EFG – Hermes Holding Company
(Egyptian Joint Stock Company)

Consolidated financial statements
for the period ended 31 March 2010
&
Review Report

KPMG

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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 consolidated balance sheet of EFG – Hermes Holding Company and its subsidiaries as at 31 March 2010 and the related consolidated 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 consolidated interim financial statements do not present fairly, in all material respects, the consolidated financial position of the Company as at 31 March 2010, and of its consolidated financial performance and its consolidated cash flows for the three months then ended in accordance with Egyptian Accounting Standards.

Hazem Hassan

KPMG Hazem Hassan

Cairo, May 10 , 2010

KPMG Hazem Hassan
Public Accountants and Consultants
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EFG - Hermes Holding Company
(Egyptian Joint Stock Company)
Consolidated balance sheet
as at 31 March, 2010

	Note no.	31/3/2010 LE	31/12/2009 LE
Current assets			
Cash and cash equivalents	(4)	4 528 055 403	1 611 733 824
Treasury bills	(5)	1 905 250 105	-
Investments at fair value through profit and loss	(6)	1 009 983 471	975 145 174
Accounts receivables (net)		913 583 197	709 416 855
Due from EFG- Hermes Employee Trust (current tranche)		67 884 992	15 994 202
Other debit balances	(7)	353 947 155	354 962 165
Total current assets		8 778 704 323	3 667 252 220
Non - current assets			
Fixed assets (net)	(10)	180 894 585	180 047 673
Projects under construction	(11)	350 543 244	311 851 122
Available -for- sale investments	(12)	915 421 924	778 037 826
Investments in subsidiaries & associates	(13)	11 789 500	4 741 031 854
Investment property	(14)	132 062 511	178 167 117
Settlement Guarantee Fund	(15)	27 906 635	24 109 233
Due from EFG- Hermes Employee Trust (non-current tranche)		312 216 312	396 201 410
Intangible assets	(16)	701 038 040	701 037 040
Long term lending	(17)	41 670 968	38 959 565
Deferred tax assets	(25)	9 604 160	3 587 988
Total non - current assets		2 683 147 879	7 353 030 828
Total assets		11 461 852 202	11 020 283 048
Current liabilities			
Accounts receivables - credit balances		945 427 792	779 945 169
Creditors and other credit balances	(8)	482 442 862	318 857 573
Due to related parties		15 235 000	15 235 000
Other brokerage companies		64 687 024	77 721 540
Provisions	(9)	185 056 555	190 851 153
Current portion of long term loans	(18)	36 770 000	37 758 000
Total current liabilities		1 729 619 233	1 420 368 435
Shareholders' equity			
Share capital	(20)	1 913 570 000	1 913 570 000
Legal reserve		970 791 260	969 544 740
Share premium		3 294 067 512	3 294 067 512
Other reserves		212 750 112	577 373 286
Other equity	(19)	(607 200 000)	(607 200 000)
Retained earnings		2 620 107 997	2 036 845 870
Shareholders' equity		8 404 086 881	8 184 201 408
Net profit for the period / year		483 599 212	551 810 628
Shareholders' equity including net profit for the period / year		8 887 686 093	8 736 012 036
Non - controlling interests		183 467 470	206 075 609
Total shareholders' equity		9 071 153 563	8 942 087 645
Non - current liabilities			
Long term loans	(18)	51 536 000	53 576 000
Long term liabilities	(19)	609 543 406	604 250 968
Total non - current liabilities		661 079 406	657 826 968
Total shareholders' equity and liabilities		11 461 852 202	11 020 283 048

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

Hazem Hassan
Review Report "attached"

Mona Zulficar	Yasser El Mallawany	Hassan Heikal
Chairperson	Executive Managing Director	Executive Managing Director

EFG - Hermes Holding Company

(Egyptian Joint Stock Company)

Consolidated income statement

for the period ended 31 March, 2010

	Note no.	For the period ended 31/3/2010 LE	For the period ended 31/3/2009 LE
Income from fees, commission & management of investments		245 639 314	150 539 443
Share of profit of associate - Bank Audi - Lebanon	(3-1-2, 13)	-	85 021 362
Interest income		53 325 832	41 875 895
Dividend income		114 169	3 609
Changes in the fair value of investments at fair value through profit and loss		39 098 666	12 998 910
Gains on sale of investments	(13)	752 135 539	10 810 648
Other income		3 227 443	5 572 292
Total revenues		1 093 540 963	306 822 159
Deduct:			
General administrative expenses		210 567 634	142 996 237
Finance costs		11 242 043	7 605 733
Provisions	(9)	16 610 336	6 887 612
Fixed assets depreciation	(10)	9 808 208	7 947 451
Changes in the fair value of investment property	(14)	46 104 606	-
Impairment loss on assets	(23)	47 431 361	-
Foreign currencies differences		8 179 759	(27 144 356)
Total expenses		349 943 947	138 292 677
Net profit before income tax		743 597 016	168 529 482
Income tax expense	(24)	(261 558 368)	(19 075 112)
Net profit for the period		482 038 648	149 454 370
Equity holders of the parent		483 599 212	140 093 423
Non - controlling interests		(1 560 564)	9 360 947
		482 038 648	149 454 370
Earnings per share	(26)	1.24	0.37

