582,631	92,223,840	94,856,020	65,033,375	--	45,285,669	--	615,367,055
Fee and commission expense	(168,201)	(26,677,987)	(9,297,883)	(164,697)	(5,225)	(65,707)	(2,813,002)	--	(39,192,702)
Net fee and commission income	217,319	290,904,644	82,925,957	94,691,323	65,028,150	(65,707)	42,472,667	--	576,174,353
Securities gains	76,552,637	4,188,530	--	--	--	--	--	--	80,741,167
Changes in the investments at fair value through profit and loss	316,835	1,633,606	--	--	955,733	--	--	--	2,906,174
Revenues from leasing activities	--	--	--	--	--	141,258,310	--	--	141,258,310
Foreign currencies differences	116,087,575	14,248,600	1,131,515	2,271,470	24,789,646	985	58,864	--	158,588,655
Gains on selling fixed assets	68,644	(2,775)	(5,844)	799	--	--	(6,987)	--	53,837

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

	Holding & Treasury	Brokerage	Asset Management	Investment Banking	Private Equity	Leasing	Micro Finance	Assets held for sale (commercial bank)	Total
Other income	11,469,137	10,200,245	2,040,912	7,200,527	528,490	--	(1,346,838)	--	30,092,473
Non-interest revenue	204,712,147	321,172,850	86,092,540	104,164,119	91,302,019	141,193,588	41,177,706	--	989,814,969
Interest and dividend income	32,070,244	42,975,563	108	2,861,884	3,834,197	2,097,140	55,225,329	--	139,064,465
Interest expense	(30,952,138)	(19,602,174)	--	--	(47)	(66,105,799)	(22,558,991)	--	(139,219,149)
Net interest income	1,118,106	23,373,389	108	2,861,884	3,834,150	(64,008,659)	32,666,338	--	(154,684)
Total net revenue	205,830,253	344,546,239	86,092,648	107,026,003	95,136,169	77,184,929	73,844,044	--	989,660,285
General administrative expenses	260,601,837	227,962,894	53,081,894	36,502,980	35,640,226	12,925,573	44,172,086	--	670,887,490
Provisions	3,294,605	4,232,719	1,681,535	580,845	7,902,300	--	515,009	--	18,207,013
Depreciation and amortization	15,261,897	4,623,531	387,461	196,194	93,650	49,120,971	2,053,052	--	71,736,756
Impairment loss on assets	--	484,132	--	--	535,142	--	--	--	1,019,274
Total non-interest expense	279,158,339	237,303,276	55,150,890	37,280,019	44,171,318	62,046,544	46,740,147	--	761,850,533
(Loss) profit before income tax	(73,328,086)	107,242,963	30,941,758	69,745,984	50,964,851	15,138,385	27,103,897	--	227,809,752
Income tax expense	(805,217)	(15,098,835)	(922,223)	(12,911,963)	(2,752,414)	(3,025,656)	(5,445,347)	--	(40,961,655)
(Loss) profit from continuing operations	(74,133,303)	92,144,128	30,019,535	56,834,021	48,212,437	12,112,729	21,658,550	--	186,848,097
Total assets	4,446,198,656	4,961,735,732	810,375,352	10,032,506	962,561,530	1,013,609,663	689,401,338	1,131,008,364	14,024,923,141
Total liabilities	694,959,587	2,876,208,418	123,814,223	23,143,527	260,140,414	899,670,518	171,438,385	--	5,049,375,072

