

EFG –Hermes Holding Company
(Egyptian Joint Stock Company)

Separate financial statements
for the period ended March 31, 2012
&
Review Report

Contents	Page
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	5-21



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
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 March 31, 2012 and the related separate statements of income, changes in equity and cash flows for the three months then ended, and a summary of significant accounting policies and other explanatory notes. The company's management is responsible for the preparation and fair presentation of these interim financial statements in accordance with Egyptian Accounting Standards. Our responsibility is to express a conclusion on these interim financial statements based on our limited review.

Scope of Limited Review

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

Conclusion

Based on our limited review, nothing has come to our attention that causes us to believe that the accompanying separate interim financial statements do not present fairly, in all material respects, the financial position of the Company as at March 31, 2012, and of its financial performance and its cash flows for the three months then ended in accordance with Egyptian Accounting Standards.

The Company's General Ordinary Assembly meeting has not been held yet to approve the financial statements for the year ended 31 December, 2011.


Cairo, 29 May, 2012


Hazem Hassan
KPMG Hazem Hassan
KPMG Hazem Hassan
Public Accountants and Consultants
⑩


EFG - Hermes Holding Company
(Egyptian Joint Stock Company)
Separate statement of financial position
as at March 31, 2012

	Note no.	31/3/2012 LE	31/12/2011 LE
Current assets			
Cash and cash equivalents	(4)	98 093 143	81 166 254
Treasury bills	(5)	48 131 785	-
Investments at fair value through profit and loss	(6)	259 953 671	229 185 126
Due from subsidiaries	(7)	1 676 849 704	1 790 538 616
Other debit balances	(9)	105 480 449	66 556 262
Total current assets		<u>2 188 508 752</u>	<u>2 167 446 258</u>
Current liabilities			
Due to subsidiaries	(10)	382 343 354	315 123 028
Tax authority		38 290 993	24 654 552
Creditors and other credit balances	(11,21)	40 424 782	119 913 970
Dividends payable		1 333 365	1 333 365
Expected claims provision		9 853 751	9 853 751
Current portion of long term loans	(16)	16 078 800	15 584 600
Total current liabilities		<u>488 325 045</u>	<u>486 463 266</u>
Working capital		<u>1 700 183 707</u>	<u>1 680 982 992</u>
Non - current assets			
Loans to subsidiaries	(8)	-	50 000 000
Available -for- sale investments	(12)	171 439 802	135 016 369
Investments in subsidiaries	(13)	4 480 496 168	4 474 468 668
Investments property	(14)	132 062 511	-132 062 511
Fixed assets (net)	(15)	289 446 488	294 148 763
Deferred tax assets	(22)	4 760 314	4 816 375
Total non - current assets		<u>5 078 205 283</u>	<u>5 090 512 686</u>
Total investment		<u>6 778 388 990</u>	<u>6 771 495 678</u>
Financed through :			
Shareholders' equity			
Issued & paid - in capital	(17)	2 391 473 750	2 391 473 750
Legal reserve		961 257 586	956 785 000
Other reserves		3 173 994 479	3 137 986 931
Retained earnings		287 696 024	202 716 889
Treasury shares	(17-1)	<u>(6 918 613)</u>	<u>(6 918 613)</u>
Net (loss) profit for the period / year		<u>6 807 503 226</u>	<u>6 682 043 957</u>
Total shareholders' equity including net (loss) profit for the period / year		<u>6 778 388 990</u>	<u>6 771 495 678</u>

The accompanying notes from page (5) to page (21) are an integral part of these financial statements and are to be read


Mona Zulficar
Chairperson


Yasser El Mallawany
Executive Managing Director

Review Report "attached"

Hassan Heikal
Executive Managing Director

EFG - Hermes Holding Company
(Egyptian Joint Stock Company)
Separate income statement
for the period ended March 31, 2012

	Note no.	For the period ended 31/3/2012 LE	For the period ended 31/3/2011 LE
Dividend income	(19)	1 036	475 564
Custody activity income		1 824 740	5 715 286
		<hr/> 1 825 776	<hr/> 6 190 850
Finance cost		(164 279)	(1 630 594)
General and administrative expenses	(21,23)	(59 682 330)	(50 993 419)
Fixed assets depreciation	(15)	(4 767 857)	(4 841 869)
Net activity's losses		<hr/> (62 788 690)	<hr/> (51 275 032)
Interest income	(21)	3 660 345	5 786 870
Changes in the fair value of investments at fair value through profit and loss		18 970 418	(2 020 722)
Gains on sale of investments		4 499 770	6 285 651
Foreign currencies differences		189 407	14 280 526
Other income	(21)	6 410 575	7 044 784
Net loss before tax		<hr/> (29 058 175)	<hr/> (19 897 923)
Deferred tax	(22)	(56 061)	55 542
Net loss for the period		<hr/> (29 114 236)	<hr/> (19 842 381)
Earnings per share	(24)	<hr/> (0.06)	<hr/> (0.04)

The accompanying notes from page (5) to page (21) are an integral part of these financial statements and are to be read therewith.

