

EFG –Hermes Holding Company
(Egyptian Joint Stock Company)

Separate financial statements
for the period ended March 31, 2014
&
Review Report



Hazem Hassan

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Review Report

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

Introduction

We have performed a limited review for the accompanying separate statement of financial position of EFG – Hermes Holding Company (Egyptian Joint Stock Company) as of 31 March, 2014 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 interim separate financial statements do not present fairly, in all material respects, the financial position of the Company as at 31 March, 2014 and of its financial performance and its cash flows for the three months then ended in accordance with Egyptian Accounting Standards.

Explanatory Note

Without qualifying our opinion the Company's General Ordinary Assembly meeting has not been held yet to approve the financial statements for the year ended 31 December, 2013.


KPMG Hazem Hassan

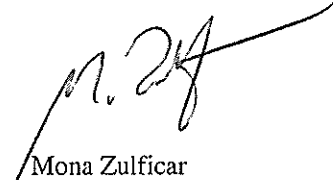
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Public Accountants and Consultants
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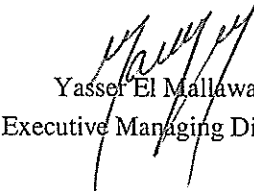
Cairo, May 15, 2014

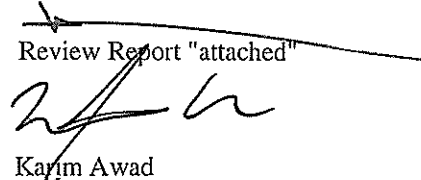
EFG - Hermes Holding Company
(Egyptian Joint Stock Company)
Separate statement of financial position
as at 31 March , 2014

	Note no.	31/3/2014 EGP	31/12/2013 EGP
Current assets			
Cash and cash equivalents	(4)	79 737 179	118 957 182
Investments at fair value through profit and loss	(5)	73 583 851	568 727 189
Due from subsidiaries & associates	(6)	1 060 262 985	880 935 464
Other debit balances	(7)	42 408 184	40 915 534
Assets classified as held for sale		-	5 249 970
Total current assets		<u>1 255 992 199</u>	<u>1 614 785 339</u>
Current liabilities			
Due to subsidiaries & associates	(8)	266 958 000	189 989 759
Tax authority		12 930 790	10 411 591
Creditors and other credit balances	(9,22)	73 701 917	129 183 737
Expected claims provision	(10)	7 270 286	7 270 286
Total current liabilities		<u>360 860 993</u>	<u>336 855 373</u>
Working capital		<u>895 131 206</u>	<u>1 277 929 966</u>
Non - current assets			
Available -for- sale investments	(11)	1 080 601 902	1 082 545 408
Investments in subsidiaries	(12)	3 994 262 276	3 992 934 676
Investment property	(13)	252 754 473	252 754 473
Fixed assets (net)	(14)	162 689 177	165 962 958
Deferred tax assets	(20)	523 568	1 891 881
Total non - current assets		<u>5 490 831 396</u>	<u>5 496 089 396</u>
Total investment		<u>6 385 962 602</u>	<u>6 774 019 362</u>
Financed through :			
Shareholders' equity			
Issued & paid - in capital	(15)	2 867 422 500	2 867 422 500
Legal reserve		990 432 067	990 432 067
Other reserves		3 555 013 173	3 507 885 933
Retained (losses) earnings		(591 721 138)	324 567 840
		<u>6 821 146 602</u>	<u>7 690 308 340</u>
Treasury shares	(15-1)	(425 974 172)	-
		<u>6 395 172 430</u>	<u>7 690 308 340</u>
Net loss for the period / year		(9 209 828)	(916 288 978)
Total shareholders' equity including net loss for the period / year		<u>6 385 962 602</u>	<u>6 774 019 362</u>

The accompanying notes from page (5) to page (25) 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"
Karim Awad
Executive Managing Director

EFG - Hermes Holding Company
(Egyptian Joint Stock Company)
Separate income statement
for the period ended 31 March, 2014

