EFG - Hermes Holding Company
(Egyptian Joint Stock Company)

Unconsolidated financial statements
for the period ended March 31, 2010
&
Auditor's Report

KPMG

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AUDITOR'S REPORT
To the shareholders of EFG - Hermes Holding Company

Report on the Financial Statements

We have audited the accompanying unconsolidated financial statements of EFG - Hermes Holding Company (Egyptian Joint Stock Company) which comprise the unconsolidated balance sheet as at 31 March 2010, and the unconsolidated income statement, unconsolidated statement of changes in equity and unconsolidated statement of cash flows for the three months then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

These financial statements are the responsibility of Company's management. Management is responsible for the preparation and fair presentation of these financial statements in accordance with the Egyptian Accounting Standards and in the light of the prevailing Egyptian laws, management responsibility includes, designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; management responsibility also includes selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Egyptian Standards on Auditing and in the light of the prevailing Egyptian laws. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Opinion

In our opinion, the unconsolidated financial statements referred to above present fairly, in all material respects, the financial position of EFG - Hermes Holding Company as of March 31, 2010 and of its financial performance and its cash flows or the three months then ended in accordance with the Egyptian Accounting Standards and the Egyptian laws and regulations relating to the preparation of these financial statements.

Report on Other Legal and Regulatory Requirements

The Company maintains proper books of account, which include all that is required by law and by the statutes of the Company and the financial statements are in agreement thereto.

The financial information included in the Board of Directors' report, prepared in accordance with Law No. 159 of 1981 and its executive regulations, is in agreement with the Company's books of account.

Hassan Ras

KPMG Hazem Hassan

KPMG Hazem Hassan
Public Accountants and Consultants

Cairo, May 9, 2010

EFG - Hermes Holding Company
(Egyptian Joint Stock Company)
Unconsolidated balance sheet
as at March 31, 2010

	Note no.	31/3/2010 LE	31/12/2009 LE
Current assets			
Cash and cash equivalents	(4)	2 979 846 877	26 373 359
Treasury bills	(5)	1 905 250 105	-
Investments at fair value through profit and loss	(6)	414 273 493	627 837 531
Due from subsidiaries	(7)	1 413 966 640	1 082 616 628
Other debit balances	(9)	80 337 768	60 288 506
Total current assets		6 793 674 883	1 797 116 024
Current liabilities			
Due to subsidiaries	(10)	293 937 661	(870 651 953)
Creditors and other credit balances	(11,23)	306 081 390	61 314 672
Expected claims provision	(12)	14 453 751	453 751
Current portion of long term loans	(18)	36 770 000	37 758 000
Total current liabilities		651 242 802	(771 125 530)
Working capital		6 142 432 081	2 568 241 554
Non - current assets			
Loans to subsidiaries	(8,23)	100 000 000	175 000 000
Available -for- sale investments	(13)	17 237 531	22 487 676
Investments in subsidiaries & associates	(14)	1 293 018 719	3 889 825 381
Investments property	(15)	132 062 511	178 167 117
Projects under construction	(16)	265 622 246	227 306 583
Fixed assets (net)	(17)	25 698 939	27 059 603
Deferred tax assets	(24)	6 350 978	498 239
Total non - current assets		1 839 990 924	4 520 344 599
Total investment		7 982 423 005	7 088 586 153
Financed through :			
Shareholders' equity			
Issued & paid - in capital	(19)	1 913 570 000	1 913 570 000
Legal reserve		956 785 000	956 785 000
General reserve		158 271	158 271
Special reserve		3 267 581 071	3 290 434 088
Retained earnings		874 062 794	356 343 573
Shareholders' equity		7 012 157 136	6 517 290 932
Net profit for the period / year		918 729 869	517 719 221
Total shareholders' equity including net profit for the period / year		7 930 887 005	7 035 010 153
Non - current liabilities			
Long term loans	(18)	51 536 000	53 576 000
Total shareholders' equity and non - current liabilities		7 982 423 005	7 088 586 153

The accompanying notes from page (6) to page (24) are an integral part of these financial statements and are to be read therewith .