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

For the period ended September 30, 2015

	Holding & Treasury	Brokerage	Asset Management	Investment Banking	Private Equity	Leasing	Commercial Bank	Total
Fee and commission income	4,065,372	298,423,574	107,254,433	145,873,273	57,796,566	--	--	613,413,218
Fee and commission expense	(71,977)	(26,621,200)	(6,958,108)	(106,649)	(43,871)	--	--	(33,801,805)
Net fee and commission income	3,993,395	271,802,374	100,296,325	145,766,624	57,752,695	--	--	579,611,413
Securities gains	15,739,065	5,705,007	--	--	--	--	--	21,444,072
Changes in the investments at fair value through profit and loss	2,724,934	1,956,679	--	--	(2,241,961)	--	--	2,439,652
Gains on selling of fixed assets	140,939	64,500	55,063	--	--	--	--	260,502
Revenues from leasing activities	--	--	--	--	--	10,388,643	--	10,388,643
Foreign currencies differences	85,283,785	6,653,767	570,428	365,655	14,559,985	(34,863)	--	107,398,757
Other income	12,688,799	9,877,040	3,252,220	--	58,093	--	--	25,876,152
Non-interest revenue	120,570,917	296,059,367	104,174,036	146,132,279	70,128,812	10,353,780	--	747,419,191
Interest and dividend income	12,896,159	13,693,980	875	3,069,476	3,722,779	2,022,267	--	35,405,536
Interest expense	(15,218,838)	(14,800,214)	--	--	--	(3,872,476)	--	(33,891,528)
Net interest income	(2,322,679)	(1,106,234)	875	3,069,476	3,722,779	(1,850,209)	--	1,514,008
Total net revenue	118,248,238	294,953,133	104,174,911	149,201,755	73,851,591	8,503,571	--	748,933,199

Notes to the consolidated financial statements for the period ended 30 September, 2016 (Continued)
(In the notes all amounts are shown in EGP unless otherwise stated)

	Holding & Treasury	Brokerage	Asset Management	Investment Banking	Private Equity	Leasing	Commercial Bank	Total
General administrative expenses	215,563,412	179,465,845	49,545,082	35,142,441	23,114,908	4,984,307	--	507,815,995
Provisions	7,124,490	3,977,913	1,367,328	529,021	13,333,198	--	--	26,331,950
Depreciation and amortization	9,718,038	4,768,539	450,198	219,780	72,835	2,832,797	--	18,062,187
Impairment loss on assets	--	1,097,936	--	--	210,260	--	--	1,308,196
Total noninterest expenses	232,405,940	189,310,233	51,362,608	35,891,242	36,731,201	7,817,104	--	553,518,328
(Loss) profit before income tax	(114,157,702)	105,642,900	52,812,303	113,310,513	37,120,390	686,467	--	195,414,871
Income tax expense	(8,879,152)	(11,814,003)	(784,402)	(10,629,509)	(62,359)	(25,275)	--	(32,194,700)
(Loss) profit from continuing operations	(123,036,854)	93,828,897	52,027,901	102,681,004	37,058,031	661,192	--	163,220,171
Total assets	6,067,622,136	4,965,471,901	151,097,805	45,452,657	319,440,730	347,466,495	77,119,241,418	89,015,793,142
Total liabilities	474,987,535	3,047,384,155	40,000,145	21,912,619	209,306,399	270,705,914	71,425,332,239	75,489,629,006

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

(b) Geographical segments

- The Group operates in three main geographical areas: Egypt, GCC and Lebanon. In presenting the geographic information, segment revenue has been based on the geographical location of operation and the segment assets were based on the geographical location of the assets. The group's operations are reported under geographical segments, reflecting their respective size of operation.
- The revenue analysis in the tables below is based on the location of the operating company, which is the same as the location of the major customers and the location of the operating companies.

September 30, 2016

	Egypt	GCC	Lebanon	Other	Total
Total net revenue	754,033,358	211,536,042	3,516,526	20,574,359	989,660,285
Segment assets	7,124,447,022	4,310,746,794	2,520,860,246	68,869,079	14,024,923,141

September 30, 2015

	Egypt	GCC	Lebanon	Other	Total
Total net revenue	493,003,227	238,542,630	3,078,401	14,308,941	748,933,199
Segment assets	4,555,385,708	3,954,492,230	80,422,138,375	83,776,829	89,015,793,142

35- Tax status (the holding company)

- 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 years 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

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

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.

