

EFG – HERMES EGYPT FUND LIMITED
HAMILTON - BERMUDA

FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT
YEAR ENDED MARCH 31, 2019

EFG – HERMES EGYPT FUND LIMITED
HAMILTON - BERMUDA

Directors

Mr. Walid Shash (Chairman)
Mr. Ahmed Shalaby

Registered office

6, Front Street
Hamilton, HM 11
Bermuda

Principal bankers

HSBC Bank, Egypt
HSBC Middle East Limited, Bahrain
HSBC Bank, Hong Kong

Investment manager

EFG-Hermes Financial Management (Egypt) Limited
Building No. B129
Phase 3 Smart Village
Km 28 Cairo Alexandria Desert Road
6 October 12577
Egypt

Administrator & custodian

HSBC Bank Middle East Limited
P.O. Box 57, Building 2505
Road 2832, Seef 428
Kingdom of Bahrain

Auditor

Deloitte & Touche – Middle East
P.O. Box 421
Manama, Kingdom of Bahrain

EFG – HERMES EGYPT FUND LIMITED
HAMILTON - BERMUDA

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EFG-HERMES EGYPT FUND LIMITED
HAMILTON - BERMUDA

DIRECTORS' REPORT

The Directors present the annual report and financial statements of EFG-Hermes Egypt Fund Limited (the "Fund") for the year ended March 31, 2019.

Principal activity

The EFG-Hermes Egypt Fund Limited is an Investment Company incorporated in Bermuda and its primary objective is to achieve long term capital appreciation through investments in Egypt.

Review of business

The results of the operations of the Fund are summarised on page 5.

Appropriations

None.

Change in Directors

None.

AUDITORS

A resolution proposing the reappointment of Deloitte & Touche – Middle East as auditors of the Fund for the year ending March 31, 2020 and authorising the Directors to determine their remuneration will be put to the Annual General Meeting.

On behalf of the Board



Mr. Walid Shash
Chairman

September 10, 2019

INDEPENDENT AUDITOR'S REPORT

To the Shareholders
EFG-Hermes Egypt Fund Limited
Hamilton, Bermuda

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of EFG-Hermes Egypt Fund Limited, the ("Fund"), which comprise the statement of financial position as at March 31, 2019, and the statement of profit or loss and other comprehensive income, statement of changes in net assets and the statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at March 31, 2019, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Fund in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the other ethical requirements that are relevant to our audit of the Fund's financial statements in the Kingdom of Bahrain, and we have fulfilled our other ethical responsibilities. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The Management is responsible for the other information. The other information comprises the Directors' report, which we obtained prior to the date of this auditor's report. The other information does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Directors for the Financial Statements

The Directors are responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than the one resulting from error, as fraud may involve collusion, forgery, intentional omission, misrepresentations, or the override of internal control;
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control;
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Directors;
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the fund to cease to continue as a going concern; and
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Deloitte & Touche,


DELOITTE & TOUCHE – MIDDLE EAST
Partner Registration No. 157
Manama, Kingdom of Bahrain

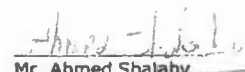
September 10, 2019

EFG - HERMES EGYPT FUND LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2019

	Notes	2019 USD	2018 USD
ASSETS			
Current assets			
Cash at banks	6	994,839	1,405,581
Investments at fair value through profit or loss	7.1	11,303,652	18,126,871
Other assets	8	143,092	29,654
Total assets		12,441,583	19,562,106
LIABILITIES AND EQUITY			
Liabilities			
Current liabilities			
Accrued fees and other payables	9	100,693	21,164
Due to a related party	12 (a)	69,145	436,951
Total liabilities		169,838	458,115
Equity			
Share capital	10	54,305,793	58,205,239
Accumulated losses		(42,034,048)	(39,101,248)
Total equity		12,271,745	19,103,991
Total liabilities and equity		12,441,583	19,562,106
 Number of units	 10	 407,679	 532,248
 Net Assets Value per unit		 30.10	 35.90

The financial statements from page 4 to 21 were approved and authorised for issue by the Directors on 10/09/2019 and signed by:


Mr. Walid Shash
Chairman


Mr. Ahmed Shalaby
Director



The attached notes form an integral part of these financial statements

EFG - HERMES EGYPT FUND LIMITED
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
YEAR ENDED MARCH 31, 2019

		2019	2018
	Notes	USD	USD
Revenue			
Dividend income		458,118	465,613
Net realised gain / (loss) on disposal of investments	7.2	386,886	(110,568)
Net unrealised (loss) / gain on investments	7.2	(3,395,784)	5,568,983
Net foreign currency (loss) / gain		(7,492)	5,501
Total operating (loss) / income		(2,558,272)	5,929,529
Expenses			
Management fees	5 (a) & 12 (b)	(240,737)	(251,574)
Administration fees	5 (b)	(5,503)	(29,820)
Custody fees	5 (c)	(10,335)	(31,096)
Board of Directors' fees	5 (d)	(10,000)	(10,000)
Other expenses		(107,953)	(102,393)
Total operating expenses		(374,528)	(424,883)
(Loss) / profit for the year		(2,932,800)	5,504,646
Other comprehensive income for the year		-	-
Total comprehensive (loss) / income for the year		(2,932,800)	5,504,646


