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

Consolidated financial statements
for the period ended 31 March 2016
&
<u>Review Report</u>

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KPMG

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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 31 March 2016 and the related consolidated statements of income, comprehensive income, changes in equity and cash flows for the three 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 31 March 2016, and of its consolidated financial performance and its consolidated cash flows for the three months then ended in accordance with Egyptian Accounting Standards.

Hassan Bas

KPMG Hazem Hassan

Cairo, May 11, 2016

KPMG Hazem Hassan
Public Accountants and Consultants
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Consolidated statement of financial position as at 31 March 2016

(in EGP)	Note no.	31/3/2016	31/12/2015
Assets			
Cash and due from banks	(6)	4,324,614,962	26,456,336,103
Investments at fair value through profit and loss	(7)	531,808,952	584,988,674
Accounts receivables (net)	(8)	1,410,542,300	1,152,562,684
Loans and advances	(9)	1,071,355	22,767,229,109
Available -for- sale investments	(10)	1,541,974,449	1,839,153,380
Held-to-maturity investments	(11)	-	26,776,423,305
Investments in associates	(12)	-	94,043,999
Investment property	(13)	297,787,672	295,444,152
Leased assets (net)	(14)	719,523,796	467,000,589
Fixed assets (net)	(15)	197,293,879	1,679,295,854
Goodwill and other intangible assets	(16)	587,710,205	4,573,414,469
Other assets	(17)	461,605,997	1,714,180,306
Assets held for sale	(5-1)	95,188,611,549	-
Total assets		**105,262,545,116**	**88,400,072,624**
Liabilities			
Due to banks and financial institutions	(18)	276,717,254	3,855,071,009
Customers' deposits	(19)	-	64,245,803,241
Accounts payable - customers' credit balances		3,232,256,706	1,986,949,572
Bonds	(20)	-	613,917,600
Creditors and other credit balances	(21)	617,495,998	1,877,552,961
Other liabilities	(22)	1,174,478	769,999,478
Current tax liability		56,526,617	116,578,675
Deferred tax liabilities	(23)	116,714,178	798,960,213
Provisions	(24)	252,537,820	422,738,071
Loans	(25)	717,472,820	328,680,803
Liabilities held for sale	(5-2)	85,082,104,981	-
Total liabilities		**90,353,000,852**	**75,016,251,623**
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		3,117,058,704	2,118,547,403
Retained earnings		1,197,200,414	1,319,604,367
Equity atributibale to owners of the company		10,834,711,084	9,958,603,736
Non - controlling interests	(27)	4,074,833,180	3,425,217,265
Total shareholders' equity		**14,909,544,264**	**13,383,821,001**
Total shareholders' equity and liabilities		**105,262,545,116**	**88,400,072,624**

The accompanying notes and accounting policies from page (6) to page (61) 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 31 March 2016

(in EGP)

	Note no.	For the period ended 31/3/2016	For the period ended 31/3/2015
Continuing operations			
Fee and commission income		204,912,231	174,998,853
Fee and commission expense		(12,031,957)	(10,264,133)
Net fee and commission income		192,880,274	164,734,720
Securities gains		13,915,109	9,999,370
Changes in the investments at fair value through profit and loss		7,707,411	(588,932)
Revenues from leasing activities		35,287,408	-
Foreign currencies differences		153,976,563	67,959,073
Other income		15,753,877	8,411,398
Non-interest revenue		419,520,642	250,515,629
Interest and dividend income		14,038,973	8,094,227
Interest expense		(29,070,814)	(8,704,090)
Net interest income		(15,031,841)	(609,863)
Total net revenue		404,488,801	249,905,766
General administrative expenses	(33)	273,106,356	162,309,173
Provisions	(24)	5,212,429	8,434,450
Depreciation and amortization	(13),(14),(15),(16)	20,407,586	5,348,877
Impairment loss on assets	(30)	-	93,791
Total non-interest expenses		298,726,371	176,186,291
Profit before income tax		105,762,430	73,719,475
Income tax expense	(31)	(9,499,619)	(5,193,488)
Profit from continuing operations		96,262,811	68,525,987
Discontinued operations			
(Loss) profit from discontinued operations (net of tax)	(5-3)	(159,927,149)	113,019,980
(Loss) profit for the period		(63,664,338)	181,545,967
(Loss) profit attributable to:			
Owners of the Company		(128,115,390)	135,920,134
Non - controlling interests	(27)	64,451,052	45,625,833
		(63,664,338)	181,545,967
Earnings per share	(34)	(0.21)	0.22

The accompanying notes and accounting policies from page (6) to page (61) are an integral part of these financial statements and are to be read therewith.