36- Group's entities

The parent company owns the following subsidiaries:

	Direct ownership %	Indirect ownership %
Financial Brokerage Group	99,87	0,09
Egyptian Fund Management Group	88,51	11,49
Egyptian Portfolio Management Group	66,33	33,67
Hermes Securities Brokerage	97,58	2,42
Hermes Fund Management	89,95	10,05
Hermes Corporate Finance	99,37	0,53
EFG - Hermes Advisory Inc.	100	--
EFG- Hermes Financial Management (Egypt) Ltd.	--	100
EFG - Hermes Promoting & Underwriting	99,88	--
Bayonne Enterprises Ltd.	100	--
EFG- Hermes Fixed Income	99	1
EFG- Hermes Management	96,3	3,7
EFG- Hermes Private Equity	1,59	63,41
EFG- Hermes Brokerage – UAE LLC.	--	100
Flemming CIIC Holding	100	--
Flemming Mansour Securities	--	99,33
Flemming CIIC Securities	--	96
Flemming CIIC Corporate Finance	--	74,92
EFG- Hermes UAE Ltd.	100	--
EFG- Hermes Holding - Lebanon	99	--
EFG- Hermes KSA	73,1	26,9
October Property Development Ltd.	--	100
EFG- Hermes Lebanon	99	0,97

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

	Direct ownership	Indirect ownership
	%	%
Mena Opportunities Management Limited	--	95
Mena (BVI) Holding Ltd.	--	95
EFG - Hermes Mena Securities Ltd.	--	100
Middle East North Africa Financial Investments W.L.L	--	100
EFG - Hermes Qatar LLC	100	--
EFG- Hermes Oman LLC	--	51
EFG- Hermes Regional Investment Ltd.	100	--
Offset Holding KSC	--	50
EFG- Hermes IFA Financial Brokerage	--	57,723
IDEAVELOPERS	--	52
EFG- Hermes CB Holding Limited	--	100
EFG- Hermes Global CB Holding Limited	100	--
EFG - Hermes Syria LLC	49	20,37
Sindyan Syria LLC	97	--
Talas & Co. LLP	--	97
EFG - Hermes Jordan	100	--
Mena Long-Term Value Feeder Holdings Ltd.	--	100
Mena Long-Term Value Master Holdings Ltd.	--	90
Mena Long-Term Value Management Ltd.	--	90
EFG - Hermes CL Holding SAL	--	100
EFG - Hermes Investment Funds Co.	99,998	--
EFG-Hermes IB Limited	100	--
Meda Access Cayman Holdings Limited	--	100
EFG- Hermes Mutual Funds Co.	100	--
Beaufort Investments Company	100	--
EFG-Hermes Leasing	99	1
EFG Hermes-Direct Investment Fund	64	--
Tanmeyah Micro Enterprise Services S.A.E	94	--
EFG – Hermes Frontier Holdings LLC	100	--

37- 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.

37-1 Market risk

Market risk is defined as the potential loss in both on and off financial position resulting from movements in market risk factors such as foreign exchange rates, interest rates, and equity prices.

Market risk is represented in the factors which affect values, earnings and profits of all securities negotiated in stock exchange or affect the value, earning and profit of a particular security.

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.

37-2 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.
- The company has revaluate assets and liabilities at the financial position date as disclosed in foreign currency accounting policy.

37-3 Risk management

In the ordinary course of business, the Group is exposed to a variety of risks, the most important of which are liquidity risk, interest rate risk, currency risk, credit risk and market risk. These risks are identified, measured and monitored through various control mechanisms in order to price facilities and products on a risk adjusted basis and to prevent undue risk concentrations.

The independent risk control process does not include business risks such as changes in the environment, technology and industry. They are monitored through the Group's strategic planning process.

37-4 Credit risk

Credit risk is the risk of a person or an organization defaulting in the repayment of their obligations to the Group in respect of the terms and conditions of the credit facilities granted to them by the Group. The management minimizes this risk by spreading its loan portfolio overall economic sectors and by adopting appropriate procedures and controls to evaluate the quality of the credit facilities granted and the creditworthiness of the borrowers. The credit risk of connected accounts is monitored on a united basis. In addition, the effective credit appraisal procedure for examining applications for credit facilities followed by the Group, adopts as the main criteria the repayment capability and obtaining sufficient collateral. The continuous monitoring of credit accounts and the timely preventive action further minimize, to a large extent, the exposure to credit risk.

37-5 Liquidity risk

Liquidity risk is the risk that the Group will be unable to meet its payment obligations when they fall due under normal and stress circumstances. To limit this risk, management has arranged diversified funding sources in addition to its core deposit base, manages assets with liquidity in mind and monitors future cash flows and liquidity on daily basis. This incorporates an assessment of expected cash flows and the availability of high grade collateral which could be used to secure additional funding if required.

