

Stock Exchange & Symbol

Cairo: HRHO.CA
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Performance at a Glance

Table 1: Performance at a Glance

	Units	2Q09	1Q09	2Q08
Total Executions	USD million	21,946	8,136	27,079
Assets Under Management	USD billion	5.0	4.8	8.8
<i>in Asset Management</i>	USD billion	4.0	3.7	7.7
<i>in Private Equity</i>	USD billion	1.0	1.2	1.1
Research Coverage		87	84	76
Investment Banking Transactions	USD billion	1.6	0.03	0.6
Number of Employees		851	870	853
Fee & Commission Revenue	EGP million	220	151	570
Total Net Revenue*	EGP million	382	327	807
Total Operating Expenses	EGP million	158	143	347
Net Operating Profit**	EGP million	62	8	223
Net Profit after Tax & Minority Interest	EGP million	176	140	409

* including FX gain (loss), net interest income, realised & unrealised gains on fixed income products

** based on fee & commission revenue

Sources: EFG-Hermes audited financial statements and management accounts

1H2009 in Review

- Total net consolidated revenues declined during 2Q2009 to EGP382 million down from EGP807 million during 2Q2008 and were predominantly booked through the operations of the Investment Bank. A 52.6% decline compared to declines in equity values, in the markets where EFG-Hermes operates, in excess of 43% coupled with declines in volume traded by 27%. Total consolidated revenues in 2Q2009 increased 17% over 1Q2009;
- Total revenues booked from the Investment Bank increased 14.9% over 1Q2009 to reach EGP271 million as capital markets improved but is naturally well below 2Q2008 level of EGP697 million¹. Total fee and commission income increased 45.4% over 1Q2009 to EGP220 million;
- Total operating expenses declined 44% over 1H2008 to EGP301 million as the effects of the cost cutting plan filtered in. The major cost savings came from employee expenses as the fixed portion of employee expenses declined 22.2% over 1H2008 although the number of employees during both quarters remained around 850;
- With healthier market conditions in 2Q2009, net operating profit, reflecting the Group's core agency based business, improved over 1Q2009. With the Investment Bank booking a marginal profit in 1Q2009, net operating profits for 1H2009 were EGP69.7 million down from EGP723.4 million in 1H2008 (of which EGP209.9 million were incentive fees and EGP223 million of gains on the Prop. Account). EFG-Hermes's net operating margin based on agency business only came under pressure declining to 18.5% down from 48.2% in 1H2008 (35% if adjusted for the realised incentive fees);



- Net profit after tax and minority interest dropped to EGP316.5 million in 1H2009 compared to EGP757.7 million in 1H2008. Adjusting for EGP209.9 million of realised to incentive fees and EGP223 million of gains on the Prop. Account in 1H2008 (none booked during 1H2009), net profit after tax and minority interest in 1H2009 only declined 3% from EGP324.8 million in 1H2008 while revenues from the investment Bank declined by 60% over the similar period;
- Regional operations accounted for 53.6% of the total fee and commission income in 2Q2009 down from 59.2% a year earlier;
- Although EFG-Hermes lost some market share in markets where it operates, the Brokerage arms in Egypt and the UAE (on the DFM and ADSM) continued to maintain their number one positions. The Kuwaiti operations oscillated between the #1 and #2 position during the quarter while the Omani operation ended the quarter in the fourth position;
- The Research Department continued to increase the stocks and economies under coverage and support the Investment Bank's operations as a whole;
- Total assets under management within the Group increased to USD5.011 billion, of which USD3.982 billion are in listed equities and money market funds and the remainder in private equity. Assets under management in listed equities increased 8.4% since the end of 1Q2009 with the bulk of the increase as a result of market conditions;
- Finalisation of the structure of the InfraMed Fund between the Sponsors giving EFG-Hermes operational and managerial control of an Egypt-dedicated infrastructure fund under the umbrella of InfraMed;
- Shortly after the end of the quarter the Investment Banking Team closed two transactions; an M&A transaction for USD243 million and a debt issue for USD1.1 billion;
- EFG-Hermes' shareholding structure remains dominated by institutional shareholders. As at the end of 2Q2009, the top 50 shareholders owned 77.5% and include 29 western institutions and fund managers.



Market Commentary

MENA capital markets rebounded during 2Q2009 from the previous six-month's spiral downturn. Tracking world market rallies, rising oil prices and favourable macro and corporate results across the region boosted investor sentiment in general. On average regional valuations increased close to 20% over 1Q2009 across the region, but still well below 2Q2008 levels, with the largest gains being witnessed on the Egyptian and Qatari exchanges. Volumes traded recovered by an average of c.77%, again reaching levels well below 2Q2008, with the largest gains witnessed in the markets where institutional clients have cautiously re-entered the market, namely Egypt, Kuwait and Qatar. More interestingly, there was a report published by the Economist Intelligence Unit (EIU) citing that the MENA region would consistently outperform every other region in the world for the next five years.

Looking at the main markets where EFG-Hermes operates, the general trends have been positive and reflected in increased executions for the Group as a whole. In Egypt, the market witnessed a strong rally throughout most of 2Q2009 that was broken by a sharp correction in the final week of June. The rally was largely driven by local retail interest, a growing segment of EFG-Hermes' client base, with foreign institutional buyers becoming net buyers towards the end of the quarter as the rally matured. Activity on the DFM and ADX more than doubled over the quarter with valuations slipping towards the end of the quarter but well above 1Q2009 levels. In Saudi Arabia, the beginning of the quarter was marked by positive momentum with valuations rising sharply before correcting 11.6% in June. Valuations remain above GCC averages but ended the quarter with sizeable increases in both market valuations and volumes traded.

With fragile improvements in market conditions across the region, investor sentiment is slowly giving faint signs of a solid road to recovery across the region, EFG-Hermes managed to maintain its leadership position across the region. Across all business lines, the various Teams have worked on capitalizing on past experience and track record to tap into business segments previously not ventured into; be it debt issuance in Investment Banking, listing of participation notes by Brokerage or re-domiciling funds to capture an increased client base. The new client relationship management system was launched, albeit at a low penetration rate to begin with, to better coordinate marketing and client pitching to ensure that the firm as a whole is providing an integrated service to the client thus ensuring, to a large extent, their exclusivity with respect to regional services.

Despite the frail recovery in regional capital markets in general, the volatility to EFG-Hermes' business model remains elevated and hence the pursuit of a universal banking platform remains key. Management has continued to be strict with respect to implementing the cost-cutting plan whilst ensuring the Group's diverse geographic presence, increasingly varied client base and growing array of services remain intact as they remain the Firm's competitive edge with respect to competition not only from the global investment banks (that are back to adamantly pursuing their expansion into the region) but also its regional competitors (some of whom are regaining their balance after the financial crisis).

Table 2: Performance of Markets in the Arab Region during 2Q2009

	Activity During Quarter Difference Beginning & Ending Indices			Indices 2Q09 Vs. 2Q08	Volumes 2Q09 Vs. 2Q08	Volumes 2Q09 Vs. 1Q09
	2Q08	1Q09	2Q09			
Egypt	-13.54%	-6.21%	32.04%	-38.24%	-25.61%	173.92%
Dubai	1.72%	-4.15%	13.77%	-67.22%	-24.79%	112.97%
Abu Dhabi	8.72%	4.10%	5.76%	-46.88%	-70.66%	153.12%
Saudi Arabia	4.00%	-2.07%	18.98%	-40.16%	-19.79%	53.11%
Kuwait	8.18%	-13.33%	19.79%	-47.72%	-9.40%	180.73%
Lebanon	33.59%	-10.76%	35.46%	-30.31%	-43.35%	192.68%
Morocco	-3.36%	-4.42%	11.41%	-18.34%	-28.63%	-46.50%
Oman	12.08%	-14.93%	21.25%	-50.44%	-45.37%	123.72%
Qatar	24.17%	-29.03%	32.83%	-45.28%	-46.67%	110.66%
Total Average	4.19%	-7.17%	19.41%	-43.36%	-27.02%	77.02%
Average of Egypt & GCC	4.61%	-7.39%	19.99%	-45.59%	-26.84%	82.56%
Average for Egypt, UAE & KSA	1.03%	-2.20%	18.26%	-44.92%	-26.72%	69.00%

Sources: Regional markets and EFG-Hermes



Performance

Total Revenue

Table 3: Breakdown of Total Revenue

Total Revenue (EGP mn)	2Q09		1Q09		2Q08		Change 2Q09 Vs. 2Q08	Change 2Q09 Vs. 1Q09
Total Fee & Commission Revenue	220	57.4%	151	46.2%	570	70.6%	-61.4%	45.4%
Net Treasury Operations*	47	12.3%	88	26.9%	(24)	-3.0%	-293.1%	-46.4%
Net Principal Account & Gain on Investments	4	1.1%	(3)	-0.9%	152	18.8%	-97.2%	-243.8%
Total Revenue From the Investment Bank	271	70.9%	236	72.2%	697	86.4%	-61.1%	14.9%
Bank Audi	109	28.4%	85	26.0%	101	12.6%	7.3%	28.0%
Sundry Revenue	3	0.7%	6	1.8%	9	1.1%	-70.0%	-57.3%
Total Revenue	382	100%	327	100%	807	100%	-52.6%	17.0%

Sums and percentages may not add up exactly due to rounding

* including FX gains (losses), net interest expense and realised & unrealised gains on fixed income (EGP21.4 mn) in 2Q09

Sources: EFG-Hermes audited financial statements and management accounts

EFG-Hermes' total net consolidated revenue increased 17% over 1Q2009 levels to EGP382 million. Total revenue booked a 52.6% decline over 2Q2008 level of EGP807 million. It must be noted however that in 2008 the Firm had a Prop Account that reined in EGP152 million in net revenue, an activity that was discontinued during the latter part of 2008, and that market conditions had allowed Asset Management to charge a total of EGP179.3 million in incentive fees. Taking revenue from the Prop Account and incentive fees into account, the decline is only 19.6% compared to declines of 26.8% and 45.6% in market volumes and valuations respectively over the similar period.