	Note no.	For the period ended 31/3/2014 EGP	For the period ended 31/3/2013 EGP
Dividend income	(17)	3 316 006	197
Custody activity income		1 461 811	413 640
		4 777 817	413 837
General administrative expenses	(18,22)	(66 670 798)	(67 151 907)
Fixed assets depreciation	(14)	(3 444 319)	(4 362 574)
Net activity's loss		(65 337 300)	(71 100 644)
Interest income		838 455	2 255 178
Changes in the fair value of investments at fair value through profit and loss		1 382 888	(2 325 332)
Gains on sale of investments		45 437 512	4 780 690
Foreign currencies differences		770 626	24 072 899
Other income	(22)	9 066 304	6 526 689
Net loss before tax		(7 841 515)	(35 790 520)
Deferred tax	(20)	(1 368 313)	(13 792)
Net loss for the period		(9 209 828)	(35 804 312)

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

EFG - Hermes Holding Company
(Egyptian Joint Stock Company)

Separate statement of changes in equity
for the period ended 31 March, 2014

Note no.	Issued & paid-in capital	Legal reserve	Other reserves				Retained earnings (losses)	Treasury shares	Net loss for the year / period	Total
			General reserve	Share premium	Fair value reserve	Fixed assets revaluation surplus				
	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP	
Balance as at December 31, 2012	2 391 473 750	961 257 586	158 271	3 294 067 512	(48 727 986)	-	(26 442 387)	(6 918 613)	583 489 614	7 436 053 771
Carrying 2012 profit forward	-	29 174 481	-	-	-	-	-	-	(583 489 614)	-
Net change in the fair value of available-for-sale investments	-	-	-	75 263 193	-	-	-	-	-	75 263 193
Net loss for the period ended March 31, 2013	-	-	-	-	-	-	-	-	(35 804 312)	(35 804 312)
Balance as at March 31, 2013	2 391 473 750	990 432 067	158 271	3 294 067 512	26 535 207	-	(26 442 387)	(6 918 613)	(35 804 312)	7 475 512 652
Balance as at December 31, 2013	2 867 422 500	990 432 067	158 271	3 289 103 899	229 616 171	15 449 979	(26 442 387)	-	(916 288 978)	6 774 019 362
Carrying 2013 profit forward	-	-	-	-	-	-	-	-	916 288 978	-
Net change in the fair value of available-for-sale investments	-	-	-	47 127 240	-	-	-	-	-	47 127 240
Purchasing of treasury shares (15-1)	-	-	-	-	-	-	-	(425 974 172)	-	(425 974 172)
Net loss for the period ended March 31, 2014	-	-	-	-	-	-	-	-	(9 209 828)	(9 209 828)
Balance as at March 31, 2014	2 867 422 500	990 432 067	158 271	3 289 103 899	276 743 411	15 449 979	(26 442 387)	(425 974 172)	(9 209 828)	6 385 962 602

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

EFG - Hermes Holding Company
(Egyptian Joint Stock Company)
Separate statement of cash flows
for the period ended 31 March, 2014