Consolidated statement of comprehensive income for the period ended 31 March 2016

(in EGP)	**For the period ended 31/3/2016**	**For the period ended 31/3/2015**
(Loss) profit	(63 664 338)	181 545 967
Other comprehensive income:		
Items that are or may be reclassified to profit or loss		
Foreign operations - foreign currency translation differences	1 270 391 724	442 460 244
Available -for- sale - net change in fair value	340 413 245	72 631 656
Foreign currency translation differences - reclassified to retained earnings	(4 702 910)	12 740 324
Related tax	(116 866 839)	57 737 310
Other comprehensive income, net of tax	1 489 235 220	585 569 534
Total comprehensive income	1 425 570 882	767 115 501
Other comprehensive income attributable to :		
Owners of the Company	1 008 925 648	390 330 597
Non-controlling interests	480 309 572	195 238 937
	1 489 235 220	585 569 534
Total comprehensive income attributable to :		
Owners of the Company	880 810 258	526 250 731
Non-controlling interests	544 760 624	240 864 770
	1 425 570 882	767 115 501

The accompanying notes and accounting policies from page (6) to page (61) are an integral part of these financial statements and are to be read therewith.

Consolidated statement of changes in equity for the period ended 31 March 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	-	-	-	-	-	-	-	-	135 920 134	-	135 920 134	45 625 833	181 545 967
Other comprehensive income	-	-	-	-	339 832 963	50 497 634	-	-	12 740 324	-	403 070 921	195 238 937	598 309 858
Total comprehensive income	-	-	-	-	339 832 963	50 497 634	-	-	148 660 458	-	538 991 055	240 864 770	779 855 825
Transactions with owners of the Company													
Dividends payout	-	-	-	-	-	-	-	-	-	-	-	(535 412)	(535 412)
Balance as at 31 March, 2015	2 867 422 500	990 432 067	2 697 382 769	158 269	1 299 933 301	429 164 258	(26 442 387)	276 032 552	1 613 045 857	(426 451 266)	9 720 677 920	3 339 157 105	13 059 835 025
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													
Profit (loss)	-	-	-	-	-	-	-	-	(128 115 390)	-	(128 115 390)	64 451 052	(63 664 338)
Other comprehensive income	-	-	-	-	882 680 003	126 245 645	-	-	(4 702 910)	-	1 004 222 738	480 309 572	1 484 532 310
Total comprehensive income	-	-	-	-	882 680 003	126 245 645	-	-	(132 818 300)	-	876 107 348	544 760 624	1 420 867 972
Reclassifications	-	-	-	-	-	-	-	(10 414 347)	10 414 347	-	-	-	-
Transactions with owners of the Company													
Acquisition of subsidiary with NCI	-	-	-	-	-	-	-	-	-	-	-	104 855 291	104 855 291
Balance as at 31 March, 2016	3 074 472 890	1 523 711 250	1 922 267 826	158 269	2 313 385 905	460 457 680	(26 442 387)	369 499 237	1 197 200 414	-	10 834 711 084	4 074 833 180	14 909 544 264

The accompanying notes and accounting policies from page (6) to page (61) are an integral part of these financial statements and are to be read therewith.

Consolidated statement of cash flows for the period ended 31 March 2016

(in EGP)	31 , March 2 016	2 015
Cash flows from operating activities		
Profit before income tax	105 762 430	73 719 475
Adjustments for:		
Depreciation and amortization	20 407 586	5 328 663
Provisions formed	5 212 429	8 434 450
Provisions used	(5 674 445)	(1 195 181)
Gains on sale of fixed assets	(50 776)	-
Changes in the fair value of investments at fair value through profit and loss	(7 707 411)	588 941
Impairment loss on assets	-	80 020
Foreign currency translation differences	270 227 572	130 849 348
Foreign currencies exchange differences	(153 976 563)	(67 932 067)
	234 200 822	149 873 649
Changes in:		
Other assets	(21 159 063)	2 639 663
Creditors and other credit balances	139 621 152	(152 815 343)
Accounts receivables	(103 770 255)	(282 092 178)
Accounts payables	981 652 670	483 847 791
Investments at fair value through profit and loss	(96 504 833)	458 122 318
Income tax paid	(2 086 060)	-
Net cash provided from operating activities	1 131 954 433	659 575 900
Cash flows from investing activities		
Payments to purchase fixed assets and other intangible assets	(783 092)	(1 921 780)
Proceeds from sale of fixed assets	50 776	-
Payments to purchase leased assets	(265 851 324)	-
Payments to purchase available -for- sale investments	(1 535 575)	(115 500)
Acquisition of subsidiary, net of cash acquired	(332 294 419)	(113 256)
Proceeds from sale of held to maturity investments	30 000 000	-
Proceeds for long term lending	-	258 403
Proceeds from companies' share in Settlement Guarantee Fund	-	526 472
Net cash used in investing activities	(570 413 634)	(1 365 661)
Cash flows from financing activities		
Dividends paid	(31 368 347)	(10 904 267)
Proceeds from long term loans	388 792 017	-
Net cash provided from (used in) financing activities	357 423 670	(10 904 267)
Net increase in cash and cash equivalents	918 964 469	647 305 972
Cash and cash equivalents at 1 January (note no. 32)	11 734 972 801	9 710 485 284
Cash transferred to assets held for sale	(8 494 330 500)	(7 077 813 247)
Cash and cash equivalents at 31 March (note no. 32)	4 159 606 770	3 279 978 009

