

EFG –Hermes Holding Company
(Egyptian Joint Stock Company)

Separate financial statements
for the period ended 30 September 2011
&
Review Report thereon

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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 September 2011 and the related separate statements of income, changes in equity and cash flows for the nine months then ended, and a summary of significant accounting policies and other explanatory notes. The company's management is responsible for the preparation and fair presentation of these interim financial statements in accordance with Egyptian Accounting Standards. Our responsibility is to express a conclusion on these interim financial statements based on our limited review.

Scope of Limited Review

We conducted our limited review in accordance with Egyptian Standard on Review Engagements 2410, "Limited Review of Interim Financial Statements Performed by the Independent Auditor of the Entity." A limited review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters in the Company, and applying analytical and other limited review procedures. A limited review is substantially less in scope than an audit conducted in accordance with Egyptian Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on these interim 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 September 2011, and of its financial performance and its cash flows for the nine months then ended in accordance with Egyptian Accounting Standards.

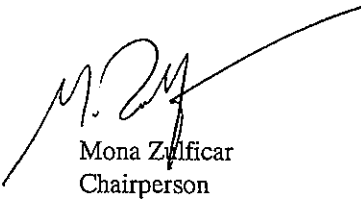
Cairo, November 2, 2011

Hassan Ba
KPMG Hazem Hassan
KPMG Hazem Hassan
Public Accountants and Consultants
(11)

EFG - Hermes Holding Company
(Egyptian Joint Stock Company)
Separate statement of financial position
as at 30 September 2011

	Note no.	30/9/2011 LE	31/12/2010 LE
Current assets			
Cash and cash equivalents	(4)	83 216 685	165 527 286
Investments at fair value through profit and loss	(5)	273 973 191	696 456 739
Due from subsidiaries	(6)	1 808 701 422	1 317 954 792
Other debit balances	(8)	64 460 165	82 014 496
Total current assets		<u>2 230 351 463</u>	<u>2 261 953 313</u>
Current liabilities			
Due to subsidiaries	(9)	580 485 314	307 553 280
Tax authority		2 027 340	235 905 648
Creditors and other credit balances	(10,22)	88 680 713	37 291 061
Dividends payable		1 333 365	15 738 394
Expected claims provision	(11)	9 853 751	9 853 751
Current portion of long term loans	(17)	28 166 400	38 588 000
Total current liabilities		<u>710 546 883</u>	<u>644 930 134</u>
Working capital		<u>1 519 804 580</u>	<u>1 617 023 179</u>
Non - current assets			
Loans to subsidiaries	(7,22)	50 000 000	100 000 000
Available -for- sale investments	(12)	140 181 211	252 033 867
Investments in subsidiaries	(13)	4 472 503 531	4 472 503 531
Investments property	(14)	132 062 511	132 062 511
Projects under construction	(15)	1 521 124	1 856 584
Fixed assets (net)	(16)	296 728 608	305 365 339
Deferred tax assets	(23)	3 949 146	4 360 686
Total non - current assets		<u>5 096 946 131</u>	<u>5 268 182 518</u>
Total investment		<u>6 616 750 711</u>	<u>6 885 205 697</u>
Financed through :			
Shareholders' equity			
Issued & paid - in capital	(18)	2 391 473 750	1 913 570 000
Legal reserve		956 785 000	956 785 000
Other reserves		3 165 573 202	3 284 977 958
Retained earnings		202 716 889	463 008 043
		<u>6 716 548 841</u>	<u>6 618 341 001</u>
Treasury shares	(18)	<u>(6 918 613)</u>	<u>-</u>
		6 709 630 228	6 618 341 001
Net (loss) profit for the period / year		(100 998 717)	1 026 014 092
Interim dividends		-	(774 517 396)
Total shareholders' equity including net (loss) profit for the period / year		<u>6 608 631 511</u>	<u>6 869 837 697</u>
Non - current liabilities			
Long term loans	(17)	8 119 200	15 368 000
Total shareholders' equity and non - current liabilities		<u>6 616 750 711</u>	<u>6 885 205 697</u>

The accompanying notes from page (5) to page (23) are an integral part of these financial statements and are to be read therewith.