EEG - Harnes Holding Company
(Egyptian Joint Stock Company)

Separate statement of changes in equity
for the period ended March 31, 2012

	Issued & paid-in capital	Legal reserve	Other reserves			Retained earnings	Treasury shares	Net profit (loss) for the year/ period	Interim dividends	Total
			General reserve	Share premium	Fair value reserve					
	LE	LE	LE	LE	LE	LE	LE	LE	LE	
Balance as at December 31, 2010	1 913 570 000	956 785 000	158 271	3 294 067 512	17 194 562	463 008 043	-	1 026 014 092	(774 517 396)	6 869 837 697
Carrying 2010 profit forward	-	-	-	-	-	1 026 014 092	-	(1 026 014 092)	-	-
Net change in the fair value of available -for- sale investments	-	-	-	(69 106 537)	-	-	-	-	-	(69 106 537)
Net loss for the period ended March 31, 2011	-	-	-	-	-	-	-	(19 842 381)	-	(19 842 381)
Balance as at March 31, 2011	1 913 570 000	956 785 000	158 271	3 294 067 512	(51 911 976)	1 489 022 135	-	(19 842 381)	(774 517 396)	6 780 888 779
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	-	-	-	-	36 007 548	-	-	-	-	36 007 548
Net loss for the period ended March 31, 2012	-	-	-	-	-	-	-	(29 114 236)	-	(29 114 236)
Balance as at March 31, 2012	2 391 473 750	961 257 586	158 271	3 294 067 512	(93 788 917)	287 696 024	(6 918 613)	(29 114 236)	-	6 778 388 990

The accompanying notes from page (5) to page (21) 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 March 31, 2012

	Note no.	For the period ended 31/03/2012 LE	For the period ended 31/03/2011 LE
Cash flows from operating activities			
Net loss before tax		(29 058 175)	(19 897 923)
Adjustments to reconcile net loss before tax to net cash provided by operating activities :			
Fixed assets depreciation		4 767 857	4 841 869
Changes in the fair value of investments at fair value through profit and loss		(18 970 418)	2 020 722
Foreign currencies differences		(189 407)	(14 280 526)
Operating loss before changes in working capital		(43 450 143)	(27 315 858)
Increase in treasury bills		(48 131 785)	-
(Increase) decrease in investments at fair value through profit and loss		(11 798 127)	527 574 206
Decrease (increase) in due from subsidiaries		113 688 912	(589 366 078)
Increase in other debit balances		(38 924 187)	(30 459 980)
Increase in due to subsidiaries		67 220 326	170 545 765
Increase in tax authority		13 636 441	1 879 929
(Decrease) increase in creditors and other credit balances		(79 489 188)	26 249 345
Net cash (used in) provided from operating activities		(27 247 751)	79 107 329
Cash flows from investing activities			
Payments to purchase fixed assets		(65 582)	(3 877 398)
Proceeds from loans to subsidiaries		50 000 000	-
Payments to purchase available -for- sale investments		(415 885)	(1 608 523)
Payments to purchase investments in subsidiaries & associates		(6 027 500)	-
Net cash provided from (used in) investing activities		43 491 033	(5 485 921)
Cash flows from financing activities			
Dividends paid		-	(15 738 394)
Net cash used in financing activities		-	(15 738 394)
Net change in cash and cash equivalents during the period		16 243 282	57 883 014
Cash and cash equivalents at the beginning of the period	(25)	81 849 861	183 534 612
Cash and cash equivalents at the end of the period	(25)	98 093 143	241 417 626

Non cash transactions

The accompanying notes from page (5) to page (21) 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 March 31 ,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:

	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, due from banks and financial institutions and time deposits .