The accompanying notes and accounting policies from page (6) to page (61) are an integral part of these financial statements and are to be read therewith.

Notes to the consolidated financial statements for the period ended 31 March, 2016
(In the notes all amounts are shown in EGP unless otherwise stated)

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 Credit Libanais SAL (the Bank)

- During 2010, EFG-Hermes Holding Company purchased 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. Note no. (5)

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

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

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 May 10, 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

On 16 March 2016, the Company's Board of Directors approved to:

- Proceed with all necessary steps required to sell approximately 40% of shares of Credit Libanais S.A.L. Bank (indirect subsidiary) 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; with targeted execution no later than 30 June 2016.
- Enter into an Irrevocable Underwriting Agreement with Credit Libanais Investment Bank S.A.L. ("CLIB"), a wholly owned subsidiary of Credit Libanais, which will guarantee the sale of the remaining stake of the bank at the same price, on or before 31 May 2017. (Note no 39)

5-1 Assets classified as held for sale

	31/3/2016
Cash and due from banks	27,622,617,750
Investments at fair value through profit and loss	330,408,000
Loans and advances	26,788,715,540
Available -for- sale investments	529,694,100
Held-to-maturity investments	31,891,866,900
Investment in subsidiaries and associates	96,495,749
Fixed assets (net)	1,765 207 127
Goodwill and other intangible assets	4,697 315 583
Other assets	1,466 290 800
Balance	95,188,611,549

5-2 Liabilities classified as held for sale

	31/3/2016
Due to banks, financial institutions and overdraft	4,284,937,800
Customers' deposits	76,390,151,754
Bonds	670,714,200
Creditors and other credit balances	1,739,145,315
Other liabilities	881,887,500
Deferred tax liabilities	801,380,812
Current tax liability	100,415,250
Provisions	213,472,350
Balance	85,082,104,981

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

5-3 Results of discontinued operations

	For the period ended	
	31/3/2016	**31/3/2015**
Fee and commission income	194,769,780	181,450,000
Fee and commission expense	(121,841,220)	(112,665,000)
Securities gains	12,791,860	1,180,000
Share of profit of associate	3,501,280	1,775,000
Changes in the investments at fair value through profit and loss	349,020	790,000
Foreign currencies differences	10,902,720	10,510,000
Other income	10,559,240	3,455,000
Interest and dividend income	1,157,701,674	938,833,842
Interest expense	(836,197,046)	(669,701,851)
General administrative expenses	(228,087,340)	(192,550,000)
Net losses on loans and advances	(36,730,200)	(15,090,000)
Other provisions	(4,088,520)	(3,805,000)
Depreciation and amortization	(22,529,196)	(16,094,336)
Impairment loss on measurement of assets held for sale *	(279,875,444)	--
Net (loss) profit before income tax	(138,773,392)	128,087,655
Income tax expense	(21,153,757)	(15,067,675)
Net (loss) profit for the period	(159,927,149)	113,019,980
	==========	==========

* Impairment loss relates to selling of the company's investment in Credit Libanais, which is measured at the lower of its carrying amount and fair value less costs to sell.

5-4 Cash flows from discontinued operations

	31/3/2016	**31/3/2015**
Net cash from operating activities	2,311,838,100	1,136,280,000
Net cash used in investing activities	(1,325,715,300)	(1,903,345,000)
Net cash flows for the period	986,122,800	(767,065,000)
	===========	===========

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

6- Cash and due from banks

	31/3/2016	31/12/2015
Cash on hand	8,876,849	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	90,000	191,092
Banks - current accounts (net)	3,564,953,507	3,264,037,258
Banks - demand deposits	--	2,074,277,100
Banks - time deposits	750,694,606	3,651,385,794
Balance	4,324,614,962	26,456,336,103

7- Investments at fair value through profit and loss

	31/3/2016	31/12/2015
Mutual fund certificates	379,380,746	279,857,518
Equity securities	40,719,144	44,918,956
Debt securities	--	33,802,800
Treasury bills	111,709,062	211,338,900
Financial International Sukuk	--	15,070,500
Balance	531,808,952	584,988,674

8- Accounts receivables (net)