	Note no.	For the period ended 31/3/2014 EGP	For the period ended 31/3/2013 EGP
Cash flows from operating activities			
Net loss before tax		(7 841 515)	(35 790 520)
Adjustments to reconcile net loss before tax to net cash provided by operating activities :			
Fixed assets depreciation		3 444 319	4 362 574
Losses on sale of fixed assets		-	861
Changes in the fair value of investments at fair value through profit and loss		(1 382 888)	2 325 332
Gains on sale of available -for- sale investments		(33 854 787)	-
Losses on sale of non current assets held for sale		186 018	-
Foreign currencies differences		(770 626)	(24 072 899)
Operating loss before changes in working capital		(40 219 479)	(53 174 652)
Decrease in investments at fair value through profit and loss		496 526 226	107 742 258
(Increase) decrease in due from subsidiaries & associates		(179 327 521)	16 353 265
Increase in other debit balances		(2 820 250)	(27 617 197)
Increase (decrease) in due to subsidiaries & associates		76 968 241	(40 665 945)
Increase (decrease) in tax authority		2 519 199	(47 298)
(Decrease) increase in creditors and other credit balances		(55 215 820)	12 047 799
Net cash provided from operating activities		<u>298 430 596</u>	<u>14 638 230</u>
Cash flows from investing activities			
Payments to purchase fixed assets		(170 538)	(170 048)
Proceeds from sale of fixed assets		-	4 000
Proceeds from sale available -for- sale investments		82 925 533	-
Proceeds from sale of non current assets held for sale		5 063 952	-
Payments to purchase investments property		-	(57 337 600)
Net cash provided from (used in) investing activities		<u>87 818 947</u>	<u>(57 503 648)</u>
Cash flows from financing activities			
Dividends payout		(266 000)	-
Payments to purchase treasury shares		(425 974 172)	-
Net cash used in financing activities		<u>(426 240 172)</u>	<u>-</u>
Net change in cash and cash equivalents during the period		(39 990 629)	(42 865 418)
Cash and cash equivalents at the beginning of the period	(19)	<u>119 727 808</u>	<u>146 398 266</u>
Cash and cash equivalents at the end of the period	(19)	<u>79 737 179</u>	<u>103 532 848</u>

Non cash transactions

- An amount of EGP 1 327 600 has been excluded from payments for investments (other debit balances) and investments in subsidiaries represents the company's share capital increase in the Egyptian Fund Management Group.

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

EFG- Hermes Holding Company
(Egyptian Joint Stock Company)
Notes to the separate financial statements
for the period ended 31 March, 2014

1- Description of business

1-1 Legal status

EFG-Hermes holding S.A.E “the company” is an Egyptian joint stock company subject to the provisions of the Capital Market Law No.95 of 1992 and its executive regulations. The company’s registered office is located in Smart Village building No. B129, phase 3, KM 28 Cairo Alexandria Desert Road, 6 October Egypt.

1-2 Purpose of the company

The company is a universal bank with a lead position in the Arab world in investment banking, securities brokerage, asset management, private equity and research. The purpose of the company also includes the participation in the establishment of companies which issue securities or in increasing their share capitals, custody activities and margin trading.

1-3 Authorization of the Financial Statements

The financial statements were authorized for issue in accordance with a resolution of the board of directors on May 14, 2014.

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.
- Investments property.

2-3 Functional and presentation currency

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

2-4 Use of estimates and judgments

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

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

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

- Note (12) – Investments in subsidiaries.
- Note (20) – 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 24).

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 (Note3-8). 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 Treasury bills

Treasury bills are recorded at nominal value and the unearned income is recorded under the item of "creditors and other credit balances". Treasury bills are presented on the balance sheet net of the unearned income.

3-4 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.

3-5 Intangible assets

Intangible assets are stated at cost less accumulated amortization and impairment losses (note 3-8). Amortization is recognized in the income statement on a straight – line basis over the estimated useful lives of intangible assets.

3-6 Investments

3-6-1 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.

3-6-2 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.

3-6-3 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 3-8). The impairment value is to be charged to the income statement for every investment individually.

3-6-4 Investments property

- Investment property is recorded at cost upon initial recognition, the company valued the investment property at fair value on balance sheet date, any gain or loss arising from a change in the fair value of investment property shall be recognized in income statement for the period in which it arises.

- Transfer from owner-occupied property to investment property carried at fair value, any impairment result in carrying amount of property is recognized in the income statement, any surplus is recognized in the statement of changes in equity in case of subsequent disposal of the investment property, fixed assets revaluation surplus is transfer to retained earnings.

3-7 Non-current assets held for sale

Non-current assets (or disposal groups comprising assets and liabilities) that are expected to be recovered primarily through sale rather than through continuing use are classified as held for sale immediately before classification as held for sale, the assets (or components of a disposal group) are remeasured in accordance with the Group's accounting policies. Thereafter generally the assets (or disposal group) are measured at the lower of their carrying amount and fair value less cost to sell. Any impairment loss on a disposal group first is allocated to goodwill, and then to remaining assets and liabilities on pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets, employee benefit assets, investment property and biological assets, which continue to be measured in accordance with the Group's accounting policies. Impairment losses on initial classification as held for sale and subsequent gains or losses on remeasurement are recognized in income statement. Gains are not recognized in excess of any cumulative impairment loss.