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 September 2011

	Note no.	2011		2010	
		For the period	For the period	For the period	For the period
		from 1/7/2011	from 1/1/2011	from 1/7/2010	from 1/1/2010
		to 30/9/2011	to 30/9/2011	to 30/9/2010	to 30/9/2010
		LE	LE	LE	LE
Dividends income	(20)	537	6 942 655	53 132	10 196 005
Custody activity income		402 921	6 297 685	75 917	5 781 324
		403 458	13 240 340	129 049	15 977 329
Finance cost		(72 876)	(3 615 621)	(1 295 063)	(4 348 626)
General administrative expenses	(22,24)	(49 826 585)	(155 585 026)	(65 610 775)	(201 772 165)
Fixed assets depreciation	(16)	(4 851 651)	(14 537 422)	(4 186 315)	(7 607 135)
Expected claims provision		-	-	3 000 000	(9 400 000)
Net activity's loss		(54 347 654)	(160 497 729)	(67 963 104)	(207 150 597)
Interest income	(22)	4 532 981	14 500 153	38 578 023	144 844 547
Changes in the fair value of investments at fair value through profit and loss		(2 160 906)	(4 718 061)	(889 268)	(1 332 007)
Changes in the fair value of investments property		-	-	-	(46 104 606)
Gains on sale of investments	(13)	4 604 034	16 308 551	4 555 207	1 244 026 940
(Loss) gain on sale of fixed assets		(11 199)	(11 199)	-	150 400
Foreign currencies differences		(874 399)	12 278 374	1 096 572	109 039 326
Other income	(22)	7 409 362	21 552 734	8 199 833	17 045 100
Net (loss) profit before tax		(40 847 781)	(100 587 177)	(16 422 737)	1 260 519 103
Current income tax		-	-	4 945 145	(253 672 478)
Deferred tax	(23)	(242 294)	(411 540)	(236 760)	(435 862)
Net (loss) profit for the period		(41 090 075)	(100 998 717)	(11 714 352)	1 006 410 763
Earnings per share	(25)	(0.09)	(0.21)	(0.02)	2.08

The accompanying notes from page (5) to page (23) 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 September 2011

Note no.	Issued & paid-in capital	Legal reserve	General reserve	Special reserve		Hedging reserve	Retained earnings	Treasury shares	Net profit (loss) for the year / period	Interim dividends	Total
				Share premium	Fair value reserve						
	LE	LE	LE	LE	LE	LE	LE	LE	LE	LE	LE
Balance as at December 31, 2009	1 913 570 000	956 785 000	158 271	3 294 067 512	(87 157)	(3 546 267)	356 343 573	-	517 719 221	-	7 035 010 153
2009 dividends payout	-	-	-	-	-	-	106 664 470	-	(517 719 221)	-	(411 054 751)
Effective portion of changes in fair value of cash flow hedges (net of tax)	-	-	-	-	-	(22 896 120)	-	-	-	-	(22 896 120)
Net change in the fair value of available -for- sale investments	-	-	-	-	(8 348 033)	-	-	-	-	-	(8 348 033)
Net profit for the period ended September 30, 2010	-	-	-	-	-	-	-	-	1 006 410 763	-	1 006 410 763
Interim dividend	-	-	-	-	-	-	-	-	-	(774 517 396)	(774 517 396)
Balance as at September 30, 2010	1 913 570 000	956 785 000	158 271	3 294 067 512	(8 435 190)	(26 442 387)	463 008 043	-	1 006 410 763	(774 517 396)	6 824 604 616
Balance as at December 31, 2010	1 913 570 000	956 785 000	158 271	3 294 067 512	17 194 562	(26 442 387)	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)
Increase the issued capital	477 903 730	-	-	-	-	-	(477 903 750)	-	-	-	-
Net change in the fair value of available -for- sale investments	-	-	-	-	(119 404 756)	-	-	-	-	-	(119 404 756)
Purchasing of treasury shares	-	-	-	-	-	-	-	(6 918 613)	-	-	(6 918 613)
Net loss for the period ended September 30, 2011	-	-	-	-	-	-	-	-	(100 998 717)	-	(100 998 717)
Balance as at September 30, 2011	2 391 473 730	956 785 000	158 271	3 294 067 512	(102 210 194)	(26 442 387)	202 716 889	(6 918 613)	(100 998 717)	-	6 608 631 511

The accompanying notes from page (5) to page (23) 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 September 2011