3-8 Interest-bearing borrowings

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

3-9 Provisions

Provisions are recognized when the Company has a legal or constructive obligation as a result of a past event and it's probable that a flow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessment of the time value of money and, where appropriate, the risks specific to the liability. Provisions are reviewed at the balance sheet date and amended (when necessary) to represent the best current estimate.

3-10 Legal reserve

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

3-11 Issued capital

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

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

3-12 Derivative financial instruments

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

Cash flow hedges

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

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

Fair value hedges

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

3-13 Revenue recognition

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

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

3-13-2 Dividend income

Dividend income is recognized when declared.

3-13-3 Custody fees

Custody fees are recognized when provide service and issue invoice.

3-13-4 Interest income

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

3-14 Expenses

3-14-1 Borrowing costs

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

3-14-2 Employees' pension

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

3-14-3 Taxation

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

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

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

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

3-15 Earning per share

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

3-16 Profit sharing to employees

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

4- Cash and cash equivalents

	31/3/2012	31/12/2011
	LE	LE
Cash on hand	295 363	262 737
Banks -current accounts	77 256 004	60 690 192
Cheques under collection	541 776	213 325
Banks -time deposits	20 000 000	20 000 000
Balance	<u>98 093 143</u>	<u>81 166 254</u>

5- Treasury bills

	31/3/2012	31/12/2011
	LE	LE
Treasury bills 91 days maturity	50 000 000	--
Less: Unearned revenues	(1 868 215)	--
Net	<u>48 131 785</u>	<u>--</u>

6- Investments at fair value through profit and loss

	31/3/2012	31/12/2011
	LE	LE
Mutual fund certificates	255 534 545	225 803 073
Stocks	4 419 126	3 382 053
Balance	<u>259 953 671</u>	<u>229 185 126</u>

7- Due from subsidiaries

	31/3/2012	31/12/2011
	LE	LE
Hermes Securities Brokerage	17 316 966	2 089 474
Financial Brokerage Group Co.	14 752 823	(16 426 206)
EFG-Hermes UAE Ltd. Co.	5 781 571	(1 784 331)
Hermes Fund Management	1 138 046	(7 617 251)
EFG- Hermes Management	475 751	438 421
EFG – Hermes Fixed Income	3 005 737	3 050 720
EFG – Hermes Advisory Inc.	1 228 441 603	1 400 681 786
Flemming CIIC Holding	20 416 992	20 256 459
October Property Development Ltd. Co.	86 084 935	86 077 602
EFG- Hermes Lebanon	626 680	334 075
EFG- Hermes Qatar	325 474	182 937
EFG-Hermes Private Equity	55 380 794	60 585 970
EFG-Hermes Global CB Holding Limited	215 602 840	215 185 139
EFG-Hermes Jordan	218 282	39 338
Talas & Co. LLP	7 339 809	7 330 084
EFG- Hermes Financial Management (Egypt) Ltd	6 213 835	9 258 806
Fixed Income Investment Limited	10 628 382	9 262 499
EFG- Hermes Oman LLC	1 389 072	1 139 762
EFG- Hermes IFA Financial Brokerage	1 050 365	411 620
EFG – Hermes Orient Advisory Inc.	36 298	36 250
EFG – Hermes Mena Securities Ltd.	623 449	5 462
Balance	<u>1 676 849 704</u>	<u>1 790 538 616</u>

8- 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.

9- Other debit balances

	31/3/2012	31/12/2011
	LE	LE
Accrued revenues	292 705	4 708 339
Taxes withheld by others	927 679	574 233
Deposits with others	1 075 089	1 075 089
Prepaid expenses	55 659 880	5 924 832
Employees advances	1 470 580	9 229 312
Downpayments to suppliers	89 280	89 280
Payments for purchase of investments *	18 749 980	18 150 180
Notes receivable	10 800 000	--
Sundry debtors	16 415 256	26 804 997
Balance	<u>105 480 449</u>	<u>66 556 262</u>

* Payments for investments are represented in the following:

	31/3/2012	31/12/2011
	LE	LE
EFG- Hermes Mutual Funds	9 999 990	9 999 990
Financial Group for Real Estate	250 000	250 000
EFG-Hermes Securitization Company.	4 999 990	4 999 990
Arab Visual Company	2 500 000	2 500 000
International Company for Projects Management	1 000 000	--
Egyptian Company for Funds Investments	--	400 200
Balance	<u>18 749 980</u>	<u>18 150 180</u>

