

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

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

<b>Contents</b>	<b>Page</b>
Review report	
Separate statement of financial position	1
Separate income statement	2
Separate statement of changes in equity	3
Separate statement of cash flows	4
Significant accounting policies and other notes to the separate financial statements	5-26



## Hazem Hassan

Public Accountants & Consultants

Pyramids Heights Office Park  
Km 22 Cairo/Alex Road  
P.O. Box 48 Al Ahram  
Giza - Cairo - Egypt

Telephone : (202) 35 36 22 00 - 35 36 22 11  
Telefax : (202) 35 36 23 01 - 35 36 23 05  
E-mail : [egypt@kpmg.com.eg](mailto:egypt@kpmg.com.eg)  
Postal Code : 12556 Al Ahram

### 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 2012 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 2012, and of its financial performance and its cash flows for the nine months then ended in accordance with Egyptian Accounting Standards.


Cairo, 19 November, 2012

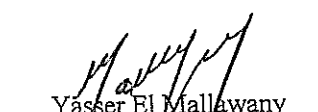
Hassan Baq  
KPMG Hazem Hassan  
KPMG Hazem Hassan  
Public Accountants and Consultants  
⑪

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

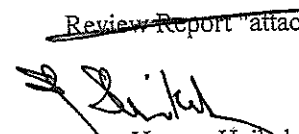
	Note no.	30/9/2012 LE	31/12/2011 LE
<b>Current assets</b>			
Cash and cash equivalents	(4)	118 924 469	81 166 254
Investments at fair value through profit and loss	(5)	212 228 860	229 185 126
Due from subsidiaries	(6)	1 700 150 617	1 780 013 421
Other debit balances	(7)	92 713 215	58 880 856
<b>Total current assets</b>		<u>2 124 017 161</u>	<u>2 149 245 657</u>
<b>Current liabilities</b>			
Due to subsidiaries	(8)	419 626 891	304 597 833
Tax authority		3 805 942	24 654 552
Creditors and other credit balances	(9,21)	34 881 638	112 238 564
Dividends payable		-	1 333 365
Expected claims provision	(10)	7 270 286	9 853 751
Current portion of long term loans	(16)	-	15 584 600
<b>Total current liabilities</b>		<u>465 584 757</u>	<u>468 262 665</u>
<b>Working capital</b>		<u>1 658 432 404</u>	<u>1 680 982 992</u>
<b>Non - current assets</b>			
Loans to subsidiaries	(11,21)	260 000 000	50 000 000
Available -for- sale investments	(12)	211 366 903	135 016 369
Investments in subsidiaries	(13)	4 691 906 224	4 474 468 668
Investments property	(14)	132 062 511	132 062 511
Fixed assets (net)	(15)	280 596 258	294 148 763
Deferred tax assets	(22)	4 519 757	4 816 375
<b>Total non - current assets</b>		<u>5 580 451 653</u>	<u>5 090 512 686</u>
<b>Total investment</b>		<u>7 238 884 057</u>	<u>6 771 495 678</u>
<b>Financed through :</b>			
<b>Shareholders' equity</b>			
Issued & paid - in capital	(17)	2 391 473 750	2 391 473 750
Legal reserve		961 257 586	956 785 000
Other reserves		3 200 900 826	3 137 986 931
Retained earnings		287 696 024	202 716 889
		<u>6 841 328 186</u>	<u>6 688 962 570</u>
Treasury shares	(17-1)	<u>( 6 918 613 )</u>	<u>( 6 918 613 )</u>
		6 834 409 573	6 682 043 957
Net profit for the period / year		404 474 484	89 451 721
<b>Total shareholders' equity including net profit for the period / year</b>		<u>7 238 884 057</u>	<u>6 771 495 678</u>

The accompanying notes from page (5) to page (26) 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 2012