Revenue booked from Bank Audi slightly increased to EGP109 million but its contribution to total revenue increased to 28.4% of total consolidated revenue up from 12.6% in 2Q2008, as total fees and commission more than halved, contributing only 57.4% to total revenues down from over 70% a year earlier, but still remaining the main contributor to revenue. Having said that, fees and commission revenue has seen improvement over 1Q2009, increasing 45.4% reflecting the pickup in capital market activity.

As revenue from the agency business declined as a proportion of total revenues, revenues booked from treasury operations increased to EGP47 million² up from a loss of EGP24 million in 2Q2008 and down from EGP88 million in 1Q2009, maintaining the revenue of the Investment Bank around 70% of the total revenue. The continued contribution of the Treasury Department to the total revenue in a declining interest rate environment hinges upon its continued participation in the fixed income market, whether Egyptian Eurobonds, treasury bills or corporate bonds.

Operating Revenues

After two consecutive quarters of decline operating revenues witnessed a slight rebound as improved investor sentiment increased activity across all regional markets. Total operating revenues increase to EGP224 million, a 51.2% increase over 1Q2009. Although a 69.8% decline over 2Q2008, operating revenues reflect the decent market shares across the region as well as the relative stability of the level of assets under management since the end of the year attesting to EFG-Hermes' strong positioning as the region's premier investment bank and the continued investor confidence in the Firm despite volatile market conditions. On a semi-annual basis and after neutralising the effect of the discontinued proprietary activity and incentive fees booked during 1H2008 (EGP209.9 million), 1H2009 total operating revenues were 55.2% below operating revenues booked in 1H2008. With the closure of the Prop. Account, total operating revenue is basically revenue booked through the agency business.

² Includes EGP23.4 million of net interest and bank charges, EGP21.4 million of realised and unrealised capital gains on fixed income and FX loss of EGP8.1 million



Table 4: Contribution of the Different Divisions to Operating Revenue on a Quarterly Basis

Division Revenues (EGP mn)	2Q09		1Q09		2Q08		Change 2Q09vs. 2Q08	Change 2Q09vs. 1Q09
Brokerage: Egypt	84	38.2%	55	36.4%	177	31.1%	-52.6%	52.6%
Brokerage: UAE	21	9.7%	9	6.0%	36	6.3%	-41.1%	135.5%
Brokerage: KSA	5	2.2%	4	2.6%	11	1.9%	-56.1%	20.6%
Brokerage: Oman	4	2.0%	3	2.0%	9	1.6%	-51.5%	45.6%
Brokerage: Kuwait	32	14.6%	14	9.3%	-	-	-	128.3%
Asset Management: Egypt	15	7.0%	9	6.0%	18	3.2%	-14.4%	71.1%
Asset Management: Regional	24	11.0%	26	17.2%	236	41.5%	-89.7%	-6.9%
Private Equity	25	11.5%	24	15.9%	31	5.4%	-18.9%	4.8%
Investment Banking: Egypt	2	0.9%	6	4.0%	51	9.0%	-96.2%	-68.1%
Investment Banking: UAE	7	3.0%	1	0.7%	-	-	-	-
Total Fee & Commission Revenue	220	100%	151	100%	569	100%	-61.4%	45.4%
Prop. Account & Gain (or loss) on Investments*	4	1.9%	(3)	-2.0%	171	23.1%	-97.5%	-243.8%
Total	224	-	148	-	740	-	-69.8%	51.2%

Sums and percentages may not add up exactly due to rounding

* excluding Treasury Operations

Sources: EFG-Hermes audited financial statements and management accounts

Table 5: Contribution of the Different Divisions to Operating Revenue on Half Year Basis

Division Revenues (EGP mn)	1H09		1H08		Change 1H09 Vs. 1H08
Brokerage: Egypt	139	37.5%	362	34.8%	-61.7%
Brokerage: UAE	30	8.1%	99	9.5%	-69.7%
Brokerage: KSA	9	2.4%	20	1.9%	-55.9%
Brokerage: Oman	7	2.0%	9	0.9%	-18.1%
Brokerage: Kuwait	46	12.4%	-	-	-
Asset Management: Egypt	24	6.6%	70	6.7%	-65.1%
Asset Management: Regional	50	13.6%	284	27.3%	-82.3%
Private Equity	49	13.3%	59	5.7%	-16.7%
Investment Banking: Egypt	8	2.1%	134	12.9%	-94.1%
Investment Banking: UAE	8	2.0%	2	0.2%	278.5%
Total Fee & Commission Revenue	370	100%	1,039	100%	-64%
Prop. Account & Gain(or loss) on Investments*	1	0.4%	223	17.7%	-99.4%
Total Operating Revenues	371	-	1,262	-	-71%

Sums and percentages may not add up exactly due to rounding

* excluding Treasury Operations; no Principal Account during 1H2009

Sources: EFG-Hermes audited financial statements and management accounts

Brokerage operations remained the core contributor to business booking 66.6% of total operating revenues up from 56.3% and 40.9% in 1Q2009 and 2Q2008 respectively as the incentive fees continue to be non-existent and closing investment banking deals remains difficult due to market conditions. Asset Management is the second largest contributor to revenue, booking 18% of total consolidated operating revenues down from 44.6% in 2Q2008 predominantly due to the decline in assets under management from its all time high of EGP41.4 billion to EGP22.3 billion as at the end of 2Q2009. In absolute terms operating revenue booked from Private Equity remained nearly constant at around EGP25 million in management fees per quarter as no new funds were raised and no major exits were concluded to earn success fees.

In line with the Group's regionalisation and geographic expansion strategy the Investment Bank's revenues emanating from the region totaled 53.6%³ in 2Q2009 down from 59.2% a year earlier and expected to further increase as the full effect of the Saudi, Kuwaiti, Qatari and Omani business comes and regional market recovery is sustained.

³ including the revenues from trading regional markets that are reported within Brokerage Egypt numbers and excluding revenue of Prop. Account



Hereunder is an analysis of the company's main operational divisions:

Brokerage

Brokerage activities remained the key contributor to fee and commission revenues. With volumes across equity capital markets increasing on average 43.4% and EFG-Hermes maintaining its market shares across its major markets, Brokerage revenue nearly doubled over 1Q2009 levels to EGP126 million. The increase in volumes across the markets where the Firm has physical presence was varied as institutional investors, the Group's main clients; comeback was disparate across regional markets. Having said that, increasing online and retail operations have supported the overall Brokerage revenue and maintained the Group's overall market shares.

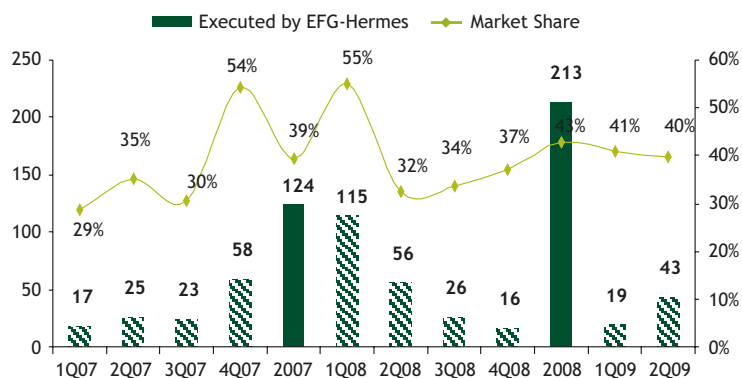
After the success of sponsoring the First Egypt Day on the London Stock Exchange during 4Q2008, EFG-Hermes Brokerage has partnered with LSE to launch the first MENA Financial Institutions Day during May and the First Saudi Day on the LSE during June 2009, both which attracted a large number of investors, presenting companies and officials from the region.

A growing segment of Brokerage business across all regions, in both volumes traded and commissions, is the VIP desk. This Team handles clients that are too small to be handled by the high networth individuals Team but larger than the normal retail clients.

Egypt

During 2Q2009 valuations and volumes traded on EGX increased by 32% and 173.9% respectively over 1Q2009 levels while growth in EFG-Hermes executions on the market increased 126% to EGP43 billion resulting in a 40% market share of total executions and maintained the #1 position on EGX.