	For the period ended 30/9/2011 LE	For the period ended 30/9/2010 LE
Cash flows from operating activities		
Net (loss) profit before tax	(100 587 177)	1 260 519 103
Adjustments to reconcile net (loss) profit before tax to net cash provided by operating activities :		
Fixed assets depreciation	14 537 422	7 607 135
Expected claims provision	-	12 400 000
Provisions no longer needed	-	(3 000 000)
(Losses) gains on sale of fixed assets	11 199	(150 400)
(Losses) gains on sale of available -for- sale investments	230	(963 754)
Gains on sale of investments in associates	-	(1 201 889 366)
Changes in the fair value of investments at fair value through profit and loss	4 718 061	1 332 007
Changes in the fair value of investments property	-	46 104 606
Foreign currencies differences	3 015 300	-
Operating (loss) profit before changes in working capital	<u>(78 304 965)</u>	<u>121 959 331</u>
Increase in treasury bills	-	(1 055 969 499)
Decrease in investments at fair value through profit and loss	417 765 487	622 192 485
Increase in due from subsidiaries	(490 746 630)	(825 782 753)
Decrease in loans to subsidiaries	50 000 000	75 000 000
Increase in other debit balances	(7 266 130)	(15 500 157)
Increase in due to subsidiaries	272 932 034	1 313 612 274
Decrease in tax authority	(219 746)	(4 642 318)
Increase (decrease) in creditors and other credit balances	51 389 652	(12 159 361)
Income tax paid	<u>(208 838 101)</u>	<u>(9 341 495)</u>
Net cash provided from operating activities	<u>6 711 601</u>	<u>209 368 507</u>
Cash flows from investing activities		
Payments to purchase fixed assets	(5 594 430)	(2 577 371)
Proceeds from sale of fixed assets	18 000	150 400
Payments to projects under construction	-	(57 727 456)
Payments to purchase available -for- sale investments	(7 560 301)	(155 354 044)
Proceeds from sale / redemption of available -for- sale investments	7 971	1 933 326
Payments to purchase investments in subsidiaries & associates	-	(39 888 996)
Proceeds from sale of investments in subsidiaries & associates	-	3 798 696 028
Net cash (used in) provided from investing activities	<u>(13 128 760)</u>	<u>3 545 231 887</u>
Cash flows from financing activities		
Dividends paid	(48 289 129)	(1 169 833 753)
Payments to purchase treasury shares	(6 918 613)	-
Change in reserves	-	(28 620 150)
Payments to long term loans	<u>(20 685 700)</u>	<u>(18 411 000)</u>
Net cash used in financing activities	<u>(75 893 442)</u>	<u>(1 216 864 903)</u>
Net change in cash and cash equivalents during the period	(82 310 601)	2 537 735 491
Cash and cash equivalents at the beginning of the period	<u>165 527 286</u>	<u>26 373 359</u>
Cash and cash equivalents at the end of the period	<u><u>83 216 685</u></u>	<u><u>2 564 108 850</u></u>

Non cash transactions

For the purpose of preparing the cash flows statement:

- An amount of LE 335 460 has been transferred from projects under construction to payments to purchase fixed assets. This amount was excluded from both items.

The accompanying notes from page (5) to page (23) 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 September 2011

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.

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.
- 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.

1-3 Acquisition of the Credit Libanais SAL (the Bank)

- On August 17, 2010 EFG-Hermes Holding Company agreed with the major shareholder of Credit Libanais SAL (the Bank) to purchase 14 228 000 shares a controlling stack in Credit Libanais SAL (the Bank) through its fully owned subsidiary EFG – Hermes CL Holding SAL for an amount of USD 542 million and 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 on November 8, 2010.
- On December 30, 2010 the company obtained the approval of the Central Bank of Lebanon on the purchase of another 686 918 shares of Credit Libanais S.A.L (the Bank) Shares through its fully owned subsidiary EFG – Hermes CL Holding SAL.

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 (11) – Expected claims provision.
- Note (13) – Investments in subsidiaries.
- Note (19) – Valuation of financial instruments.
- Note (23) – 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:

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

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 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, cheques under collection and due from banks and financial institutions.