	31/3/2016	31/12/2015
Accounts receivables (net)	1,677,070,120	1,161,543,659
Other brokerage companies (net)	(266,527,820)	(8,980,975)
Balance	1,410,542,300	1,152,562,684

9- Loans and advances

		31/3/2016	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
Other loans		1,071,355	925,444
Balance		1,071,355	22,767,229,109

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

9-1 Loans and advances to customers

	31/3/2016	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
Bad	--	--
Classified corporate customers		
Watch	--	709,012,506
Substandard	--	83,461,500
Doubtful	--	205,030,200
Bad	--	--
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

	31/3/2016	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

	31/3/2016	31/12/2015
Preferred shares	--	146,747,400
Equity securities	503,547,679	740,682,044
Mutual fund certificates	1,038,426,770	951,723,936
Balance	1,541,974,449	1,839,153,380

11- Held-to-maturity investments

	31/3/2016	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 %	31/3/2016	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 31/3/2016	300,646,632
Depreciation for the period	2,821,612
Foreign currency translation differences	37,348
Accumulated depreciation as at 31/3/2016	2,858,960
Net carrying amount as at 31/3/2016	297,787,672

Investment property amounted EGP 297,787,672 as at 31 March 2016, represents the following:-

- EGP 156,063,420 the cost of the area owned by EFG – Hermes Holding Company in Nile City Building.
- EGP 95,136,000 the cost of the area owned by EFG – Hermes Holding Company in the headquarters of the Company in Smart Village Building.
- EGP 3,866,168 the cost of the area owned by Hermes Securities Brokerage, one of the subsidiaries, in the Elmanial Branch.
- EGP 42,722,084 the cost 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

	Buildings & premises	**Equipment**	**Computer equipment**	**Cars & transportation means**	**Total**
Balance as at 1/1/2016	317,083,363	35,682,882	2,625,401	119,651,070	475,042,716
Additions during the period	199,450,955	10,627,563	2,540,306	53,232,499	265,851,323
Total cost as at 31/3/2016	516,534,318	46,310,445	5,165,707	172,883,569	740,894,039
Accumulated depreciation as at 1/1/2016	5,230,877	643,537	47,146	2,120,567	8,042,127
Depreciation for the period	4,623,961	1,882,497	289,348	6,532,310	13,328,116
Accumulated depreciation as at 31/3/2016	9,854,838	2,526,034	336,494	8,652,877	21,370,243
Net carrying amount as at 31/3/2016	506,679,480	43,784,411	4,829,213	164,230,692	719,523,796
Net carrying amount as at 31/12/2015	311,852,486	35,039,345	2,578,255	117,530,503	467,000,589

- Leased assets (after depreciation) include an amount of EGP 79,305,398 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)

15- Fixed assets

For the period ended 31 March 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	--	--	3,210	766,021	--	--	769,231
Disposals	--	--	(20,593)	--	(459,923)	--	(480,516)
Reclassification to assets held for sale	(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	--	37,161	7,521,290	8,644,787	506,380	--	16,709,618
Total cost as at 31/3/2016	178,944,871	27,610,580	113,432,202	147,304,485	15,436,484	9,889,749	492,618,371
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	1,233,094	119,721	1,014,605	1,419,068	471,369	--	4,257,857
Disposals' accumulated depreciation	--	--	(20,593)	--	(459,923)	--	(480,516)
Reclassification to assets held for sale	(146,424,627)	(216,556,199)	(201,455,100)	--	(7,017,600)	--	(571,453,526)
Acquisition from subsidiaries	--	14,653,130	4,779,841	9,479,047	202,899	--	29,114,917
Foreign currency translation differences	--	37,183	7,153,006	8,262,707	313,225	--	15,766,121
Accumulated depreciation as at 31/3/2016	32,845,373	20,394,962	106,090,117	127,712,973	8,281,067	--	295,324,492
Carrying amount as at 31/3/2016	146,099,498	7,215,618	7,342,085	19,591,512	7,155,417	9,889,749	197,293,879
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 31 March 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	--	--	4,285,102	462,557	1,169,121	14,035,000	19,951,780
Disposals	(10,977,562)	--	(8,561,043)	(2,383,110)	--	--	(21,921,715)
Reclassification	--	80,000	430,000	--	--	(510,000)	--
Foreign currency translation differences	39,399,331	18,481,546	20,025,661	1,595,834	739,780	41,254,500	121,496,652
Total cost as at 31/3/2015	899,510,240	281,101,109	394,051,772	79,839,875	21,623,825	710,884,500	2,387,011,321
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	5,687,429	3,170,292	7,699,197	1,336,545	393,855	--	18,287,318
Disposals' accumulated depreciation	(10,977,562)	--	(8,396,175)	(2,390,574)	--	--	(21,764,311)
Foreign currency translation differences	4,753,500	12,028,340	14,533,707	1,531,689	493,965	--	33,341,201
Accumulated depreciation as at 31/3/2015	158,900,818	216,153,447	297,830,689	71,320,343	15,344,919	--	759,550,216
Carrying amount as at 31/3/2015	740,609,422	64,947,662	96,221,083	8,519,532	6,278,906	710,884,500	1,627,461,105

