

**EFG –Hermes Holding Company**  
**(Egyptian Joint Stock Company)**

**Separate financial statements**  
**for the period ended 30 June 2012**  
**&**  
**Review Report**

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## Hazem Hassan

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### Review Report

#### To the Board of Directors of the EFG – Hermes Holding Company

##### *Introduction*

We have performed a limited review for the accompanying separate statement of financial position of EFG – Hermes Holding Company (Egyptian Joint Stock Company) as of 30 June 2012 and the related separate statements of income, changes in equity and cash flows for the six 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.

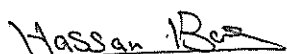
##### *Scope of Limited Review*

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 financial statements.

##### *Conclusion*

Based on our limited review, nothing has come to our attention that causes us to believe that the accompanying interim separate financial statements do not present fairly, in all material respects, the financial position of the Company as at 30 June 2012, and of its financial performance and its cash flows for the six months then ended in accordance with Egyptian Accounting Standards.

Cairo, 14 August, 2012

  
KPMG Hazem Hassan  
KPMG Hazem Hassan  
Public Accountants and Consultants  
①

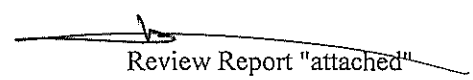
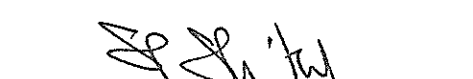
**EFG - Hermes Holding Company**  
**( Egyptian Joint Stock Company)**  
**Separate statement of financial position**  
**as at 30 June 2012**

	Note no.	30/6/2012 LE	31/12/2011 LE
<b>Current assets</b>			
Cash and cash equivalents	(4)	68 390 754	81 166 254
Investments at fair value through profit and loss	(5)	367 522 675	229 185 126
Due from subsidiaries	(6)	1 748 013 195	1 741 144 444
Other debit balances	(7)	95 903 555	66 481 599
Total current assets		<u>2 279 830 179</u>	<u>2 117 977 423</u>
<b>Current liabilities</b>			
Due to subsidiaries	(8)	351 901 201	265 728 856
Tax authority		7 548 088	24 654 552
Creditors and other credit balances	(9,20)	32 100 068	119 839 307
Dividends payable		-	1 333 365
Expected claims provision		9 853 751	9 853 751
Current portion of long term loans	(15)	-	15 584 600
Total current liabilities		<u>401 403 108</u>	<u>436 994 431</u>
Working capital		<u>1 878 427 071</u>	<u>1 680 982 992</u>
<b>Non - current assets</b>			
Loans to subsidiaries	(10)	260 000 000	50 000 000
Available -for- sale investments	(11)	191 592 030	135 016 369
Investments in subsidiaries	(12)	4 480 457 136	4 474 468 668
Investments property	(13)	132 062 511	132 062 511
Fixed assets (net)	(14)	285 099 268	294 148 763
Deferred tax assets	(21)	4 641 974	4 816 375
Total non - current assets		<u>5 353 852 919</u>	<u>5 090 512 686</u>
Total investment		<u>7 232 279 990</u>	<u>6 771 495 678</u>
Financed through :			
<b>Shareholders' equity</b>			
Issued & paid - in capital	(16)	2 391 473 750	2 391 473 750
Legal reserve		961 257 586	956 785 000
Other reserves		3 176 125 952	3 137 986 931
Retained earnings		287 696 024	202 716 889
		<u>6 816 553 312</u>	<u>6 688 962 570</u>
Treasury shares	(16-1)	( 6 918 613)	( 6 918 613)
		<u>6 809 634 699</u>	<u>6 682 043 957</u>
Net profit for the period / year		422 645 291	89 451 721
Total shareholders' equity including net profit for the period / year		<u>7 232 279 990</u>	<u>6 771 495 678</u>

The accompanying notes from page (5) to page (25) are an integral part of these financial statements and are to be read

  
Mona Zulficar  
Chairperson

  
Yasser El Mallawany  
Executive Managing Director

  
Review Report "attached"  
  
Hassan Heikal  
Executive Managing Director

## EFG - Hermes Holding Company

(Egyptian Joint Stock Company)