	Note no.	2012		2011	
		For the period	For the period	For the period	For the period
		from 1/7/2012	from 1/1/2012	from 1/7/2011	from 1/1/2011
		to 30/9/2012	to 30/9/2012	to 30/9/2011	to 30/9/2011
		LE	LE	LE	LE
Dividend income	(19)	1 550 555	519 514 134	537	6 942 655
Custody activity income		1 189 579	4 950 961	402 921	6 297 685
		<u>2 740 134</u>	<u>524 465 095</u>	<u>403 458</u>	<u>13 240 340</u>
Finance cost		-	( 249 017)	( 72 876)	( 3 615 621)
General and administrative expenses	(21,23)	( 65 629 194)	( 203 424 728)	( 49 826 585)	( 155 585 026)
Fixed assets depreciation	(15)	( 4 549 103)	( 13 892 874)	( 4 851 651)	( 14 537 422)
Net activity's profit (loss)		<u>( 67 438 163)</u>	<u>306 898 476</u>	<u>( 54 347 654)</u>	<u>( 160 497 729)</u>
Interest income	(21)	10 915 727	21 685 232	4 532 981	14 500 153
Changes in the fair value of investments at fair value through profit and loss		23 614 416	43 490 439	( 2 160 906)	( 4 718 061)
Gains on sale of investments		7 036 390	10 373 902	4 604 034	16 308 551
Loss on sale of fixed assets		-	-	( 11 199)	( 11 199)
Foreign currencies differences		1 046 874	2 903 650	( 874 399)	12 278 374
Other income	(21)	6 776 166	19 419 403	7 409 362	21 552 734
Net profit (loss) before tax		<u>( 18 048 590)</u>	<u>404 771 102</u>	<u>( 40 847 781)</u>	<u>( 100 587 177)</u>
Deferred tax	(22)	( 122 217)	( 296 618)	( 242 294)	( 411 540)
Net profit (loss) for the period		<u>( 18 170 807)</u>	<u>404 474 484</u>	<u>( 41 090 075)</u>	<u>( 100 998 717)</u>
Earnings per share	(24)	<u>(0.04)</u>	<u>0.85</u>	<u>(0.09)</u>	<u>(0.21)</u>

The accompanying notes from page (5) to page (26) 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 2012

Note no.	Issued & paid-in capital	Legal reserve	Other reserves			Retained earnings	Treasury shares	Net 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	465 008 043	-	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	477 903 750	-	-	-	-	( 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	2 391 473 750	956 785 000	158 271	3 294 067 512	( 102 210 194)	202 716 889	( 6 918 613)	( 100 998 717)	-	6 608 631 511
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	-	-	-	-	62 913 895	-	-	-	-	62 913 895
Net profit for the period ended September 30, 2012	-	-	-	-	-	-	-	404 474 484	-	404 474 484
Balance as at September 30, 2012	2 391 473 750	961 257 586	158 271	3 294 067 512	( 66 882 570)	287 696 024	( 6 918 613)	404 474 484	-	7 238 884 057

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

The accompanying notes from page (5) to page (26) 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 2012**

	Note no.	For the period ended 30/09/2012 LE	For the period ended 30/09/2011 LE
<b>Cash flows from operating activities</b>			
Net profit (loss) before tax		404 771 102	( 100 587 177)
<b>Adjustments to reconcile net profit (loss) before tax to net cash provided by operating activities :</b>			
Fixed assets depreciation		13 892 874	14 537 422
Provisions used		( 2 583 465)	-
Losses on sale of fixed assets		-	11 199
Changes in the fair value of investments at fair value through profit and loss		( 43 490 439)	4 718 061
Loss on sale of available -for- sale investments		1 295 087	230
Foreign currencies differences		( 2 903 650)	3 015 300
Operating profit (loss) before changes in working capital		<u>370 981 509</u>	<u>( 78 304 965)</u>
Decrease in investments at fair value through profit and loss		60 446 705	417 765 487
Decrease (increase) in due from subsidiaries		79 862 804	( 490 746 630)
Increase in other debit balances		( 34 406 592)	( 7 266 130)
Increase in due to subsidiaries		115 029 058	272 932 034
Decrease in tax authority		( 205 233)	( 219 746)
(Decrease) increase in creditors and other credit balances		( 77 356 926)	51 389 652
Income tax paid		( 20 069 144)	( 208 838 101)
Net cash provided from (used in) operating activities		<u>494 282 181</u>	<u>( 43 288 399)</u>
<b>Cash flows from investing activities</b>			
Payments to purchase fixed assets		( 340 369)	( 5 594 430)
Proceeds from sale of fixed assets		-	18 000
Proceeds from loans to subsidiaries		50 000 000	50 000 000
Payments to loans to subsidiaries		( 260 000 000)	-
Payments to purchase available -for- sale investments		( 24 060 961)	( 7 560 301)
Proceeds from sale available -for- sale investments		9 329 235	7 971
Payments to purchase investments in subsidiaries & associates		( 217 476 588)	-
Proceeds from sale of investments in subsidiaries & associates		39 032	-
Net cash (used in) provided from in investing activities		<u>( 442 509 651)</u>	<u>36 871 240</u>
<b>Cash flows from financing activities</b>			
Dividends paid		( 1 333 365)	( 48 289 129)
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>( 75 893 442)</u>
Net change in cash and cash equivalents during the period		34 854 565	( 82 310 601)
Cash and cash equivalents at the beginning of the period	(25)	84 069 904	165 527 286
Cash and cash equivalents at the end of the period	(25)	<u>118 924 469</u>	<u>83 216 685</u>