Figure 6: EFG-Hermes Executions and Share of Total Market Executions



Sources: EGX and EFG-Hermes

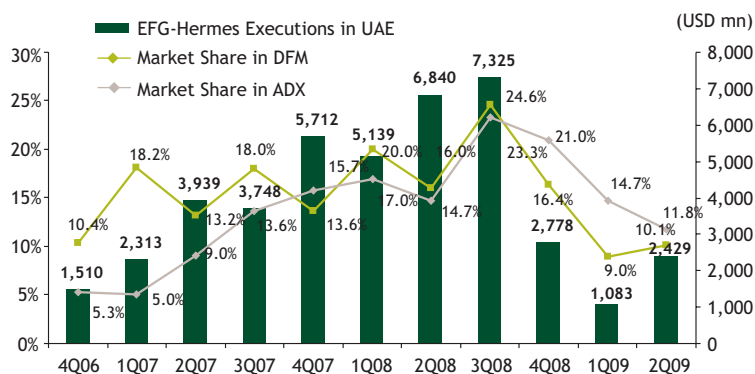
With the retail business becoming a more important component of brokerage activity in Egypt, both Online Brokerage and Call Centre activities operations have picked up further during 2Q2009. The number of clients using the Online service increased 38.6% over 1Q2009 and with increased market executions, total commissions booked more than doubled over 1Q2009.

Revenue from brokerage activity in Egypt decreased 52.6% over 2Q2008 levels to EGP84 million. This is an increase of nearly 53% over 1Q2009 levels echoing the increase in both volumes and values traded on the EGX over 2Q2009 and constituting 38.2% of the Group's consolidated revenue during the quarter.



UAE

Figure 7: Progression of Volumes Executed and Share of Total Market Executions



Sources: DFM, ADX and EFG-Hermes

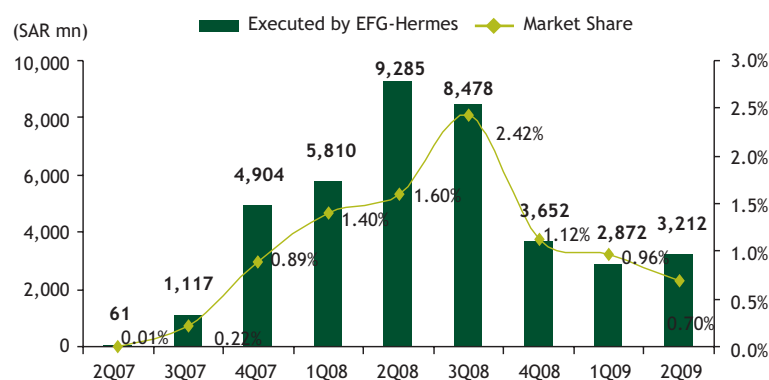
EFG-Hermes' market share continued to decline as institutional investors continued to shy away from the markets. Market shares on the DFM and ADX declined to 10.1% and 11.8% respectively, however, the Firm maintained its #1 broker positioning. Total executions during 2Q2009 nearly doubled over 1Q2009 levels to USD2.4 billion compared to growth in market volumes of 113% and 153% in volumes on the DFM and ADX respectively coupled with small increases in valuations in both markets over the similar period.

Although not as large as the operations in Cairo, Online trading in the UAE has picked up over the year with an average commission well above that charged for the normal brokerage activities.

Revenues from Brokerage operations out of the UAE have increased nearly three-fold over 1Q2009 as volumes traded more than doubled during 2Q2009. Still 41.1% below 2Q2008 levels, revenues booked in 2Q2009 reached the equivalent of EGP21 million constituting 9.7% of the Group's total consolidated operating revenues.

Saudi Arabia

Figure 8: Progression of Volumes Executed and Share of Total Market Executions



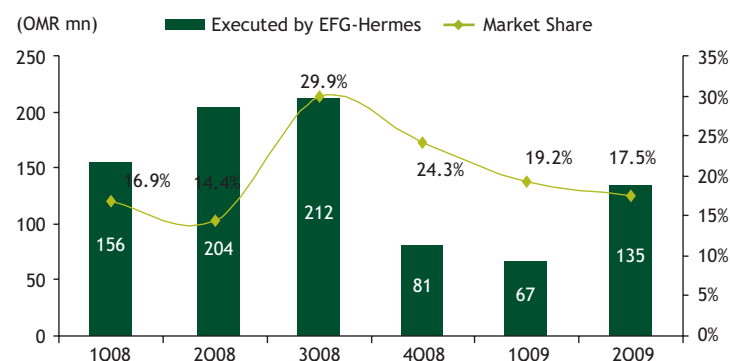
Sources: TADAWUL and EFG-Hermes

The Group's total executions increased 11.8% to SAR3.2 billion but have not matched the growth in market volumes as retail dominated the activity on the exchange. The listing of the participation notes mentioned above will play a pivotal role in increasing the Group's market share going forward.



Oman

Figure 9: Progression of Volumes Executed and Share of Total Market Executions



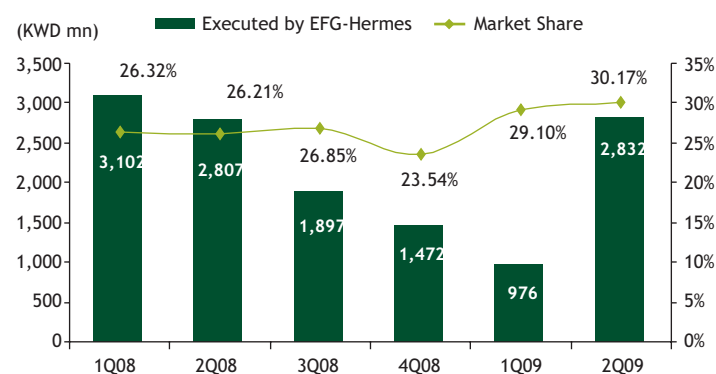
Sources: Oman Stock Exchange and EFG-Hermes

As EFG-Hermes consolidated its presence in the Omani market, the Firm's executions began to pick up as the market recovered 21.3% in terms of value and 123.7% in volume. Although not back to 3Q2008 levels, total executions by EFG-Hermes increased 101.5% over 1Q2009 to OMR135 million ending the quarter as the # 4 broker on the exchange.

Revenues consolidated from Vision Securities' activities recorded the equivalent of EGP4 million in agency fees, slightly above what was booked in 1Q2009, corresponding to 2% of the Group's consolidated operating revenues during 2Q2009.

Kuwait

Figure 10: Progression of Volumes Executed and Share of Total Market Executions



Sources: Kuwait Stock Exchange and EFG-Hermes

Volumes in Kuwait, the second largest market in the region after Saudi Arabia, ended 2Q2009 only 9.4% below 2Q2008 levels and increased 180.7% over 1Q2009 levels. Valuations on the other hand increased only 19.8% over 1Q2009 levels but remain around 48% below 2Q2008 levels. In the backdrop of improving market conditions coupled with fully integrating the subsidiary's operations, EFG-Hermes IFA's executions reached KWD2.83 billion in 2Q2009; increasing 1% over 2Q2008 and nearly tripling since 1Q2009. The Group's market share has reached its highest level since EFG-Hermes entered the Kuwaiti market recording 30.17% and ensuring the Firm continues to oscillate between the #1 and #2 positions during the quarter. This positioning was supported by foreign institutional clients returning slowly to the Kuwaiti market as well as the Firm's increasing penetration of the retail and high networth segments of the market.

With marked improvement in market volumes and valuations combined with the increased market shares, the Kuwaiti subsidiary managed to book the equivalent of EGP32 million in revenue during 2Q2009 corresponding to 14.6% of the Group's total operating revenues.



Research

Figure 11: Development of Active Research Coverage

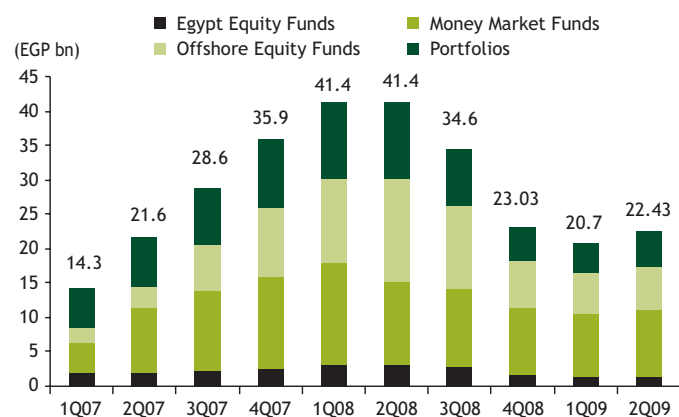


Source: EFG-Hermes

During 2Q2009 the Research Department reached record publication levels producing a total of 150 reports with 1,201 pages up from 105 reports (1,010 pages) in 1Q2009 and 143 reports (1,464 pages) in 1H2008. The Team ended 1H2009 with 87 stocks under coverage up from 75 a year earlier.

Asset Management

Figure 12: Development of Listed Assets under Management (totals in EGP bns)



Source: EFG-Hermes

Assets under management edged up slightly during 2Q2009 on the back of the general rebound of regional capital markets and improving momentum in the business. As at the end of 2Q2009, total assets under management increased 8.4% to USD3.982 billion up from USD3.673 billion as at the end of 1Q2009. The growth in assets under management reflected the general market conditions as approximately USD330 million of the increase was related to market effect. Net cash outflows were minimal over the quarter (USD20.6 million). Egypt-centric funds and discretionary portfolios experienced net cash inflows of USD16.3 million while the funds and portfolios with a regional focus had net cash outflows of USD36.9 million. The size of assets under management as at the end of 2Q2009 is down 48.4% from the all time high of USD7.72 billion as at the end of 2Q2008 with 53.4% of the decline as a result of changes in market valuations. At the beginning of 2Q2009, the Team was mandated by Bank Audi in Egypt to manage a money market fund which was launched at EGP139 million. Furthermore, EFG-Hermes Asset Management also started managing HSBC's Amanah GCC Equity Fund as well as the HSBC Amanah GCC ex- Saudi Equity Segregated Portfolio.