~~Auditor's Report "attached"~~

Mona Zulficar	Yasser El Mallawany	Hassan Heikal
Chair person	Executive Managing Director	Executive Managing Director

EFG - Hermes Holding Company

(Egyptian Joint Stock Company)

Unconsolidated income statement

for the period ended March 31, 2010

	Note no.	For the period ended 31/3/2010 LE	For the period ended 31/3/2009 LE
Dividend income	(21)	906 876	452 357
Custody activity income		5 419 346	8 783 782
		6 326 222	9 236 139
Finance cost		(1 226 445)	(1 908 642)
General administrative expenses	(23)	(64 435 312)	(37 214 599)
Fixed assets depreciation	(17)	(1 724 032)	(1 679 905)
Expected claims provision	(12)	(14 000 000)	-
Net activity's loss		(75 059 567)	(31 567 007)
Interest income	(23)	43 918 927	15 007 475
Changes in the fair value of investments at fair value through profit and loss		34 375 878	6 990 987
Changes in the fair value of investment property	(15)	(46 104 606)	-
Gains on sale of investments	(14-B)	1 210 360 389	2 160 656
Foreign currencies differences		(7 744 860)	26 848 131
Other income	(23)	2 653 524	1 058 809
Net profit before tax		1 162 399 685	20 499 051
Current income tax		(243 798 525)	(4 058 946)
Deferred tax	(24)	128 709	82 075
Net profit for the period		918 729 869	16 522 180
Earnings per share	(25)	2.38	0.04

The accompanying notes from page (6) to page (24) are an integral part of these financial statements and are to be read therewith .

EFG - Hermes Holding Company

(Egyptian Joint Stock Company)

Unconsolidated statement of changes in equity

for the period ended March 31, 2010

	Note no.	Issued & paid- in capital	Legal reserve	General reserve	Special reserve			Retained earnings	Treasury shares	Net profit for the year / period	Total
					Share premium	Fair value reserve	Hedging reserve				
		LE	LE	LE	LE	LE	LE	LE	LE	LE	LE
Balance as at December 31, 2008		1 939 320 000	969 660 000	158 271	3 345 518 887	(69 690)	5 669 734	53 975 373	(239 381 358)	520 263 700	6 595 114 917
Carring forward for year 2008		-	-	-	-	-	-	520 263 700	-	(520 263 700)	-
Effective portion of changes in fair value of cash flow hedges (net of tax)	(3-12)	-	-	-	-	-	(9 216 001)	-	-	-	(9 216 001)
Net change in the fair value of available -for- sale investments		-	-	-	-	462 541	-	-	-	-	462 541
Purchasing of treasury shares		-	-	-	-	-	-	-	(30 528 161)	-	(30 528 161)
Selling of treasury shares		-	-	-	4 768 788	-	-	-	175 064 356	-	179 833 144
Net profit for the period ended March 31, 2009		-	-	-	-	-	-	-	-	16 522 180	16 522 180
Balance as at March 31, 2009		1 939 320 000	969 660 000	158 271	3 350 287 675	392 851	(3 546 267)	574 239 073	(94 845 163)	16 522 180	6 752 188 620
Balance as at December 31, 2009		1 913 570 000	956 785 000	158 271	3 294 067 512	(87 157)	(3 546 267)	356 343 573	-	517 719 221	7 035 010 153
Carring forward for year 2009 *		-	-	-	-	-	-	517 719 221	-	(517 719 221)	- -
Effective portion of changes in fair value of cash flow hedges (net of tax)	(3-12)	-	-	-	-	-	(22 896 120)	-	-	-	(22 896 120)
Net change in the fair value of available -for- sale investments		-	-	-	-	43 103	-	-	-	-	43 103
Net profit for the period ended March 31, 2010		-	-	-	-	-	-	-	-	918 729 869	918 729 869
Balance as at March 31, 2010		1 913 570 000	956 785 000	158 271	3 294 067 512	(44 054)	(26 442 387)	874 062 794	-	918 729 869	7 930 887 005

* The company's general ordinary assembly meeting held on April 11, 2010

The accompanying notes from page (6) to page (24) are an integral part of these financial statements and are to be read therewith .