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

	30/9/2011	31/12/2010
	LE	LE
Cash on hand	542 125	343 172
Banks -current accounts	82 459 336	164 558 723
Cheques under collection	215 224	625 391
	<hr/>	<hr/>
Balance	83 216 685	165 527 286
	=====	=====

5- Investments at fair value through profit and loss

	30/9/2011	31/12/2010
	LE	LE
Mutual fund certificates	269 775 730	687 168 112
Stocks	4 197 461	9 288 627
	<hr/>	<hr/>
Balance	273 973 191	696 456 739
	=====	=====

6- Due from subsidiaries

	30/9/2011	31/12/2010
	LE	LE
Financial Brokerage Group Co.	51 597 473	24 142 261
EFG – Hermes Private Equity	427 544	332 022
EFG – Hermes Fixed Income	3 033 720	3 099 640
EFG – Hermes Advisory Inc.	1 382 016 231	1 055 610 588
Flemming CIIC Holding	20 109 284	19 759 300
EFG-Hermes UAE Ltd. Co.	196 417	1 144 428
October Property Development Ltd. Co.	85 986 306	107 119 375
EFG- Hermes Lebanon	25 848 533	9 448 386
EFG- Hermes Qatar	5 114 980	370 525
EFG-Hermes Private Equity – BVI	4 640 644	2 184 901
EFG-Hermes Global CB Holding Limited	212 756 134	67 975 392
EFG-Hermes Jordan	591 778	19 710 817
Talas & Co. LLP	7 250 455	7 057 157
Fixed Income Investment Limited	4 770 353	--
EFG- Hermes Oman LLC	2 496 254	--
EFG- Hermes IFA Financial Brokerage	1 865 316	--
	<hr/>	<hr/>
Balance	1 808 701 422	1 317 954 792
	=====	=====

4- Cash and cash equivalents

	30/9/2011	31/12/2010
	LE	LE
Cash on hand	542 125	343 172
Banks -current accounts	82 459 336	164 558 723
Cheques under collection	215 224	625 391
	<hr/>	<hr/>
Balance	83 216 685	165 527 286
	=====	=====

5- Investments at fair value through profit and loss

	30/9/2011	31/12/2010
	LE	LE
Mutual fund certificates	269 775 730	687 168 112
Stocks	4 197 461	9 288 627
	<hr/>	<hr/>
Balance	273 973 191	696 456 739
	=====	=====

6- Due from subsidiaries

	30/9/2011	31/12/2010
	LE	LE
Financial Brokerage Group Co.	51 597 473	24 142 261
EFG – Hermes Private Equity	427 544	332 022
EFG – Hermes Fixed Income	3 033 720	3 099 640
EFG – Hermes Advisory Inc.	1 382 016 231	1 055 610 588
Flemming CIIC Holding	20 109 284	19 759 300
EFG-Hermes UAE Ltd. Co.	196 417	1 144 428
October Property Development Ltd. Co.	85 986 306	107 119 375
EFG- Hermes Lebanon	25 848 533	9 448 386
EFG- Hermes Qatar	5 114 980	370 525
EFG-Hermes Private Equity – BVI	4 640 644	2 184 901
EFG-Hermes Global CB Holding Limited	212 756 134	67 975 392
EFG-Hermes Jordan	591 778	19 710 817
Talas & Co. LLP	7 250 455	7 057 157
Fixed Income Investment Limited	4 770 353	--
EFG- Hermes Oman LLC	2 496 254	--
EFG- Hermes IFA Financial Brokerage	1 865 316	--
	<hr/>	<hr/>
Balance	1 808 701 422	1 317 954 792
	=====	=====

7- 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 and on March 1, 2010 the company has settled an amount of LE 25 million accordingly, the balance of the loan as at September 30, 2011 amounted to LE 50 million.

- On October 8, 2009 the company has lent a subordinated loan to Hermes Securities Brokerage (a subsidiary - 97.58%) with an amount of LE 100 million due on October 7, 2011. 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.

Hermes Securities Brokerage Co. has settled an amount of LE 50 million on February 14, 2010 and on September 25, 2011 the remain balance has been fully paid.