3-8 Impairment

3-8-1 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 to the 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.

3-8-2 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.

3-9 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, current accounts, time deposits with banks and checks under collection.

3-10 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.

3-11 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.

3-12 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.

3-13 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.

3-14 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.

3-15 Revenue recognition

3-15-1 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.

3-15-2 Dividend income

Dividend income is recognized when declared.

3-15-3 Custody fees

Custody fees are recognized when provide service and issue invoice.

3-15-4 Interest income

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

3-16 Expenses

3-16-1 Borrowing costs

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

3-16-2 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.

3-16-3 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.

3-17 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, and is presented in the consolidated financial statements.

3-18 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

	31/3/2014	31/12/2013
	EGP	EGP
Cash on hand	463 542	205 091
Banks -current accounts	65 993 858	45 108 560
Banks -time deposits	12 500 000	73 537 400
Cheques under collection	779 779	106 131
	<hr/>	<hr/>
Balance	79 737 179	118 957 182
	<hr/> <hr/>	<hr/> <hr/>

5- Investments at fair value through profit and loss

	31/3/2014	31/12/2013
	EGP	EGP
Mutual fund certificates	73 209 989	563 720 897
Stocks	373 862	5 006 292
	<hr/>	<hr/>
Balance	73 583 851	568 727 189
	<hr/> <hr/>	<hr/> <hr/>

6- Due from subsidiaries & associates

	31/3/2014	31/12/2013
	EGP	EGP
Hermes Securities Brokerage	94 949 292	13 776 669
EFG- Hermes Management	683 669	634 301
Financial Brokerage Group Co.	19 170 876	2 597 175
EFG- Hermes Brokerage- UAE Ltd	12 730 983	832 862
EFG – Hermes Advisory Inc.*	743 885 108	720 734 007
Flemming CIIC Holding *	25 560 213	25 492 734
October Property Development Ltd. Co.	86 496 902	86 496 902
EFG- Hermes Qatar	316 818	2 117 655
EFG-Hermes Global CB Holding Limited	96 476 789	96 213 706
EFG-Hermes Jordan	476 810	325 834
Fixed Income Investment Limited	11 835 082	11 791 344
EFG- Hermes Oman LLC	368 807	2 533 882
EFG – Hermes Mena Securities Ltd.	1 656 895	1 079 475
EFG- Hermes IFA Financial Brokerage	715 303	3 988 796
EFG-Hermes Promoting & Underwriting	35 871 831	29 281 940
EFG- Hermes KSA	95 311 944	78 517 600
Egyptian Fund Management Group	8 535 986	(1 877 159)
EFG- Hermes Private Equity BVI	3 327 727	(12 513)
EFG-Hermes UAE Ltd. Co.	7 580 382	(7 901 314)
	<u>1 245 951 417</u>	<u>1 066 623 896</u>
Accumulated impairment loss on due from subsidiaries *	(185 688 432)	(185 688 432)
Balance	<u><u>1 060 262 985</u></u>	<u><u>880 935 464</u></u>

7- Other debit balances

	31/3/2014	31/12/2013
	EGP	EGP
Accrued revenues	83 611	7 180 249
Taxes withheld by others	1 777 634	1 443 921
Deposits with others	1 120 304	1 120 304
Prepaid expenses	2 901 142	2 383 316
Employees advance	4 096 942	426 589
Down payments to suppliers	10 403 845	9 604 600
Payments for investments *	3 140 000	4 467 600
Sundry debtors	18 884 706	23 179 231
	<u>42 408 184</u>	<u>49 805 810</u>
Accumulated impairment loss	--	(8 890 276)
Balance	<u><u>42 408 184</u></u>	<u><u>40 915 534</u></u>

* Payments for investments are represented in the following:

Company	31/3/2014	31/12/2013
	EGP	EGP
Arab Visual Company	2 500 000	2 500 000
EFG –Hermes Direct Fund Management	640 000	640 000
Egyptian Fund Management Group	--	1 327 600
	<hr/>	<hr/>
Balance	3 140 000	4 467 600
	<hr/> <hr/>	<hr/> <hr/>

8- Due to subsidiaries & associates

	31/3/2014	31/12/2013
	EGP	EGP
Arab Visual Company	5 000 000	5 000 000
Hermes Corporate Finance	10 058 204	10 122 572
EFG – Hermes Fixed Income	5 678 337	5 648 939
EFG-Hermes Holding-Lebanon	1 233 201	1 229 838
Financial Group for Real Estate	--	162 924
EFG- Hermes Mutual Funds	9 955 691	9 955 691
EFG-Hermes Securitization Company.	--	4 901 028
EFG-Hermes Regional Investments Ltd.	116 927 809	116 407 448
Bayonne Enterprises Ltd.	17 407 419	15 373 717
EFG – Hermes Syria LLC	10 558 999	10 704 233
Egyptian Portfolio Management Group	7 614 593	5 563 860
EFG- Hermes Financial Management (Egypt) Ltd	65 059 873	5 573 581
Hermes Fund Management	10 209 219	(255 907)
EFG- Hermes Lebanon	7 254 655	(398 165)
	<hr/>	<hr/>
Balance	266 958 000	189 989 759
	<hr/> <hr/>	<hr/> <hr/>

9- Creditors and other credit balances

	31/3/2014	31/12/2013
	EGP	EGP
Social Insurance Authority	216 945	201 861
Accrued expenses	32 495 599	99 754 091
Clients coupons - custody activity	7 228 614	5 703 077
Unearned Revenue (Note no. 22)	20 467 676	12 319 930
Dividends payable	8 051 017	8 317 017
Sundry credit balances	5 242 066	2 887 761
Balance	<u>73 701 917</u>	<u>129 183 737</u>

10- Expected claims provision

	31/3/2014	31/12/2013
	EGP	EGP
Balance at the beginning of the period / year	7 270 286	7 270 286
Balance	<u>7 270 286</u>	<u>7 270 286</u>

11- Available –for– sale investments

	31/3/2014	31/12/2013
	EGP	EGP
Stocks	241 934 684	229 052 214
Mutual fund certificates	898 464 145	913 290 121
	<u>1 140 398 829</u>	<u>1 142 342 335</u>
Accumulated impairment loss on Available –for– sale investments	(59 796 927)	(59 796 927)
Balance	<u>1 080 601 902</u>	<u>1 082 545 408</u>

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

	31/3/2014	31/12/2013
	EGP	EGP
Quoted investments	104 061 492	91 372 052
Non- quoted investments	976 540 410	991 173 356
	<u>1 080 601 902</u>	<u>1 082 545 408</u>

12- Investments in subsidiaries

Company's name	Share percentage	Balance as at 1/1/2014	Addition during the period	Balance as at 31/3/2014
	%	EGP	EGP	EGP
Financial Brokerage Group Co.	99.87	41 838 060	--	41 838 060
Egyptian Fund Management Group	88.51	3 099 633	1 327 600	4 427 233
Egyptian Portfolio Management Group	66.33	995 000	--	995 000
Hermes Securities Brokerage	97.58	219 763 969	--	219 763 969
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	6	--	6
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 (net)	100	--	--	--
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 (net)	73.1	118 707 354	--	118 707 354
EFG- Hermes – Lebanon – S.A.L.	99	27 564 787	--	27 564 787
EFG- Hermes Regional Investments Ltd. (net) **	100	318 141 304	--	318 141 304
EFG- Hermes Qatar L.L.C (net)	100	1 577 332	--	1 577 332
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
EFG – Hermes Syria LLC ***	49	15 941 253	--	15 941 253
Sindyan Syria LLC ***	97	350 635	--	350 635
EFG – Hermes Mutual Funds Co.	99.999	9 999 990	--	9 999 990
Balance		3 992 934 676	1 327 600	3 994 262 276

* During 2010, EFG-Hermes Holding Company purchased 63.739% a controlling stake in Credit Libanais SAL (the Bank) through its wholly owned subsidiary EFG – Hermes CL Holding SAL for an amount of USD 577.8 million.