EFG - Hermes Holding Company
(Egyptian Joint Stock Company)
Unconsolidated cash flows statement
for the period ended March 31, 2010

	For the period ended 31/3/2010 LE	For the period ended 31/3/2009 LE
Cash flows from operating activities		
Net profit before tax	1 162 399 685	20 499 051
Adjustments to reconcile net profit before tax to net cash provided by operating activities :		
Fixed assets depreciation	1 724 032	1 679 905
Expected claims provision	14 000 000	-
Amounts used from expected claims provision	-	(298 986)
Gains on sale of available -for- sale investments	(963 755)	-
Gains on sale of investments in associates	(1 201 889 366)	-
Changes in the fair value of investments at fair value through profit and loss	(34 375 878)	(6 990 987)
Changes in the fair value of investment property	46 104 606	-
Operating (loss) profit before changes in working capital	(13 000 676)	14 888 983
Increase in treasury bills	(1 905 250 105)	-
Decrease in investments at fair value through profit and loss	247 939 916	98 286 077
Increase in due from subsidiaries	(331 350 012)	(8 800 140)
Decrease in loans to subsidiaries	75 000 000	-
(Increase) decrease in other debit balances	(20 049 262)	155 147 215
Increase (decrease) in due to subsidiaries	1 164 589 614	(5 480 141)
Increase (decrease) in creditors and other credit balances	968 193	(30 424 120)
Net cash (used in) provided from operating activities	(781 152 332)	223 617 874
Cash flows from investing activities		
Payments to purchase fixed assets	(363 368)	(1 681 653)
Payments for projects under construction	(38 315 663)	(14 652 194)
Proceeds from sale / redemption of available -for- sale investments	6 257 003	-
Payments to purchase investments in subsidiaries & associates	-	(199 571 058)
Proceeds from sale of investments in associates	3 770 075 878	-
Net cash provided from (used in) investing activities	3 737 653 850	(215 904 905)
Cash flows from financing activities		
Payments to purchase treasury shares	-	(30 528 161)
Proceeds from selling of treasury shares	-	179 833 144
Change in reserves	-	(11 520 000)
Payments to long term loans	(3 028 000)	(1 384 000)
Net cash (used in) provided from financing activities	(3 028 000)	136 400 983
Net change in cash and cash equivalents during the period	2 953 473 518	144 113 952
Cash and cash equivalents at the beginning of the period	26 373 359	85 821 320
Cash and cash equivalents at the end of the period	2 979 846 877	229 935 272

The accompanying notes from page (6) to page (24) are an integral part of these financial statements and are to be read therewith .

EFG - Hermes Holding Company

(Egyptian joint Stock Company)

Profit appropriation statement (proposed)

for the period ended March 31, 2010

	For the period ended 31/3/2010 LE	For the year * ended 31/12/2009 LE
Net profit for the period / year	918 729 869	517 719 221
Retained earnings 1/1 (amended with profit appropriation for the year ended December 31, 2009)	463 008 043	356 343 573
	1 381 737 912	874 062 794
Distributed as follows:		
Shareholders' dividends	765 428 000	382 714 000
Employees' portion	9 089 396	23 404 251
Board of directors' remuneration	–	4 936 500
Net profit for the period after appropriation / retained earnings	607 220 516	463 008 043
	1 381 737 912	874 062 794

* The company's general ordinary assembly meeting held on April 11, 2010 approved the profit appropriation for the year ended December 31, 2009.

The accompanying notes from page (6) to page (24) 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 unconsolidated financial statements
for the period ended 31 March 2010

1- General

1-1 Legal status

- EFG - Hermes Holding Company –Egyptian Joint Stock Company- was founded in pursuance of decree No. 106 of 1984.
- The company's extraordinary general meeting held on July 22, 1997 resolved to adjust the company's status and convert it in pursuance to the provisions of law No. 95/1992 and its executive regulation.

1-2 Purpose of the company

- The company's purpose to become 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 has obtained the approval of Capital Market Authority on February 5, 2007 to execute the Marginal Trading Activity.

1-3 Company duration

The company's duration is 25 years starting from the date of registration in the Commercial registry. The company's duration has been extended till the year 2023.

1-4 Registered headquarters

The company's registered headquarters is located in 58 El Tahrir st. El Dokki. Egypt.

2- Basis of preparation

2-1 Statement of compliance

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

2-2 Basis of measurement

The financial statements are prepared on the historical cost basis, except for the following assets and liabilities which are measured 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 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.

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

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

- Note (12) – Expected claims provision.
- Note (14) – Investments in subsidiaries & associates.
- Note (20) – Valuation of financial instruments.
- Note (24) – Recognition of deferred tax assets and liabilities.