## Separate income statement

for the period ended 30 June 2012

	Note no.	2012		2011	
		For the period	For the period	For the period	For the period
		from 1/4/2012	from 1/1/2012	from 1/4/2011	from 1/1/2011
		to 30/6/2012	to 30/6/2012	to 30/6/2011	to 30/6/2011
		LE	LE	LE	LE
Dividend income	(18)	517 962 543	517 963 579	6 466 554	6 942 118
Custody activity income		1 936 642	3 761 382	179 478	5 894 764
		519 899 185	521 724 961	6 646 032	12 836 882
Finance cost		( 84 738)	( 249 017)	( 1 912 151)	( 3 542 745)
General and administrative expenses	(20,22)	( 78 113 204)	( 137 795 534)	( 54 765 022)	( 105 758 441)
Fixed assets depreciation	(14)	( 4 575 914)	( 9 343 771)	( 4 843 902)	( 9 685 771)
Net activity's profit (loss)		437 125 329	374 336 639	( 54 875 043)	( 106 150 075)
Interest income	(20)	7 109 160	10 769 505	4 180 302	9 967 172
Changes in the fair value of investments at fair value through profit and loss		905 605	19 876 023	( 536 433)	( 2 557 155)
Gains on sale of investments		( 1 162 258)	3 337 512	5 418 866	11 704 517
Foreign currencies differences		1 667 369	1 856 776	( 1 127 753)	13 152 773
Other income	(20)	6 232 662	12 643 237	7 098 588	14 143 372
Net profit (loss) before tax		451 877 867	422 819 692	( 39 841 473)	( 59 739 396)
Deferred tax	(21)	( 118 340)	( 174 401)	( 224 788)	( 169 246)
Net profit (loss) for the period		451 759 527	422 645 291	( 40 066 261)	( 59 908 642)
Earnings per share	(23)	0.95	0.88	(0.08)	(0.13)

The accompanying notes from page (5) to page (25) are an integral part of these financial statements and are to be read therewith.

EFG - Hermes Holding Company  
(Egyptian Joint Stock Company)

Separate statement of changes in equity  
for the period ended 30 June 2012

	Issued & paid-in capital	Legal reserve	Other reserves			Retained earnings	Treasury shares	Net (loss) profit for the year / period	Interim dividends	Total
			General reserve	Share premium	Fair-value reserve					
	LE	LE	LE	LE	LE	LE	LE	LE	LE	
Balance as at December 31, 2010	1 913 570 000	956 785 000	158 271	3 294 067 512	17 194 562	463 008 043	-	1 026 014 092	(774 517 396)	6 869 837 697
2010 dividends payout *	-	-	-	-	-	217 612 596	-	(1 026 014 092)	774 517 396	(33 884 100)
Net change in the fair value of available -for- sale investments	-	-	-	-	(71 173 174)	-	-	-	-	(71 173 174)
Purchasing of treasury shares	-	-	-	-	-	-	(6 918 613)	-	-	(6 918 613)
Net loss for the period ended June 30, 2011	-	-	-	-	-	-	-	(59 908 642)	-	(59 908 642)
Balance as at June 30, 2011	1 913 570 000	956 785 000	158 271	3 294 067 512	(53 978 612)	680 620 639	(6 918 613)	(59 908 642)	-	6 697 953 168
Balance as at December 31, 2011	2 391 473 750	956 785 000	158 271	3 294 067 512	(129 796 465)	202 716 889	(6 918 613)	89 451 721	-	6 771 495 678
Carrying 2011 profit forward	-	4 472 586	-	-	-	84 979 135	-	(89 451 721)	-	-
Net change in the fair value of available -for- sale investments	-	-	-	-	38 139 021	-	-	-	-	38 139 021
Net profit for the period ended June 30, 2012	-	-	-	-	-	-	-	422 645 291	-	422 645 291
Balance as at June 30, 2012	2 391 473 750	961 257 586	158 271	3 294 067 512	(91 657 444)	287 696 024	(6 918 613)	422 645 291	-	7 232 279 990

\* According to the company's ordinary general assembly held on June 13, 2011.

The accompanying notes from page (5) to page (25) are an integral part of these financial statements and are to be read therewith.

**EFG - Hermes Holding Company**  
**(Egyptian Joint Stock Company)**  
**Separate statement of cash flows**  
**for the period ended 30 June 2012**

	Note no.	For the period ended 30/06/2012 LE	For the period ended 30/06/2011 LE
<b>Cash flows from operating activities</b>			
Net profit (loss) before tax		422 819 692	( 59 739 396)
<b>Adjustments to reconcile net profit (loss) before tax to net cash provided by operating activities :</b>			
Fixed assets depreciation		9 343 771	9 685 771
Changes in the fair value of investments at fair value through profit and loss		( 19 876 023)	2 557 155
loss on sale of available -for- sale investments		2 995 086	-
Foreign currencies differences		( 1 856 776)	4 621 600
Operating profit (loss) before changes in working capital		<u>413 425 750</u>	<u>( 42 874 870)</u>
(Increase) decrease in investments at fair value through profit and loss		( 118 461 526)	462 031 113
Increase in due from subsidiaries		( 6 868 751)	( 438 801 921)
Increase in other debit balances		( 29 996 189)	( 3 519 855)
Increase in due to subsidiaries		86 172 345	210 449 990
Increase in tax authority		3 536 913	16 049
(Decrease) increase in creditors and other credit balances		( 87 739 239)	34 539 055
Income tax paid		( 20 069 144)	( 208 838 101)
Net cash provided from operating activities		<u>240 000 159</u>	<u>13 001 460</u>
<b>Cash flows from investing activities</b>			
Payments to purchase fixed assets		( 294 276)	( 5 116 717)
Proceeds from loans to subsidiaries		50 000 000	-
Payments to loans to subsidiaries		( 260 000 000)	-
Payments to purchase available -for- sale investments		( 24 060 961)	( 1 616 523)
Proceeds from sale available -for- sale investments		2 629 235	-
Payments to purchase investments in subsidiaries & associates		( 6 027 500)	-
Proceeds from sale of investments in subsidiaries & associates		39 032	-
Net cash used in investing activities		<u>( 237 714 470)</u>	<u>( 6 733 240)</u>
<b>Cash flows from financing activities</b>			
Dividends paid		( 1 333 365)	( 48 240 793)
Payments to purchase treasury shares		-	( 6 918 613)
Payments to long term loans		( 15 584 600)	( 20 685 700)
Net cash used in financing activities		<u>( 16 917 965)</u>	<u>( 75 845 106)</u>
Net change in cash and cash equivalents during the period		( 14 632 276)	( 69 576 886)
Cash and cash equivalents at the beginning of the period	(24)	<u>83 023 030</u>	<u>165 527 286</u>
Cash and cash equivalents at the end of the period	(24)	<u>68 390 754</u>	<u>95 950 400</u>