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)

Consolidated statement of changes in equity

for the period ended 31 March,2010

	Share capital	Legal reserve	Share premium	Other reserves							Other equity	Retained earnings	Treasury shares	Net profit for the year / period	Total
				General reserve	Special reserve	Translation reserve	Fair value reserve	Hedging reserve	Cumulative adjustments	Company's share of items recognized in associate equity					
	LE	LE	LE	LE	LE	LE	LE	LE	LE	LE	LE	LE	LE	LE	LE
Balance as at 31December,2008	1 939 320 000	980 337 393	3 345 518 887	158 271	-	5 081 503	(784 971)	5 669 734	(51 314 320)	151 002 944	(607 200 000)	1 510 075 654	(239 381 358)	933 497 922	7 971 981 659
Foreign currencies translation differences	-	-	-	-	-	(16 126 524)	-	-	-	-	-	-	-	-	(16 126 524)
Effective portion of changes in fair value of cash flow hedges (net of tax)	-	-	-	-	-	-	-	(9 216 001)	-	-	-	-	-	-	(9 216 001)
Company's share of items recognized in associate equity	-	-	-	-	-	-	-	-	-	17 974 671	-	-	-	-	17 974 671
Net changes in the fair value of available -for-sale investments	-	-	-	-	-	-	(31 511 371)	-	-	-	-	-	-	-	(31 511 371)
Cumulative adjustments	-	-	-	-	-	-	-	-	2 168 999	-	-	-	-	-	2 168 999
Purchasing of treasury shares	-	-	-	-	-	-	-	-	-	-	-	-	(30 528 161)	-	(30 528 161)
Selling of treasury shares	-	-	4 768 788	-	-	-	-	-	-	-	-	-	175 064 356	-	179 833 144
2008 dividend payout	-	2 082 347	-	214 875	74 100 000	-	-	-	-	-	-	825 442 518	-	(933 497 922)	(31 658 182)
Net profit for the period ended 31 March, 2009	-	-	-	-	-	-	-	-	-	-	-	-	-	140 093 423	140 093 423
Balance as at 31 March, 2009	1 939 320 000	982 419 740	3 350 287 675	373 146	74 100 000	(11 045 021)	(32 296 342)	(3 546 267)	(49 145 321)	168 977 615	(607 200 000)	2 335 518 172	(94 845 163)	140 093 423	8 193 011 657
Balance as at 31 December,2009	1 913 570 000	969 544 740	3 294 067 512	373 146	74 100 000	3 106 228	150 913 189	(3 546 267)	(53 645 190)	406 072 180	(607 200 000)	2 036 845 870	-	551 810 628	8 736 012 036
Transfer a part of the special reserve to retained earnings	-	-	-	-	(32 500 000)	-	-	-	-	-	-	32 500 000	-	-	-
Foreign currencies translation differences	-	-	-	-	-	(23 228 305)	-	-	-	-	-	-	-	-	(23 228 305)
Effective portion of changes in fair value of cash flow hedges (net of tax)	-	-	-	-	-	-	-	(22 896 120)	-	-	-	-	-	-	(22 896 120)
Company's share of items recognized in associate equity	-	-	-	-	-	-	-	-	-	(406 072 180)	-	-	-	-	(406 072 180)
Net changes in the fair value of available -for-sale investments	-	-	-	-	-	-	107 564 621	-	-	-	-	-	-	-	107 564 621
Cumulative adjustments	-	-	-	-	-	-	-	-	12 508 810	-	-	-	-	-	12 508 810
2009 profit carrying forward *	-	1 246 520	-	-	-	-	-	-	-	-	-	550 762 127	-	(551 810 628)	198 019
Net profit for the period ended 31 March, 2010	-	-	-	-	-	-	-	-	-	-	-	-	-	483 599 212	483 599 212
Balance as at 31 March, 2010	1 913 570 000	970 791 260	3 294 067 512	373 146	41 600 000	(20 122 077)	258 477 810	(26 442 387)	(41 136 380)	-	(607 200 000)	2 620 107 997	-	483 599 212	8 887 686 093

* The general ordinary assembly meeting of the holding company has been held on 11 April, 2010.