The Group maintains a portfolio of high marketable and diverse assets that can be easily liquidated in the event of an unforeseen interpretation of cash flow. In addition, the Group maintains statutory deposits with the Central Banks.

The liquidity position is assessed and managed under a variety of scenarios, giving due consideration to stress factors relating to both the market in general and to the Group in specific. The Group maintains a solid ratio of high liquid net assets in foreign currencies to deposits and commitments in foreign currencies taking markets conditions into consideration.

37-6 Interest rate risk

Interest rate risk stems from the sensitivity of earnings to future movements in interest rates applied on assets and liabilities.

The Group's management closely monitors interest rate fluctuations on a continuous basis and ensures that assets and liabilities are matched and re-priced in a timely manner. The Group is exposed to interest rate risk as a result of mismatches or gaps in the amounts of assets and liabilities that mature or are re-priced in a given period. The most important source of interest rate risk derives from the lending, funding and investing activities, where fluctuations in interest rates are reflected in interest margins and earnings.

37-7 Equity price risk

Equity price risk is the risk that the value of a portfolio will fall as a result of change in stock prices. Risk factors underlying this type of market risk are a whole range of various equity (and index) prices corresponding to different markets (and currencies/maturities), in which the Group holds equity-related positions.

The Group sets tight limits on equity exposures and the types of equity instruments that traders are allowed to take positions in. Nevertheless, depending on the complexity of financial instruments, equity risk is measured in first cash terms, such as the market value of a stock/index position, and also in price sensitivities, such as sensitivity of the value of a portfolio to changes in the underlying asset price. These measures are applied to an individual position and/or a portfolio of equity products.

37-8 Operational risk

Operational risk is the risk of direct or indirect loss due to an event or action causing failure of technology, process infrastructure, personnel, and other risks having an operational risk impact. The Group seeks to minimize actual or potential losses from operational risk failure through a framework of policies and procedures that identify, assess, control, manage, and report those risks. Controls include effective segregation of duties, access, authorization and reconciliation procedures, staff education and assessment processes.

37-9 Fair value of financial instruments

The fair value of the financial instruments does not substantially deviated from its book value at the financial position date. According to the valuation basis applied, in accounting policies to the assets and liabilities.

37-10 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 instruments.
- In accordance with an arrangement between the subsidiary, EFG-Hermes Mena Securities Limited Co. and its customers ("the customers"), the Company from time to time enters into fully paid Shares Swap Transaction Contracts ("the contracts") with the customers. Under the contracts the customers pay to the Company a pre-determined price, which is essentially the market price at the trade date, in respect of certain reference securities. In return for such shares swap transactions the Company pays to the customers the mark to market price of the reference securities at a pre-determined date (normally after one year). However, the contracts can be terminated at any time by either of the parties, which shall be the affected party.

  In order to hedge the price risks with respect to the reference securities under the contracts, the Company enters into back-to-back fully paid Share Swap Transaction Contracts with other subsidiaries, MENA Financial Investments W.L.L. ("MENA-F") and EFG-Hermes KSA.

  Accordingly, the Share Swap Transactions are measured at fair value based on underlying reference securities under the contracts.

37-11 Risk of fund granting

The risk of fund granting is defined as the expected losses of a failure of one or some of the lenders to repay debts due to the institution in the agreed maturity dates with the institution.

And it can result the customer's failure to fulfill their debts toward the institution ,whether for forced circumstances related to the customers such as client activity suffered a financial crisis, natural disasters or economic sector exposure to the client or the financial crisis exposed the economic sector for the client to the crisis outside the client's control or as a result of the nature of the new laws and regulations especially the geographical scope of the client It can also be the result of deliberate omission by the client or as a result of the failure of credit information system and ensure the solvency of the client and its ability to fulfill its payment commitment with the company.