2-5 Consolidated financial statements

The company has subsidiaries and according to the Egyptian Accounting Standard No. 17 "Consolidated Financial Statements" and the article No. 188 of the executive regulation of law No. 159-1981, the Company is required to prepare consolidated financial statements which present fairly the financial position, the result of operations and cash flows for the group as a whole.

3- Significant accounting policies applied

The accounting policies set out below have been applied consistently with those applied in the previous period presented in these financial statements certain reclassifications have been made to some comparative figures in order to conform with current period presentation. Note (27).

3-1 Translation of the foreign currencies transactions

The company maintains its accounts in Egyptian Pound. Transactions denominated in foreign currencies are recorded at the prevailing exchange rate at the date of transactions. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the prevailing exchange rates at that date. The foreign currencies exchange differences arising on the settlement of transactions and the translation at the balance sheet date are recognized in the income statement.

3-2 Fixed assets depreciation

Fixed assets are stated at historical cost and presented in the balance sheet net of accumulated depreciation and impairment (Note 3-6). Depreciation is charged to the income statement over the estimated useful-life of each asset using the straight-line method. The following are the estimated useful lives, for each class of assets, for depreciation calculation purposes:

	Estimated useful life
- Buildings	33.3 Years
- Furniture, office and electrical appliances	4 Years
- Computer equipment	4 Years
- Vehicles & Transportation means	5 Years
- Fixtures	2 Years

Expenditure incurred to replace a component of an item of property and equipment that is accounted for separately, including major inspection and overhaul expenditure, is capitalized. Other subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the property and equipment. All other expenditure is recognized in the income statement as an expense as incurred.

3-3 Projects under construction

Projects under construction are recognized initially at cost. Cost includes all expenditures directly attributable to bringing the asset to a working condition for its intended use. Property and equipment under construction are transferred to property and equipment caption when they are completed and are ready for their intended use.

3-4 Intangible assets

Intangible assets are stated at cost less accumulated amortization and impairment losses (note 3-6). Amortization is recognized in the income statement on a straight – line basis over the estimated useful lives of intangible assets.

3-5 Investments

3-5-1 Investments at fair value through profit and loss

An instrument is classified as at fair value through income statement if it is held for trading or is designated as such upon initial recognition. Financial instruments are designated at fair value through income statement if the Company manages such investments and makes purchase and sale decisions based on their fair value. Upon initial recognition, attributable transaction costs are recognized in income statement when incurred. Financial instruments at fair value through income statement are measured at fair value, and changes therein are recognized in income statement.

3-5-2 Available-for-sale financial assets

Available-for-sale financial assets are valued at fair value, with any resultant gain or loss being recognized in equity, except for impairment losses which is recognized in the income statement. When these investments are derecognized, the cumulative gain or loss previously recognized directly in equity is recognized in the income statement. The fair value of investments available for sale, identifies based on quoted price of the exchange market at the balance sheet date, investments that are not quoted, and whose fair value can not be measured reliably, are stated at cost less impairment loss.

3-5-3 Investments in subsidiaries & associates

Investments in subsidiaries and associates are valued at cost, the book value is amended by any impairment concerning the value of these investments (note 3-6). The impairment value is to be charged to the income statement for every investment individually.

3-5-4 Investment property

Investment property is recorded at fair value, any gain or loss arising from a change in the fair value of investment property shall be recognized in profit or loss for the period in which it arises.

3-6 Impairment

3-6-1 Financial assets

A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate. An impairment loss in respect of an available-for-sale financial asset is calculated by reference to its current fair value.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognized in profit or loss. Any cumulative loss in respect of an available-for-sale financial asset recognized previously in equity is transferred profit or loss.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognized. For financial assets measured at amortized cost and available-for-sale financial assets that are debt securities, the reversal is recognized in profit or loss. For available-for-sale financial assets that are equity securities, the reversal is recognized directly in equity.

3-6-2 Non-financial assets

The carrying amounts of the Group's non-financial assets, other than investment property, inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment.

An impairment loss is recognized if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups. Impairment losses are recognized in profit or loss.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell.

Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

3-7 Cash and cash equivalents

Cash and cash equivalents are represented in the cash on hand, current accounts, time deposits with banks maturity less than three months and cheques under collection.

3-8 Interest-bearing borrowings

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

3-9 Provisions

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

3-10 Legal reserve

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

3-11 Issued capital

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

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

3-12 Derivative financial instruments

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

Cash flow hedges

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

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

Fair value hedges

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

3-13 Revenue recognition

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

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

3-13-2 Dividend income

Dividend income is recognized when declared.