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)
Consolidated cash flows statement
for the period ended 31 March , 2010

	For the period ended 31/3/2010 LE	For the period ended 31/3/2009 LE
Cash flows from operating activities		
Net profit before income tax	743 597 016	168 529 482
Adjustments to reconcile net profit to net cash provided by operating activities		
Fixed assets depreciation	9 808 208	7 947 451
Povisions formed	16 610 336	6 887 612
Provisions used	(22 421 502)	(25 405 763)
Provisions no longer needed	(237 886)	(3 265 971)
Gains on sale of fixed assets	-	(978)
Gains on sale of available -for- sale investments	(963 755)	-
Gains on sale of investments in associates	(739 403 104)	-
Changes in the fair value of investments at fair value through profit and loss	(39 098 666)	(12 998 910)
Changes in the fair value of investment property	46 104 606	-
Impairment loss on assets	47 431 361	-
Interest expense	3 520 185	-
Foreign currency translation differences	2 236 778	24 833 196
Share of profit of associates - Bank Audi - Lebanon	-	(85 021 362)
Operating profit before changes in working capital	67 183 577	81 504 757
Decrease in other debit balances	8 539 758	57 246 704
Decrease in creditors and other credit balances	(88 308 929)	(168 342 318)
Increase in accounts receivables - (debit balances)	(203 672 295)	(38 287 349)
Increase (decrease) in accounts receivables - (credit balances)	205 873 348	(61 916 333)
Increase in due from related parties	(1 547 094 147)	(6 113 490)
Increase (decrease) in due to related parties	1 499 047 559	(66 163 816)
(Increase) decrease in investments at fair value through profit and loss	(63 160 849)	182 195 062
Increase in due from EFG- Hermes Employee Trust (current tranche)	(51 890 790)	(29 794 974)
Decrease (increase) in due from EFG- Hermes Employee Trust (non - current tranche)	96 493 908	(71 380 735)
(Decrease) increase in other brokerage companies	(9 181 288)	134 754 632
Net cash (used in) provided from operating activities	(86 170 148)	13 702 140
Cash Flows from Investing Activities		
Payments to purchase fixed assets	(3 566 985)	(6 898 484)
Proceeds from sale of fixed assets	97 830	15 691
Payments for projects under construction	(38 496 988)	(14 463 941)
Payments to purchase available -for- sale investments	(84 838 732)	-
Payments to purchase treasury bills	(1 905 250 105)	(15 233 686)
Proceeds from sale of available -for- sale investments	7 551 436	15 129 023
Proceeds from sale of investments in subsidiaries and associates	5 013 509 579	-
Payments to long term lending	(2 711 403)	-
Payments to companies' share in Settlement Guarantee Fund	(3 814 537)	(167 220)
Net cash provided from (used in) investing activities	2 982 480 095	(21 618 617)
Cash flows from financing activities		
Purchasing of treasury shares	-	(30 528 161)
Proceeds from sale of treasury shares	-	179 833 144
Increase in retained earnings	37 050 000	18 924 635
payments to bank overdraft	-	(290 076)
Paid dividends	(14 012 996)	(3 044 035)
Payments to long term loans	(3 025 372)	(1 364 617)
Changes in reserves	-	(11 520 000)
Net cash provided from financing activities	20 011 632	152 010 890
Net change in cash and cash equivalents during the period	2 916 321 579	144 094 413
Cash and cash equivalents at the beginning of the period	1 611 733 824	1 891 078 295
Cash and cash equivalents at the end of the period (note no. 4)	4 528 055 403	2 035 172 708

Non cash transactions

For the purpose of preparing the cash flows statement:

- An amount of LE 6 928 551 has been transferred from other debit balances to payments to purchase fixed asstes. This amount was excluded from both items.

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 consolidated financial statements
for the period ended 31 March, 2010

1- General

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.

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

2-2 Basis of measurement

The consolidated financial statements are prepared on the historical cost basis, except for the following assets and liabilities which are measured as 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 consolidated financial statements are presented in Egyptian pounds (LE) which is the Company's functional currency.

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. Actual results may differ from these estimates.

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 (9) – provisions.
- Note (21) – Contingent liabilities, valuation of financial instruments.
- Note (25) – recognition of deferred tax assets and liabilities.

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 consolidated financial statements and applied consistently by Group's entities.

3-1 Basis of consolidation

The consolidated financial statements include the following companies:

3-1-1 Subsidiaries

- The consolidated financial statements include all subsidiaries that are controlled by the parent company and which the management intends to continue to control. Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.
- Intragroup balances and transactions, including income, expenses and dividends, are eliminated in full. Profits and losses resulting from intragroup transactions that are recognized in assets, such as inventory and fixed assets, are eliminated in full. Intragroup losses may indicate an impairment that requires recognition in the consolidated financial statements. EAS 24 Income Taxes applies to temporary differences that arise from the elimination of profits and losses resulting from intragroup transactions.
- Non - controlling interests shall be presented in the consolidated balance sheet within equity, separately from the parent shareholder's equity. Non - controlling interests in the profit or loss of the group shall also be separately disclosed.
- A parent loses control when it loses the power to govern the financial and operating policies of an investee so as to obtain benefit from its activities.