Additionally, over the quarter the Team added several new equity and fixed income discretionary mandates totaling USD51 million.

Asset Management revenues decreased 84.4% over 2Q2008 to EGP40 million as assets under management declined and the lower-earning money market and fixed income portfolios increased as a proportion of total assets under management. Setting aside the incentive fees which were non-existent since 3Q2008, total revenues booked by Asset Management declined 46.8% over 2Q2008 mirroring the 45.8% decline in assets under management over the similar period and the increase of money market funds within the overall assets under management. Asset Management contributed 18% to the Group's consolidated net operating revenues.

Investment Banking

The challenging market conditions continued into the second quarter 2009. With markets continuing to be quite volatile, regional equity raising activities remained scant with only a few, small domestic IPOs being launched in Saudi Arabia. As a result, even though EFG-Hermes continued to build a very healthy pipeline of IPOs out of the region as a whole, those mandates are likely to remain on hold for the remainder of 2009 unless a major shift in sentiment takes place.

As with the previous two quarters, the Team continued to be proactive in expanding the M&A side of the business. During 2Q2009, EFG-Hermes Investment Banking closed the USD1.6 billion merger between Palestine Telecom and Zain Jordan; a complex deal that witnessed a number of delays throughout the first few months of the year. This transaction is the largest regional M&A transaction to date this year and was concluded during tough market conditions. During the quarter, the Team managed to book retainer and consultancy fees from several Egyptian and regional corporates.

Unfortunately though, complications in another deal that was at the document finalisation stage proved to be too difficult to overcome and the deal fell through causing the Team to erase the deal size from the total of M&A transactions closed this year. It was the USD460 million acquisition of the third Iranian license by Etisalat.

During the first three weeks of July, the Team successfully concluded the transaction of Actis' acquisition of 9.3% of Commercial International Bank for a total of USD243 million with EFG-Hermes acting as the buy-side advisor in the largest M&A transaction on the Egyptian market this year. The Team also managed to advise an oil company on a debt arrangement mandate for a total of USD1.1 billion that was fully underwritten by the debt syndication. This is likely to remain one of the largest debt arrangements in the region this year. The drawdown of the loan and hence EFG-Hermes's fees are expected before the end of 3Q2009.

Revenues booked by the Investment Banking Division in 2Q2009 recorded EGP9 million compared to EGP51 million during 2Q2008, contributing 3.9% to the Group's consolidated revenues

Private Equity

Private Equity made distributions in excess of USD50 million primarily from Sahara North Bahariya SPV as well as Horus II. Horus II distributed USD27 million (17.6% of the capital committed) during 2Q2009 as several profitable exits were concluded bringing the capital distributions to date to 96% of the Fund size following the large distribution in 2007. As a result funds under management ⁴ with Private Equity declined to USD1.029 billion.

After the signature of the memorandum of understanding with CDC, CDP and CDG for the launch of the InfraMed Initiative, progress was made on finalising the fund structure between the Sponsors. EFG-Hermes will operate and manage an Egypt-dedicated Infrastructure fund under the umbrella of Inframed; this fund will receive 20% of the aggregate Inframed commitments in addition to direct commitments from regional investors. First closing of the fund is anticipated prior to year end.

Overall market conditions, culminating in market rallies during 2Q2009, has prolonged the bid-ask spread by raising valuation expectations after the February/March lows thereby making it arduous to reach agreement. Therefore, the Team continues to see opportunities both in the early stage, growth capital space where premiums to par remain low, as well as opportunities from forced sellers. Overall activity and pipeline has increased indicating a return of confidence. With respect to competition, some is beginning to bud but for the most part remains benign compared to the situation in early 2008. Nevertheless, fundraising continues to be challenging for generalist funds and the Team's focus for the time being remains on deal specific fundraisings and specialised funds along the lines of the infrastructure fund.

⁴ that earn management fees



Removing the success fees booked during 2Q2008 (EGP8.4 million), revenues from Private Equity slightly increased in 2Q2009 to EGP25 million as a result of the funds raised during 2Q and 3Q2008. The business line contributed 11.5% to the Group's consolidated operating revenues during 2Q2009.

Operating Expenses

Table 13: Breakdown of Operating Expenses

(EGP mn)	2Q09	1Q09	1H09	1H08	2Q09 Vs. 1Q09	1H09 Vs. 1H08
Total Operating Revenue	224	148	371	1,262	51.25%	-70.59%
Total Operating Expenses	158	143	301	539	10.83%	-44.03%
Net Operating Profit	65	5	70	723	-	-90.37%
Net Operating Margin	29.20%	3.38%	18.77%	57.32%		
Employee Expenses	93	81	175	363	14.75%	-51.84%
Adjusted Employee Expense*	73	74	147	167	-1.34%	-11.94%
Number of Employees	851	870	851	853	-2.18%	-0.23%
Employee Expenses/Total Oper. Revenue	41.76%	55.04%	47.13%	28.78%		
Employee Expenses/Total Oper. Expenses	58.98%	56.97%	58.03%	67.44%		
Other Operating Expenses	65	62	127	175	5.65%	-27.84%
Other Operating Expenses/Total Oper. Revenue	29.04%	41.58%	34.10%	13.90%		
Other Operating Expenses/Total Oper. Expenses	41.02%	43.03%	41.97%	32.56%		

* adjusted for both monthly bonuses and annual bonuses that have been accrued
Sources: EFG-Hermes audited financial statements and management accounts

EFG-Hermes continued to administer cost cutting well into the second quarter. Although the fully loaded operating expenses increased by 10.8% over 1Q2009 to EGP158 million and down from EGP346.7 million⁵ in 2Q2008, the increase since the first quarter was mainly due to one-off costs relating to third party expenses and legal fees associated with the launch of new products. Furthermore, it must be noted that costs relating to the Kuwaiti subsidiary were not included during 2Q2008 as the acquisition was concluded during August 2008 and hence the decrease in operating expenses is all the more impressive. Total operating costs relating to the Kuwaiti operation recorded around EGP18 million in 1H2009.

Employee costs remain the largest component of operating expenses. Fully loaded employee expenses increased 14.8% to EGP 93 million in 2Q2009 up from EGP81 million in 1Q2009 as the Group began to accrue annual bonuses; EGP11 million of annual bonuses have been accrued during 2Q2009. Fully loaded employee expenses for 1H2009 declined 51.8% over 1H2008 to EGP175 million. Having said that, 2Q2008 was one of the best quarters that EFG-Hermes experienced during 2008 and hence a large part of the year's bonuses was accrued during that quarter. Adjusting for the accrued bonuses in both 1H2008 and 1H2009 to reflect the underlying fixed employee costs, the adjusted expense decreased by 12% in spite of the firm employing nearly the same number of people (851 employees at the end of June 09 and 853 employees in the similar period 2008).

Looking at employee expenses more closely, the continued decline in the fixed portion of the expense reflects both the finalisation of the redundancy and relocation plan as well as the decrease in salaries introduced in March 2009. The fixed portion of the employee expense is what constitutes the bulk of the cost (65.5% in 2Q2009 compared to 66.6% in 1H2009 and 38.7% in 1H2008), has decreased 22% over the year in spite of the number of employees remaining constant. This directly reflects the decrease in salaries introduced to the Group's top 200 employees.

The only component of employee expenses that has increased over 1H2008 levels is the portion relating to the Management Incentive Scheme that was renewed and expanded at the beginning of 2009. 2008 and partly in 2009 is the last period when the Firm would enjoy the merits of the 2004 Management Incentive Scheme where the bulk of the scheme was funded when the share price was low and hence allowed for cost to revenue ratios to remain well below industry standards. It should be noted that starting 2010 the full cost of the new program will take effect.

Overall on a half year basis, as operating revenues declined by around 71% due to market conditions, fully loaded employee expenses shot up to 47.1% of total operating revenue from 28.8% in 1H2008. Conversely employee expenses declined to 58% total operating expenses in 1H2009 down from 67.4% in 1H2008 as cost curbing measures filtered through.

⁵ EGP174.5 mn of bonuses were accrued during 2Q2008



Other operating expenses include occupancy expenses, office expenses, communication expenses (data and telecommunication), travel and marketing expenses, promotion and advertising expenses and consultant and service fees, all of which have declined over 1H2008 levels as the cost curbing measures were immediately implemented starting the end of 4Q2008. Other operating expense declined 27.8% over 1H2008 levels to EGP127 million down from EGP175 million a year earlier when the Group's operating expenses did not include the Kuwaiti operations. Other operating expenses in 2Q2009 increased 5.7% over 1Q2009 levels mainly as a result of an increase in office expenses, legal fees and events planning and hence netting out cost savings in expenses relating to travel, and data communication in 2Q2009. During 2Q2009, the Group paid the costs relating to the maintenance of the Nile City premises for both 1Q and 2Q2009. The cost of events planning increased to EGP 4 million in 2Q2009 up from EGP2.2 million in 1Q2009 as EFG-Hermes settled the remaining payments for the annual One-on-One Conference, launched the first ever Saudi Capital Markets Day on the London Stock Exchange and the first MENA Financial Services Capital Markets Day on the London Stock Exchange, both of which were very successful and well attended. This is compared to a total of EGP17.7 million spent on events during 1H2008. Legal fees also increased over 2Q2009 as the ground work for the launch of the InfraMed Fund and other products in the pipeline.