38- Significant accounting policies applied

38-1 Business Combination

- The Group accounts for business combinations using the acquisition method when control is transferred to the Group.
- The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired.
- Any goodwill that arises is tested annually for impairment, any gain on a bargain purchase is recognized immediately in profit or loss
- Transaction costs are expensed as incurred, except if related to the issue of debtor equity securities.
- The consideration transferred doesn't include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognized in profit or loss.
- Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not re measured and settlement is accounted for within equity. Otherwise, other contingent consideration is re measured at fair value at each reporting date and subsequent changes in the fair value of the contingent consideration are recognized in profit or loss.

38-2 Subsidiaries

- Subsidiaries are entities controlled by the Group.
- The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.
- The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

38-2-1 Non-controlling interests

NCI are measured at their proportionate share of the acquiree 's identifiable net assets at the date of acquisition. Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

38-2-2 Loss of control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

38-3 Interests in equity-accounted investees

The Group's interests in equity-accounted investees comprise interests in associates and a joint venture. Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies. A joint venture is an arrangement in which the Group has joint control, where by the Group has rights to the net assets of the arrangement.

Rather than rights to its assets and obligations for its liabilities. Interests in associates and the joint venture are accounted for using the equity method. They are initially recognized at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and OCI of equity accounted investees, until the date on which significant influence or joint control ceases.

38-3-1 Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising fromintra-group transactions, are eliminated. Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

38-4 Foreign currency

38-4-1 Foreign currency 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. Foreign currency differences are generally recognized in profit or loss. However, foreign currency differences arising from the translation of the following items are recognized in OCI:

- Available-for-sale equity investments (except on impairment, in which case foreign currency differences that have been recognized in OCI are reclassified to profit or loss);
- A financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective.
- Qualifying cash flow hedges to the extent that the hedges are effective.

38-4-2 Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated at the exchange rates at the reporting date. The income and expenses of foreign operations are translated at the exchange rates at the dates of the transactions.

Foreign currency differences are recognized in OCI and accumulated in the translation reserve, except to the extent that the translation difference is allocated to NCI.

When a foreign operation is disposed of in its entirety or partially such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. If the Group disposes of part of its interest in a subsidiary but retains control, then the relevant proportion of the cumulative amount is reattributed to NCI. When the Group disposes of only part of an associate or joint venture while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

38-5 Discontinued operation

A discontinued operation is a component of the Group's business, the operations and cash flows of which can be clearly distinguished from the rest of the Group.

Classification as a discontinued operation occurs at the earlier of disposal or when the operation meets the criteria to be classified as held-for-sale.

When an operation is classified as a discontinued operation, the comparative statement of profit or loss and OCI is re-presented as if the operation had been discontinued from the start of the comparative period.

38-6 Revenue

38-6-1 Gain (loss) on sale of investments

Gain (loss) resulting from sale of investments are recognized on transaction date and measured by the difference between cost and selling price less selling commission and expenses. In case of derecognizing of investments in associates, the difference between the carrying amount and the sum of both the consideration received and cumulative gain or loss that had been recognized in shareholders' equity shall be recognized in income statement.

38-6-2 Dividend income

Dividend income is recognized when declared.

38-6-3 Custody fee

Custody fees are recognized when the service is provided and the invoice is issued.

38-6-4 Interest income and expenses

Interest income and expenses are recognized in the income statement under "Interest income" item or "Interest expenses" by using the effective interest rate method of all instruments bearing interest other than those classified held for trading or which have been classified at inception "fair value through income statement".

38-6-5 Fee and commission income

Fee related to servicing the loan or facility are recognized in income when performing the service while the fees and commissions related to non-performing or impaired loans are not recognized, instead, they are to be recorded in marginal records off the financial position. Then they are recognized within the income pursuant to the cash basis when the interest income is collected. As for fees which represent an integral part of the actual return on the financial assets, they are treated as an amendment to the rate of actual return.

38-6-6 Brokerage commission

Brokerage commission resulting from purchase of and sale of securities operations in favor of clients are recorded when operation is implemented and the invoice is issued.

38-6-7 Management fee

Management fee is calculated as determined by the management contract of each investment fund & portfolio and recorded on accrual basis.

38-6-8 Incentive fee

Incentive fee is calculated based on certain percentages of the annual return realized by the fund and portfolio, however these incentive fee will not be recognized until revenue realization conditions are satisfied and there is adequate assurance of collection.