3-1-2 Associates

Investments in associates are stated at equity method. Under the equity method the investment in associates is initially recognize at cost and the carrying amount is increased or decreased to recognize the investor's share of the profit or loss of the associates after the date of acquisition. Distributions received from associates reduce the carrying amount of the investment.

Losses of an associate in excess of the Company's interest in that associate (which includes any long-term interests that, in substance, form part of the Company's net investment in the associate) are not recognized, unless the Company has incurred legal or constructive obligations or made payments on behalf of the associate.

Any excess of the cost of the acquisition over the Company's share of the net faire value of the identifiable assets, liabilities and contingent liabilities of the associate recognized at the date of acquisition is recognized as goodwill. The goodwill is included within the carrying amount of the investment and is assessed for impairment as part of the investment.

3-2 Translation of the foreign currencies transactions

The holding company and some of its subsidiaries maintain their books of 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.

3-3 Translation of the foreign subsidiaries' financials

As at the balance sheet date the assets and liabilities of these consolidated subsidiaries are translated to Egyptian Pound at the prevailing rate as at the year end, and the shareholders' equity accounts are translated at historical rates, where as the income statement items are translated at the average exchange rate prevailing during the year of the consolidated financial statements. Currency translation differences are recorded in the shareholders' equity section of the balance sheet as translation reserves adjustments.

3-4 Derivative financial instruments

The Group 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 faire value in respect of the risk being hedged, with any gain or loss being recognized in profit or loss.

3-5 Fixed assets depreciation

Fixed assets are stated at historical cost and presented in the balance sheet net of accumulated depreciation and impairment (Note 3-10). 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
- Office furniture, equipment & electrical appliances	2-16.67	years
- Computer equipment	3.33 - 5	years
- Transportation means	3.33 - 4	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.

3-6 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.

3-7 Intangible assets

3-7-1 Goodwill

Goodwill (positive and negative) represents amounts arising on acquisition of subsidiaries, associates. Goodwill (positive and negative) represents the difference between the cost of the acquisition and the fair value of the net identifiable assets acquired at acquisition date.

- Positive goodwill is stated at cost less impairment losses (note 3-10).
- While negative goodwill arose from business combinations after applying International Financial Reporting Standards (IFRS3) will be recognized directly in the income statement.

- Goodwill resulting from further acquisitions after control is obtained is determined on the basis of the cost of the additional investment and the carrying amount of net assets at the date of acquisition, accordingly, no fair value adjustments would be recognized.

3-7-2 Other intangible assets

Other intangible assets that are acquired by the Group are stated at cost less accumulated amortization and impairment losses (note 3-10). Amortization is recognized in the income statement on a straight – line basis over the estimated useful lives of intangible assets.

3-7-3 Subsequent expenditure

Subsequent expenditure on capitalized intangible assets is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

3-8 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.

3-9 Investments

3-9-1 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.

3-9-2 Available-for-sale financial investments

Available-for-sale financial investments 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.

3-9-3 Investment property

- Investment 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.

3-10 Impairment

3-10-1 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.

3-10-2 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.

3-11 Cash and cash equivalents

For the purpose of preparing the cash flow statement, cash and cash equivalent are represented in the cash on hand, cheques under collection, current accounts, call accounts, time deposits with banks.

3-12 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.

3-13 Other debit balances

Other debit balances are recognized at cost less impairment losses (note 3-10).

3-14 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.

3-15 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.

3-16 Share capital

3-16-1 Repurchase of share 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.

3-16-2 Dividends

Dividends are recognized as a liability in the year in which they are declared.

3-17 Revenue recognition

3-17-1 Gain (loss) 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, in case of derecognizing of investments in associate, the difference between the carrying amount and the sum of both the consideration received and cumulative gain or loss that had been recognized in shareholders' equity shall be recognized in profit or loss.

3-17-2 Dividend income

Dividend income is recognized when declared.

3-17-3 Custody fees

Custody fees are recognized when provide service and issue invoice.

3-17-4 Interest income

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

3-17-5 Brokerage commission

Brokerage commission resulting from purchase of and sale of securities operations in favor of clients are recorded when operation is implemented and the invoice is issued.

3-17-6 Management fee

Management fee is calculated as determined by the management contract of each investment fund & portfolio and recorded on accrual basis.

3-17-7 Incentive fee

Incentive fee is calculated based on certain percentages of the annual return realized by the fund and portfolio, however these incentive fee will not be recognized until revenue realization conditions are satisfied and there is adequate assurance of collection.

3-18 Long term lending

Long term lending is recognized at cost net of any impairment loss. The company evaluates the loans at the balance sheet date, and in case of impairment in the redeemable value of the loan the loan is reduced by the value of impairment loss which is recognized in income statement.

3-19 Expenses

3-19-1 Borrowing costs

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

3-19-2 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.

3-19-3 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.