** 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 are represented in non - quoted investments.

13- Investment property

	31/3/2014	31/12/2013
	EGP	EGP
Nile City Building	156 754 473	156 754 473
Smart Village Building	96 000 000	96 000 000
	<hr/>	<hr/>
Balance	252 754 473	252 754 473
	<hr/> <hr/>	<hr/> <hr/>

14- Fixed assets (net)

	Land	Buildings	Office, Furniture & Equipment	Computer Equipment	Vehicles & transportation Means	Fixtures	Total
	EGP	EGP	EGP	EGP	EGP	EGP	EGP
Balance as at 1/1/2014	10 000 000	154 159 871	18 969 258	38 398 747	6 590 711	4 298 476	232 417 063
Additions during the period	--	--	--	170 538	--	--	170 538
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total cost as at 31/3/2014	10 000 000	154 159 871	18 969 258	38 569 285	6 590 711	4 298 476	232 587 601
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Accumulated depreciation							
as at 1/1/2014	--	16 079 115	12 932 861	27 960 353	6 489 432	2 992 344	66 454 105
Depreciation during the							
period	--	1 156 198	897 301	1 246 937	18 991	124 892	3 444 319
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Accumulated depreciation							
as at 31/3/2014	--	17 235 313	13 830 162	29 207 290	6 508 423	3 117 236	69 898 424
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Net book value as at							
31/3/2014	10 000 000	136 924 558	5 139 096	9 361 995	82 288	1 181 240	162 689 177
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
Net book value as at							
31/12/2013	10 000 000	138 080 756	6 036 397	10 438 394	101 279	1 306 132	165 962 958
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

15- Capital

The company's authorized capital amounts EGP 3 200 million and issued and paid in capital amounts EGP 2 867 422 500 distributed on 573 484 500 shares of par value EGP 5 per share.

15-1 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 EGP 6 918 613. The company's Extraordinary General Assembly approved in its session held on July 25, 2013 to decrease the company's issued capital through cancelling a number of 391 000 shares of the company's shares which was thereon approved by The Egyptian Financial Supervisory Authority on September 1, 2013.

- The company's board of directors meeting held on January 8, 2014 approved to purchase treasury shares with a billion Egyptian pounds during the first nine months of the year 2014 through two phases, the first phase have been implemented through purchase of 36 956 522 shares at an average exercising price of EGP 11.5 per share with a total cost of EGP 425 974 172 and the second phase aims to purchase shares with an amount of approximately EGP 575 million during the period between the end of the second quarter or the third quarter of 2014.

16- Contingent liabilities & commitments

- The company has issue a final letter of guarantee in favor of the European Union amounting to Euro 500 000 (equivalent to EGP 4 792 500) expires at September 8, 2014 .

- The company guarantees its subsidiaries – Financial Brokerage Group, Hermes Securities Brokerage , EFG Hermes Jordan and EFG Hermes Oman LLC. – against the credit facilities granted from banks and EFG- Hermes Brokerage – UAE against the Letters of Guarantee granted from banks amounting to AED 132 670 000 (equivalent to EGP 251 674 990).

17- Dividend income

	For the period ended 31/3/2014 EGP	For the period ended 31/3/2013 EGP
Income from available - for- sale investments	3 315 092	--
Income from investments at fair value through profit and loss	914	197
Total	<u>3 316 006</u>	<u>197</u>

18- General administrative expenses

	For the period ended 31/3/2014 EGP	For the period ended 31/3/2013 EGP
Wages , salaries and similar items	54 973 756	47 467 831
Consultancy	961 931	8 228 623
Travel , accommodation and transportation	856 746	1 201 893
Leased line and communication	1 199 195	1 413 557
Rent and utilities expenses	1 729 196	2 061 222
Other expenses	6 949 974	6 778 781
Total	<u>66 670 798</u>	<u>67 151 907</u>