10- Due to subsidiaries

	31/3/2012	31/12/2011
	LE	LE
Arab Visual Company	5 000 000	5 000 000
Hermes Corporate Finance	11 963 492	12 022 552
Egyptian Portfolio Management Group	35 531 022	37 891 678
EFG-Hermes Holding-Lebanon	1 241 959	1 270 467
Financial Group for Real Estate	235 000	235 000
EFG- Hermes KSA	2 429 578	5 673 482
EFG-Hermes Promoting & Underwriting	99 368 704	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.	27 265 852	27 243 210
Bayonne Enterprises Ltd.	117 780 152	123 190 287
Egyptian Fund Management Group.	48 487 010	58 838 714
EFG – Hermes Syria LLC	17 532 375	17 836 588
Sindyana Syria LLC	203 370	203 100
EFG- Hermes Brokerage- UAE Ltd	304 840	565 679
Balance	<u>382 343 354</u>	<u>315 123 028</u>

11- Creditors and other credit balances

	31/3/2012	31/12/2011
	LE	LE
Accrued interest & commission	250 903	82 256
Social Insurance Authority	203 238	204 555
Accrued expenses	14 677 976	104 459 226
Clients coupons - custody activity	7 865 211	8 217 583
Unearned Revenue (Note no. 21)	13 679 600	2 487 200
Sundry credit balances	3 747 854	4 463 150
Balance	<u>40 424 782</u>	<u>119 913 970</u>

12- Available -for- sale investments

	31/3/2012	31/12/2011
	LE	LE
El Araby Investment Company	2 500 000	2 500 000
Axes Holding Co.	301 875	301 475
Egyptian Company for Marketing	500 000	500 000
International Company for Projects Management	3 018 750	3 014 750
Misr Clearance Company	2 064 068	2 064 068
Horus Private Equity Fund II	5 784 311	6 174 401
Azadea Misr IIC	11 290	11 275
AAW Company for Infra Structure	20 000	20 000
Six of October Development and Investment (SODIC)	66 437 706	32 208 547
Infrared Infrastructure Fund	26 338 500	25 513 853
Mass for Investment Co.	57 880 000	57 880 000
Misr Al Mostakbal for Mutual Funds	6 175 000	4 820 000
AZCA Logistics LLC.	4 000	4 000
Fashion Logistics LLC.	4 000	4 000
Egyptian Company for Funds Investments	400 302	--
Balance	<u>171 439 802</u>	<u>135 016 369</u>

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

	31/3/2012	31/12/2011
	LE	LE
Quoted investments	66 437 706	32 208 547
Non- quoted investments	105 002 096	102 807 822
	<u>171 439 802</u>	<u>135 016 369</u>

13- Investments in subsidiaries

Company's name	Share percentage %	Balance as at 31/3/2012 LE	Balance as at 31/12/2011 LE
Financial Brokerage Group Co.	99.76	17 708 350	17 708 350
Egyptian Fund Management Group	88.51	3 099 633	3 099 633
Egyptian Portfolio Management Group	66.33	995 000	995 000
Hermes Securities Brokerage	97.58	24 606 769	24 606 769
Hermes Fund Management	89.95	6 439 709	6 439 709
Hermes Corporate Finance Co.	99.37	5 476 029	5 476 029
EFG- Hermes Advisory Inc.	100	5 400 000	5 400 000
EFG- Hermes Financial Management Ltd.	100	10 000	10 000
EFG- Hermes Promoting & Underwriting	99.88	7 990 000	7 990 000
EFG- Hermes Fixed Income	99	9 900 000	9 900 000
EFG- Hermes Management	96.30	1 249 490	1 249 490
Flemming CIIC Holding	100	100 000 000	100 000 000
EFG- Hermes Private Equity **	1.59	39 975	39 975
EFG- Hermes – UAE Limited Company	100	23 000 000	23 000 000
EFG- Hermes Holding Lebanon – S.A.L.	99	153 713	153 713
EFG- Hermes – KSA	73.1	328 975 903	328 975 903
EFG- Hermes – Lebanon – S.A.L.	99	35 931 257	35 931 257
EFG- Hermes Regional Investments Ltd. **	100	706 236 283	706 236 283
EFG- Hermes Qatar L.L.C	100	30 944 090	24 916 590
EFG-Hermes Jordan	100	33 610 631	33 610 631
EFG – Hermes Investment Funds Co	99.998	9 999 800	9 999 800
EFG-Hermes Global CB Holding Limited*	100	3 137 096 006	3 137 096 006
		<u>4 488 862 638</u>	<u>4 482 835 138</u>
Accumulate impairment loss on investments in subsidiaries		(8 366 470)	(8 366 470)
Balance		<u><u>4 480 496 168</u></u>	<u><u>4 474 468 668</u></u>

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

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

- Investments in subsidiaries non - quoted investments.