3-20 Earnings per share

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

3-21 Profit sharing to employees

The holding 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

	31/3/2010 LE	31/12/2009 LE
Cash on hand	1 629 262	1 147 416
Cheques under collection	1 035 137	526 795
Banks - current accounts	1 079 383 681	956 645 345
Banks - call accounts	6 085 200	5 608 683
Banks - time deposits	3 439 922 123	647 805 585
Balance	4 528 055 403	1 611 733 824

5- Treasury Bills

	31/3/2010 LE	31/12/2009 LE
Treasury Bills more than 91 days maturity	2 045 150 000	--
Unearned income	(139 899 895)	--
Net	1 905 250 105	--

6- Investments at fair value through profit and loss

	31/3/2010	31/12/2009
	LE	LE
Companies' Mutual fund certificates	526 730 736	757 112 691
Companies' Stocks	358 814 904	171 715 218
Companies' bonds	124 437 831	46 317 265
Balance	1 009 983 471	975 145 174

7- Other debit balances

	31/3/2010	31/12/2009
	LE	LE
Deposits with others *	32 688 360	30 244 626
Down payments to suppliers	9 962 017	13 363 669
Prepaid expenses	18 906 926	21 987 187
Employees' advances	14 574 976	20 532 306
Accrued revenues	25 174 112	41 058 212
Taxes withheld by others	63 413 483	62 613 068
Payments for investments	20 853 497	20 729 100
Receivables – sale of investments	67 449 430	68 062 677
Perching Brokerage	10 296 612	5 366 842
Due from Ara inc. company	12 084 311	11 117 294
Due from Horus Tourism Investment Company Ltd.	13 752 500	13 712 500
Sundry debtors	68 138 348	51 188 183
	357 294 572	359 975 664
Accumulated impairment	(3 347 417)	(5 013 499)
Net	353 947 155	354 962 165

* The balance of deposits with others includes an amount of LE 20 500 500 in the name of the subsidiaries, Financial Brokerage Group Company and Hermes Securities Brokerage Company which represents the blocked deposit for Same Day Trading Operations Settlement takes place in the Egyptian Stock Exchange. Both companies are not entitled to use this amount without prior approval from Misr Clearance Company.

8- Creditors and other credit balances

	31/3/2010 LE	31/12/2009 LE
Tax Authority	55 043 245	54 076 283
Social Insurance Association	577 103	524 675
Unearned revenues	6 330 471	5 667 833
Accrued interest & commission	1 217 734	418 869
Suppliers	1 360 000	1 656 372
Accrued expenses	320 357 268	167 569 890
Clients' coupons- Custody Activity	11 121 844	18 568 157
Clients' under subscription	33 450 096	25 038 985
Industry Modernization Center	12 687 895	12 635 893
Unrealized swap gain	3 626 712	1 871 508
Dividends payable	25 601 081	19 678 875
Sundry creditors	11 069 413	11 150 233
Balance	482 442 862	318 857 573

9- Provisions

	Expected claims provision LE	Severance pay provision LE	Total LE
Balance at the beginning of the period	169 148 844	21 702 309	190 851 153
Formed during the period	14 000 000	2 610 336	16 610 336
Foreign currency differences	--	16 568	16 568
Amounts used during the period	(22 374 342)	(47 160)	(22 421 502)
Balance at the end of the period	160 774 502	24 282 053	185 056 555

10- Fixed assets (net)

Particular	Land LE	Buildings LE	Leasehold Improvements LE	Office furniture, equipment & electrical appliances LE	Computer equipment LE	Vehicles LE	Total LE
Balance as at 1/1/2010	5 360 000	107 341 228	16 686 347	92 525 365	55 827 576	12 178 091	289 918 60
Additions	--	--	2 068 910	897 735	7 528 891	--	10 495 53
Disposals	--	--	--	--	(146 734)	--	(146 73
Foreign currency translation difference	--	206 636	14 353	103 622	49 905	5 507	380 02
Total cost as at 31/3/2010	5 360 000	107 547 864	18 769 610	93 526 722	63 259 638	12 183 598	300 647 43
Accumulated depreciation as at 1/1/2010	--	10 571 456	4 548 728	49 122 831	37 130 532	8 497 387	109 870 9
Depreciation	--	805 075	1 301 223	4 100 708	3 193 459	407 743	9 808 2
Disposals' accumulated depreciation	--	--	--	--	(48 771)	--	(48 77
Foreign currency translation difference	--	15 819	2 922	56 008	44 694	3 033	122 476
Accumulated depreciation as at 31/3/2010	--	11 392 350	5 852 873	53 279 547	40 319 914	8 908 163	119 752 84
Carrying amount as at 31/3/2010	5 360 000	96 155 514	12 916 737	40 247 175	22 939 724	3 275 435	180 894 58
Carrying amount as at 31/12/2009	5 360 000	96 769 772	12 137 619	43 402 534	18 697 044	3 680 704	180 047 67