* Projects under construction are represented in the following:

	31/3/2016	31/12/2015
Office spaces in Egypt	9,784,500	9,784,500
Preparation of new headquarters – Credit Libanais SAL "the Bank" - Lebanon	--	734,277,600
Preparation of Tanmeyah – Micro Enterprise Services S.A.E new branches	105,249	--
Balance	9,889,749	744,062,100

16- Goodwill and other intangible assets

		31/3/2016	31/12/2015
Goodwill	(16-1)	584,034,111	195,309,571
Other intangible assets	(16-2)	3,676,094	4,378,104,898
Balance		587,710,205	4,573,414,469

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

	31/3/2016	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 *	388,724,540	--
Balance	584,034,111	195,309,571

* The acquired company'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:

	31/3/2016	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

		31/3/2016	31/12/2015
Deposits with others	(17-1)	18,102,660	47,854,400
Downpayments to suppliers		5,443,038	299,910
Prepaid expenses		25,538,567	133,954,610
Employees' advances		18,160,177	15,414,994
Accrued revenues		16,897,623	742,890,543
Taxes withheld by others		14,141,527	13,347,142
Payments for investments	(17-2)	5,785,382	5,768,590
Re-insurers' share of technical reserve		--	95,109,900
Infra Egypt Fund		--	3,959,279
Settlement Guarantee Fund		41,589,843	30,881,735
Unquoted assets - ready for sale acquired in satisfaction of loans		--	164,138,400
Due from EFG- Hermes Employee Trust		261,418,943	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
Sundry debtors		49,453,759	147,898,235
Due from Egypt Gulf Bank- Tanmeyah clients		4,762,474	--
Balance		461,605,997	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 13,003,954 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:

	31/3/2016	**31/12/2015**
Arab Visual Company	3,749,500	3,749,500
IDEAVELOPERS	25,000	25,000
AAW Company for Infrastructure	1,887,590	1,887,590
Vortex Energy Investments II	123,292	106,500
Balance	5,785,382	5,768,590

18- Due to banks and financial institutions

	31/3/2016	**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	5,743,898	294,089,450
Bank overdraft	270,973,356	427,357,959
Balance	276,717,254	3,855,071,009

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

19- Customers' deposits

	31/3/2016	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 are equivalent to EGP 670,714,200 as at March 31, 2016 versus EGP 613,917,600 as at December 31, 2015. (Note no 5-2)

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

21- Creditors and other credit balances

	31/3/2016	31/12/2015
Margins held against documentary credits	--	124,455,300
Technical reserve for insurance companies	--	541,033,500
Social Insurance Association	1,607,123	805,996
Unearned revenues	70,497,892	10,770,337
Suppliers	78,936,311	202,536,381
Accrued expenses	156,642,459	643,506,178
Clients' coupons- custody activity	8,303,224	11,248,960
Due to Industry Modernization Center	6,568,552	5,773,294
Dividends payable	122,835,897	154,466,265
Cards transaction on ATM	--	15,835,500
Re-insurance creditors	--	118,513,800
Lease settlement account	21,656,969	14,169,044
Arabian Food Manufacturing Co. Stabilization Account	112,700,000	--
Sundry creditors	37,747,571	34,438,406
Balance	617,495,998	1,877,552,961

22- Other liabilities

	31/3/2016	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. (Note no 5-2)

(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	Reclassification to liabilities held for sale	Acquisition from subsidiaries	Foreign currency differences	Net	Deferred tax assets	Deferred tax liabilities
Fixed assets depreciation	(7,401,208)	(141,166)	--	--	(286,002)	(9,757)	(7,838,133)	--	(7,838,133)
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	--	--	--	--	73,325	2,441,607	2,441,607	--
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)	--	(21,778,197)	--	--	--	(119,787,694)	--	(119,787,694)
	(798,960,213)	(2,048,162)	(21,778,197)	706,292,170	(286,002)	66,226	(116,714,178)	10,911,649	(127,625,827)

* Deferred tax liabilities arising from the assets acquired and liabilities assumed as a result of the acquisition of the subsidiary Credit Libanais Bank. (Note no 5-2)