 Mr. Walid Shash
 Chairman


 Mr. Ahmed Shalaby
 Director



The attached notes form an integral part of these financial statements

EFG – HERMES EGYPT FUND LIMITED
STATEMENT OF CHANGES IN NET ASSETS
YEAR ENDED MARCH 31, 2019

	Number of Shares	Share capital USD	Accumulated losses USD	Total USD
At April 1, 2017	603,068	59,520,452	(44,605,894)	14,914,558
Subscription of shares	109,811	3,417,186	-	3,417,186
Redemption of shares	(180,631)	(4,732,399)	-	(4,732,399)
Total comprehensive income for the year	-	-	5,504,646	5,504,646
At March 31, 2018	532,248	58,205,239	(39,101,248)	19,103,991
Subscription of shares	3,349	116,895	-	116,895
Redemption of shares	(127,918)	(4,016,341)	-	(4,016,341)
Total comprehensive loss for the year	-	-	(2,932,800)	(2,932,800)
At March 31, 2019	407,679	54,305,793	(42,034,048)	12,271,745

The attached notes form an integral part of these financial statements

EFG – HERMES EGYPT FUND LIMITED
STATEMENT OF CASH FLOWS
YEAR ENDED MARCH 31, 2019

	<u>2019</u> USD	<u>2018</u> USD
Cash flows from operating activities		
(Loss) / profit for the year	(2,932,800)	5,504,646
Adjustments for:		
Net loss / (gain) on investments	3,008,898	(5,458,415)
Dividend income	(458,118)	(465,613)
	(382,020)	(419,382)
Changes in operating assets and liabilities:		
Decrease in accrued fees and other payables	(1,342)	(10,241)
(Decrease) / increase in due to a related party	(367,806)	151,574
Cash used in operations	(751,168)	(278,049)
Purchase of investments	(5,497,826)	(3,879,472)
Sales of investments	9,270,807	4,624,553
Dividend received	466,891	450,462
Net cash generated from operating activities	<u>3,488,704</u>	<u>917,494</u>
Cash flows from financing activities		
Proceeds from issue of shares	116,895	3,817,081
Payments on redemption of shares	(4,016,341)	(4,732,399)
Net cash used in financing activities	<u>(3,899,446)</u>	<u>(915,318)</u>
Net (decrease) / increase in cash and cash equivalents	(410,742)	2,176
Cash and cash equivalents beginning of year	<u>1,405,581</u>	<u>1,403,405</u>
Cash and cash equivalents end of year	<u>994,839</u>	<u>1,405,581</u>
Comprising:		
Cash at banks	<u>994,839</u>	<u>1,405,581</u>

The attached notes form an integral part of these financial statements

EFG – HERMES EGYPT FUND LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2019

1. STATUS AND ACTIVITIES

EFG-Hermes Egypt Fund Limited (the "Fund") is an investment company incorporated in Bermuda with limited liability for the purpose of providing shareholders with the opportunity of investing indirectly in Egypt. The Fund commenced its activities on August 14, 1996. The registration number of the Fund is 22175.

The principal investment objective in the management of the Fund's investments is long term capital appreciation. The Fund will invest principally in Egyptian equity and equity-related securities of companies that are listed on Egyptian Stock Exchange.

The financial statements represent the assets, liabilities and operations of the Fund only.

The Fund does not have any employees, however, it uses the services of an Investment Manager, an Administrator and a Custodian for the fund management, administration and custody functions.

2. ADOPTION OF NEW AND REVISED STANDARDS (IFRSs)

2.1 Impact of application of IFRS 9 *Financial Instruments*

In the current year, the Fund has applied IFRS 9 *Financial Instruments* (as revised in July 2014) with a date of initial application of 1 January 2018. The Fund has also applied the consequential amendments to other IFRS Standards that are effective for an annual period that begins on, or after January 1, 2018. The requirements of IFRS 9 represent a significant change from IAS 39 *Financial Instruments: Recognition and Measurement*. IFRS 9 brings fundamental changes to the accounting for financial assets and to certain aspects of the accounting for financial liabilities.

Changes in accounting policies resulting from the adoption of IFRS 9 have been applied with effect from January 1, 2018, using the modified retrospective method. Accordingly the Fund did not restate the comparative period. Differences in the carrying amounts of assets and liabilities resulting from the adoption of IFRS 9 is very minimal.

Additionally, the Fund adopted the consequential amendments to IFRS 7 *Financial Instruments: Disclosures* that were applied to the disclosures for 2018.