11- Projects under construction

	31/3/2010 LE	31/12/2009 LE
New headquarters of the group in Smart Village - Egypt	257 687 400	219 371 737
Preparation of alternate headquarters in emergency - Egypt	7 934 846	7 934 846
Office spaces in Egypt	17 784 500	17 650 000
New headquarters - United Arab Emirates	61 992 095	61 811 787
Preparation of alternate headquarters in emergency - United Arab Emirates	5 144 403	5 082 752
Balance	350 543 244	311 851 122

12- Available - for- sale investments

	31/3/2010	31/12/2009
	LE	LE
Quoted investments	547 108 821	355 559 815
Non - quoted investments	368 313 103	422 478 011
Balance	915 421 924	778 037 826

13- Investments in subsidiaries & associates

	Ownership	31/3/2010	31/12/2009
	%	LE	LE
Arab Visual Company *	74.99	3 749 500	3 749 500
Bank Audi Sal – Lebanon **	-	--	4 729 242 354
EFG- Hermes Securitization *	100	5 000 000	5 000 000
AAW Company for Infra Structure *	50	3 040 000	3 040 000
Balance		11 789 500	4 741 031 854

* The investee companies have not yet started their activities and no financial statements have been issued.

** On January 21,2010 the company and it's subsidiaries sold the entire investment in Audi – Lebanon Bank (an associate – 29.16%) which was represented in 10 037 182 shares with share price of US $ 91 each, the consolidated selling gain amounted to LE 739 403 104 after eliminating the effects of the equity method which was used in the accounting for the investment.

14- Investment property

Investment property presented in the balance sheet as at March 31, 2010 and amounted LE 132 062 511 represents the value of the area owned by the Holding Company in Nile City Building, changes in the fair value of investments property amounted to LE 46 104 606 during the period.

15- Settlement Guarantee Fund

	31/3/2010	31/12/2009
	LE	LE
Financial Brokerage Group	9 984 835	6 516 025
Hermes Securities Brokerage	12 277 338	11 937 527
Vision Securities Co. (LLC) – Oman	686 701	684 586
EFG- Hermes IFA Financial Brokerage - (KSC)	4 779 000	4 798 250
Flemming CIIC group (S.A.E) – Egypt	178 761	172 845
Balance	27 906 635	24 109 233

16- Intangible assets

	31/3/2010	31/12/2009
	LE	LE
Goodwill	698 899 943	698 899 943
Other intangible assets	2 138 097	2 137 097
Balance	701 038 040	701 037 040

16-1 Goodwill is relating to the acquisition of the following subsidiaries:

	31/3/2010	31/12/2009
	LE	LE
Flemming CIIC group (S.A.E) – Egypt	63 483 756	63 483 756
Vision Securities Co. (LLC) – Oman	66 039 857	66 039 857
EFG- Hermes IFA Financial Brokerage Company (KSC) - Kuwait	567 776 330	567 776 330
IDEAVELOPERS – Egypt	1 600 000	1 600 000
Balance	698 899 943	698 899 943

16-2 Other intangible assets are represented in brokerage license acquired by the subsidiary Vision Securities Co. (51%) from Oman Capital Market Authority and software acquired by the subsidiary EFG- Hermes Private Equity (BVI) (65%).

17- Long term lending

EFG-Hermes Private Equity (BVI), a subsidiary – 65% granted an amount of LE 41 670 968 as a long term loan to Horus Tourism Investment Company Limited with annual interest rate 20% that will be calculated daily and added to the loan principal each three months. The loan is due on December 31, 2011.

18- Long term loans

A- On December 28, 2005, a loan agreement has been signed with International Finance Corporation "IFC" whereby the company is entitled to obtain long term loan with an amount of US$ 20 million with an applied annual floating interest rate in order to finance regional expansion of the company. The loan will be repaid on 10 equal semi-annual installments with an amount of US$ 2 million for each installment and the first installment was due on May 15,2007 and the last installment will due on November 15, 2011 and the interest is due on May 15, and November 15 and the first interest was due on November 15,2006. The loan agreement provides for that the company's subsidiaries will guarantee the loan repayment through an irrevocable unconditional guarantee and the company got the full amount of the loan amounted to US$ 20 million on September 3, 2006. The company paid 6 installments which equivalent to US$ 12 million accordingly, the loan balance amounted to US$ 8 million (the equivalent amount of LE 44 008 000) as at March 31, 2010.

- The current portion (the amount that will due within one year) of that loan amounts to US$ 4 million (the equivalent amount of LE 22 004 000).