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

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

24- Provisions

		31/3/2016	31/12/2015
Expected claims provision	(24-1)	174,081,493	190,387,261
Severance pay provision	(24-1)	73,415,495	230,973,810
Financial guarantee for contingent liabilities		5,040,832	--
Other provisions		--	1,377,000
Balance		252,537,820	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	2,503,169	2,709,260	--	5,212,429
Foreign currency differences	907,027	8,864,105	--	9,771,132
Reclassification to liabilities held for sale	(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	(5,403,764)	(270,681)	--	(5,674,445)
Balance at the end of the period	174,081,493	73,415,495	5,040,832	252,537,820

25- Loans

Loans as at 31 March 2016 represent the following:

Currency	Financial limit	Finance contract date	Maturity date	31/3/2016
EGP*	150 million	10/6/2015	10/6/2023	145,394,832
EGP*	80 million	4/6/2015	4/6/2022	78,353,900
EGP*	200 million	14/7/2015	14/7/2022	154,583,406
EGP*	200 million	4/11/2015	4/11/2022	131,102,289
EGP*	200 million	9/8/2015	9/8/2023	23,592,952
EGP*	100 million	30/9/2015	30/9/2025	34,445,441
EGP**	150 million	29/2/2016	28/2/2021	150,000,000
Total				717,472,820

Current	110,543,294
Non-current	606,929,526
Balance	717,472,820

* 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 those limit of the facility amount.

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

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

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.

27- Non - controlling interests

	31/3/2016	**31/12/2015**
Share capital	435,482,079	423,420,239
Legal reserve	165,214,998	164,513,308
Other reserves	1,133,448,168	875,611,621
Retained earnings	371,526,298	206,077,866
Other equity	162,660,860	111,613,500
Increase in fair value of net assets	1,651,472,775	1,456,486,747
Goodwill of subsidiary	90,576,950	--
Net profit for the period	64,451,052	187,493,984
Balance	4,074,833,180	3,425,217,265

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

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:

	31/3/2016	31/12/2015
AED	118,670,000	118,670,000
Equivalent to EGP	285,790,588	251,877,075

Group off-balance sheet items :

	31/3/2016	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	25,280,020,472	28,218,132,733

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 630,087 till March 31, 2016 versus EGP 655,899 till March 31, 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	
	31/3/2016	31/3/2015
Egyptian Portfolio Management Group	630,087	403,079
Hermes Fund Management	--	27,363
EFG- Hermes Financial Management (Egypt) Ltd.	--	225,457
Total	630,087	655,899

30- Impairment loss on assets

	For the period ended	
	31/3/2016	31/3/2015
Impairment loss on accounts receivables & debit accounts	--	93,791
Total	--	93,791

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

31- Income tax expense

	For the period ended	
	31/3/2016	**31/3/2015**
Current income tax	7,451,457	4,884,201
Deferred tax	2,048,162	309,287
Total	9,499,619	5,193,488

32- Cash and cash equivalents

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

	31/3/2016	**31/12/2015**
Cash and due from banks	4,324,614,962	26,456,336,103
Due to banks and financial institutions	(276,717,254)	(3,855,071,009)
Assets – maturity more than three months	--	(11,019,498,600)
Treasury bills less than 90 day	111,709,062	--
Effect of exchange rate	--	153,206,307
Cash and cash equivalents	4,159,606,770	11,734,972,801

33- General administrative expenses

	For the period ended	
	31/3/2016	**31/3/2015**
Wages , salaries and similar items	208,028,495	121,690,467
Consultancy	14,635,487	(5,765,076)
Travel , accommodation and transportation	3,992,505	4,363,799
Leased line and communication	11,766,316	10,912,799
Rent and utilities expenses	7,768,137	7,425,962
Other expenses	26,915,416	23,681,222
Total	273,106,356	162,309,173

34- Earnings per share

	For the period ended	
	31/3/2016	**31/3/2015**
Net (loss) profit for the period	(63,664,338)	181,545,967
Net (loss) profit for equity holders of the parent company	(128,115,390)	135,920,134
Weighted average number of shares	614,894,578	614,894,578
Earnings per share	(0.21)	0.22

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

35- 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 March 31, 2016

	Holding & Treasury	Brokerage	Asset Management	Investment Banking	Private Equity	Leasing	Micro Finance	Total
Fee and commission income	--	110,118,779	29,875,257	32,534,962	32,383,233	--	--	204,912,231
Fee and commission expense	(8,922)	(8,119,002)	(3,897,358)	--	--	(6,675)	--	(12,031,957)
Net fee and commission income	(8,922)	101,999,777	25,977,899	32,534,962	32,383,233	(6,675)	--	192,880,274
Securities gains	12,909,151	1,005,958	--	--	--	--	--	13,915,109
Changes in the investments at fair value through profit and loss	3,811,750	2,504,513	--	--	1,391,148	--	--	7,707,411
Revenues from leasing activities	--	--	--	--	--	35,287,408	--	35,287,408
Foreign currencies differences	73,250,233	15,227,261	38,657,888	406,029	26,433,766	1,386	--	153,976,563
Other income	3,319,660	4,664,994	556,848	7,200,000	12,375	--	--	15,753,877
Non-interest revenue	93,281,872	125,402,503	65,192,635	40,140,991	60,220,522	35,282,119	--	419,520,642