8- Other debit balances

	30/9/2011	31/12/2010
	LE	LE
Accrued revenues	--	995 145
Taxes withheld by others	515 611	24 826 866
Deposits with others	1 075 089	1 175 089
Prepaid expenses	7 073 318	5 896 923
Employees advances	8 195 500	4 146 330
Downpayments to suppliers	89 280	89 280
Payments for purchase of investments *	18 150 180	18 150 180
Sundry debtors	29 361 187	26 734 683
	<hr/>	<hr/>
Balance	64 460 165	82 014 496
	=====	=====

* Payments for investments are represented in the following:

	30/9/2011	31/12/2010
	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
Egyptian Company for Funds Investments	400 200	400 200
Balance	<u>18 150 180</u>	<u>18 150 180</u>

9- Due to subsidiaries

	30/9/2011	31/12/2010
	LE	LE
Hermes Securities Brokerage	77 075 958	(121 106 268)
Arab Visual Company	5 000 000	5 000 000
Hermes Corporate Finance	12 046 352	13 929 832
Hermes Fund Management	7 927 277	13 005 967
EFG- Hermes Financial Management Ltd	114 343 745	102 054 804
Egyptian Portfolio Management Group	36 042 420	29 350 588
EFG-Hermes Holding-Lebanon	1 415 804	1 414 601
Financial Group for Real Estate	235 000	235 000
EFG- Hermes KSA	5 466 405	(3 255 856)
EFG-Hermes Promoting & Underwriting	10 641 043	333 524
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.	82 970 230	80 490 477
Bayonne Enterprises Ltd.	130 880 094	135 415 993
Egyptian Fund Management Group.	60 773 448	27 448 622
EFG – Hermes Syria LLC	18 893 715	3 967 928
Sindyam Syria LLC	200 894	195 537
EFG- Hermes Brokerage- UAE Ltd	1 572 929	4 072 531
Balance	<u>580 485 314</u>	<u>307 553 280</u>

10- Creditors and other credit balances

	30/9/2011	31/12/2010
	LE	LE
Accrued interest & commission	516 507	238 887
Social Insurance Authority	208 539	198 655
Accrued expenses	69 267 962	17 099 497
Clients coupons - custody activity	8 091 271	8 716 618
Unearned Revenue (Note no. 22)	6 218 000	2 487 200
Unrealized swap gains (losses)	1 016 834	(46 126)
Sundry credit balances	3 361 600	8 596 330
Balance	<u>88 680 713</u>	<u>37 291 061</u>

11- Expected claims provision

	30/9/2011	31/12/2010
	LE	LE
Balance as at the beginning of the period / year	9 853 751	453 751
Amounts formed during the period / year	--	9 400 000
	<hr/>	<hr/>
Balance as at the end of the period / year	9 853 751	9 853 751
	=====	=====

12- Available –for– sale investments

	30/9/2011	31/12/2010
	LE	LE
El Araby Investment Company	2 500 000	2 500 000
Axes Holding Co.	298 200	290 250
Egyptian Company for Marketing	500 000	500 000
International Project Management Company	2 982 000	2 902 500
Misr Clearance Company	2 064 068	2 064 068
Horus Private Equity Fund II	9 876 132	9 612 835
Commercial International Bank – CIB	--	14 220
Azadea Misr IIC	11 153	10 855
AAW Company for Infra Structure	20 000	20 000
Six of October Development and Investment (SODIC)	52 495 487	174 047 371
Inframed Infrastructure	4 786 171	2 021 768
Mass for Investment Co.	59 640 000	58 050 000
Misr Al Mostakbal for Mutual Funds	5 000 000	--
AZCA Logistics LLC.	4 000	--
Fashion Logistics LLC.	4 000	--
	<hr/>	<hr/>
Balance	140 181 211	252 033 867
	=====	=====

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

	30/9/2011	31/12/2010
	LE	LE
Quoted investments	52 495 487	174 061 591
Non- quoted investments	87 685 724	77 972 276
	<hr/>	<hr/>
	140 181 211	252 033 867
	=====	=====

13- Investments in subsidiaries

Company's name	Share percentage %	Balance as at 30/9/2011 LE	Balance as at 31/12/2010 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 Private Equity	96.30	1 249 490	1 249 490
Flemming CIIC Holding	100	100 000 000	100 000 000
EFG- Hermes Private Equity- BVI *	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	27 705 775	27 705 775
EFG- Hermes Regional Investments Ltd. *	100	706 236 283	706 236 283
EFG- Hermes Qatar L.L.C	100	24 916 590	24 916 590
EFG-Hermes Jordan	100	31 504 506	31 504 506
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
Balance		4 472 503 531	4 472 503 531
		=====	=====

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

- ** EFG-Hermes Global CB Holding Limited is the parent company for Credit Libanais SAL (the Bank) (63.739%).
- Investments in subsidiaries non - quoted investments.
 - On January 21, 2010 the company and its subsidiaries have sold its entire investments in Bank Audi - Lebanon Bank (an associate - 29.16%) which represented in 10 037 182 shares with share price of US \$ 91 each, the company's selling gain amounted to LE 1 201 889 366 and recorded on the income statement for the comparable period ended 30 September 2010.