19- 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 31/3/2014 EGP	For the year ended 31/12/2013 EGP
Cash and cash equivalents as presented in the statement of financial position	79 737 179	118 957 182
Effect of exchange rate changes	--	770 626
Cash and cash equivalents (adjusted)	<u>79 737 179</u>	<u>119 727 808</u>

20- Deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

(A) Deferred tax	31/3/2014		31/12/2013	
	Assets EGP	Liabilities EGP	Assets EGP	Liabilities EGP
Fixed assets' depreciation	--	(8 573 066)	--	(7 204 753)
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	(8 573 066)	2 484 037	(7 204 753)
Net deferred tax liabilities		(6 089 029)		(4 720 716)

(B) Deferred tax recognized directly in equity

	31/3/2014	31/12/2013
	EGP	EGP
Changes in fair value of cash flow hedges *	6 612 597	6 612 597

* Directly deducted from cash flow hedges item presented in the statement of changes in equity.

21- Tax status

- As to Income Tax, the years from starting the operations to 31/12/2010 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 year 2011 has been inspected which was objected thereon on the due date and as to 2012 / 2013, 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, the parent company's books had been examined till 2008 and all the disputed points have been settled with the Internal Committee and the due amount has been paid and as to years 2009 / 2013, the parent company's books have not been inspected yet.
- As to Stamp Tax, the parent company's books had been examined from 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 31/12/2013 have not been inspected yet.

22- Related party transactions

The company deals with related parties on the same basis it deals with third parties and related parties transactions are represented in the following :

- General administrative expenses item includes an amount of EGP 62 500 represents management fees provided by EFG- Hermes Private Equity (A subsidiary company) to the Company during the period according to agreement signed in this regard.
- Other income item presented in the income statement includes an amount of EGP 3 621 617 which represents the value of rental spaces for some affiliated companies in addition to EGP 2 105 602 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 EGP 12 478 587 represents the unearned revenues from the affiliated companies for rental of group's headquarter owned by the company.

23- 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. Notes (No. 2&3) 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.

23/1 Market risk:

A. 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 financial position date the company has assets and liabilities in foreign currencies equivalent to EGP 1 544 061 067 and EGP 214 303 271 respectively. The company's net exposures in foreign currencies are as follows:

	Surplus
	EGP
USD	1 226 376 967
Euro	100 438 054
AED	1 797 781
GBP	408 615
CHF	736 379

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

B. Interest rate risk

The cash flows of the company affected by the changes in market rates of interest. To mitigate interest rate risk the company maintains banks deposits for short-term periods renewed monthly, and are negotiated in the re-pricing date comparing to interest rates announced by the central bank or LIBOR.

C. Price risk

The Company is exposed to market price risk for equity instruments, 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.

23/2 Credit risk

Financial institutions that the Group deals with are only those enjoying high credit quality. The Group has policies that limit the amount of credit exposure to any one financial institution.

23/3 Liquidity risk

Liquidity risk is represented in the factors, which may affect the Company's ability to pay part of or full amount of its liabilities. According to the Company's policy, sufficient cash balances are retained to meet the Company's current liabilities which minimize the liquidity risk.

23/4 Capital risk

The goal of the Company's management of capital management is to maintain the company's ability to continue to achieve returns for shareholders and benefits for other parties that use financial statements. The management company also aims to provide and maintain the best capital structure which would lead to lower capital costs.

23/5 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. (12) 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.

23/6 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. 3-14).

24- Comparative figures

Certain reclassification and adjustments have been made to some comparative figures in order to conform with the current period presentation. These adjustments are attributable to the following:

	For the year ended 31/12/2013 (as reported)	Adjustments	For the year ended 31/12/2013 (amended)
	EGP	EGP	EGP
Due from subsidiaries	891 380 522	(10 445 058)	880 935 464
Other debit balances	41 059 297	(143 763)	40 915 534
Due to subsidiaries	200 434 817	(10 445 058)	189 989 759
Creditors and other credit balances	129 327 500	(143 763)	129 183 737