Total operating expenses for the six months ended June 2009 declined 44% over the similar period the previous year (20.1% if adjusted for bonuses). The major cost savings came in the promotional and advertising expenses decreasing 67.1% to EGP 9.2 million in 1H2009 as a result of limiting events to those hosted by EFG-Hermes. Travel and marketing expenses decreased 59.8% to EGP10.7 million as the new travel policy was introduced, where traveling was kept to a minimum and only authorised when business would be hampered by the use of video or conference calling facilities. Another major expense that contributed significantly to the decrease was limiting the donations to what had been approved by the general assembly to the EFG-Hermes Foundation.

As market conditions changed, fee and commission revenue declined by 64% in 1H2009 to EGP370 million down from EGP1.039 billion resulting in net operating profits of EGP68.5 million in 1H2009 down from EGP500.4 million in 1H2008 (of which EGP209.9 million were incentive fees). EFG-Hermes's net operating margin (based only on agency business) was put under pressure declining to 18.5% down from 48.2% in 1H2008 (35% if adjusted for the realised incentive fees). However, this signifies an improvement as the Investment Bank had only broken even during 1Q2009 given the near collapse of the investment banking industry in general and the dire conditions all of EFG-Hermes regional competitors experienced and continue to do so.

Other Revenue

The major components of other revenue are the consolidated portion of EFG-Hermes' 27.87% ownership stake in Bank Audi Saradar and the net income from treasury operations and balance sheet management.

Banque Audi: With capital markets continuing to be frail and volatile, revenue from the stake owned in Bank Audi continues to be significant both as a result of revenue from the Investment Bank continuing to be below levels recorded last year coupled with the quarter on quarter growth in the Bank's performance. Revenue consolidated from the Bank Audi stake although only slightly increase from 2Q2008 to EGP109 million, recorded a 28% increase over 1Q2009 and constitutes 28.4% of EFG-Hermes' total consolidated revenues up from 12.6% in 2Q2008.

Treasury Operations: The importance of Treasury operations has continued into 2Q2009. With EFG-Hermes remaining close to debt-free and the Treasury Department continued to resort to fixed income operations to counter the declining interest rate environment. Net revenue from Treasury operations totaled EGP135 million in 1H2009 up from a loss of EGP30 million in 1H2008⁶. With earnings of EGP47 million in 2Q2009, revenues from the Treasury operations constituted 12.3% of total revenue in 2Q2009.

Of the total revenue booked in 1H2009 by the Treasury Department, EGP 19 million relate to FX gains as the EGP slightly depreciated during the second quarter (from 1USD=EGP5.597 in 1Q2009 to EGP5.616 in 2Q2009), EGP57.7 million of net interest income⁷, and the remainder being the net realised and unrealised capital gains on the fixed income positions, including sovereign and corporate bonds and other fixed income positions.

6 approximately EGP48 million of the EGP69.3 million in FX loss for 1H2008 are not a genuine loss as the FX investments and currency were mostly hedged but the positive effect of the hedge contracts are put through the income statement only when these contracts mature

7 interest and quasi interest earned on the cash balances less interest paid to the banks, including DEG and IFC for the long term loans, and other bank expenses and charges



Balance Sheet

EFG-Hermes' balance sheet continued to be strong, liquid, unleveraged and free of toxic assets. High levels of cash, cash equivalents and other investments (namely T/Bills, bank deposits and investment in money market funds and fixed income products⁸) reaching EGP2.783 billion down from EGP3 billion at the end of 2008. The Investment Bank turning profitable during 2Q2009 after breaking even during 1Q2009 ensuring that the Group did not burn cash during 1H2009 and has the firepower to expand its business whether organically or through acquisitions at anytime and is able to continue work on its multi-million dollar new headquarters at the Smart Village.

After winding down the Principal and Proprietary Trading accounts during the latter part of 2008, the Group has not engaged in that activity. Accordingly, changes on the available for sale investments, from EGP660 million as at the end of 1Q2009 up to EGP758 million as at the end of 2Q2009, is due to the change in the market valuations that have caused the value of the Group's stake in SODIC to increase to a total of EGP270.3 million up from EGP145.8 million as at the end of 1Q2009 as the investment was marked-to-market.

Total receivables and payables resulting from operations resulted in a net payable to clients of EGP270.2 million incurred mainly due to the normal course of business concentrated within the Brokerage and Asset Management divisions. This is down from EGP344.1 million as at the end 2008. Such balances relate to the daily operations and have since been settled.

The increase in property, plant and equipment since the end of 2008 from EGP376 million to EGP405.7 million relates to the continued work on EFG-Hermes' new headquarters in Egypt.

As at the end of 2Q2009 the treasury shares for a total of EGP94.8 million correspond to a total of 5,150,000 shares that the Firm's extraordinary general assembly approved redeeming on 7th April 2008 and the change has been finally approved by the Capital Market Authority after the end of the quarter.

On the liability side, the Group continues to carry very little bank debt. The only debt outstanding as at the end of 2Q2009 is a total of EGP111.4 million down from EGP129.1 million as the Group adheres to its repayment schedule.

As at the end of 2Q2009 shareholders' equity increased to EGP8.18 billion up from EGP7.97 billion as at the end of 2008 in spite of having a total of EGP94.8 million worth of treasury shares on the balance sheet.

Taxes

The effective tax rate for 2Q2009 has decreased to 7.7% down from 11.3% in 1Q2009 as revenues emanating outside Egypt and from non-taxable entities have increased. However, the overall effective tax rate for 1H2009 has risen to 9.35% up from 8.28% in 1H2008 as revenues from taxable entities increased. Nevertheless, the effective tax rate is well below the 20% tax rate set for Egyptian companies given that the Firm continues to administer tax management at the level of the Group as a whole, as well as optimising balance sheet management revenues.

Profitability

Given the ominous market conditions that continued into the second quarter, it is not a surprise that net profit after tax and minority interest is well below 2008 levels. Net profit after tax and minority interest dropped to EGP316.5 million in 1H2009 compared to EGP757.7 million in 1H2008. It is noteworthy to mention that market rallies during 2Q2009, coupled with slightly improved investor sentiment, has contributed to over 55% of 1H2009's net profit after tax and minority interest booked during 2Q2009. In addition to that, of the bottom line in 1H2008, EGP209.9 million related to incentive fees realised on the listed equity funds and portfolios and EGP223 million to the Prop. Account with none booked during 1H2009. Accordingly, after adjusting for the prevailing market conditions and the closure of the Prop. Account, net profit after tax and minority interest in 1H2009 only declined around 3% from EGP324.8 million in 1H2008 although total revenues declined by 52.6% over the similar period.

The majority of the bottom line during 1H2008 related to EFG-Hermes' core operations but with the tides turning as the global financial crisis continues into 2009, the majority of the bottom line relates to treasury operations and revenues consolidated from the Bank Audi investment with the Investment Banking platform contributing around EGP68.6 million to the bottom line.

⁸ EGP587 million of investment in money market funds and bond is reported in the EGP622 million trading investment figure



In this earnings release EFG-Hermes may make forward looking statements, including, for example, statements about management's expectations, strategic objectives, growth opportunities and business prospects. Such forward looking statements by their nature may involve a number of risks, uncertainties and assumptions that could cause actual results or events to differ materially from those expressed or implied by these statements. Examples may include financial market volatility; actions and initiatives taken by current and potential competitors; general economic conditions; and the effect of current, pending and future legislation, regulations and regulatory actions. Furthermore, forward looking statements contained in this document that reference past trends or activities should not be taken as a representation that such trends or activities will continue. EFG-Hermes does not undertake any obligation to update or revise any forward looking statements. Accordingly, readers are cautioned not to place undue reliance on forward looking statements, which speak only as of the date on which they are made.

This document is provided for informational purposes only. It does not constitute an offer to sell or a solicitation of an offer to buy any securities or interests described within it in any jurisdiction. We strongly advise potential investors to seek financial guidance when determining whether an investment is appropriate to their needs.

EFG-Hermes Holding SAE has its address at 58 El Tahrir Street, Dokki, Giza and has an issued capital of EGP 1,939,320,000.

المجموعة المالية هيرميس القابضة شركة مساهمة 58 شارع التحرير - الدقي - الجيزة رأس المال المصدر: 1,939,320,000 جم

Stock Exchange & Symbol:

Cairo: HRHO.CA

London: HRHOq.L

Bloomberg: EFGH

Reuters pages: EFGS .HRMS .EFGI .HFISMCAP .HFIDOM

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EFG – Hermes Holding Company
(Egyptian Joint Stock Company)

Consolidated financial statements
for the period ended 30 June 2009
&
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 consolidated balance sheet of EFG – Hermes Holding Company and its subsidiaries as of 30 June 2009 and the related consolidated statements of income, changes in equity and cash flows for the six-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.

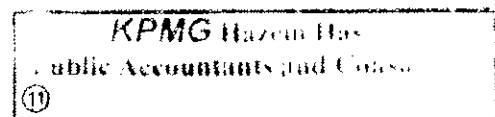
Conclusion

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 30 June 2009, and of its consolidated financial performance and its consolidated cash flows for the six-month then ended in accordance with Egyptian Accounting Standards.