The accompanying notes from page (5) to page (25) are an integral part of these financial statements and are to be read therewith.

**EFG- Hermes Holding Company**  
**(Egyptian Joint Stock Company)**  
**Notes to the separate financial statements**  
**for the period ended 30 June 2012**

**1- Description of business**

**1-1 Legal status**

- EFG - Hermes Holding Company -Egyptian Joint Stock Company- was founded in pursuance of decree No. 106 of 1984.
- The company's extraordinary general meeting held on July 22, 1997 resolved to adjust the company's status and convert it in pursuance to the provisions of law No. 95/1992 and its executive regulation.
- EFG – Hermes is the leading investment bank in the Arab world and market leader in securities brokerage, investment banking, asset management, private equity and research.
- EFG-Hermes Group has been converted from an investment bank to a universal bank as a result of the acquisition of Credit Libanais SAL (the Bank) group.

**1-2 Purpose of the company**

- The company's purpose is participation in the companies establishment which issue securities or in increasing their share capitals.
- The company's extraordinary meeting held on March 14, 2004 decided to add the Custody Activity to the purpose of the company.
- The company obtained the approval of Capital Market Authority on February 5, 2007 to execute the Marginal Trading Activity.

**2- Basis of preparation**

**2-1 Statement of compliance**

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

**2-2 Basis of measurement**

The financial statements are prepared on the historical cost basis, except for the following assets and liabilities which are measured at fair value

- Derivative financial instruments.
- Financial instruments at fair value through profit and loss.
- Available-for-sale financial assets.



### **2-3 Functional and presentation currency**

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

### **2-4 Use of estimates and judgments**

The preparation of financial statements in conformity with Egyptian Accounting Standards requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

In particular, information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amount recognized in the financial statements are described in the following notes:

- Note (12) – Investments in subsidiaries.
- Note (21) – Recognition of deferred tax assets and liabilities.

### **2-5 Consolidated financial statements**

The company has subsidiaries and according to the Egyptian Accounting Standard No. 17 "Consolidated Financial Statements" and the article No. 188 of the executive regulation of law No. 159-1981, the Company is required to prepare consolidated financial statements which present fairly the financial position, the result of operations and cash flows for the group as a whole.

## **3- Significant accounting policies applied**

The accounting policies set out below have been applied consistently with those applied in the previous period presented in these financial statements certain reclassifications have been made to some comparative figures in order to conform with current period presentation. (note 27).

### **3-1 Translation of the foreign currencies transactions**

The company maintains its accounts in Egyptian Pound. Transactions denominated in foreign currencies are recorded at the prevailing exchange rate at the date of transactions. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the prevailing exchange rates at that date. The foreign currencies exchange differences arising on the settlement of transactions and the translation at the balance sheet date are recognized in the income statement.

### 3-2 Fixed assets depreciation

Fixed assets are stated at historical cost and presented in the balance sheet net of accumulated depreciation and impairment (Note3-6). Depreciation is charged to the income statement over the estimated useful-life of each asset using the straight-line method. The following are the estimated useful lives, for each class of assets, for depreciation calculation purposes:

	<b>Estimated useful life</b>
- Buildings	33.3 Years
- Furniture, office and electrical appliances	4 Years
- Computer equipment	4 Years
- Vehicles & Transportation means	5 Years
- Fixtures	2 Years

Expenditure incurred to replace a component of an item of property and equipment that is accounted for separately, including major inspection and overhaul expenditure, is capitalized. Other subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the property and equipment. All other expenditure is recognized in the income statement as an expense as incurred.

### 3-3 Projects under construction

Projects under construction are recognized initially at cost. 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.

### 3-4 Intangible assets

Intangible assets are stated at cost less accumulated amortization and impairment losses (note 3-6). Amortization is recognized in the income statement on a straight – line basis over the estimated useful lives of intangible assets.

### 3-5 Investments

#### 3-5-1 Investments at fair value through profit and loss

An instrument is classified as at fair value through income statement if it is held for trading or is designated as such upon initial recognition. Financial instruments are designated at fair value through income statement if the Company manages such investments and

makes purchase and sale decisions based on their fair value. Upon initial recognition, attributable transaction costs are recognized in income statement when incurred. Financial instruments at fair value through income statement are measured at fair value, and changes therein are recognized in income statement.