3-13-3 Custody fees

Custody fees are recognized when provide service and issue invoice.

3-13-4 Interest income

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

3-14 Expenses

3-14-1 Borrowing costs

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

3-14-2 Employees' pension

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

3-14-3 Taxation

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

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

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

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

3-15 Earning per share

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

3-16 Profit sharing to employees

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

4- Cash and cash equivalents

	31/3/2010	31/12/2009
	LE	LE
Cash on hand	259 122	63 519
Banks -current accounts	20 429 534	26 309 840
Banks -time deposits	2 958 437 800	--
Cheques under collection	720 421	--
Balance	2 979 846 877	26 373 359

5- Treasury bills

	31/3/2010	31/12/2009
	LE	LE
Treasury bills more than 91 days maturity	2 045 150 000	--
Less : unearned interset	(139 899 895)	--
Balance	1 905 250 105	--

6- Investments at fair value through profit and loss

	31/3/2010	31/12/2009
	LE	LE
Mutual fund certificates	103 965 008	490 069 367
Stocks	310 308 485	137 768 164
Balance	414 273 493	627 837 531

7- Due from subsidiaries

	31/3/2010	31/12/2009
	LE	LE
Financial Brokerage Group Co.	173 024 066	35 638 141
EFG – Hermes Private Equity	1 562 795	1 532 402
EFG – Hermes Fixed Income	3 108 977	1 546 987
EFG – Hermes Advisory Inc.	887 187 150	938 479 461
Flemming CIIC Holding	16 850 334	16 767 397
EFG- Hermes KSA	2 549 349	4 355 178
October Property Development Ltd. Co.	107 015 839	22 046 718
EFG-Hermes Holding-Lebanon	753 212	476 771
EFG- Hermes Lebanon	1 783 183	1 723 391
EFG- Hermes Qatar	2 739 935	2 168 995
EFG-Hermes Private Equity – BVI	21 312 516	23 654 022
Hermes Securities Brokerage	196 079 284	34 227 165
Balance	1 413 966 640	1 082 616 628

8- Loans to subsidiaries

- On February 7,2008 the company has lent a subordinated loan to Financial Brokerage Group Co. (a subsidiary – 99.76%) an amount of LE 300 million due on February 7, 2010. The purpose of the loan is to support the subsidiary's financial accredit requited to its activity according to the rules of the Capital Market Authority in this regard.
  Financial Brokerage Group Co. has settled an amount of LE 225 million and on February 4, 2010 the subordinated loan agreement has been renewed for two years that will due on February 7, 2012 and on March 1, 2010 the company has settled an amount of LE 25 million accordingly, the balance of the loan as at March 31, 2010 amounted to LE 50 million.

- On October 8,2009 the company has lent a subordinated loan to Hermes Securities Brokerage (a subsidiary - 97.58%) with an amount of LE 100 million due on October 7, 2011. The purpose of the loan is to support the subsidiary's financial accredit requited to its activity according to the rules of the Capital Market Authority in this regard.
  Hermes Securities Brokerage Co. has settled an amount of LE 50 million on February 14, 2010 accordingly the balance of the loan as at March 31, 2010 amounted to LE 50 million.

9- Other debit balances

	31/3/2010 LE	31/12/2009 LE
Accrued revenues	2 071 176	2 390 633
Taxes withheld by others	9 841 097	11 152 096
Deposits with others	1 038 114	1 046 246
Prepaid expenses	1 137 203	1 619 121
Employees Advances	5 319 950	11 937 550
Advanced payments to suppliers	89 280	89 280
Payments for purchase of investment *	20 449 990	10 249 990
Sundry debtors	40 390 958	23 469 672
Total	80 337 768	61 954 588
Impairment loss on sundry debtors	--	(1 666 082)
Net	80 337 768	60 288 506

* Payments for investments are represented in the following:

	31/3/2010 LE	31/12/2009 LE
EFG- Hermes Mutual Funds	9 999 990	9 999 990
Financial Group for Real Estate	250 000	250 000
EFG – Hermes Investment Funds	10 000 000	--
Egyptian Company for Funds Investments	200 000	--
	20 449 990	10 249 990