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

	Holding & Treasury	Brokerage	Asset Management	Investment Banking	Private Equity	Leasing	Micro Finance	Total
Interest and dividend income	3,479,409	7,482,608	--	1,404,970	1,291,545	380,441	--	14,038,973
Interest expense	(7,343,171)	(7,680,939)	--	--	--	(14,046,704)	--	(29,070,814)
Net interest income	(3,863,762)	(198,331)	--	1,404,970	1,291,545	(13,666,263)	--	(15,031,841)
Total net revenue	89,418,110	125,204,172	65,192,635	41,545,961	61,512,067	21,615,856	--	404,488,801
General administrative expenses	159,285,344	66,828,534	16,203,116	11,692,025	15,784,120	3,313,217	--	273,106,356
Provisions	978,527	1,264,632	495,035	158,828	2,315,407	--	--	5,212,429
Depreciation and amortization	5,197,956	1,501,358	122,853	61,462	31,487	13,492,470	--	20,407,586
Total non-interest expense	165,461,827	69,594,524	16,821,004	11,912,315	18,131,014	16,805,687	--	298,726,371
(Loss) profit before income tax	(76,043,717)	55,609,648	48,371,631	29,633,646	43,381,053	4,810,169	--	105,762,430
Income tax expense	(133,817)	(5,636,314)	(564,430)	(2,342,791)	--	(822,267)	--	(9,499,619)
(Loss) profit from continuing operations	(76,177,534)	49,973,334	47,807,201	27,250,855	43,381,053	3,987,902	--	96,262,811
Total assets	1,832,476,046	5,092,655,772	1,010,139,681	120,323,508	688,625,566	769,378,377	560,334,617	10,073,933,567
Total liabilities	336,382,857	3,651,679,037	141,411,404	140,372,608	253,917,790	687,008,238	60,123,937	5,270,895,871

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

For the period ended March 31, 2015

	Holding & Treasury	Brokerage	Asset Management	Investment Banking	Private Equity	Commercial Banking	Total
Fee and commission income	618,580	100,016,283	30,806,697	27,090,813	16,466,480	--	174,998,853
Fee and commission expense	(62,070)	(7,823,541)	(2,378,522)	--	--	--	(10,264,133)
Net fee and commission income	556,510	92,192,742	28,428,175	27,090,813	16,466,480	--	164,734,720
Securities gains	7,148,923	2,850,447	--	--	--	--	9,999,370
Changes in the investments at fair value through profit and loss	(637,294)	48,362	--	--	--	--	(588,932)
Foreign currencies differences	49,978,108	4,024,614	7,418,002	256,429	6,281,920	--	67,959,073
Other income	5,403,826	562,282	2,421,474	--	23,816	--	8,411,398
Non-interest revenue	62,450,073	99,678,447	38,267,651	27,347,242	22,772,216	--	250,515,629
Interest and dividend income	4,753,778	2,625,516	--	--	714,933	--	8,094,227
Interest expense	(4,561,077)	(4,143,013)	--	--	--	--	(8,704,090)
Net interest income	192,701	(1,517,497)	--	--	714,933	--	(609,863)
Total net revenue	62,642,774	98,160,950	38,267,651	27,347,242	23,487,149	--	249,905,766
General administrative expenses	70,133,174	57,744,870	15,623,722	10,284,780	8,522,627	--	162,309,173

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

	Holding & Treasury	Brokerage	Asset Management	Investment Banking	Private Equity	Commercial Banking	Total
Provisions	649,818	1,135,604	424,349	174,614	6,050,065	--	8,434,450
Depreciation and amortization	3,455,686	1,634,060	163,700	73,495	21,936	--	5,348,877
Impairment loss on assets	--	93,791	--	--	--	--	93,791
Total noninterest expenses	74,238,678	60,608,325	16,211,771	10,532,889	14,594,628	--	176,186,291
(Loss) profit before income tax	(11,595,904)	37,552,625	22,055,880	16,814,353	8,892,521	--	73,719,475
Income tax expense	113,521	(5,227,259)	--	1,908	(81,658)	--	(5,193,488)
(Loss) profit from continuing operations	(11,482,383)	32,325,366	22,055,880	16,816,261	8,810,863	--	68,525,987
Total assets	5,753,048,819	4,990,603,790	178,533,651	22,690,397	286,338,119	70,672,521,167	81,903,735,943
Total liabilities	383,915,272	2,810,648,811	58,323,256	18,319,549	202,383,953	65,370,310,077	68,843,900,918