**3-5-2 Available-for-sale financial assets**

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

**3-5-3 Investments in subsidiaries & associates**

Investments in subsidiaries and associates are valued at cost, the book value is amended by any impairment concerning the value of these investments (note 3-6). The impairment value is to be charged to the income statement for every investment individually.

**3-5-4 Investments property**

Investments property is recorded at fair value, any gain or loss arising from a change in the fair value of investment property shall be recognized in profit or loss for the period in which it arises.

**3-6 Impairment**

**3-6-1 Financial assets**

A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying

amount, and the present value of the estimated future cash flows discounted at the original effective interest rate. An impairment loss in respect of an available-for-sale financial asset is calculated by reference to its current fair value.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognized in profit or loss. Any cumulative loss in respect of an available-for-sale financial asset recognized previously in equity is transferred profit or loss.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognized. For financial assets measured at amortized cost and available-for-sale financial assets that are debt securities, the reversal is recognized in profit or loss. For available-for-sale financial assets that are equity securities, the reversal is recognized directly in equity.

### **3-6-2 Non-financial assets**

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

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

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

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

### **3-7 Cash and cash equivalents**

For the purpose of preparing the cash flow statement, cash and cash equivalent includes the balances, which maturity not exceeding three months from the date of acquisition and the balances included cash on hand, due from banks and financial institutions and time deposits .

### **3-8 Interest-bearing borrowings**

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

### **3-9 Provisions**

Provisions are recognized when the Company has a legal or constructive 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 balance sheet date and amended (when necessary) to represent the best current estimate.

### **3-10 Legal reserve**

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

### **3-11 Issued capital**

When share capital recognized as equity is repurchased, the amount of the consideration paid, including directly attributable costs, is recognized as a change in equity.

Repurchased shares are classified as treasury stock and presented as a deduction from total equity.

### **3-12 Derivative financial instruments**

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

#### *Cash flow hedges*

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

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

#### *Fair value hedges*

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

### **3-13 Revenue recognition**

#### **3-13-1 Gains (losses) on sale of investments**

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

#### **3-13-2 Dividend income**

Dividend income is recognized when declared.

**3-13-3 Custody fees**

Custody fees are recognized when provide service and issue invoice.

**3-13-4 Interest income**

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

**3-14 Expenses**

**3-14-1 Borrowing costs**

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

**3-14-2 Employees' pension**

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

**3-14-3 Taxation**

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

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

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

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

### 3-15 Earning per share

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

### 3-16 Profit sharing to employees

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

## 4- Cash and cash equivalents

	30/6/2012	31/12/2011
	LE	LE
Cash on hand	412 813	262 737
Banks -current accounts	55 477 941	60 690 192
Cheques under collection	--	213 325
Banks -time deposits	12 500 000	20 000 000
	<hr/>	<hr/>
Balance	68 390 754	81 166 254
	<hr/> <hr/>	<hr/> <hr/>

## 5- Investments at fair value through profit and loss

	30/6/2012	31/12/2011
	LE	LE
Mutual fund certificates	363 562 174	225 803 073
Stocks	3 960 501	3 382 053
	<hr/>	<hr/>
Balance	367 522 675	229 185 126
	<hr/> <hr/>	<hr/> <hr/>



**6- Due from subsidiaries**

	<b>30/6/2012</b>	<b>31/12/2011</b>
	<b>LE</b>	<b>LE</b>
Hermes Securities Brokerage	195 280 561	2 089 474
Financial Brokerage Group Co.	13 137 441	(16 426 206)
Hermes Fund Management	3 347 983	(7 617 251)
EFG- Hermes Management	522 751	438 421
EFG – Hermes Advisory Inc.	1 186 509 460	1 400 681 786
Flemming CIIC Holding	20 557 090	20 256 459
October Property Development Ltd. Co.	86 162 068	86 077 602
EFG- Hermes Lebanon	773 598	334 075
EFG- Hermes Qatar	444 661	182 937
EFG-Hermes Private Equity	196 079	60 585 970
EFG-Hermes Global CB Holding Limited	216 582 758	215 185 139
EFG-Hermes Jordan	297 457	39 338
Talas & Co. LLP	7 366 555	7 330 084
Egyptian Portfolio Management Group	2 073 208	(37 891 678)
Fixed Income Investment Limited	11 709 371	9 262 499
EFG- Hermes Brokerage- UAE Ltd	748 921	(565 679)
EFG- Hermes Oman LLC	1 603 848	1 139 762
EFG – Hermes Orient Advisory Inc.	72 674	- 36 250
EFG – Hermes Mena Securities Ltd.	626 711	5 462
	<hr/>	<hr/>
Balance	1 748 013 195	1 741 144 444
	<hr/> <hr/>	<hr/> <hr/>