10- Due to subsidiaries

	31/3/2010 LE	31/12/2009 LE
Arab Visual Company	5 000 000	5 000 000
Hermes Corporate Finance	14 101 214	14 063 383
Hermes Fund Management	12 974 425	14 417 387
EFG- Hermes Financial Management Ltd	104 716 852	100 613 141
Egyptian Portfolio Management Group	24 865 315	18 478 720
EFG-Hermes Promoting & Underwriting	56 325 532	12 750 282
Financial Group for Real Estate	235 000	235 000
EFG- Hermes Mutual Funds	10 000 000	10 000 000
EFG-Hermes Securitization Company.	5 000 000	5 000 000
EFG-Hermes Regional Investments Ltd.	29 480 802	27 788 359
Bayonne Enterprises Ltd.	26 991 780	(1 066 944 484)
EFG- Hermes Brokerage- UAE Ltd	190 609	(4 964 490)
EFG – Hermes UAE Ltd. Co.	4 056 132	(7 089 251)
Balance	293 937 661	(870 651 953)

11- Creditors and other credit balances

	31/3/2010 LE	31/12/2009 LE
Accrued interest & commission	1 217 734	418 869
Tax Authority	11 973 173	14 740 639
Social Insurance Authority	199 964	189 164
Accrued expenses	261 345 464	22 924 481
Clients coupons - custody activity	11 121 844	18 568 157
Unearned Revenue	13 547 600	--
Unrealized gain – C– SWAP	3 626 712	1 871 508
Sundry credit balances	3 048 899	2 601 854
Balance	306 081 390	61 314 672

12- Expected claims provision

	31/3/2010	31/12/2009
	LE	LE
Balance as at the beginning of the period / year	453 751	752 737
Amounts formed during the period / year	14 000 000	--
Amounts used during the period / year	--	(298 986)
Balance as at the end of the period / year	14 453 751	453 751

13- Available –for– sale investments

	31/3/2010	31/12/2009
	LE	LE
El Araby Investment Company	2 500 000	2 500 000
EFG- Hermes ME. Tech. Fund	--	969 572
Axes Holding Co.	275 050	274 250
Egyptian Company for Marketing	500 000	500 000
International Project Management Company	2 750 500	2 742 500
Misr Clearance Company	2 064 068	2 064 068
Horus Private Equity Fund II	9 109 424	13 398 827
Commercial International Bank – CIB	8 202	8 202
Azadea Misr IIC	10 287	10 257
AAW Company for Infra Structure	20 000	20 000
Balance	17 237 531	22 487 676

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

	31/3/2010	31/12/2009
	LE	LE
Quoted investments	8 202	8 202
Non- quoted investments	17 229 329	22 479 474
	17 237 531	22 487 676

14- Investments in subsidiaries & associates

(A) Investments in subsidiaries

Company's name	Share percentage %	Balance as at 31/3/2010 LE	Balance as at 31/12/2009 LE
Financial Brokerage Group Co.	99.76	17 708 350	17 708 350
Egyptian Fund Management Group	88.51	3 099 633	3 099 633
Egyptian Portfolio Management Group	66.33	995 000	995 000
Hermes Securities Brokerage	97.58	24 606 769	24 606 769
Hermes Fund Management	89.95	6 439 709	6 439 709
Hermes Corporate Finance Co.	99.37	5 476 029	5 476 029
EFG- Hermes Advisory Inc.	100	5 400 000	5 400 000
EFG- Hermes Financial Management Ltd.	100	10 000	10 000
EFG- Hermes Promoting & Underwriting	99.88	7 990 000	7 990 000
EFG- Hermes Fixed Income	99	9 900 000	9 900 000
EFG- Hermes Private Equity	96.30	676 741	676 741
Flemming CIIC Holding	100	100 000 000	100 000 000
EFG- Hermes Private Equity- BVI **	1.59	39 975	39 975
EFG- Hermes – UAE Limited Company	100	23 000 000	23 000 000
EFG- Hermes Holding Lebanon – S.A.L.	99	153 713	153 713
EFG- Hermes – KSA	73.1	328 975 903	328 975 903
EFG- Hermes – Lebanon – S.A.L.	99	27 705 775	27 705 775
EFG- Hermes Securitisation *	99.99	4 999 990	4 999 990
EFG- Hermes Regional Investments Ltd.	100	706 236 283	706 236 283
EFG- Hermes Qatar L.L.C	100	17 781 590	17 781 590
		1 291 195 460	1 291 195 460
Accumulated impairment		(676 741)	(676 741)
Total (A)		1 290 518 719	1 290 518 719