Hazem Hassan

KPMG Hazem Hassan

Cairo, August 12, 2009



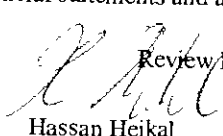
EFG - Hermes Holding Company
(Egyptian Joint Stock Company)
Consolidated balance sheet
as at 30 June, 2009

	Note No.	30/6/2009 LE	31/12/2008 LE
Current assets			
Cash and cash equivalents			
Treasury bills	(4,23)	1 644 069 656	1 891 078 295
Investments at fair value through profit and loss	(5)	551 651 915	520 037 696
Accounts receivables (net)	(6)	622 271 785	690 588 550
Due from EFG- Hermes Employee Trust (current tranche)		606 885 583	476 137 971
Due from related parties	(20)	137 825 903	72 422 903
Other brokerage companies		19 493 467	12 667 362
Other debit balances		11 379 644	137 635 119
	(7)	427 315 257	516 943 843
Total current assets		4 020 893 210	4 317 511 739
Non - current assets			
Fixed assets (net)			
Projects under construction	(10)	170 535 684	168 422 643
Available -for- sale investments	(11)	235 114 990	207 644 611
Investments in subsidiaries & associates	(12)	758 245 162	704 666 828
Investment property	(13)	4 018 953 085	4 040 280 838
Settlement Guarantee Fund	(14)	178 167 117	178 167 117
Due from EFG- Hermes Employee Trust (non-current tranche)	(15)	28 924 846	31 324 099
Intangible assets	(20)	271 995 108	233 345 392
	(16)	699 440 960	699 450 213
Total non - current assets		6 361 376 952	6 263 301 741
Total assets		10 382 270 162	10 580 813 480
Current liabilities			
Banks - overdraft		102 008	300 118
Accounts receivables - credit balances		888 508 998	957 861 846
Creditors and other credit balances		212 998 655	511 451 534
Due to related parties	(8)	15 234 999	15 235 000
Provisions		154 347 636	153 171 660
Current tranche of long term loans	(9)	38 196 000	37 732 000
	(18)		
Total current liabilities		1 309 388 296	1 675 752 158
Shareholders' equity			
Share capital			
Legal reserve	(20)	1 939 320 000	1 939 320 000
Share premium		982 419 740	980 337 393
Reserves		3 350 287 675	3 345 518 887
Other equity		64 363 883	3 263 897
Retained earnings	(19)	(607 200 000)	(607 200 000)
Shareholders' equity		2 232 975 206	1 616 624 918
Treasury shares		7 962 166 504	7 277 865 095
	(20-1)	(94 845 163)	(239 381 358)
Net profit for the period / year		7 867 321 341	7 038 483 737
Shareholders' equity including net profit for the period / year		316 502 218	933 497 922
Non - controlling interests		8 183 823 559	7 971 981 659
		189 454 503	213 767 624
Total shareholders' equity		8 373 278 062	8 185 749 283
Non - current liabilities			
Long term loans	(18)	73 106 000	91 116 000
Deferred tax liabilities	(25)	10 018 603	20 089 322
Long term liabilities	(19)	616 479 201	608 106 717
Total non - current liabilities		699 603 804	719 312 039
Total shareholders' equity and liabilities		10 382 270 162	10 580 813 480

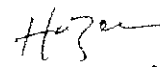
The accompanying notes from page (5) to page (25) are an integral part of these financial statements and are to be read therewith.

Mona Zulficar
Chairperson


Yasser El Mallawany
Executive Managing Director


Hassan Heikal
Executive Managing Director

Review Report "attached"



EFG - Hermes Holding Company
(Egyptian Joint Stock Company)
Consolidated income statement
for the period ended 30 June, 2009

	Note No.	2009		2008	
		For the period from 1/4/2009 to 30/6/2009	For the period from 1/1/2009 to 30/6/2009	For the period from 1/4/2008 to 30/6/2008	For the period from 1/1/2008 to 30/6/2008
		LE	LE	LE	LE
Income from fees, commission & management of investments		219 559 846	370 099 289	569 506 937	1 039 445 553
Share of profit of associate - Bank Audi - Lebanon	(3-1-2)	108 802 157	193 823 519	101 380 339	174 969 858
Interest income	(23)	31 375 756	73 251 651	40 095 477	67 593 091
Dividend income		10 528 013	10 531 622	6 038 599	10 791 708
Unrealized fair value gain (loss) on investments at fair value through profit and loss		(1 652 524)	11 346 386	21 842 052	11 162 037
Gain on sale of investments		27 397 733	38 208 381	123 947 527	211 886 557
Gain (loss) on sale of fixed assets		256 100	257 078	-	(115)
Foreign currencies differences		(8 139 317)	19 005 039	(46 888 496)	(69 303 720)
Other income	(9)	2 304 655	7 875 969	8 522 678	9 325 766
Total revenues		<u>390 432 419</u>	<u>724 398 934</u>	<u>824 445 113</u>	<u>1 455 870 735</u>
Deduct:					
General administrative expenses		158 483 557	301 479 793	346 651 569	538 613 817
Finance costs		7 994 247	15 599 980	17 656 606	28 571 661
Provisions	(9)	7 060 159	13 947 771	6 689 899	13 349 348
Fixed assets depreciation	(10)	8 365 719	16 313 170	5 867 424	11 295 494
Impairment loss on assets		3 612 437	3 612 437	2 976 953	3 019 453
Total expenses		<u>185 516 119</u>	<u>350 953 151</u>	<u>379 842 451</u>	<u>594 849 773</u>
Net profit before income tax		<u>204 916 300</u>	<u>373 445 783</u>	<u>444 602 662</u>	<u>861 020 962</u>
Income tax expense	(24)	(15 849 886)	(34 924 998)	(18 844 481)	(71 325 058)
Net profit for the period		<u>189 066 414</u>	<u>338 520 785</u>	<u>425 758 181</u>	<u>789 695 904</u>
Equity holders of the parent		176 408 794	316 502 218	409 200 613	757 708 165
Non - controlling interests		12 657 620	22 018 567	16 557 568	31 987 739
		<u>189 066 414</u>	<u>338 520 785</u>	<u>425 758 181</u>	<u>789 695 904</u>
Earnings per share	(26)	<u>0.46</u>	<u>0.83</u>	<u>1.06</u>	<u>1.95</u>

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
(Euxine Joint Stock Company)
Consolidated statement of changes in equity
for the period ended 30 June 2009

Note No.	Share capital	Legal reserve	Share premium	General reserve	Special Reserve	Translation reserve	Fair value reserve	Reserves				Company's share of items recognized in associate equity	Other equity	Retained earnings	Treasury shares	Net profit for the year / period	Total
								LE	LE	LE	LE						
	1 939 320 000	973 176 967	3 337 714 692	158 271	-	11 127 221	864 901 347	68 504 120	(3 539 433)	83 705 960	-	751 128 194	-	1 281 240 358	-	9 307 437 697	
Balance as at 31 December, 2007																547 774	97 014 740
Foreign currencies translation differences								97 014 240									
Effective portion of changes in fair value of cash flow hedges (net of tax)										(17 687 646)							(17 687 646)
Company's share of items recognized in associate equity																	
Net changes in the fair value of available-for-sale investments							(292 426 902)										(292 426 902)
Cumulative adjustments									3 539 433								3 539 433
2007 dividend payout		7 160 426															
Net profit for the period ended 30 June, 2008												850 291 817		(1 281 240 358)			757 708 165
Balance as at 30 June, 2008	1 939 320 000	980 337 393	3 337 714 692	158 271	-	11 674 995	572 474 445	165 518 360	-	66 018 314	-	1 601 420 011	-	757 708 165	-	9 432 344 646	
Balance as at 31 December, 2008																	
Foreign currencies translation differences							(784 971)	5 669 734	(51 314 320)	44 453 680	(607 200 000)	1 616 624 918	(239 281 358)	933 497 922		7 971 981 659	
Effective portion of changes in fair value of cash flow hedges (net of tax)																	(11 106 801)
Company's share of items recognized in associate equity																	(9 216 001)
Net changes in the fair value of available-for-sale investments										(93 558 832)							(93 558 832)
Cumulative adjustments																	
Purchase of treasury shares	(20-1)						99 602 660										99 602 660
Selling of treasury shares	(20-1)								1 063 885								1 063 885
2008 dividend payout		2 082 347															
Net profit for the period ended 30 June, 2009												616 350 288		(933 497 922)			(240 758 417)
Balance as at 30 June, 2009	1 939 320 000	982 419 740	3 350 287 675	373 146	74 100 000	(6 025 998)	58 817 688	(3 546 167)	(50 250 435)	(49 105 152)	(607 200 000)	2 232 975 006	(94 845 163)	316 502 218	-	8 183 823 559	