IFRS 9 introduces new requirements for:

- 1) The classification and measurement of financial assets and liabilities,
- 2) Impairment of financial assets, and
- 3) General hedge accounting.

Classification and measurement of financial assets and liabilities

The Fund's accounting policies for the classification and measurement of financial assets and liabilities under IFRS 9 are detailed in note 3 below.

The adoption of IFRS 9 did not result in any change in the classification or measurement of financial assets and financial liabilities.

The Fund's financial assets consist of:

- a) Cash and cash equivalents, and other assets which continue to be at amortized cost.
- b) Equity investments at Fair Value Through Profit or Loss (FVTPL) which continue to be measured on the same basis.

The Fund does not have financial assets classified at Fair Value Through Other Comprehensive Income (FVTOCI).

The Fund does not have financial liabilities measured at fair value.

Impairment of financial assets

IFRS 9 replaces the 'incurred loss' model in IAS 39 with a forward looking 'Expected Credit Loss' (ECL) model. Under IFRS 9, credit losses are recognized earlier than under IAS 39. The Fund recognizes ECL for cash at banks using the general approach and uses the simplified approach for other assets as required by IFRS 9.

The impact resulting from the application of the ECL model under IFRS 9 is minimal.

General Hedge Accounting

The Fund does not use hedge accounting.

EFG – HERMES EGYPT FUND LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2019

2.2 Other new and revised Standards applied with no material impact on the financial statements

In the current year the Fund has applied the following IFRS Standards and interpretations that are effective for an annual period that begins on or after January 1, 2018. Their adoption did not have an impact on the disclosures or on the amounts reported in the financial statements:

- IFRS 15 *Revenue from Contracts with Customers* which introduces a 5-step approach to revenue recognition. The core principle of IFRS 15 is that entity should recognize revenue to depict the transfer of promised goods and services to customer in an amount that reflects the consideration to which entity expects to be entitled in exchange of those goods and services. Under IFRS 15, an entity recognizes revenue when or as the performance obligation is satisfied.
- Amendments to IFRS 2 *Share-based Payment*, classification and measurement of Share-based Payment Transactions.
- Amendments to IAS 40 *Investment Property*: Amends paragraph 57 to state that an entity shall transfer a property to, or from, investment property when, and only when, there is evidence of a change in use. A change of use occurs if property meets, or ceases to meet, the definition of investment property. A change in management's intentions for the use of a property by itself does not constitute evidence of a change in use. The paragraph has been amended to state that the list of examples therein is non-exhaustive.
- Amendments to IAS 28 *Investments in Associates and Joint Ventures* included in the *Annual Improvements to IFRS Standards 2014–2016 Cycle* (Measuring an associate or joint venture at fair value).
- IFRIC 22 *Foreign Currency Transactions and Advance Consideration*
The Interpretation addresses foreign currency transactions or parts of transactions where:
 - there is consideration that is denominated or priced in a foreign currency;
 - the entity recognizes a prepayment asset or a deferred income liability in respect of that consideration, in advance of the recognition of the related asset, expense or income; and
 - the prepayment asset or deferred income liability is non-monetary.

2.3 New and revised standards issued but not yet effective

At the date of authorization of these financial statements, the Fund has not applied the following new and revised IFRS Standards that have been issued but are not yet effective:

IFRS 16	<i>Leases</i>
IFRS 17	<i>Insurance Contracts</i>
Amendments to IFRS 9	<i>Prepayment Features with Negative Compensation</i>
Annual Improvements to IFRS Standards 2015-2017 Cycle	<i>Amendments to IFRS 3 Business Combinations, IFRS 11 Joint Arrangements, IAS 12 Income Taxes and IAS 23 Borrowing Costs</i>
Amendments to IAS 19 <i>Employee Benefits</i>	<i>Plan Amendment, Curtailment or Settlement</i>
IFRS 10 <i>Consolidated Financial Statements</i> and IAS 28 (amendments)	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>
IFRIC 23	<i>Uncertainty over Income Tax Treatments</i>

The Directors do not expect that the adoption of the above Standards will have a material impact on the Fund's financial statements in future periods.

3. SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS").

The financial statements have been prepared on the historical cost basis, except for the measurement at fair value of the investment portfolio. These financial statements have been presented in US Dollars ("USD"), which is the Fund's functional and presentation currency.

EFG – HERMES EGYPT FUND LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2019

The significant accounting policies are as follows:

Financial instruments

Financial assets and financial liabilities are recognized in the Fund's statement of financial position when the Fund becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets and financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

Financial assets (Policy effective April 1, 2018)

All recognized financial assets are measured subsequently in their entirety at either amortized cost or fair value, depending on the classification of financial assets.