(B) Investments in associates

Company's name	Share percentage %	Balance as at 31/3/2010 LE	Balance as at 31/12/2009 LE
Arab Visual Company *	50	2 500 000	2 500 000
Bank Audi– Lebanon Bank ***	-	--	2 596 806 662
Total (B)		2 500 000	2 599 306 662
Total (A+ B)		1 293 018 719	3 889 825 381

Investments in subsidiaries and associates are represented in the following:

	31/3/2010 LE	31/12/2009 LE
Quoted investments	--	2 596 806 662
Non - quoted investments	1 293 018 719	1 293 018 719
	1 293 018 719	3 889 825 381

* The investee company has not yet started its activities and no financial statements have been issued.

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

*** On January 21,2010 the company and its subsidiaries have sold it's entire investments in Bank Audi – Lebanon Bank (an associate – 29.16%) which represented in 10 037 182 shares with share price of US $ 91 each, the company's selling gain amounted to LE 1 201 889 366.

15- Investments property

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

16- Projects under construction

The balance of projects under construction presented in the balance sheet with an amount of LE 265 622 246 as at March 31, 2010, 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 head quarter (under construction) and an amount of LE 241 687 400 represents the value of establishments attached thereon and an amount of LE 7 934 846 represents the value of preparation of alternative quarter to be used in emergency cases.

17- Fixed assets (net)

	Buildings LE	Office, furniture & equipment LE	Computer Equipment LE	Vehicles & transportation Mean LE	Fixtures LE	Total LE
Balance as at 1/1/2010	12 099 418	4 835 182	25 592 584	7 602 176	3 374 383	53 503 743
Additions during the period	--	59 292	304 076	--	--	363 368
Total cost as at 31/3/2010	12 099 418	4 894 474	25 896 660	7 602 176	3 374 383	53 867 111
Accumulated depreciation as at 1/1/2010	725 966	3 235 184	14 652 172	6 045 406	1 785 412	26 444 140
Depreciation during the period	90 744	166 146	1 099 362	210 732	157 048	1 724 032
Accumulated depreciation as at 31/3/2010	816 710	3 401 330	15 751 534	6 256 138	1 942 460	28 168 172
Net cost as at 31/3/2010	11 282 708	1 493 144	10 145 126	1 346 038	1 431 923	25 698 939
Net cost as at 31/12/2009	11 373 452	1 599 998	10 940 412	1 556 770	1 588 971	27 059 603

18- Long term loans

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

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

B- On December 29,2005 a loan agreement has been signed with the Foundation of (DEG)- DEUTSCHE INVESTITIONS- UND ENTWICKLUNGSGESELLSCHAFT MBH whereby the company is entitled to obtain a long term loan with an amount of Euro 10 million with a variable annual interest rate in order to finance the regional expansion of the company. The loan will be repaid on 10 equal semi-annual installments with an amount of one million Euro per installment. The first installment was due on May 15, 2008 and the last installment will due on November 15, 2012 and the interest is due on May 15, November 15 each year. The first interest was due on November 15, 2006.

The loan agreement provides for that the company's subsidiaries will guarantee the loan repayment through an irrevocable unconditional guarantee. The company has obtained the full amount of the loan amounted Euro 10 million on September 17, 2006. The company has paid Euro 4 million accordingly, the loan balance as of March 31, 2010 amounted Euro 6 million (the equivalent amount of LE 44 298 000).

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

19- Capital

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

20- Contingent liabilities & commitments

- The company guarantees its subsidiaries – Financial Brokerage Group and Hermes Securities Brokerage against the credit facilities granted from banks and each of EFG- Hermes Brokerage – UAE for the purpose of issuance of the letters of guarantee amounting to AED 200 million (equivalent to LE 297 800 000) and EFG- Hermes KSA for the purpose of issuance credit facilities granted amounting to SAR 50 million (equivalent to LE 73 350 000).
- The company has executed C-SWAP contracts to cover its needs of foreign currencies with the banks which will be settled according to specific rates for the foreign currencies implied in such contracts. The mentioned contract is as follows:

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

21- Dividend income

	For the period ended 31/3/2010 LE	For the period ended 31/3/2009 LE
Income from investments in subsidiaries	906 300	450 834
Income from investments at fair value through profit and loss	576	1 523
Total	906 876	452 357