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 30 June, 2009

	For the	For the
	period ended	period ended
	30/6/2009	30/6/2008
	LE	LE
Cash flows from operating activities		
Net profit before income tax	373 445 783	861 020 962
Adjustments to reconcile net profit to net cash provided by operating activities		
Fixed assets depreciation	16 313 170	11 295 494
Provisions	13 947 771	13 349 348
Amounts used from provisions provisions no longer needed	(26 065 389)	(13 920 644)
(Gain) loss on sale of fixed assets	(1 913 376)	-
Gain on sale of available -for- sale investments	(257 078)	115
Unrealized fair value gain on investments at fair value through profit and loss	(3 225 597)	(77 887 613)
Impairment loss on assets	(11 346 386)	(11 162 037)
Foreign currency translation differences	3 612 437	3 019 453
Share of profit of associates - Bank Audi - Lebanon	15 526 673	(32 520 965)
Income tax paid	(193 823 519)	(174 969 858)
	(136 058 442)	(148 814 691)
Operating profit before changes in working capital	<u>50 156 047</u>	<u>429 409 564</u>
Decrease (increase) in other debit balances	153 026 980	(228 499 741)
Decrease in creditors and other credit balances	(216 581 016)	(70 424 696)
(Increase) decrease in accounts receivables -(debit balances)	(117 309 507)	366 532 496
Decrease in accounts receivables - (credit balances)	(74 760 545)	(265 232 261)
Decrease (increase) in due from related parties	423 490 637	(205 716 283)
(Decrease) increase in due to related parties	(469 771 753)	394 121 317
Decrease in investments at fair value through profit and loss	10 683 697	371 353 464
Increase in due from EFG- Hermes Employee Trust (current tranche)	(65 403 000)	(13 569 114)
(Increase) decrease in due from EFG- Hermes Employee Trust (non - current tranche)	(37 585 831)	39 172 139
Decrease (increase) in other brokerage companies	126 376 919	(232 530 886)
Increase (decrease) in long term loans - current tranche	464 000	(9 881 000)
Net cash (used in) provided from operating activities	<u>(217 213 372)</u>	<u>574 734 999</u>
Cash Flows from Investing Activities		
Payments to purchase fixed assets	(17 313 549)	(19 129 462)
Proceeds from sale of fixed assets	312 449	500
Payments for projects under construction	(26 550 471)	(68 150 733)
Payments to purchase treasury bills	(31 614 219)	-
Payments to purchase available -for- sale investments	(3 690 371)	(2 020 290 581)
Proceeds from sale of available -for- sale investments	54 255 489	1 442 559 212
Proceeds / (payments) from companies' share in Settlement Guarantee Fund	2 298 844	(15 536 486)
Payments to purchase investments in subsidiaries and associates	-	(79 839 305)
Proceeds from sale of investments in subsidiaries and associates	-	55 904 629
Net cash used in investing activities	<u>(22 301 828)</u>	<u>(704 482 226)</u>
Cash flows from financing activities		
Proceeds from sale of treasury shares	179 833 144	-
Payments to purchase treasury shares	(30 528 161)	-
Increase in retained earnings	119 349 985	8 941 419
(Decrease) increase in bank overdraft	(201 986)	129 814 577
Paid dividends	(246 409 522)	(515 455 789)
Decrease in long term loans	(18 016 899)	(18 836 069)
Changes in reserves	(11 520 000)	-
Net cash used in financing activities	<u>(7 493 439)</u>	<u>(395 535 862)</u>
Net change in cash and cash equivalents during the period	(247 008 639)	(525 283 089)
Cash from acquisition of subsidiaries	-	26 649 679
Cash and cash equivalents at the beginning of the period	<u>1 891 078 295</u>	<u>3 455 612 963</u>
Cash and cash equivalents at the end of the period	<u><u>1 644 069 656</u></u>	<u><u>2 956 979 553</u></u>

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 30 June, 2009

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 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 fair 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 fair 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 cost. Any decline in the fair value (impairment) is charged to income statement.
- Effective from the last year, the accounting policy has been changed in order to be measured by fair value on the balance sheet date and 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 and treasury bills maturing within 3 months or less from its acquisition date.

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 stopped 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 Revenues recognition

3-17-1 Gains (losses) from sale of investments

Gains (losses) 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.

3-17-2 Dividend income

Dividend income is recognized when declared.

3-17-3 Custody fees

Custody fees is recognized when provide service and issue invoice.

3-17-4 Interest income

Interest income is recognized on accrual basis.

3-17-5 Brokerage commission

Brokerage commission resulting from purchase of and sale of securities operations in favor of clients are recorded according to the accrual basis (when 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 Expenses

3-18-1 Borrowing costs

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

3-18-2 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.

3-18-3 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.

3-19 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.

3-20 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

	30/6/2009	31/12/2008
	LE	LE
Cash on hand	1 952 901	1 066 791
Cheques under collection	132 677	204 769
Banks - current accounts	904 140 318	724 798 518
Banks - call accounts	9 695 384	17 946 716
Banks - time deposits	728 148 376	1 147 061 501
Balance	<u>1 644 069 656</u>	<u>1 891 078 295</u>

5- Treasury Bills

	30/6/2009	31/12/2008
	LE	LE
Treasury Bills more than 91 days maturity	351 000 000	--
Treasury Bills 365 days maturity	219 000 000	570 000 000
Unearned income	(18 348 085)	(49 962 304)
Net	<u>551 651 915</u>	<u>520 037 696</u>

6- Investments at fair value through profit and loss

	30/6/2009	31/12/2008
	LE	LE
Treasury bonds	268 726 950	213 435 000
Mutual fund certificates	308 768 327	159 028 066
Shares	35 263 308	97 244 462
Bonds	9 513 200	220 881 022
Balance	<u>622 271 785</u>	<u>690 588 550</u>

7- Other debit balances

	30/6/2009	31/12/2008
	LE	LE
Deposits with others *	24 772 979	191 737 739
Down payments to suppliers	11 010 732	12 293 192
Prepaid expenses	68 969 914	22 304 339
Employees' advances	14 767 503	19 438 445
Accrued revenues	35 605 483	45 064 804
Taxes withheld by others	60 760 026	50 147 101
Unrealized swap losses	1 010 436	4 406 858
Payments for purchase of investments	46 823 848	43 323 848
Receivables -- sale of investments	69 047 807	--
Perching Brokerage	10 175 320	10 136 556
Due from Ara inc. company	6 281 891	20 403 885
Horus Tourism Investment Company Limited	13 990 000	13 800 000
Asset derivatives -- hedge agreements	--	4 800 000
Sundry debtors	66 954 531	82 069 029
Accumulated impairment	<u>430 170 470</u> (2 855 213)	<u>519 925 796</u> (2 981 953)
Net	<u>427 315 257</u>	<u>516 943 843</u>

- * The balance of deposits with others includes an amount of LE 20.596 million in the name of the subsidiaries, Financial Brokerage Group Company and Hermes Securities Brokerage Company represents the blocked deposit for Same Day Trading Operations Settlement which 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

	30/6/2009	31/12/2008
	LE	LE
Tax Authority	15 152 916	151 982 121
Social Insurance Association	305 887	290 634
Unearned revenues	5 782 536	9 199 379
Interest & commission payable	557 317	926 465
Suppliers	1 360 000	1 587 553
Accrued expenses	109 518 196	270 030 376
Clients' coupons- Custody Activity	21 105 828	23 699 349
Industry Modernization Center	17 424 869	17 127 201
Dividends payable	31 026 374	10 603 203
Sundry creditors	10 764 732	26 005 253
Balance	<u>212 998 655</u>	<u>511 451 534</u>

9- Provisions

	Expected liabilities provision LE	Severance pay provision LE	Total LE
Balance at the beginning of the period	136 362 847	16 808 813	153 171 660
Formed during the period	11 203 387	2 744 384	13 947 771
Foreign currency differences	--	(11 612)	(11 612)
Amounts used during the period	(8 327 125)	(1 333 058)	(9 660 183)
Provisions no longer needed *	(3 100 000)	--	(3 100 000)
Balance at the end of the period	<u>136 139 109</u>	<u>18 208 527</u>	<u>154 347 636</u>

- * Provisions no longer needed are recorded in other income item.

10- Fixed assets

Particular	Land LE	Buildings LE	Leasehold improvements LE	Office furniture, equipment & electrical appliances	Computer equipment	Vehicles	Total LE
				LE	LE	LE	
Balance as at 1/1/2009	5 360 000	94 112 241	8 219 489	80 558 593	49 973 866	11 038 875	249 263 064
Additions	--	560 373	1 287 957	9 916 894	4 973 742	650 000	17 388 966
Disposals	--	--	(42 844)	(3 656 838)	--	(546 599)	(4 246 281)
Foreign currency translation difference	--	794 068	--	206 993	232 046	17 520	1 250 627
Total cost as at 30/6/2009	5 360 000	95 466 682	9 464 602	87 025 642	55 179 654	11 159 796	263 656 376
Accumulated depreciation as at 1/1/2009	--	7 734 254	2 028 778	38 087 359	25 978 442	7 011 588	80 840 421
Depreciation	--	1 426 880	936 130	7 335 239	5 562 622	1 052 299	16 313 170
Disposals' accumulated depreciation	--	--	(2 143)	(3 648 817)	--	(546 599)	(4 197 559)
Foreign currency translation difference	--	41 582	--	2 092	114 287	6 699	164 660
Accumulated depreciation as at 30/6/2009	--	9 202 716	2 962 765	41 775 873	31 655 351	7 523 987	93 120 692
Carrying amount as at 30/6/2009	5 360 000	86 263 966	6 501 837	45 249 769	23 524 303	3 635 809	170 535 684

11- Projects under construction

The balance of projects under construction presented in the balance sheet with an amount of LE 235 114 990 as at June 30, 2009, represents an amount of LE 16 million being the value of 4000 square meter in the Smart Village designated to establish the Company's new headquarters (under construction) and an amount of LE 143 275 684 represents the value of establishments attached thereon and an amount of LE 8 879 954 represents the value of preparation of alternative headquarter to be used in emergency cases and an amount of LE 66 959 352 (the equivalent amount of US.\$ 11 965 574) represents the payment to acquire an office space in United Arab Emirates.