**7- Other debit balances**

	<b>30/6/2012</b>	<b>31/12/2011</b>
	<b>LE</b>	<b>LE</b>
Accrued revenues	2 888 387	4 708 339
Taxes withheld by others	918 748	574 233
Deposits with others	1 075 089	1 075 089
Prepaid expenses	32 359 175	5 924 832
Employees advances	3 354 496	9 154 649
Downpayments to suppliers	89 280	89 280
Payments for purchase of investments *	19 250 199	18 150 180
Notes receivable	10 800 000	--
Sundry debtors	25 168 181	26 804 997
	<hr/>	<hr/>
Balance	95 903 555	66 481 599
	<hr/> <hr/>	<hr/> <hr/>

\* Payments for investments are represented in the following:

	30/6/2012	31/12/2011
	LE	LE
EFG- Hermes Mutual Funds	9 999 990	9 999 990
Financial Group for Real Estate	250 000	250 000
EFG-Hermes Securitization Company.	4 999 990	4 999 990
Arab Visual Company	2 500 000	2 500 000
International Company for Projects Management	1 000 000	--
Egyptian Company for Marketing	500 000	--
Misr Hotels	219	--
Egyptian Company for Funds Investments	--	400 200
Balance	<u>19 250 199</u>	<u>18 150 180</u>

**8- Due to subsidiaries**

	30/6/2012	31/12/2011
	LE	LE
Arab Visual Company	5 000 000	5 000 000
Hermes Corporate Finance	11 853 879	12 022 552
EFG – Hermes Fixed Income	5 484 662	(3 050 720)
EFG- Hermes Financial Management (Egypt) Ltd	7 946 147	(9 258 806)
EFG-Hermes UAE Ltd. Co.	95 517	1 784 331
EFG-Hermes Holding-Lebanon	1 246 485	1 270 467
Financial Group for Real Estate	235 000	235 000
EFG- Hermes KSA	3 311 950	5 673 482
EFG-Hermes Promoting & Underwriting	82 630 326	10 152 271
EFG- Hermes Mutual Funds	10 000 000	10 000 000
EFG-Hermes Securitization Company.	5 000 000	5 000 000
EFG-Hermes Regional Investments Ltd.	27 178 378	27 243 210
Bayonne Enterprises Ltd.	110 199 231	123 190 287
Egyptian Fund Management Group.	63 651 482	58 838 714
EFG – Hermes Syria LLC	17 295 675	17 836 588
EFG- Hermes IFA Financial Brokerage	568 358	(411 620)
Sindyan Syria LLC	204 111	203 100
Balance	<u>351 901 201</u>	<u>265 728 856</u>

**9- Creditors and other credit balances**

	30/6/2012	31/12/2011
	LE	LE
Accrued interest & commission	--	82 256
Social Insurance Authority	200 368	204 555
Accrued expenses	11 174 995	104 459 226
Clients coupons - custody activity	6 758 057	8 217 583
Unearned Revenue (Note no. 20)	9 948 800	2 487 200
Sundry credit balances	4 017 848	4 388 487
	<hr/>	<hr/>
Balance	32 100 068	119 839 307
	<hr/> <hr/>	<hr/> <hr/>

**10- Loans to subsidiaries**

- On February 7, 2008 the company has lent a subordinated loan to Financial Brokerage Group Co. (a subsidiary – 99.76%) an amount of LE 300 million due on February 7, 2010. The purpose of the loan is to support the subsidiary's financial accredit required to its activity according to the rules of the Capital Market Authority in this regard.

Financial Brokerage Group Co. has settled an amount of LE 225 million and on February 4, 2010 the subordinated loan agreement has been renewed for two years that will due on February 7, 2012 . On March 1, 2010 the Financial Brokerage Group Co. has settled an amount of LE 25 million, and during January 2012 the Financial Brokerage Group Co. has paid the residual amount of subordinated loan amounted to LE 50 million.

- On May 24, 2012 the company has lent a subordinated loan to Hermes Securities Brokerage. (a subsidiary – 97.58%) an amount of LE 60 million and LE 170 million. The purpose of the loan is to support the subsidiary's financial accredit required to its activity according to the rules of the Capital Market Authority in this regard. The loan interest will be paid annually and calculated based on a percentage equal to the average rate on the last bid on treasury bills of 364 days issued by the Central Bank of Egypt during the year plus a percentage of 0.125%. The loan is matured on May 23, 2014.

- On May 24, 2012 the company has lent a subordinated loan to Financial Brokerage Group Co. (a subsidiary – 99.76%) an amount of LE 30 million. The purpose of the loan is to support the subsidiary's financial accredit required to its activity according to the rules of the Capital Market Authority in

this regard. The loan interest will be paid annually and calculated based on a percentage equal to the average rate on the last bid on treasury bills of 364 days issued by the Central Bank of Egypt during the year plus a percentage of 0.125%. The loan interest will be calculated starting from 24 May 2012 and the loan is matured on May 24, 2014.