38-6-9 Finance lease income

Income resulted from lease contracts is recognized based on internal return rate resulted from lease contracts in addition to the equivalent amount of a periodical depreciation installment. The differences between the income recognized and accrued rental value for the same period is suspended in a separate account, and is to be settled with the carrying amount of the leased assets at the end of contract period.

38-6-10 Investment property rental income

Rental income from investment property is recognized as revenue on a straight-line basis over the term of the lease. Lease incentives granted are recognized as an integral part of the total rental income, over the term of the lease. Rental income from other property is recognized as other income.

38-6-11 Revenue for micro-finance services

- Revenue from micro-finance services is recognized based on time proportion taking into consideration the rate of return on asset. Revenue yield is recognized in the income statement using the effective interest method for all financial instruments that carry a yield, the effective interest method is the method of measuring the amortized cost of a financial asset and distributing the revenue over the life of time the relevant instrument. The effective interest rate is the rate that discounts estimated future cash receipts during the expected life of the financial instrument to reach the book value of the financial asset.
- When classifying loans to customers as irregular, no income is recognized on its return and it is recognized in marginal records outside the financial statements and are recognized as revenue in accordance with the cash basis when it is collected.
- The commission income is represented in the value of the difference between the yield of the financing granted micro-enterprises and the accruals of the company's bank by deducting the services provided directly from the amounts collected from the entrepreneurs.
- The benefits and commissions resulting from the performance of the service are recognized, according to the accrual basis as soon as the service is provided to the client unless those revenues cover more of the financial period are recognized on a time proportion basis.
- An administrative commission of 8% of the loan granted to customers is collected on contracting in exchange for the issuance of the loan service and administrative commission revenue are proven in the income statement upon the issuance of the loan to the client.
- A commission delay in payments of premiums is collected at rates agreed upon within the contracts and are recognized as soon as customers delayed payment on the basis of the extended delay.

38-7 Income tax

Income tax expense comprises current and deferred tax. It is recognized in profit or loss except to the extent that it relates to a business combination, or items recognized directly in equity or in OCI.

38-7-1 Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends.

Current tax assets and liabilities are offset only if certain criteria are met.

38-7-2 Deferred tax

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is not recognized for:

- Temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- Temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future
- Taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognized for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on business plans for individual subsidiaries in the Group. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized; such reductions are reversed when the probability of future taxable profits improves.

Unrecognized deferred tax assets are reassessed at each reporting date and recognized to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. For this purpose, the carrying amount of investment property measured at fair value is presumed to be recovered through sale, and the Group has not rebutted this presumption.

Deferred tax assets and liabilities are offset only if certain criteria are met.

38-8 Property, plant and equipment

38-8-1 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.

38-8-2 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.

38-8-3 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 - 50 years
- Office furniture, equipment & electrical appliances	2-16.67 years
- Computer equipment	3.33 - 5 years
- Transportation means	3.33 - 8 years

Leased assets are recorded at their historical cost after deducting the accumulated depreciation and any impairment in its value and are depreciated using the straight line method over the estimated productive life for each type of assets as follows:

	Estimated useful life
- Buildings and premises	20 years
- Equipment	5 -7 years
- Computer equipment	3 years
- Vehicles & transportation means	5 years

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

38-8-4 Reclassification to investment property

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

38-9 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.

38-10 Intangible assets and goodwill

- **Goodwill**

  Goodwill arising on the acquisition of subsidiaries is measured at cost less accumulated impairment losses.

- **Research and development**

  Expenditure on research activities is recognized in profit or loss as incurred.

  Development expenditure is capitalised only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Group intends to and has sufficient resources to complete development and to use or sell the asset. Otherwise, it is recognized in profit or loss as incurred. Subsequent to initial recognition, development expenditure is measured at cost less accumulated amortisation and any accumulated impairment losses.

- **Other intangible assets**

  Other intangible assets, are measured at cost less accumulated amortisation and any accumulated impairment losses.

38-11 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.

38-12 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.

Such assets, or disposal groups, are generally measured at the lower of their carrying amount and fair value less costs to sell. 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.

38-13 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.

38-13-1 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.

38-13-2 Non-derivative financial assets – Measurement

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.

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.

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.

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.

38-13-3 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.