Classification of financial assets

Financial assets are classified as follows:

- Financial assets at amortized cost
- Financial assets at Fair Value Through Other Comprehensive Income (FVOCI)
- Financial asset at Fair Value Through Profit or Loss (FVTPL)

The classification and measurement category of financial assets, except for bond instruments, are assessed based on a combination of the entity's business model for managing the assets and the instruments' contractual cash flow characteristics.

Business model assessment:

The Fund determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective. That is, whether the Fund's objective is solely to collect the contractual cash flows from the assets or is to collect both the contractual cash flows and cash flows arising from the sale of assets. If neither of these are applicable (e.g. financial assets are held for trading purposes), then the financial assets are classified as part of 'Sell' business model.

The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account.

Contractual cash flow characteristics test:

The Fund assesses whether the financial instruments' cash flows represent Solely for Payments of Principal and Interest (the 'SPPI'). The most significant elements of interest within a lending arrangement are typically the consideration for the time value of money and credit risk. The Fund reclassifies a financial asset only when its business model for managing those assets changes. The reclassification takes place from the start of the first reporting period following the change. Such changes are expected to be very infrequent.

Financial assets at amortized cost

A financial asset is measured at amortized cost if it satisfies the SPPI test and is held within a business model whose objective is to hold assets to collect contractual cash flows; and its contractual terms give rise, on specified dates, to cash flows that are solely payments of principal and profit on the principal amount outstanding.

The Fund's cash at banks and other assets are classified as financial assets at amortized cost.

Financial assets at FVOCI

A debt instrument is measured at FVOCI if it satisfies the SPPI test and is held within a business model whose objective is to hold assets to collect contractual cash flows and to sell. These assets are subsequently measured at fair value, with change in fair value recognized in Other Comprehensive Income (OCI). Interest income is calculated using the effective interest method. Foreign exchange gains/losses and impairment are recognized in profit or loss. On de-recognition, gains and losses accumulated in OCI are reclassified to the statement of profit or loss.

For an equity instrument; upon initial recognition, the Fund may elect to classify irrevocably some of its equity investments as equity instruments at FVOCI when they meet the definition of equity under IAS 32 *Financial Instruments: Presentation* and are not held for trading. Such classification is determined on an instrument-by-instrument basis. Gains and losses on these equity instruments are never recycled to the

EFG – HERMES EGYPT FUND LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2019

statement of profit or loss. Dividends are recognized in profit or loss when the right to receive has been established, except when the Fund benefits from such proceeds as a recovery of part of the cost of the instrument, in which case, such gains are recorded in OCI. Equity instruments at FVOCI are not subject to an impairment assessment. Upon disposal cumulative gains or losses may be reclassified from fair value reserve to retained earnings in the statement of changes in equity.

Financial asset at FVTPL

Financial assets that do not meet the criteria for amortized cost or FVOCI are measured at FVTPL. This also includes equity instruments held-for-trading and are recorded and measured in the statement of financial position at fair value. Changes in fair values and interest income are recorded in statement of profit or loss according to the terms of the contract, or when the right to receive has been established.

The Fund's portfolio of equity investments are within the 'Sell' business model, measured at FVTPL.

Impairment of financial assets

The Fund uses the general approach under IFRS 9 to measure the expected credit losses (ECL) for cash and cash equivalents. ECL are the discounted product of the Probability of Default (PD), Exposure at Default (EAD), and Loss Given Default (LGD). The PD represents the likelihood of a borrower defaulting on its financial obligation, either over the next 12 months (12M PD), or over the remaining lifetime (Lifetime PD) of the obligation. EAD represents the expected exposure in the event of a default. The EAD of a financial asset is its gross carrying amount. The LGD represents expected loss conditional on default, its expected value when realized and the time value of money.

The Fund uses the simplified approach under IFRS 9 to measure ECL for other assets. The Fund's Receivables are very short term in nature and do not include any financing component. Under the simplified approach the Fund does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date.

Derecognition of financial assets

The Fund derecognises a financial asset only when the contractual rights to the cash flows from the asset expire; or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Fund neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Fund recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Fund retains substantially all the risks and rewards of ownership of a transferred financial asset, the Fund continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received. The difference between the carrying amount of the financial asset derecognised and the sum of the consideration received and receivable is recognised in profit or loss.

Financial liabilities and equity instruments issued by the Fund

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Fund are recorded at the proceeds received, net of direct issue costs.

Financial liabilities

Financial liabilities that are not (i) contingent consideration of an acquirer in a business combination, (ii) Held for trading, or (iii) designated at FVTPL, are subsequently measured at amortized cost.

Derecognition of financial liabilities

The Fund derecognises financial liabilities when, and only when, the Fund's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the sum of the consideration paid and payable is recognised in profit or loss.

EFG – HERMES EGYPT FUND LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2019

Revenue Recognition

Dividend income from investments is recognised when the right to receive payment has been established.

Interest income is accrued on a timely basis, by reference to the principal outstanding and at the effective interest rate applicable.