22- Tax status

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

23- Related party transactions

- General administrative expenses item includes an amount of LE 62 500 represents management fees provided by EFG- Hermes Private Equity- BVI (A subsidiary company) to the Company during the financial period according to agreement singed in this regard.
- General administrative expenses item includes an amount of LE 269 880 represents the rent value of areas in the group's headquarter owned to Financial Brokerage Group (A subsidiary company - 99.76%).
- Interest income item presented in the income statement includes an amount of LE 1 792 119 represent the interests value on subordinated loan which granted from the company to Financial Brokerage Group Co. (a subsidiary – 99.76%) and includes interest with an amount of LE 2 082 140 represent the interests value on subordinated loan which granted from the company to Hermes Securities Brokerage (A subsidiary company - 97.58%) (Note No. 8).
- Other income item presented in the income statement includes an amount of LE 1 400 350 which represents the value of rental spaces for some affiliated companies.

- Loans to subsidiaries item presented in the balance sheet represents in the loan granted to Financial Brokerage Group (one of subsidiaries – 99.76%) with an amount of LE 50 million and the loan granted to Hermes Securities Brokerage (A subsidiary company - 97.58%) with an amount of LE 50 million (note no. 8).
- Creditors and other credit balances item includes an amount of LE 13 547 600 represents the unearned revenues from the affiliated companies for rental of group's headquarter owned by the company.

24- Deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

(A) Deferred tax	**31/3/2010**		**31/12/2009**	
	Assets	**Liabilities**	**Assets**	**Liabilities**
	LE	**LE**	**LE**	**LE**
Fixed assets depreciation	--	(1 072 362)	--	(1 201 071)
Expected claims provision	90 750	--	90 750	--
Impairment loss on assets	719 993	--	719 993	--
Total deferred tax assets (liabilities)	810 743	(1 072 362)	810 743	(1 201 071)
Net deferred tax liabilities		(261 619)		(390 328)

(B) Deferred tax recognized directly in equity

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

25- Earnings per share

	For the period ended 31/3/2010	**For the period ended 31/3/2009**
	LE	**LE**
Net profit for the period	918 729 869	16 522 180
Employees' portion	(9 089 396)	--
	909 640 473	16 522 180
Weighted average number of shares	382 714 000	383 345 870
Earnings per share	2.38	0.04

26- Financial instruments and management of related risks:

The Company's financial instruments are represented in the financial assets and liabilities. Financial assets include cash balances with banks, investments and debtors while liabilities include loans and creditors. Note (No. 2) of notes to financial statements includes significant accounting policies applied regarding basis of recognition and measurement of the important financial instruments and related revenues and expenses by the company to minimize the consequences of such risks.

26/1 Market risk:

Market risk is represented in the factors which affect values, earnings and profits of all securities negotiated in stock exchange or affect the value, earning and profit of a particular security.

According to the company's investment policy, the following procedures are undertaken to reduce the effect of this risk.

- Performing the necessary studies before investment decision in order to verify that investment is made in potential securities.
- Diversification of investments in different sectors and industries.
- Performing continuous studies required to follow up the company's investments and their development.

26/2 Foreign currencies risk

- The foreign currencies exchange risk represents the risk of fluctuation in exchange rates, which in turn affects the company's cash inflows and outflows as well as the value of its assets and liabilities in foreign currencies.
- As at the balance sheet date the company has assets and liabilities in foreign currencies equivalent to LE 3 402 505 547 and LE 294 548 674 respectively. The company's net exposures in foreign currencies are as follows:

	Surplus/(Deficit) LE
USD	3 107 712 429
Euro	(612 247)
GBP	214 526
AED	125 425
CHF	516 740

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

- The company executes SWAP and Hedge Agreements to cover its needs of foreign currencies and to hedge the exchange risk related thereto (note no. 20).

26/3 Financial instruments' fair value

The financial instruments' fair value do not substantially deviated from their book value at the balance sheet date. According to the valuation basis applied, in accounting policies to the assets and liabilities, which included in the notes to the financial statements, note no. (14) of the notes to financial statements disclose the fair values of investments, except for trading and available-for-sale investments which are reported at cost.

26/4 Derivative financial instruments and hedge accounting

Derivatives are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at their fair value according to the valuation basis applied, in accounting policies to derivative financial instrument, (note no. 3-12).

27- Comparative figures

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