**11- Available –for– sale investments**

	<b>30/6/2012</b>	<b>31/12/2011</b>
	<b>LE</b>	<b>LE</b>
El Araby Investment Company	2 500 000	2 500 000
Axes Holding Co.	302 975	301 475
Egyptian Company for Marketing	500 000	500 000
International Company for Projects Management	3 029 750	3 014 750
Misr Clearance Company	2 064 068	2 064 068
Horus Private Equity Fund II	3 166 574	6 174 401
Azadea Misr IIC	11 331	11 275
AAW Company for Infra Structure	20 000	20 000
Six of October Development and Investment (SODIC)	68 498 730	32 208 547
Inframed Infrastructure Fund	47 210 300	25 513 853
Mass for Investment Co.	57 880 000	57 880 000
Misr Al Mostakbal for Mutual Funds	6 000 000	4 820 000
AZCA Logistics LLC.	4 000	4 000
Fashion Logistics LLC.	4 000	4 000
Egyptian Company for Funds Investments	400 302	--
	<hr/>	<hr/>
Balance	191 592 030	135 016 369
	<hr/> <hr/>	<hr/> <hr/>

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

	<b>30/6/2012</b>	<b>31/12/2011</b>
	<b>LE</b>	<b>LE</b>
Quoted investments	68 498 730	32 208 547
Non- quoted investments	123 093 300	102 807 822
	<hr/>	<hr/>
	191 592 030	135 016 369
	<hr/> <hr/>	<hr/> <hr/>

## 12- Investments in subsidiaries

Company's name	Share percentage %	Balance as at 30/6/2012 LE	Balance as at 31/12/2011 LE
Financial Brokerage Group Co.	99.76	17 708 350	17 708 350
Egyptian Fund Management Group	88.51	3 099 633	3 099 633
Egyptian Portfolio Management Group	66.33	995 000	995 000
Hermes Securities Brokerage	97.58	24 606 769	24 606 769
Hermes Fund Management	89.95	6 439 709	6 439 709
Hermes Corporate Finance Co.	99.37	5 476 029	5 476 029
EFG- Hermes Advisory Inc.	100	5 400 000	5 400 000
EFG- Hermes Financial Management Ltd.	100	10 000	10 000
EFG- Hermes Promoting & Underwriting	99.88	7 990 000	7 990 000
EFG- Hermes Fixed Income	99	9 900 000	9 900 000
EFG- Hermes Management	96.30	1 249 490	1 249 490
Flemming CIIC Holding	100	100 000 000	100 000 000
EFG- Hermes Private Equity **	1.59	39 975	39 975
EFG- Hermes – UAE Limited Company	100	23 000 000	23 000 000
EFG- Hermes Holding Lebanon – S.A.L.	99	153 713	153 713
EFG- Hermes – KSA	73.1	328 975 903	328 975 903
EFG- Hermes – Lebanon – S.A.L.	99	35 931 257	35 931 257
EFG- Hermes Regional Investments Ltd. **	100	706 197 251	706 236 283
EFG- Hermes Qatar L.L.C	100	30 944 090	24 916 590
EFG-Hermes Jordan	100	33 610 631	33 610 631
EFG – Hermes Investment Funds Co	99.998	9 999 800	9 999 800
EFG-Hermes Global CB Holding Limited*	100	3 137 096 006	3 137 096 006
		4 488 823 606	4 482 835 138
Accumulate impairment loss on investments in subsidiaries		(8 366 470)	(8 366 470)
Balance		4 480 457 136	4 474 468 668

\* During 2010, EFG-Hermes Holding Company purchased 63.739% a controlling stack in Credit Libanais SAL (the Bank) through its wholly owned subsidiary EFG – Hermes CL Holding SAL for an amount of USD 577.8 million and the purchase agreement includes a Call Option for an additional 25 % of the Bank's shares. The call option will be exercisable over the next two years, at the terms including pricing same as those applicable to the initial acquisition. The company obtained the approval of the Central Bank Of Lebanon for the acquisition transaction and the transfer of title had been completed.

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

### 13- Investment property

Investment property presented in the balance sheet as at June 30, 2012 amounted to LE 132 062 511 represents the value of the area owned by the Holding Company in Nile City Building.

### 14- Fixed assets (net)

	Land	Buildings	Office, Furniture & Equipment	Computer Equipment	Vehicles & transportation Mean	Fixtures	Total
	LE	LE	LE	LE	LE	LE	LE
Balance as at 1/1/2012	16 000 000	256 559 285	22 196 822	43 278 232	6 590 711	6 027 362	350 652 412
Additions during the period	--	--	--	294 276	--	--	294 276
Total cost as at 30/6/2012	16 000 000	256 559 285	22 196 822	43 572 508	6 590 711	6 027 362	350 946 688
Accumulated depreciation as at 1/1/2012	--	12 452 625	8 962 229	25 891 998	5 807 292	3 389 505	56 503 649
Depreciation during the period	--	3 848 388	1 969 713	2 880 725	208 513	436 432	9 343 771
Accumulated depreciation as at 30/6/2012	--	16 301 013	10 931 942	28 772 723	6 015 805	3 825 937	65 847 420
Net book value as at 30/6/2012	16 000 000	240 258 272	11 264 880	14 799 785	574 906	2 201 425	285 099 268
Net book value as at 31/12/2011	16 000 000	244 106 660	13 234 593	17 386 234	783 419	2 637 857	294 148 763

### 15- Long term loans

A- On December 28, 2005, a loan agreement has been signed with International Finance Corporation "IFC" whereby the company is entitled to obtain long term loan with an amount of US\$ 20 million with an applied annual floating interest rate in order to Finance Regional expansion of the company. The loan will be repaid on 10 equal semi-annual installments with an amount of US\$ 2 million for each installment and the first installment was due on May 15,2007 and the last installment will due on November 15, 2011 and the interest is due

on May 15, and November 15 and the first interest was due on November 15, 2006. The loan agreement provides for that the company's subsidiaries will guarantee the loan repayment through an irrevocable unconditional guarantee and the company got the full amount of the loan amounted to US\$ 20 million on September 3, 2006, the loan has been fully paid.