14- Investment property

Investment property presented in the statement of financial position as at September 30, 2011 amounted to LE 132 062 511 represents the value of the area owned by the Holding Company in Nile City Building.

15- Projects under construction

- The balance of projects under construction presented in the statement of financial position with an amount of LE 1 521 124 as at September 30, 2011, represents the value of establishments on the Company's new head quarter in the Smart Village

16- 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 1/1/2011	16 000 000	256 559 285	20 257 809	39 281 652	6 590 711	3 831 660	342 521 117
Additions during the period	--	--	823 829	3 468 420	--	1 637 641	5 929 890
Disposals during the period	--	--	(33 691)	--	--	--	(33 691)
Total cost as at 30/9/2011	16 000 000	256 559 285	21 047 947	42 750 072	6 590 711	5 469 301	348 417 316
Accumulated depreciation as at 1/1/2011	--	4 755 847	5 302 979	19 322 523	5 330 332	2 444 097	37 155 778
Depreciation during the period	--	5 772 583	2 768 640	4 954 299	368 947	672 953	14 537 422
Disposals' accumulated depreciation	--	--	(4 492)	--	--	--	(4 492)
Accumulated depreciation as at 30/9/2011	--	10 528 430	8 067 127	24 276 822	5 699 279	3 117 050	51 688 708
Net cost as at 30/9/2011	16 000 000	246 030 855	12 980 820	18 473 250	891 432	2 352 251	296 728 608
Net cost as at 31/12/2010	16 000 000	251 803 438	14 954 830	19 959 129	1 260 379	1 387 563	305 365 339

17- 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 company paid 9 installments which equivalent to US\$ 18 million accordingly, the loan balance amounted to US\$ 2 million (the equivalent amount of LE 11 928 000) as at September 30, 2011. (this amount will due within one year).
- 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 company has paid Euro 7 million accordingly, the loan balance as of September 30, 2011 amounted Euro 3 million (the equivalent amount of LE 24 357 600).
- The current portion (the amount that will due within one year) of the loan amounts to Euro 2 million (the equivalent amount of LE 16 238 400).

18- 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.

18-1 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.

19- 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 203 670 000 (equivalent to LE 330 760 080).
- The company has executed C-SWAP contracts to cover its needs of foreign currencies with the banks which will be settled according to specific rates for the foreign currencies implied in such contracts. The mentioned contract is as follows:

Transaction date	Transaction	Amount	Currency	Expiry date
6/9/2011	Selling Euro	Euro 3 000 000	Buying US.\$	5/10/2011

20- Dividends income

	2011		2010	
	For the period from 1/7/2011 to 30/9/2011	For the period from 1/1/2011 to 30/9/2011	For the period from 1/7/2010 to 30/9/2010	For the period from 1/1/2010 to 30/9/2010
	LE	LE	LE	LE
Income from investments in subsidiaries	--	--	--	906 300
Income from available - for- sale investments	--	6 460 956	--	--
Income from investments at fair value through profit and loss	537	481 699	53 132	9 289 705
Total	<u>537</u>	<u>6 942 655</u>	<u>53 132</u>	<u>10 196 005</u>
	=====	=====	=====	=====

21- Tax status

- As to Income Tax, the years from the first financial year till 31/12/2004 have been finished and as to years 2005/2008, the competent tax inspectorate inspected parent company's books and the 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 years 2009 / 2010, the parent company's books have not been inspected yet and the company has provided its tax returns for these years and paid the due tax according to the Tax Law no. 91/2005.
- As to Salaries Tax, the parent company's books had been examined till the year 2004 and all the disputed points have been agreed upon with the Internal Committee and the due amount has been paid and the years 2005/2008 have been inspected and the 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 / 2010, the company's books have not been inspected yet.
- As to Stamp Tax, the parent company's books had been examined from year 1998 till 31/7/2006 and the disputed points had been transferred to Appeal Committee, and the period from 1/8/2006 till 31/12/2010 have not been inspected yet.
- The Supreme Council of the Armed Forces issued the Decree Law No. 51 of 2011 amending some provisions of the Income Tax Law promulgated by Law No. 91 of 2005 where the amendment of Article (49 / first paragraph) as follows:
The tax base nearest ten pounds less is subject to tax in accordance with the following two tranches:
 - First tranche: up to ten million pounds at 20%.
 - Second tranche: more than ten million pounds at 25%.instead of 20% of the entire tax base.