12- Available - for- sale investments

	30/6/2009	31/12/2008
	LE	LE
Quoted investments	293 748 797	187 396 188
Non - quoted investments	464 496 365	517 270 640
Balance	<u>758 245 162</u>	<u>704 666 828</u>

13- Investments in subsidiaries & associates

	Ownership	30/6/2009	31/12/2008
	%	LE	LE
Arab Visual Company *	74.99	3 749 500	3 749 500
Bank Audi Sal – Lebanon **	27.87	3 972 094 097	3 993 421 850
EFG- Hermes Holding - Lebanon *	100	153 713	153 713
EFG- Hermes Lebanon *	99	27 705 775	27 705 775
Financial Group for Real Estate *	100	250 000	250 000
EFG- Hermes Mutual Funds *	100	10 000 000	10 000 000
EFG- Hermes Securitization*	100	5 000 000	5 000 000
Balance		<u>4 018 953 085</u>	<u>4 040 280 838</u>

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

** The ownership percentage is computed based on the voting ordinary shares, the investment is listed in Lebanon and London Stock Exchanges. The market value of the investment amounted to the equivalent of LE 3 570 169 838 as at June 30, 2009.

14- Investment property

The balance of investment property presented in the balance sheet as at June 30, 2009 with an amount of LE 178 167 117 represents the value of the area owned by the company in Nile City Building.

15- Settlement Guarantee Fund

	30/6/2009	31/12/2008
	LE	LE
Financial Brokerage Group	10 069 002	13 041 368
Hermes Securities Brokerage	13 113 807	12 440 285
Vision Securities Co. (LLC) – Oman	676 942	667 581
EFG- Hermes IFA Financial Brokerage - (KSC)	4 892 250	5 002 020
Flemming CIIC group (S.A.E) – Egypt	172 845	172 845
Balance	<u>28 924 846</u>	<u>31 324 099</u>

16- Intangible assets

	30/6/2009	31/12/2008
	LE	LE
Goodwill	697 299 943	697 299 943
Other intangible assets	2 141 017	2 150 270
Balance	<u>699 440 960</u>	<u>699 450 213</u>

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

	30/6/2009	31/12/2008
	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
Balance	<u>697 299 943</u>	<u>697 299 943</u>

16-2 Other intangible assets are represented in brokerage license acquired by Vision Securities Co. (one of company's subsidiaries -- 51%) from Oman Capital Market Authority.

17- European Investment Bank Contract

According to the contract signed between EFG- Hermes – Holding Company and the European Investment Bank dated March 1, 2001, EFG- Hermes Holding Company purchases investments in its name in favor of the bank in a range of 5 Million Euro for each investment individually. The total amount of these investments is limited to 25 Million Euro and the participation of European Investment Bank is limited to 50% of total investment. This contract is valid until August 30, 2013. The company has sold the investments in the bank's favor during the year 2006.

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 5 installments which equivalent to US\$ 10 million accordingly, the loan balance amounted to US\$ 10 million (the equivalent amount of LE 55 960 000) as at June 30, 2009.

- The current portion (the amount that will due within one year) of that loan amounts to US\$ 4 million (the equivalent amount of LE 22 384 000).

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 three million Euro accordingly, the loan balance as of June 30, 2009 amounted Euro 7 million (the equivalent amount of LE 55 342 000).

- The current portion (the amount that will due within one year) of the loan amounts to Euro 2 million (the equivalent amount of LE 15 812 000).

19- Long term liabilities

	30/6/2009	31/12/2008
	LE	LE
Excepted consideration to be paid (liability) *	615 560 000	607 200 000
Other liabilities	919 201	906 717
Balance	<u>616 479 201</u>	<u>608 106 717</u>

* EFG – Hermes Regional Investments Ltd. – 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 company. 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 (equivalent to LE 615 560 000 as at 30 June 2009), 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 1 939 320 000 distributed on 387 864 000 shares of par value LE 5 per share.
- The company's extraordinary general assembly approved in its session held on April 7,2009 to reduce the company's issued capital from LE 1 939 320 000 to LE 1 913 570 000 through cancelling 5 150 000 shares of treasury shares and the required procedures are currently taking place.

20-1 Treasury shares

- During 2008 the company has purchased a number of 25 million treasury shares with an amount of LE 564 193 958 with percentage of 6.45% from the issued shares and at the end of year the company has changed these shares to 12.5 million Global Depository Receipts (GDR) and the company has transferred the ownership of 7 196 386 Global Depository Receipts (GDR) to EFG-Hermes Employee Trust (equivalent to 14 392 772 local shares). Accordingly the Global Depository Receipts (GDR) retained by the company are 5 303 614 GDR (equivalent to 10 607 228 local shares) with percentage of 2.73% and at cost of LE 239 381 358.
- During the current period the company has sold a number of 3 878 640 Global Depository Receipts (GDR) (equivalent to 7 757 280 local shares) & purchased 2 300 052 local shares as treasury shares. Accordingly the local

shares retained by the company are 2 300 052 local shares and the Global Depository Receipts are 1 424 974 GDR (equivalent to 2 849 948 local shares) with percentage of 1.33% and at cost of LE 94 845 163.

21- Contingent liabilities

- The company guarantees its subsidiaries – Financial Brokerage Group, 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 250 million (equivalent to LE 378 750 000) and EFG- Hermes KSA for the purpose of issuance of the letter of guarantee amounting to SAR 50 million (equivalent to LE 74 500 000) and US\$ 40 million (equivalent to LE 223 840 000).
- 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 contracts are as follows:

Transaction date	Transaction	Amount	Currency	Expiry date
15/6/2009	Selling Euro	Euro 7 000 000	Buying US\$	15/7/2009

- 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 580 158 on June 30, 2009 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 5 524 199 till June 30, 2009 versus LE 97 425 180 till June 30, 2008 as no revenues are recognized if there are any uncertainties regarding the recovery of the consideration due.

Subsidiary's Name	For the period ended	
	30/6/2009	30/6/2008
	LE	LE
EFG- Hermes Financial Management (Egypt) Ltd.	--	27 640 054
Egyptian Portfolio Management Group Company	5 524 199	1 626 464
EFG- Hermes – UAE Ltd.	--	13 012 073
Mena Opportunities Management Ltd.	--	55 146 589
Total	<u>5 524 199</u>	<u>97 425 180</u>

23- Related party transactions

- Interest income item presented in the income statement includes an amount of LE 2 924 397 represents the interest income on time deposits placed at Bank Audi – Egypt owned by Bank Audi - Lebanon (one of company's associates – 27.87%).
- Cash and cash equivalents item presented in the balance sheet includes an amount of LE 26 277 276 current accounts and LE 182 208 400 time deposits placed at Bank Audi – Egypt owned by Bank Audi - Lebanon (one of company's associates – 27.87%).

24- Income tax expense

	2009		2008	
	For the period from 1/4/2009 to 30/6/2009	For the period from 1/1/2009 to 30/6/2009	For the period from 1/4/2008 to 30/6/2008	For the period from 1/1/2008 to 30/6/2008
	LE	LE	LE	LE
Current income tax	8 108 183	22 253 652	(806 153)	34 474 318
Deferred tax	7 741 703	12 671 346	19 650 634	36 850 740
Total	15 849 886	34 924 998	18 844 481	71 325 058

25- Deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

Deferred tax	30/6/2009		31/12/2008	
	Assets	Liabilities	Assets	Liabilities
	LE	LE	LE	LE
Fixed assets depreciation	--	1 731 539	--	1 795 091
Capital gain	--	74 121	--	42 705
Expected claims provision	3 233 049	--	3 579 636	--
Impairment of assets	3 613 570	--	3 588 536	--
Company's share of affiliated and subsidiaries profit	--	15 948 129	--	24 004 265
Total deferred tax assets / liabilities	6 846 619	17 753 789	7 168 172	25 842 061
Deferred tax recognized directly in equity	888 567	--	--	1 415 433
Net deferred tax liabilities		10 018 603		20 089 322

26- Earnings per share

	2009		2008	
	For the period from 1/4/2009 to 30/6/2009	For the period from 1/1/2009 to 30/6/2009	For the period from 1/4/2008 to 30/6/2008	For the period from 1/1/2008 to 30/6/2008
	LE	LE	LE	LE
Net profit for the period	176 408 794	316 502 218	409 200 613	757 708 165
Weighted average number of shares	382 714 000	383 028 189	387 864 000	387 864 000
Earning per share	0.46	0.83	1.06	1.95

27- Tax status

- The competent tax inspectorate has 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 2005/2008 the parent company has submitted its tax return and paid the tax due according to the tax law No. 91 for 2005.
- As to salaries tax, the parent company's books have 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. As to years 2005/2008 have not been inspected as yet.
- As to stamp tax, the parent company's books have been examined from year 1998 till 31/7/2006 and the disputed points has been transferred to appeal committee . As for the period from 1/8/2006 till 31/12/2008 have not been inspected as 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
Hermes Corporate Finance	99.37	0.53

	Direct ownership	Indirect ownership
	%	%
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	--
Financial Group for Real Estate	100	--
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	51	--
Vision Securities Company LLC	--	51
EFG- Hermes Regional Investment Ltd.	100	--
Offset Holding KSC	--	50
EFG- Hermes IFA Financial Brokerage	--	45

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 revalue 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.