(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:

March 31, 2016

	Egypt	GCC	Lebanon	Other	Total
Total net revenue	298,053,823	96,201,555	162,253	10,071,170	404,488,801
Segment assets	5,904,375,313	4,034,273,972	2,581,834	132,702,448	10,073,933,567

March 31, 2015

	Egypt	GCC	Lebanon	Other	Total
Total net revenue	156,029,235	88,016,937	1,993,389	3,866,205	249,905,766
Segment assets	3,910,600,484	3,894,835,127	73,987,486,155	110,814,177	81,903,735,943

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

36- 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 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.

37- Group's entities

The parent company owns the following subsidiaries:

	Direct ownership	Indirect ownership
	%	%
Financial Brokerage Group	99,88	0,04
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

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

	Direct ownership %	Indirect ownership %
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
Mena Opportunities Management Limited	--	95
EFG- Hermes Mena (Caymen) Holding	--	100
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
Credit Libanais SAL “the Bank” *	--	63,739
Credit Libanais Investment Bank SAL *	--	63,65
Lebanese Islamic Bank SAL *	--	63,64
Credit International SA *	--	59,16
Cedar’s Real Estate SAL *	--	63,69
Soft Management SAL *	--	29,96
Hermes Tourism & Travel SAL *	--	63,73
Crédit Libanais d’Assurances et de Réassurances SAL *	--	42,69
Business Development Center SARL *	--	62,86

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

	Direct ownership	**Indirect ownership**
	%	**%**
Capital Real Estate SAL *	--	62,46
Credilease SAL *	--	63,27
Collect SAL *	--	28,64
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	76,7	--

* Note no (5)

38- 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.

38-1 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.

38-2 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.

38-3 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.

38-4 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.

38-5 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.

38-6 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.

38-7 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.

38-8 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.

38-9 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.

38-10 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.

38-11 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.

39- Subsequent events

EFG Hermes S.A.E. Board of Directors approved the waiver of the Irrevocable Underwriting Agreement with Credit Libanais Investment Bank S.A.L. "CLIB" in relation to the sale of 5,506,134 shares (Phase II) as a condition precedent to the execution of the sale of 9,408,749 shares of its interest in Credit Libanais (Phase I) in an effort to facilitate the completion of the sale. Subsequently, the Board has mandated CLIB to sell the shares of Phase II on a best effort basis.

40- Significant accounting policies

40-1 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.

40-2 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.

40-2-1 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.

40-2-2 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.

40-3 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.

40-3-1 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.

40-4 Foreign currency

40-4-1 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.

40-4-2 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.

40-5 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.

40-6 Revenue

40-6-1 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.

40-6-2 Dividend income

Dividend income is recognized when declared.

40-6-3 Custody fee

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

40-6-4 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".

40-6-5 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.

40-6-6 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.

40-6-7 Management fee

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

40-6-8 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.

40-6-9 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.

40-6-10 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.

40-6-11 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.

40-7 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.

40-7-1 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.

40-7-2 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.

40-8 Property, plant and equipment

40-8-1 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.

40-8-2 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.

40-8-3 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

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

40-8-4 Reclassification to investment property

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

40-9 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.

40-10 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.

40-11 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.

40-12 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.

40-13 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.

40.13.1 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.

40-13-2 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.

40-13-3 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.

40-13-4 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.

40-13-5 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.

40-13-5-1 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.

40.14 Share capital

40.14.1 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.

40.14.2 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.

40-15 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

40.16 Impairment

40.16.1 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.

40-16-2 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.

40.17 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.

40-18 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.

40-19 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.

40-20 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.

40-21 Earnings per share

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

40-22 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.

40-23 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.

40-24 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.

40-25 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.

40-26 Due from banks and other financial institutions

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

40-27 Customers’ deposits

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

40-28 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.

40-29 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.

40-30 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.

40-31 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.

40-32 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.

40-33 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 31/3/2016:

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.
	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.

New or amended standards	Summary of the most significant amendments	Impact on the financial statements
EAS (10) Property, Plant and Equipment *(PPE)*	• The financial shall disclose amount movement of the PPE and its depreciations in the notes accompanying the financial statements at the beginning and the end of the current period and the comparable period.	Re-presenting the comparative figures related to the PPE in the notes accompanying the financial statements to be in conformity with the required amendments on the standard.
	• The option of using the revaluation model in the subsequent measurement of PPE has been canceled	The amendment on the standard has no impact on the figures presented in the financial statements.
EAS (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.
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.

New or amended standards	**Summary of the most significant amendments**	**Impact on the financial statements**
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. 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.	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.(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