38-13-4 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.

38-13-4-1 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.

38-14 Share capital

38-14-1 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.

38-14-2 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.

38-15 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

38-16 Impairment

38-16-1 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.

38-16-2 Non-financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than investment property 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 recognized if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognized 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 amortization, if no impairment loss had been recognized.

38-17 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.

38-18 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.

38-19 Trade, and notes receivables, debtors and other debit balances

- Trade, notes receivables, debtors and other debit balances are stated at nominal value less impairment losses.
- The Company's lessees and the leased assets are regularly classified & evaluated and their obligations are reduced by the rent value paid in each financial period, and with the assurance of the availability of adequate guarantee to collect the client's rent values.

- The provision for doubtful debts is calculated on the investment cost of the leased assets (cost of leased assets in addition to its return at the date of calculating the provision) which are uncertainly collected i.e. (doubtful rent value) after deducting the credit deposits held by the Company. The Company's provisions committee specifies the provision percentage for each credit class which is calculated according to the risk rates of the doubtful rent values or according to the negative changes of the credit indicators, this provision is reviewed regularly or whenever there is a need to do so.

38-20 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, cash on hand, cheques under collection and due from banks and financial institutions.

38-21 Profit sharing to employees

The holding 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.

38-22 Loans and advances to customers and related provision

Loans and advances to customers are stated at principal together with interest earned at the financial position date, and after deduction of unrealized interest and provisions on sub-standard, doubtful and bad debts. These provisions are reviewed periodically by the management of the Bank, using criteria that are consistent with those of the preceding year. Specific provision for credit losses is determined by assessing each case individually. Provisions for doubtful and bad debts are set up to cover any possible losses in principal and interest in the existing portfolio of loans and advances to customers and contingent accounts.

The level of provision to be constituted is based on the difference between the book value and the present value of the expected future cash flows after taking into consideration the realizable value of the guarantees provided. This provision charge is accounted in the income statement. No general provisions are made on the loan portfolio apart from the "Reserve for general banking risks".

Provisions on doubtful accounts are written back to income only when the debt is restructured or repayment effectively resumed. Provision charges and provisions written back are recorded under "Net losses on loans and advances", in the income statement.

Doubtful and bad loans and advances are written-off from the financial position and are recorded as memorandum accounts when all possible means of collection recourses have been exhausted, and the possibility of any future recovery is considered to be remote.

38-23 Unrealized interest on sub-standard, doubtful and bad debts

Interest on non performing loans and advances are only recognized in the income statement upon realization. Interest receivable from sub-standard, doubtful and bad loans is reserved and deducted directly from the loan accounts at period end.

Interests are transferred to the "unrealized interest" account for every loan considered by the management as doubtful in the short run and transferred to the "non ordinary loans" account in accordance with the Lebanon Central Bank Circular No. 58.

38-24 Assets acquired in satisfaction of loans

Real estate property acquired through the enforcement of security over loans and advances to customers is measured at cost less any accumulated impairment losses. The acquisition of such assets is regulated by the Lebanon Banking Authorities which require the liquidation of these assets within two years from acquisition. In case of default of liquidation the Group's lead regulator requires an appropriation from the yearly net income to a special reserve that is reflected under equity. This reserve can neither be distributed nor considered as an equity component while calculating the ratios set according to applicable laws, regulations and decisions.

38-25 Due from banks and other financial institutions

These are stated at cost less any amounts written off and provision for impairment where necessary.

38-26 Customers' deposits

All money market and customer deposits are carried at cost including interest, less amounts repaid.

38-27 Fiduciary assets

Assets held in trust or in a fiduciary capacity are not treated as assets of the Group and accordingly are not recorded in the financial position.

38-28 Reserves for general banking risks

In compliance with the Lebanon Central Bank regulations and effective from 1996, Lebanese banks should appropriate from net profit for the year a minimum of 0.2% and a maximum of 0.3% from the total risk weighted assets and off financial position items based on rates specified by the Central Bank of Lebanon for any unspecified risks. The consolidated ratio should not be less than 1.25% of these risks at the end of the tenth financial year and 2% at the end of the twentieth financial year.

This reserve is not available for distribution, and is constituted in Lebanese weighted assets and off financial position items.