The accompanying notes from page (5) to page (26) 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 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 (13) – Investments in subsidiaries.
- Note (22) – 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 28).

### **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 Earnings 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**

	<b>30/9/2012</b>	<b>31/12/2011</b>
	<b>LE</b>	<b>LE</b>
Cash on hand	400 447	262 737
Banks -current accounts	38 995 522	60 690 192
Cheques under collection	--	213 325
Banks -time deposits	79 528 500	20 000 000
Balance	<u>118 924 469</u>	<u>81 166 254</u>

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

	<b>30/9/2012</b>	<b>31/12/2011</b>
	<b>LE</b>	<b>LE</b>
Mutual fund certificates	207 850 440	225 803 073
Stocks	4 378 420	3 382 053
Balance	<u>212 228 860</u>	<u>229 185 126</u>



**6- Due from subsidiaries**

	<b>30/9/2012</b>	<b>31/12/2011</b>
	<b>LE</b>	<b>LE</b>
Hermes Securities Brokerage	166 587 903	2 089 474
Financial Brokerage Group Co.	1 505 243	(16 426 206)
Hermes Fund Management	4 210 759	(7 617 251)
EFG- Hermes Management	524 801	438 421
EFG – Hermes Advisory Inc.	1 182 863 845	1 400 681 786
Flemming CIIC Holding	20 736 551	20 256 459
October Property Development Ltd. Co.	86 165 341	86 077 602
EFG- Hermes Lebanon	1 086 396	334 075
EFG- Hermes Qatar	195 825	182 937
EFG-Hermes Private Equity	135 978	60 585 970
EFG-Hermes Global CB Holding Limited	217 776 927	215 185 139
EFG-Hermes Jordan	93 054	39 338
Talas & Co. LLP	7 407 889	7 330 084
Fixed Income Investment Limited	10 266 839	9 262 499
EFG- Hermes Oman LLC	420 092	1 139 762
EFG – Hermes Orient Advisory Inc.	74 570	36 250
EFG – Hermes Mena Securities Ltd.	68 122	5 462
EFG- Hermes IFA Financial Brokerage	30 482	- 411 620
	<hr/>	<hr/>
Balance	1 700 150 617	1 780 013 421
	<hr/> <hr/>	<hr/> <hr/>

**7- Other debit balances**

	<b>30/9/2012</b>	<b>31/12/2011</b>
	<b>LE</b>	<b>LE</b>
Accrued revenues	24 657	4 708 339
Taxes withheld by others	978 324	574 233
Deposits with others	1 075 089	1 075 089
Prepaid expenses	10 870 207	5 924 832
Employees advance	3 196 889	1 553 906
Downpayments to suppliers	89 280	89 280
Payments for purchase of investments *	44 519 690	18 150 180
Notes receivable	6 200 000	--
Sundry debtors	25 759 079	26 804 997
	<hr/>	<hr/>
Balance	92 713 215	58 880 856
	<hr/> <hr/>	<hr/> <hr/>

\* Payments for investments are represented in the following:

EFG - Hermes Holding Company  
Notes to the separate financial statements  
for the period ended 30/9/2012 (Cont'd)