14- Investment property

Investment property presented in the balance sheet as at March 31, 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	--	--	--	65 582	--	--	65 582
Total cost as at 31/3/2012	16 000 000	256 559 285	22 196 822	43 343 814	6 590 711	6 027 362	350 717 994
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	--	1 924 194	986 422	1 467 334	107 813	282 094	4 767 857
Accumulated depreciation as at 31/3/2012	--	14 376 819	9 948 651	27 359 332	5 915 105	3 671 599	61 271 506
Net cost as at 31/3/2012	16 000 000	242 182 466	12 248 171	15 984 482	675 606	2 355 763	289 446 488
Net cost 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 balance as of March 31, 2012 amounted Euro 2 million (the equivalent amount of LE 16 078 800) the amount that will due within one year.

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.

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 293 733 480).

19- Dividends income

	For the period ended 31/3/2012 LE	For the period ended 31/3/2011 LE
Income from investments at fair value through profit and loss	1 036	475 564
Total	1 036	475 564

20- Tax status

- As to Income Tax, the years from the first financial year till 31/12/2008 the competent tax inspectorate inspected the 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 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 year 2011, the company's books have not been inspected yet.

- As to Salaries Tax, 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 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 company's books have not been inspected yet.

- As to Stamp Tax, 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 62 500 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 233 923 represent the interests value on subordinated loan which granted from the company to Financial Brokerage Group Co. (a subsidiary – 99.76%) (note no. 8).

- Other income item presented in the income statement includes an amount of LE 3 730 800 which represents the value of rental spaces for some affiliated companies in addition to LE 2 609 529 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 13 679 600 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	31/3/2012		31/12/2011	
	Assets	Liabilities	Assets	Liabilities
	LE	LE	LE	LE
Fixed assets depreciation	--	(4 336 320)	--	(4 280 259)
Expected claims provision	90 750	--	90 750	--
Impairment loss on assets	2 393 287	--	2 393 287	--
Total deferred tax assets (liabilities)	2 484 037	(4 336 320)	2 484 037	(4 280 259)
Net deferred tax liabilities		(1 852 283)		(1 796 222)

(B) Deferred tax recognized directly in equity

	31/3/2012	31/12/2011
	LE	LE
Changes in fair value of cash flow hedges	6 612 597	6 612 597

23- General administrative expenses

	For the period ended 31/3/2012	For the period ended 31/3/2011
	LE	LE
Wages , salaries and similar items	37 705 465	36 326 384
Consultancy	5 614 786	1 239 571
Travel , accommodation and transportation	1 145 681	1 936 516
Other expenses	15 216 398	11 490 948
Total	59 682 330	50 993 419

24- Earnings per share

	For the period ended 31/3/2012 LE	For the period ended 31/3/2011 LE
Net loss for the period	(29 114 236)	(19 842 381)
Weighted average number of shares	477 903 750	478 294 750
Earnings per share	(0.06)	(0.04)

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 31/3/2012 LE	For the year ended 31/12/2011 LE
Cash and cash equivalents as presented in the statement of financial position	98 093 143	81 166 254
Effect of exchange rate changes	--	683 607
Cash and cash equivalents (adjusted)	98 093 143	81 849 861

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 236 917 839 and LE 4 458 200 respectively. The company's net exposures in foreign currencies are as follows:

	Surplus/(Deficit)
	LE
USD	236 612 456
Euro	(4 458 200)
AED	41 605
GBP	252 272
CHF	11 506

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. (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- Subsequent events

The Company's Board Of Directors agreed at the meeting dated May 3, 2012 to enter into a strategic alliance with QInvest L.L.C. to be 60% owned by QInvest and 40% owned by the company through its subsidiary EFG Hermes Qatar LLC and the agreement involves the following business lines, EFG Hermes' Brokerage, Research, Asset Management, Investment Banking and Infrastructure Fund businesses. The closure of the transaction is conditional on shareholders approval at the Extraordinary General Assembly of the Company and obtaining the approval of relevant regulatory bodies.

28- Comparative figures

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