22- Related party transactions

- General administrative expenses item includes an amount of LE 187 500 represents management fees provided by EFG- Hermes Private Equity- BVI (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 4 744 519 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 5 038 767 represent the interests value on subordinated loan which granted from the company to Hermes Securities Brokerage (A subsidiary company - 97.58%) (note no. 7).
- Other income item presented in the income statement includes an amount of LE 11 192 400 which represents the value of rental spaces for some affiliated

companies in addition to LE 9 613 117 which represents the value of redemption of some expenses of the new headquarter that were allocated to the subsidiaries

- Loans to subsidiaries item as at September 30, 2011 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 50 million (note no. 7).
- Creditors and other credit balances item includes an amount of LE 6 218 000 represents the unearned revenues from the affiliated companies for rental of group's headquarter owned by the company.

23- Deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

(A) Deferred tax	30/9/2011		31/12/2010	
	Assets	Liabilities	Assets	Liabilities
	LE	LE	LE	LE
Fixed assets depreciation	--	(3 474 194)	--	(3 062 654)
Expected claims provision	90 750	--	90 750	--
Impairment loss on assets	719 993	--	719 993	--
Total deferred tax assets (liabilities)	810 743	(3 474 194)	810 743	(3 062 654)
Net deferred tax liabilities		(2 663 451)		(2 251 911)

(B) Deferred tax recognized directly in equity

	30/9/2011	31/12/2010
	LE	LE
Changes in fair value of cash flow hedges	6 612 597	6 612 597

24- General administrative expenses

	2011		2010	
	For the period from 1/7/2011 to 30/9/2011	For the period from 1/1/2011 to 30/9/2011	For the period from 1/7/2010 to 30/9/2010	For the period from 1/1/2010 to 30/9/2010
	LE	LE	LE	LE
Wages , salaries and similar items	39 695 753	111 912 256	47 129 871	142 172 762
Consultancy	(85 122)	3 857 704	2 170 062	7 861 498
Advertising and public relations	705 079	4 188 349	521 933	10 949 320
Travel , accommodation and transportation	1 237 225	5 125 161	763 566	5 501 897
Other expenses	8 273 650	30 501 556	15 025 343	35 286 688
Total	49 826 585	155 585 026	65 610 775	201 772 165

25- Earnings per share

	2011		2010	
	For the period from 1/7/2011 to 30/9/2011	For the period from 1/1/2011 to 30/9/2011	For the period from 1/7/2010 to 30/9/2010	For the period from 1/1/2010 to 30/9/2010
	LE	LE	LE	LE
Net (loss) profit for the period	(41 090 075)	(100 998 717)	(11 714 352)	1 006 410 763
Employees' profit share	--	--	--	(9 089 396)
	<u>(41 090 075)</u>	<u>(100 998 717)</u>	<u>(11 714 352)</u>	<u>997 321 367</u>
Weighted average number of shares	477 903 750	478 164 417	478 294 750	478 294 750
Earnings per share	<u>(0.09)</u>	<u>(0.21)</u>	<u>(0.02)</u>	<u>2.08</u>
	=====	=====	=====	=====

26- 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.

26/1 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.

26/2 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 statement of financial position date the company has assets and liabilities in foreign currencies equivalent to LE 374 931 262 and LE 184 009 038 respectively. The company's net exposures in foreign currencies are as follows:

	Surplus/(Deficit)
	LE
USD	191 221 301
Euro	(503 428)
GBP	215 823
AED	(17 358)
CHF	5 886

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.

- The company executes SWAP and Hedge Agreements to cover its needs of foreign currencies and to hedge the exchange risk related thereto (note no. 19).

26/3 Financial instruments' fair value

The financial instruments' fair value do not substantially deviated from their book value at the statement of financial position 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. (14) 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.

26/4 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).

27- Comparative figures

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