	<b>30/9/2012</b>	<b>31/12/2011</b>
	<b>LE</b>	<b>LE</b>
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	1 000 000	--
Financial Brokerage Group Co.	24 129 710	--
EFG –Hermes Direct Fund Management	640 000	--
Egyptian Company for Funds Investments	--	400 200
	<hr/>	<hr/>
Balance	44 519 690	18 150 180
	<hr/> <hr/>	<hr/> <hr/>
<b>8- Due to subsidiaries</b>		
	<b>30/9/2012</b>	<b>31/12/2011</b>
	<b>LE</b>	<b>LE</b>
Arab Visual Company	5 000 000	5 000 000
Hermes Corporate Finance	11 858 389	12 022 552
EFG – Hermes Fixed Income	5 577 209	(3 050 720)
EFG- Hermes Financial Management (Egypt) Ltd	7 438 986	(9 258 806)
EFG-Hermes UAE Ltd. Co.	240 943	1 784 331
EFG-Hermes Holding-Lebanon	1 240 073	1 270 467
Financial Group for Real Estate	235 000	235 000
EFG- Hermes KSA	3 406 084	5 673 482
EFG-Hermes Promoting & Underwriting	160 928 821	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.	27 317 751	27 243 210
Bayonne Enterprises Ltd.	102 622 963	123 190 287
Egyptian Fund Management Group.	60 274 169	58 838 714
EFG – Hermes Syria LLC	17 120 469	17 836 588
Sindyan Syria LLC	205 256	203 100
Egyptian Portfolio Management Group	1 102 118	37 891 678
EFG- Hermes Brokerage- UAE Ltd	58 660	565 679
	<hr/>	<hr/>
Balance	419 626 891	304 597 833
	<hr/> <hr/>	<hr/> <hr/>

**9- Creditors and other credit balances**

	<b>30/9/2012</b>	<b>31/12/2011</b>
	<b>LE</b>	<b>LE</b>
Accrued interest & commission	--	82 256
Social Insurance Authority	215 213	204 555
Accrued expenses	16 921 227	104 459 226
Clients coupons - custody activity	7 220 109	8 217 583
Unearned Revenue (Note no. 21)	6 218 000	2 487 200
Sundry credit balances	4 307 089	(3 212 256)
	<hr/>	<hr/>
Balance	34 881 638	112 238 564
	<hr/> <hr/>	<hr/> <hr/>

**10- Expected claims provision**

	<b>30/9/2012</b>	<b>31/12/2011</b>
	<b>LE</b>	<b>LE</b>
Balance at the beginning of the period / year	9 853 751	9 853 751
Amounts used during the period / year	(2 583 465)	--
	<hr/>	<hr/>
Balance	7 270 286	9 853 751
	<hr/> <hr/>	<hr/> <hr/>

**11- 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 credit 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 credit 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 accreditation 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.

**12- Available –for– sale investments**

	<b>30/9/2012</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.	304 675	301 475
Egyptian Company for Marketing	500 000	500 000
International Company for Projects Management	3 046 750	3 014 750
Misr Clearance Company	2 064 068	2 064 068
Horus Private Equity Fund II	3 184 341	6 174 401
Azadea Misr IIC	11 395	11 275
AAW Company for Infra Structure	20 000	20 000
Six of October Development and Investment (SODIC)	92 665 243	32 208 547
Inframed Infrastructure Fund	48 782 129	25 513 853
Mass for Investment Co.	57 880 000	57 880 000
Misr Al Mostakbal for Mutual Funds	--	4 820 000
AZCA Logistics LLC.	4 000	4 000
Fashion Logistics LLC.	4 000	4 000
Egyptian Company for Funds Investments	400 302	--
Balance	<u>211 366 903</u>	<u>135 016 369</u>

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

	<b>30/9/2012</b>	<b>31/12/2011</b>
	<b>LE</b>	<b>LE</b>
Quoted investments	92 665 243	32 208 547
Non- quoted investments	118 701 660	102 807 822
	<u>211 366 903</u>	<u>135 016 369</u>