- B- On December 29, 2005 a loan agreement has been signed with the Foundation of (DEG)- DEUTSCHE INVESTITIONS- UND ENTWICKLUNGSGESELLSCHAFT MBH whereby the company is entitled to obtain a long term loan with an amount of Euro 10 million with a variable annual interest rate in order to finance the regional expansion of the company. The loan will be repaid on 10 equal semi-annual installments with an amount of one million Euro per installment. The first installment was due on May 15, 2008 and the last installment will due on November 15, 2012 and the interest is due on May 15, November 15 each year. The first interest was due on November 15, 2006.

The loan agreement provides for that the company's subsidiaries will guarantee the loan repayment through an irrevocable unconditional guarantee. The company has obtained the full amount of the loan amounted Euro 10 million on September 17, 2006, the loan has been fully paid.

## 16- Capital

- The company's authorized capital amounts LE 3 200 million and issued and paid in capital amounts LE 1 913 570 000 distributed on 382 714 000 shares of par value LE 5 per share.
- The company's Extraordinary General Assembly approved in its session held on June 13, 2011 to increase the company's share capital from LE 1 913 570 000 to LE 2 391 473 750 with an increase amount of LE 477 903 750 through distributing of 95 580 750 stock dividend at one share to every outstanding four shares at the declaration date , this increase are financed from retained earnings according to the decision of the company's Ordinary General Assembly in its session held on the same date and the required procedures had been taken and this increase have been registered in the Commercial Register on September 6, 2011.

### 16-1 Treasury shares

The company's board of directors approved in its session held on April 27, 2011 to purchase a number of 5 million shares of the company's shares and the company has purchased a number of 391 000 shares from Egyptian Stock Exchange Market at cost of LE 6 918 613.

**17- Contingent liabilities & commitments**

- The company guarantees its subsidiaries – Financial Brokerage Group and Hermes Securities Brokerage against the credit facilities granted from banks and EFG- Hermes Brokerage – UAE against the credit facilities granted from banks amounting to AED 178 670 000 (equivalent to LE 294 823 367).

**18- Dividends income**

	2012		2011	
	For the period from 1/4/2012 to 30/6/2012	For the period from 1/1/2012 to 30/6/2012	For the period from 1/4/2011 to 30/6/2011	For the period from 1/1/2011 to 30/6/2011
	LE	LE	LE	LE
Income from investments in subsidiaries	515 057 445	515 057 445	--	--
Income from available - for- sale investments	--	--	6 460 956	6 460 956
Income from investments at fair value through profit and loss	2 905 098	2 906 134	5 598	481 162
<b>Total</b>	<u>517 962 543</u>	<u>517 963 579</u>	<u>6 466 554</u>	<u>6 942 118</u>

**19- Tax status**

- As to Income Tax, the years from the first financial year till 31/12/2008 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 2009 / 2010, the competent tax inspectorate inspected the parent company's books and the parent company was notified by form no. (19) , which was objected thereon on the due date and the disputed items have been transferred to the Internal Committee and as to year 2011, according to tax form of tax law no. 91 of 2005 the company has submitted the tax return and paid the tax due.
- As to Salaries Tax, parent company's books had been examined till the year 2004 and all the disputed points have been settled with the Internal Committee and the due amount has been paid and the years 2005/2008 have been inspected and the parent company was notified by tax forms which was objected thereon on the due date and the disputed items have been transferred to the Internal Committee and as to years 2009 / 2011, the parent company's books have not been inspected yet.
- As to Stamp Tax, parent company's books had been examined from year 1998 till 31/7/2006 and paid the due tax according to the resolution of Appeal Committee which was objected thereon in the courts, and the period from 1/8/2006 till 31/12/2011 have not been inspected yet.



## 20- Related party transactions

- General administrative expenses item includes an amount of LE 125 000 represents management fees provided by EFG- Hermes Private Equity (A subsidiary company) to the Company during the financial period according to agreement signed in this regard.
- Interest income item presented in the income statement includes an amount of LE 1 023 858 represent the interests value on subordinated loan which granted from the company to Financial Brokerage Group Co. (a subsidiary – 99.76%) and includes interest with an amount of LE 3 524 036 represent the interests value on subordinated loan which granted from the company to Hermes Securities Brokerage (A subsidiary company - 97.58%) (note no. 10).
- Loans to subsidiaries item as at June 30, 2012 is presented in the statement of financial position represents in the loan granted to Financial Brokerage Group (one of subsidiaries – 99.76%) with an amount of LE 30 million and the loan granted to Hermes Securities Brokerage (A subsidiary company - 97.58%) with an amount of LE 230 million (note no. 10).
- Other income item presented in the income statement includes an amount of LE 7 461 600 which represents the value of rental spaces for some affiliated companies in addition to LE 5 076 977 which represents the value of redemption of some expenses of the new headquarter that were allocated to the subsidiaries.
- Creditors and other credit balances item includes an amount of LE 9 948 800 represents the unearned revenues from the affiliated companies for rental of group's headquarter owned by the company.