B- On December 29,2005 a loan agreement has been signed with the Foundation of (DEG)- DEUTSCHE INVESTITIONS- UND ENTWICKLUNGSGESELLSCHAFT MBH whereby the company is entitled to obtain a long term loan with an amount of Euro 10 million with a variable annual interest rate in order to finance the regional expansion of the company. The loan will be repaid on 10 equal semi- annual installments with an amount of one million Euro per installment. The first installment was due on May 15, 2008 and the last installment will due on November 15, 2012 and the interest is due on May 15, November 15 each year. The first interest was due on November 15, 2006.
The loan agreement provides for that the company's subsidiaries will guarantee the loan repayment through an irrevocable unconditional guarantee. The company has obtained the full amount of the loan amounted Euro 10 million on September 17, 2006. The company has paid Euro 4 million accordingly, the loan balance as of March 31, 2010 amounted Euro 6 million (the equivalent amount of LE 44 298 000).

- The current portion (the amount that will due within one year) of the loan amounts to Euro 2 million (the equivalent amount of LE 14 766 000).

19- Long term liabilities

	31/3/2010 LE	31/12/2009 LE
Excepted consideration to be paid (liability) *	608 639 810	603 350 000
Other liabilities	903 596	900 968
Balance	609 543 406	604 250 968

* EFG – Hermes Regional Investments Ltd. – a wholly owned subsidiary - entered through the parent company, EFG- Hermes Holding Company into call/ put option agreement with a minority shareholder who holds 35% interest in a subsidiary. As per the agreement, the options are exercisable throughout the period from March 1st, 2010 to February 28th, 2013. The call option's exercise price is US$ 130 million whereas the put option's exercise price is US$ 110 million, both options carry an annual interest 7%.

In line with EAS 25 requirements the Group has accounted for the present value of the put option as a financial liability with a corresponding debt to equity using the Present Access Method of accounting. Changes in the fair value of the put option are recognized in equity whereas changes in the present value of the financial liability are recognized in the income statement.

20- Share capital

The company's authorized capital amounted LE 3 200 million and issued and paid in capital amounted LE 1 913 570 000 distributed on 382 714 000 shares of par value LE 5 per share, after the reduction approved by the company's extraordinary general assembly in its session held on April 7, 2009 from LE 1 939 320 000 to LE 1 913 570 000 through cancelling 5 150 000 shares of treasury shares.

21- Contingent liabilities

- The company guarantees its subsidiaries – Financial Brokerage Group and Hermes Securities Brokerage against the credit facilities granted from banks and each of EFG- Hermes Brokerage – UAE for the purpose of issuance of the letters of guarantee amounting to AED 200 million (equivalent to LE 297 800 000) and EFG- Hermes KSA against the credit facilities granted from banks amounting to SAR 50 million (equivalent to LE 73 350 000).

- The company has executed C-SWAP contracts to cover its needs of foreign currencies with the banks which will be settled according to specific rates for the foreign currencies implied in such contracts. The mentioned contract is as follows:

Transaction date	Transaction	Amount	Currency	Expiry date
10/1/2010	Selling Euro	Euro 6 000 000	Buying US.$	10/4/2010

- Hermes Corporate Finance Company (a subsidiary – 99.37%) issued by a bank a letter of guarantee with an amount of LE 292 500 in favor of Egyptian Electricity Authority. The issuer bank has blocked the company's time deposit which amounts LE 605 492 on March 31, 2010 as a margin for this letter of guarantee.

22- Incentive fee revenue

Due to inadequate assurance concerning the revenue recognition conditions and collection of the incentive fee on managing investment funds and portfolios, the assets management companies (subsidiaries) deferred the recognition of Incentive Fee with an amount of LE 32 436 542 till March 31, 2010 versus no amount till March 31, 2009 as no revenues are recognized if there are any uncertainties regarding the recovery of the consideration due.

Subsidiary's name	For the period ended 31/3/2010 LE	31/3/2009 LE
Egyptian Portfolio Management Group Company	12 657 643	--
EFG- Hermes Financial Management (Egypt) Ltd.	12 198 600	--
Hermes Fund Management	7 580 299	--
Total	32 436 542	--

23- Impairment loss on assets

	For the period ended 31/3/2010 LE	31/3/2009 LE
Impairment loss on accounts receivables & debit accounts	59 471	--
Impairment loss on available –for– sale investments	47 371 890	--
Total	47 431 361	--

24- Income tax expense

	For the period ended 31/3/2010 LE	31/3/2009 LE
Current income tax	261 850 452	14 145 469
Deferred tax	(292 084)	4 929 643
Total	261 558 368	19 075 112

25- Deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	31/3/2010		31/12/2009	
(A) Deferred tax	**Assets**	**Liabilities**	**Assets**	**Liabilities**
	LE	**LE**	**LE**	**LE**
Fixed assets depreciation	--	1 651 039	--	1 772 304
Expected claims provision	3 033 049	--	3 033 049	--
Impairment loss on assets	3 905 337	--	3 893 400	--
Previous years losses forward	175 945	--	--	--
Company's share in affiliate's profits	--	2 471 729	--	2 454 724
Total deferred tax assets / liabilities	7 114 331	4 122 768	6 926 449	4 227 028
Net deferred tax assets	2 991 563		2 699 421	