38-29 Allowances for credit losses

Specific impairment for credit losses is determined by assessing each case individually. This method applies to classified loans and advances and the factors taken into consideration when estimating the allowance for credit losses including the counterparty's credit limit, the counterparty's ability to generate cash flows sufficient to settle his advances and the value of collateral and potential repossession.

38-30 Impairment losses of micro financed loans

The Group at the date of the financial statements estimates the impairment losses of micro financed loans, in the light of the basis and rules of granting credit and forming the provisions according to the Board of Directors decision of the Financial Supervisory Authority No. (173) issued on December 21, 2014 to meet the impairment losses.

38-31 Operating segment

A segment is a distinguishable component of the Group that is engaged either in providing products or services (business segment) or in providing products or services within a particular economic environment (geographical segment), which is subjected to risks and rewards that are different from those of other segments. The Group's primary format for segment reporting is based on business segment.

38-32 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 30/9/2016:

New or amended standards	Summary of the most significant amendments	Impact on the financial statements
EAS (1) Presentation of Financial Statements	*Statement Of Financial Position* • 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.

New or amended standards	Summary of the most significant amendments	Impact on the financial statements
EAS (1) Presentation of Financial Statements	*Income Statement / Statement of Comprehensive Income* 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.
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 (23) Intangible Assets	• The option of using the revaluation model in the subsequent measurement of intangible assets has been canceled.	The amendment on the standard has no impact on the figures presented in the financial statements.

New or amended standards	Summary of the most significant amendments	Impact on 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
EAS (41) Operating Segments	• EAS 33 "Segment Reports" has been replaced with EAS (41) "Operating Segments". Accordingly, the disclosure and the volume of the required disclosures that the Segment Reports must disclose on; mainly depends on the Segments information presented to Chief Operating Decision Maker (CODM) of the entity to make decisions on the resources that must be allocated to the segment and assess its performance.	On the date of implementing the standards, the entity re-present the information corresponding to the earlier periods including the interim periods.
Egyptian Standard No. (29) Business Combination	The purchase method was cancelled and replaced by the acquisition method; as results: 1- Changing the acquisition cost to become the cash consideration transferred; and to be measured at fair value at the acquisition date.	The management applied the amended new standard starting from the current period; the amendment standard has no impact on the comparative period figures presented in the financial statements.

New or amended standards	Summary of the most significant amendments	Impact on the financial statements
Egyptian Standard No. (29) Business Combination	2- Contingent consideration: the fair value of the consideration shall be recognized at the acquisition date as a part of consideration transferred. 3- Changing the method of measuring goodwill in case of Step Acquisition is made. • The transaction cost (the cost related to the acquisition): Shall be charged to the Income Statement as an expense in which the costs incurred it and shall not be added to the cash consideration transferred; except for the costs of issuing equity as debt instruments directly related to the acquisition process.	
Egyptian Standard No.(42): The Consolidated Financial Statements	• Accounting for the changes in the equity of the parent company in a subsidiary are accounted for as transactions with equity holders in their capacity as equity holders. • Any Investment retained in a former subsidiary re-measured at fair value at the date when control is lost and recognize any resulting difference in the Income Statement. • Losses applicable to the Non-Controlling Interest "NCI" in a subsidiary including component of Other Comprehensive Income are allocated to the owners of the holding entity and the NCI even if this causes the NCI to have a deficit balances.	No retroactive amendment on the figures presented in the financial statements

39- Subsequent events

On 3 November 2016, Central Bank of Egypt floated the Egyptian pound and allowed banks to deal in foreign currencies with flexible rates.

In addition, Central Bank of Egypt raised interest rate for deposits in EGP by approximately 3% to face the rise in prices a currency devaluation may bring.

Accordingly the value of monetary assets and liabilities in subsequent periods may differ substantially from its recorded amounts in the financial statements for the period ended 30 September 2016. In addition it may affect the statement of profit and loss as a result of re-measuring all recorded transactions denominated in foreign currency at the date of the financial position and in subsequent periods.

Coinciding with the exchange rate, also the Central bank of Egypt increased the overnight lending and return on deposits with 300 points to reach 14.75% and 15.75% accordingly.