Foreign Currencies

Foreign currency transactions are recognised in United States Dollars at the rates of exchange prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currency at the measurement date are retranslated to United States Dollars at the rates of exchange at that date. Exchange differences are recognised in profit or loss in the period in which they arise.

Translation differences on equities held at fair value through profit or loss, are reported as part of the fair value gain or loss in profit or loss.

Expenses

All recurring expenses are accounted for on the accrual basis. Expenses which are incidental to the disposal of an investment are deducted from the disposal proceeds of the investment.

Cash and Cash Equivalents

Cash and cash equivalents are comprised of cash at banks.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Fund's accounting policies, which are described in Note 3, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

There were no critical judgements and estimates at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

5. FEES

(a) Management Fee

The Investment Manager is entitled to receive from the Fund a management fee accruing monthly at the annual rate of 1.75% of the Net Assets Value ("NAV") of the Fund on each valuation day and payable quarterly in arrears (calculated prior to deduction of management fees).

In addition, the Investment Manager is entitled to reimburse all reasonable out of pocket and third party expenses incurred in the performance of its duties. The Investment Manager is entitled to waive or rebate any part of its management fee.

(b) Administration Fee

Under the Administration Agreement, the Fund pays the Administrator at a maximum of 0.4% of the NAV of the Fund (subject to a minimum of USD 3,000 per month if NAV is less than USD 10 million). The administration fee is accrued and payable on a monthly basis.

(c) Custody Fee

Under the Custody Agreement, the Fund pays the Custodian an agreed percentage of the investments of the Fund. The custody fee is accrued and payable on a monthly basis. The Custodian is entitled to receive a maximum of 0.8% of the NAV of the Fund (subject to a minimum of USD 3,000 per month if NAV is less than 10 million).

EFG – HERMES EGYPT FUND LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2019

(d) **Board of Directors' Fee**

The Board of Directors is currently comprised of two Directors. The Chairman of the Board of Directors is entitled and remunerated for USD 10,000 (2017: USD 10,000) during the year.

(e) **Performance Fee**

At the end of each fiscal year (or earlier in respect of a redemption prior to the end of a fiscal year), the investment manager will receive a performance fee equal to 15% of the increase, if any, in the NAV per Ordinary Share during such year (prior to the accrual of such year's performance fee and determined after reduction for the management fee and other expenses incurred by the Fund) that is over and above the higher of the high watermark and the opening price plus hurdle.

6. **CASH AT BANKS**

Cash at banks consists of cash held in current accounts.

7. **INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS**

7.1 The Fund held investments in the following industries:

	2019			
	<u>Cost</u>	<u>Fair Value</u>	<u>Cumulative</u>	<u>% of Fair</u>
	<u>USD</u>	<u>USD</u>	<u>change in</u>	<u>Value</u>
			<u>Fair Value</u>	
			<u>USD</u>	
- Financial institutions	5,187,815	6,071,990	884,175	54%
- Telecommunications	1,966,963	1,361,803	(605,160)	12%
- Consumer Goods	1,645,565	2,117,088	471,523	19%
- Industrial	982,770	1,105,222	122,452	10%
- Basic Materials	331,345	165,092	(166,253)	1%
- Consumer Services	358,534	301,154	(57,380)	3%
- Healthcare	123,094	146,451	23,357	1%
- Oil & Gas	56,277	34,852	(21,425)	0%
Total	10,652,363	11,303,652	651,289	

	2018			
	<u>Cost</u>	<u>Fair Value</u>	<u>Cumulative</u>	<u>% of Fair</u>
	<u>USD</u>	<u>USD</u>	<u>change in</u>	<u>Value</u>
			<u>Fair Value</u>	
			<u>USD</u>	
- Financial institutions	5,130,036	7,124,018	1,993,982	39%
- Telecommunications	2,372,725	1,404,975	(967,750)	8%
- Consumer Goods	2,300,964	3,853,279	1,552,315	21%
- Industrial	1,589,554	3,069,523	1,479,969	17%
- Basic Materials	1,241,490	1,070,859	(170,631)	6%
- Healthcare	530,196	644,340	114,144	4%
- Consumer Services	446,493	515,798	69,305	3%
- Technology	269,229	239,580	(29,649)	1%
- Oil & Gas	199,111	204,499	5,388	1%
Total	14,079,798	18,126,871	4,047,073	

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Detail of top ten (10) investments in terms of market values are as follows:

	Industry	2019 Fair Value USD	Value of Investment as a percentage of NAV %
Eastern Tobacco	Consumer Goods	1,228,944	10%
Commercial International Bank	Financial Institutions	1,214,063	10%
Egyptian Kuwaiti Holding	Financial Institutions	1,102,453	9%
Global Telecom	Telecommunications	995,920	8%
Talaat Mostafa Group	Financial Institutions	858,915	7%
EFG-Hermes Holding	Financial Institutions	833,385	7%
El Sewedy Electric Company	Industrial	763,416	6%
Six Of October Development & Investment	Financial Institutions	570,225	5%
Juhayna Food Industries	Consumer Goods	481,904	4%
Telecom Egypt	Telecommunications	365,882	3%