## 21- Deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

(A) Deferred tax	30/6/2012		31/12/2011	
	Assets LE	Liabilities LE	Assets LE	Liabilities LE
Fixed assets depreciation	--	(4 454 660)	--	(4 280 259)
Expected claims provision	90 750	--	90 750	--
Impairment loss on assets	2 393 287	--	2 393 287	--
Total deferred tax assets (liabilities)	<u>2 484 037</u>	<u>(4 454 660)</u>	<u>2 484 037</u>	<u>(4 280 259)</u>
Net deferred tax liabilities		<u>(1 970 623)</u>		<u>(1 796 222)</u>
 (B) Deferred tax recognized directly in equity				
		30/6/2012	31/12/2011	
		LE	LE	
Changes in fair value of cash flow hedges		<u>6 612 597</u>	<u>6 612 597</u>	

## 22- General administrative expenses

	2012		2011	
	For the period from 1/4/2012 to 30/6/2012	For the period from 1/1/2012 to 30/6/2012	For the period from 1/4/2011 to 30/6/2011	For the period from 1/1/2011 to 30/6/2011
	LE	LE	LE	LE
Wages , salaries and similar items	54 181 535	91 887 000	35 890 118	72 216 503
Consultancy	6 105 727	11 720 513	2 703 225	3 942 826
Travel , accommodation and transportation	1 571 300	2 716 981	1 951 420	3 887 936
Other expenses	16 254 642	31 471 040	14 220 259	25 711 176
<b>Total</b>	<b>78 113 204</b>	<b>137 795 534</b>	<b>54 765 022</b>	<b>105 758 441</b>

## 23- Earnings per share

	2012		2011	
	For the period from 1/4/2012 to 30/6/2012	For the period from 1/1/2012 to 30/6/2012	For the period from 1/4/2011 to 30/6/2011	For the period from 1/1/2011 to 30/6/2011
	LE	LE	LE	LE
Net profit (loss) for the period	451 759 527	422 645 291	(40 066 261)	(59 908 642)
Weighted average number of shares	477 903 750	477 903 750	478 294 750	478 294 750
Earnings per share	0.95	0.88	(0.08)	(0.13)

## 24- Cash and cash equivalents

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

	For the period ended 30/6/2012 LE	For the year ended 31/12/2011 LE
Cash and cash equivalents as presented in the statement of financial position	68 390 754	81 166 254
Effect of exchange rate changes	--	1 856 776
<b>Cash and cash equivalents (adjusted)</b>	<b>68 390 754</b>	<b>83 023 030</b>

## 25- 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 liabilities include loans and creditors. Note (No. 2) of 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.

### 25/1 Market risk:

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.

### 25/2 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.
- As at the balance sheet date the company has assets and liabilities in foreign currencies equivalent to LE 205 170 566 and LE 3 967 696 respectively. The company's net exposures in foreign currencies are as follows:

	<b>Surplus/(Deficit)</b>
	<b>LE</b>
USD	204 855 642
Euro	(3 967 696)
AED	41 759
GBP	262 280
CHF	10 885

As disclosed in note 3-1, "foreign currencies transactions" the company has used the prevailing exchange rates to revalue monetary assets and liabilities at the statement of financial position date.

**25/3 Financial instruments' fair value**

The financial instruments' fair value do not substantially deviated from their book value at the balance sheet date. According to the valuation basis applied, in accounting policies to the assets and liabilities, which included in the notes to the financial statements, note no. (13) of the notes to financial statements disclose the fair values of investments, except for trading and available-for-sale investments which are reported at cost.

**25/4 Derivative financial instruments and hedge accounting**

Derivatives are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at their fair value according to the valuation basis applied, in accounting policies to derivative financial instrument, (note no. 3-12).

**26- Strategic alliance with QInvest L.L.C.**

EFG Hermes Holding Company's Extraordinary General Assembly agreed at the meeting dated June 2, 2012 to enter into a strategic alliance with QInvest L.L.C. to be 60% owned by QInvest and 40% owned by EFG Hermes Holding through its subsidiary EFG Hermes Qatar LLC and the agreement involves the following business lines, EFG Hermes' Brokerage, Research, Asset Management, Investment Banking and Infrastructure Fund businesses. Obtaining approval of relevant regulatory bodies are in process and the company's management also will invite the shareholders to another Extraordinary General Assembly to provide additional disclosures regarding this issue .

**27- Comparative figures**

Certain reclassification has been made to the comparative figures in order to conform to current period presentation.