(B) Deferred tax recognized directly in equity

	31/3/2010 LE	31/12/2009 LE
Changes in fair value of cash flow hedges	6 612 597	888 567

26- Earnings per share

	For the period ended 31/3/2010 LE	31/3/2009 LE
Net profit for the period	483 599 212	140 093 423
Employees' share	(9 089 396)	--
	474 509 816	140 093 423
Weighted average number of shares	382 714 000	383 345 870
Earnings per share	1.24	0.37

27- Tax status

- The competent tax inspectorate examined the parent company's books for the period till year 2004 and disputed points have been agreed upon before the Internal Committee and the settlement procedures are currently taking place.
- As to years 2005/2009 the parent company has submitted its tax returns and paid the tax due according to the tax law No. 91 for 2005.
- As to salaries tax, the parent company's books had been examined till the year 2004 and all the disputed points have been agreed upon before the Internal Committee and the settlement procedures are currently taking place. and the years 2005/2009 have not been inspected yet.
- As to stamp tax, the parent company's books had been examined from year 1998 till 31/7/2006 and the disputed points had been transferred to Appeal Committee. And the period from 1/8/2006 till 31/12/2009 have not been inspected yet.

28- Group's entities

EFG- Hermes Holding company, the parent company, owns the following subsidiaries:

	Direct ownership %	Indirect ownership %
Financial Brokerage Group	99.76	0.04
Egyptian Fund Management Group	88.51	11.49
Egyptian Portfolio Management Group	66.33	33.67
Hermes Securities Brokerage	97.58	2.42
Hermes Fund Management	89.95	10.05

	Direct ownership	Indirect ownership
	%	%
Hermes Corporate Finance	99.37	0.53
EFG - Hermes Advisory Inc.	100	--
EFG- Hermes Financial Management (Egypt) Ltd.	100	--
EFG – Hermes Promoting & Underwriting	99.88	--
Bayonne Enterprises Ltd.	--	100
EFG- Hermes Fixed Income	99	1
EFG- Hermes Private Equity (Egypt)	96.3	3.7
EFG- Hermes Private Equity (BVI)	1.59	63.41
EFG- Hermes Brokerage – UAE Ltd.	--	90
Flemming CIIC Holding	100	--
Flemming Mansour Securities	--	99.33
Flemming CIIC Securities	--	96
Flemming Corporate Finance	--	74.92
EFG- Hermes UAE Ltd.	100	--
EFG- Hermes Holding - Lebanon	100	--
EFG- Hermes KSA	73.1	26.9
October Property Development Ltd.	94.10	--
EFG- Hermes Lebanon	99	0.5
Mena Opportunities Management Limited	--	66.5
EFG- Hermes Mena (Caymen) Holding	--	100
Mena (BVI) Holding Ltd.	--	66.5
EFG – Hermes Mena Securities Ltd.	--	100
Mena Financial Investments W.L.L	--	100
EFG – Hermes Qatar LLC	100	--
Vision Securities Company LLC	--	51
EFG- Hermes Regional Investment Ltd.	100	--
Offset Holding KSC	--	50
EFG- Hermes IFA Financial Brokerage	--	45
EFG- Hermes Securitization	99.99	0.01
IDEAVELOPERS	--	52
Arab Visual Company	50	24.99
AAW Company for Infra Structure	0.33	49.67

29- 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 financial 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.

29-1 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.

29-2 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 disclosed in note (3-2) the company has used the prevailing exchange rates to revaluate monetary assets and liabilities at the balance sheet date.
- As disclosed in note no. (21) the company has executed Currency SWAP agreements and Hedge agreement to cover its needs of foreign currencies and meet the risks of exchange rate and interest rates related thereto.

29-3 Financial instruments' fair value

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

29-4 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 instruments, (note no. 3-4).
- In accordance with an arrangement between the subsidiary, EFG Hermes MENA Securities Limited Co. and its customers ("the customers"), the

Company from time to time enters into fully paid Shares Swap Transaction Contracts ("the Contracts") with the customers. Under the Contracts the customers pay to the Company a pre-determined price, which is essentially the market price at the trade date, in respect of certain reference securities. In return for such shares swap transactions the Company pays to the customers the mark to market price of the reference securities at a pre-determined date (normally after one year). However, the Contracts can be terminated at any time by either of the parties, which shall be the affected party.

In order to hedge the price risks with respect to the reference securities under the Contracts, the Company enters into back-to-back fully paid Share Swap Transaction Contracts with other subsidiaries, MENA Financial Investments W.L.L. ("MENA-F") and EFG-Hermes KSA.

Accordingly, the Shares Swap Transactions are measured at fair value based on underlying reference securities under the Contracts.

30- Corresponding Figures

Certain corresponding figures have been reclassified to conform with the current period presentation.