	Industry	2018 Fair Value USD	Value of Investment as a percentage of NAV %
Eastern Tobacco	Consumer Goods	2,632,829	14%
El Sewedy Electric Company	Industrial	2,628,041	14%
Commercial International Bank	Financials	2,351,791	12%
Global Telecom	Telecommunications	1,144,953	6%
Talaat Mostafa Group	Financials	1,130,145	6%
Sidi Kerir Petrochemicals	Basic Materials	866,795	5%
Six Of October Development Investment	Financials	851,591	4%
Juhayna Food Industries	Consumer Goods	710,040	4%
EFG-Hermes Holding	Financials	683,969	4%
Medinet Nasr City Housing	Financials	636,922	3%

7.2 The movement in financial assets at fair value through profit or loss is summarised below:

	2019 USD	2018 USD
Financial assets at fair value through profit or loss at the beginning of the year	18,126,871	13,372,832
Purchases during the year	5,578,697	3,879,472
Proceeds from sales during the year	(9,393,018)	(4,583,848)
Net realised gain / (loss) on disposal of investments	386,886	(110,568)
Net unrealised (loss) / gain in fair value	(3,395,784)	5,568,983
Financial assets in fair value through profit or loss at the end of the year	<u>11,303,652</u>	<u>18,126,871</u>

7.3 Investments in listed shares are classified as financial assets at fair value through profit or loss. These securities provide the Fund with the opportunity to enhance the return on investment through trading gains. The fair value of these securities is based on market prices. Certain markets and securities may be illiquid and published market prices may not necessarily represent realisable value.

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8. OTHER ASSETS

	<u>2019</u>	<u>2018</u>
	USD	USD
Receivable on disposal of investments	122,211	-
Dividends receivable	<u>20,881</u>	<u>29,654</u>
	<u>143,092</u>	<u>29,654</u>

9. ACCRUED FEES AND OTHER PAYABLES

	<u>2019</u>	<u>2018</u>
	USD	USD
Administration fees	457	666
Custody fees	830	1,288
Directors fee payable	10,000	10,000
Payable on purchase of investment	80,871	-
Other accruals	<u>8,536</u>	<u>9,210</u>
	<u>100,693</u>	<u>21,164</u>

10. SHARE CAPITAL

The capital of the Fund consists of redeemable shares with a par value of USD 0.001 per share, which do not carry voting rights. They are entitled to dividends and to a proportionate share of the Fund's net assets attributable to holders of redeemable shares.

All issued redeemable shares are fully paid. The Fund's capital is represented by these redeemable shares. Quantitative information about the Fund's capital is provided in the statement of changes in net assets attributable to holders of redeemable shares.

Each share issued confers upon the shareholder an equal interest in the Fund, and is of equal value. A share does not confer any interests in any particular asset or investment of the Fund.

The capital of the Fund is represented by the net assets attributable to holders of redeemable shares. The amount of net assets attributable to holders of redeemable shares can change significantly on a weekly basis as the Fund is subject to weekly subscriptions and redemptions at the discretion of shareholders. The Fund's objective when managing capital is to safeguard the Fund's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain a strong capital base to support the development of the investment activities of the Fund.

Change in the number of redeemable shares outstanding can be reconciled as follows:

	<u>No. of shares</u>	
	<u>2019</u>	<u>2018</u>
Opening balance	532,248	603,068
Issue of shares	3,349	109,811
Redemptions of shares	<u>(127,918)</u>	<u>(180,631)</u>
Ending balance	<u>407,679</u>	<u>532,248</u>

11. BUSINESS AND GEOGRAPHIC SEGMENTS

The Directors are of the opinion that the Fund is engaged in a single segment of business, being investments in equity issued by companies primarily operating and generating revenue in Egypt and therefore no segmental reporting has been provided.

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12. RELATED PARTIES

Related parties, as defined in International Accounting Standard 24; "Related Party Disclosures", include entities in which the Investment Manager and its parent company, EFG Group have substantial or controlling interest and transactions with key management personnel of the Fund. These transactions are approved by the Board of Directors.

- 12.1 EFG-Hermes Financial Management (Egypt) Limited, the Investment Manager, is the sponsor of the Fund. The following balances and transactions occurred between the Fund and EFG-Hermes Financial Management (Egypt) Limited:

	<u>2019</u>	<u>2018</u>
	USD	USD
(a) Management fees payable	69,145	436,951
Directors fee payable	<u>10,000</u>	<u>10,000</u>

	<u>Amount incurred</u>	
	2019	2018
	USD	USD
(b) Management fees	<u>240,737</u>	<u>251,574</u>

- 12.2 As at the year end the Fund had invested in 846,079 shares (2018: 468,468 shares) of EFG-Hermes Holding Limited, a related party of the Investment Manager, having a carrying value of USD 833,385 (2018: USD 683,969).

13. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Significant accounting policies

Significant accounting policies and methods adopted, including the criteria for recognition, basis of measurement, and the basis on which income and expenses are recognised in respect of each class of financial assets and liabilities are set out in Note 3.

Financial instruments

Financial instruments include financial assets and financial liabilities. A financial instrument is any contract that gives rise to both a financial asset in one enterprise and a financial liability or equity instrument of another enterprise.

Financial instruments consist of financial assets and financial liabilities.

Financial assets of the Fund include investments at fair value through profit or loss, other assets and cash at banks.

Financial liabilities of the Fund include accrued fees and other payables and due to a related party.

Categories of financial instruments

	<u>2019</u>	<u>2018</u>
	USD	USD
Financial assets		
Financial assets at fair value through profit or loss	11,303,652	18,126,871
Other assets at amortised cost (including cash at banks)	<u>1,137,931</u>	<u>1,435,235</u>
	<u>12,441,583</u>	<u>19,562,106</u>
Financial liabilities		
Payable at amortised cost	<u>169,838</u>	<u>458,115</u>

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The Fund has exposure to the following risks from its use of financial instruments:

- Credit risk
- Market risk
- Liquidity risk

This note presents information about the Fund's exposure to each of the above risks, the Fund's objectives, policies and processes for measuring and managing risk. The note also presents certain quantitative disclosures in addition to the disclosures throughout the financial statements.

Risk management framework

The Fund's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Fund's financial performance. The Fund's aim is, therefore, to achieve an appropriate balance between risk and return and minimise potential adverse effects on its financial performance.

The Fund's risk management policies are based on a simplified framework with non-complex transactions to identify and analyse these risks, to set appropriate risk limits and controls, and to monitor the risks and adherence to limits by means of realisable and up-to-date information systems.

Risk management activities are carried out by the senior management under policies that are approved by the Management. Management regularly reviews its risk management policies and systems to reflect changes in markets, products and emerging best practices.

The significant risks that the Fund is exposed to are explained below:

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss.

Concentrations of credit risk arise when a number of counterparties are engaged in similar business activities, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations of credit risk indicate the relative sensitivity of the Fund's performance to developments affecting a particular industry or geographical location.

To mitigate this risk, the Fund spreads its investments, to the extent possible, over various types of counterparties and products consisting mainly of equity securities. However, where concentration is inevitable, the Fund takes precautions to reduce this additional risk to acceptable levels.

Exposure to credit risk

Credit risk disclosures are segmented into two sections based on whether the underlying financial instrument is subject to IFRS 9's impairment disclosures or not.

Financial assets subject to IFRS 9's impairment requirements

The Fund's financial assets subject to the expected credit loss model within IFRS 9 are cash and cash equivalents and other receivables. At 31 December 2019, the total of cash and cash equivalents and other receivables is USD 445,509, on which a loss allowance is minimal. There is not considered to be any concentration of credit risk within these assets. No assets are considered impaired and no amounts have been written off in the period.

Financial assets not subject to IFRS 9's impairment requirements

The Fund is exposed to credit risk on listed securities. These classes of financial assets are not subject to IFRS 9's impairment requirements as they are measured at FVTPL. The carrying value of these assets, under both IAS 39 (2017) and IFRS 9 (2018) represents the Fund's maximum exposure to credit risk on financial instruments not subject to the IFRS 9 impairment requirements on the respective reporting dates. Hence, no separate maximum exposure to credit risk disclosure is provided for these instruments.

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Market risk

Market risk is the risk that changes in market prices, such as equity prices, interest rates, and foreign exchange rates will affect the Fund's income or the value of its holdings of financial instruments.

The Fund's investments at fair value through profit or loss are susceptible to market price risk arising from uncertainties about future prices of the instruments. According to the Fund's Prospectus, the Fund is required to adopt a balanced investment policy through a careful selection of securities and other financial instruments within specified limits that aim to reduce market risk. The Fund's overall market positions are monitored on a daily basis by the Fund Manager.

Equity price risk

Equity price risk is the risk that the value of an instrument will fluctuate as a result of changes in equity market prices, whether caused by factors specific to an individual investment, issuer or all factors affecting all instruments traded in the market

The Fund's investments in quoted equity are susceptible to market price risk arising from uncertainties about future prices of the instruments. According to the Fund's Prospectus, the Fund is required to adopt a balanced investment policy through a careful selection of securities and other financial instruments within specified limits that aims to reduce market risk.

The Fund manages the risk through diversification of investments, to the extent permissible in the Prospectus, and industry concentration. As at the year ends, the Fund's investment were in equities listed on the security market of Egypt.