### 13- Investments in subsidiaries

Company's name	Share percentage	Balance as at 1/1/2012	Addition / (Disposal) during the period	Balance as at 30/9/2012	Balance as at 31/12/2011
	%	LE	LE	LE	LE
Financial Brokerage Group Co. *	99.76	17 708 350	--	17 708 350	17 708 350
Egyptian Fund Management Group *	88.51	3 099 633	--	3 099 633	3 099 633
Egyptian Portfolio Management Group *	66.33	995 000	--	995 000	995 000
Hermes Securities Brokerage *	97.58	24 606 769	195 157 200	219 763 969	24 606 769
Hermes Fund Management *	89.95	6 439 709	--	6 439 709	6 439 709
Hermes Corporate Finance Co. *	99.37	5 476 029	--	5 476 029	5 476 029
EFG- Hermes Advisory Inc. *	100	5 400 000	--	5 400 000	5 400 000
EFG- Hermes Financial Management Ltd. *	100	10 000	--	10 000	10 000
EFG- Hermes Promoting & Underwriting *	99.88	7 990 000	--	7 990 000	7 990 000
EFG- Hermes Fixed Income	99	9 900 000	--	9 900 000	9 900 000
EFG- Hermes Management	96.30	1 249 490	--	1 249 490	1 249 490
Flemming CIIC Holding	100	100 000 000	--	100 000 000	100 000 000
EFG- Hermes Private Equity ***	1.59	39 975	--	39 975	39 975
EFG- Hermes – UAE Limited Company *	100	23 000 000	--	23 000 000	23 000 000
EFG- Hermes Holding Lebanon – S.A.L.	99	153 713	--	153 713	153 713
EFG- Hermes – KSA *	73.1	328 975 903	--	328 975 903	328 975 903
EFG- Hermes – Lebanon – S.A.L.	99	35 931 257	--	35 931 257	35 931 257
EFG- Hermes Regional Investments Ltd. */***	100	706 236 283	(39 032)	706 197 251	706 236 283
EFG- Hermes Qatar L.L.C *	100	24 916 590	6 027 500	30 944 090	24 916 590
EFG-Hermes Jordan *	100	33 610 631	--	33 610 631	33 610 631
EFG – Hermes Investment Funds Co *	99.998	9 999 800	--	9 999 800	9 999 800
EFG-Hermes Global CB Holding Limited**	100	3 137 096 006		3 137 096 006	3 137 096 006
EFG – Hermes Syria LLC ****	49	--	15 941 253	15 941 253	--
Sindyan Syria LLC *****	97	--	350 635	350 635	--
		<u>4 482 835 138</u>	<u>217 437 556</u>	<u>4 700 272 694</u>	<u>4 482 835 138</u>
Accumulate impairment loss on investments in subsidiaries		(8 366 470)	--	(8 366 470)	(8 366 470)
Balance		<u>4 474 468 668</u>	<u>217 437 556</u>	<u>4 691 906 224</u>	<u>4 474 468 668</u>

\* Note no (27) .

\*\* 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.

\*\*\*\* The Company owns 20.37 % of EFG - Hermes Syria LLC with indirect ownership through one of its subsidiaries - Sindyan Syria LLC (97%) .

- Investments in subsidiaries non - quoted investments.

#### 14- Investment property

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

#### 15- 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	--	--	--	340 369	--	--	340 369
Total cost as at 30/9/2012	16 000 000	256 559 285	22 196 822	43 618 601	6 590 711	6 027 362	350 992 781
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	--	5 772 583	2 940 198	4 284 008	305 315	590 770	13 892 874
Accumulated depreciation as at 30/9/2012	--	18 225 208	11 902 427	30 176 006	6 112 607	3 980 275	70 396 523
Net book value as at 30/9/2012	16 000 000	238 334 077	10 294 395	13 442 595	478 104	2 047 087	280 596 258
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

## 16- 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.

## 17- 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.

### 17-1 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, the actions are in process for execution of those shares.

### 18- 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 296 467 131).

### 19- Dividends income

	2012		2011	
	For the period from 1/7/2012 to 30/9/2012 LE	For the period from 1/1/2012 to 30/9/2012 LE	For the period from 1/7/2011 to 30/9/2011 LE	For the period from 1/1/2011 to 30/9/2011 LE
Income from investments in subsidiaries	--	515 057 445	--	--
Income from available - for- sale investments	1 549 003	1 549 003	--	6 460 956
Income from investments at fair value through profit and loss	1 552	2 907 686	537	481 699
<b>Total</b>	<b>1 550 555</b>	<b>519 514 134</b>	<b>537</b>	<b>6 942 655</b>

### 20- 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.

#### **21- Related party transactions**

- General administrative expenses item includes an amount of LE 187 500 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 2 168 018 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 12 295 927 represent the interests value on subordinated loan which granted from the company to Hermes Securities Brokerage (A subsidiary company - 97.58%) (note no. 11).
- Loans to subsidiaries item as at September 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. 11).
- 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 8 055 795 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 6 218 000 represents the unearned revenues from the affiliated companies for rental of group's headquarter owned by the company.

**22- Deferred tax assets and liabilities**

Deferred tax assets and liabilities are attributable to the following:

(A) Deferred tax	30/9/2012		31/12/2011	
	Assets	Liabilities	Assets	Liabilities
	LE	LE	LE	LE
Fixed assets depreciation	--	(4 576 877)	--	(4 280 259)
Expected claims provision	90 750	--	90 750	--
Impairment loss on assets	2 393 287	--	2 393 287	--
<b>Total deferred tax assets (liabilities)</b>	<b>2 484 037</b>	<b>(4 576 877)</b>	<b>2 484 037</b>	<b>(4 280 259)</b>
<b>Net deferred tax liabilities</b>		<b>(2 092 840)</b>		<b>(1 796 222)</b>

**(B) Deferred tax recognized directly in equity**

	30/9/2012	31/12/2011
	LE	LE
Changes in fair value of cash flow hedges	6 612 597	6 612 597

**23- General administrative expenses**

	2012		2011	
	For the period from 1/7/2012 to 30/9/2012	For the period from 1/1/2012 to 30/9/2012	For the period from 1/7/2011 to 30/9/2011	For the period from 1/1/2011 to 30/9/2011
	LE	LE	LE	LE
Wages , salaries and similar items	38 828 733	130 715 733	39 695 753	111 912 256
Consultancy	12 951 468	24 671 981	(85 122)	3 857 704
Travel , accommodation and transportation	1 245 623	3 962 604	1 237 225	5 125 161
Other expenses	12 603 370	44 074 410	8 978 729	34 689 905
<b>Total</b>	<b>65 629 194</b>	<b>203 424 728</b>	<b>49 826 585</b>	<b>155 585 026</b>

**24- Earnings per share**

	2012		2011	
	For the period from 1/7/2012 to 30/9/2012	For the period from 1/1/2012 to 30/9/2012	For the period from 1/7/2011 to 30/9/2011	For the period from 1/1/2011 to 30/9/2011
	LE	LE	LE	LE
Net profit (loss) for the period	(18 170 807)	404 474 484	(41 090 075)	(100 998 717)
Weighted average number of shares	477 903 750	477 903 750	477 903 750	478 164 417
Earnings per share	(0.04)	0.85	(0.09)	(0.21)

**25- 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 30/9/2012 LE	For the year ended 31/12/2011 LE
Cash and cash equivalents as presented in the statement of financial position	118 924 469	81 166 254
Effect of exchange rate changes	--	2 903 650
Cash and cash equivalents (adjusted)	118 924 469	84 069 904

**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 balance sheet date the company has assets and liabilities in foreign currencies equivalent to LE 200 678 293 and LE 4 099 797 respectively. The company's net exposures in foreign currencies are as follows:

	Surplus/(Deficit)
	LE
USD	195 479 467
Euro	(4 099 797)
AED	4 899 417
GBP	288 226
CHF	11 183

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.

## 26/3 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.

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

EFG Hermes Holding Company's Extraordinary General Assembly agreed at the meetings dated June 2, 2012 and September 16, 2012 to enter into a strategic alliance with QInvest through its subsidiary EFG Hermes Qatar LLC which will be 60% owned by QInvest and 40% owned by EFG Hermes Holding. The agreement involves the moving of the following business lines, Brokerage, Research, Asset Management, Investment Banking and the Infrastructure Fund businesses to EFG Hermes Qatar LLC - note no. (13) - Approvals of relevant regulatory bodies are in process.

**28- Comparative figures**

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