The concentration of the Fund by geographical location is given below:

<u>Market indices</u>	<u>2019</u> USD	<u>2018</u> USD
Egypt	<u>11,303,652</u>	<u>18,126,871</u>

Securities Price Sensitivity Analysis

The effect on the result for the year (as a result of a change in the fair value of investments at fair value through profit or loss at the year ends) presented due to a reasonably possible change in market indices by 10% due to the volatility of the markets, with all other variables held constant, is as follows:

	2019		2018	
	Change in Security price	Effect on the profit or loss	Change in security price	Effect on the profit or loss
Market indices	%	USD	%	USD
Egypt	+10%	<u>1,130,365</u>	+10%	<u>1,812,687</u>

There would be an equal and opposite impact on profit or loss, had there been a decrease in investment securities' prices by 10%.

The sensitivity analysis presented is based upon the portfolio composition as at the reporting date and the historical correlation of the securities comprising the portfolio to the respective indices. The composition of the Fund's investment portfolio and the correlation thereof to the respective indices is expected to change over time. The sensitivity analysis prepared as of March 31, is not necessarily indicative of the effect on the Fund's profit or loss or its equity of future movements in the level of the respective indices.

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Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Financial instruments, which potentially subject the Fund to interest rate risk, consist principally of cash at banks. Therefore, the Fund believes there is minimal risk of significant losses due to interest rate fluctuations.

As at the reporting date, the Fund does not hold interest bearing financial instrument.

Currency Risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign currency exchange rates.

The Fund's financial assets are denominated primarily in Egyptian Pounds rather than United States Dollars, the functional and presentation currency. The Fund is exposed to significant currency risk on the Egyptian Pound.

The carrying amounts of the Fund's foreign currency denominated financial assets and financial liabilities at the reporting date are as follows:

	Assets		Liabilities	
	2019 USD	2018 USD	2019 USD	2018 USD
EGP	9,648,343	15,820,269	-	-

Foreign currency sensitivity analysis

The sensitivity analysis includes only outstanding foreign currency denominated monetary items in Egyptian Pound and adjusts their translation at the period end for a 5% change in foreign currency rates with all other variables held constant. 5% represents management's assessment of the reasonably possible change in foreign currency rates. A negative number below indicates a decrease in the income and a positive number indicates an increase in income, where USD strengthens 5% against the Egyptian Pound. For a 5% weakening of USD against the Egyptian Pound, there would be an equal and opposite impact on the result for the year.

	March 31, 2019 Effect on profit or loss USD	March 31, 2018 Effect on profit or loss USD
<u>Currency</u>		
EGP	(482,417)	(791,013)

Liquidity risk

Liquidity risk is the risk that the Fund may not be able to generate sufficient cash resources to settle its obligations in full as they fall due or can only do so on terms that are materially disadvantageous.

The Fund is exposed to the weekly cash redemptions of redeemable units. Its policy is therefore to invest its assets in investments that are traded in an active market and can be readily disposed.

The Fund's securities are considered readily realisable as they are listed on stock exchanges.

The Fund's financial liabilities are analysed into relevant maturity groupings based on the remaining period at the statement of financial position date to the contractual maturity date. The contractual undiscounted cash flows of the Fund's liabilities are less than one year.

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14. FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal, or in its absence, the most advantageous market to which the Fund has access at that date. The fair value of a liability reflects its non-performance risk.

Underlying the definition of fair value is a presumption that an enterprise is a going concern without any intention or need to liquidate, curtail materially the scale of its operations or undertake a transaction on adverse terms.

Financial assets measured at fair value

The fair values of financial assets and financial liabilities that are traded in active markets are based on quoted prices.

The Fund measures fair values of financial instruments using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements.

- Level 1: Inputs that are quoted market prices (unadjusted) in active markets for identical instruments.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable either directly (i.e. a s prices) or indirectly (i.e. derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques in which all significant inputs are directly or indirectly observable from market data.
- Level 3: Inputs that are unobservable. This category includes all instruments for which the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments but for which significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

March 31, 2019	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investments at fair value through profit or loss	<u>11,303,652</u>	<u>-</u>	<u>-</u>	<u>11,303,652</u>
March 31, 2018	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investments at fair value through profit or loss	<u>18,126,871</u>	<u>-</u>	<u>-</u>	<u>18,126,871</u>

There were no transfers between levels of the fair value hierarchy during the year.

Financial instruments not measured at fair value

The fair value of Fund's other financial assets and liabilities approximate their carrying values because of their short term nature.

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15. **NET ASSET VALUE PER SHARE**

	Net Asset Value	Number of Shares	Net Asset Value
	USD	in Issue	Per Share
	USD		USD
As at March 31, 2019	12,271,745	407,679	30.10
As at March 31, 2018	19,103,991	532,248	35.90

The net asset value per share is based on net assets and shares outstanding at the reporting dates.

	Highest redemption price	Lowest redemption price
2019	36.80	26.35
2018	34.94	24.02