

EFG –Hermes Holding Company
(Egyptian Joint Stock Company)

Separate financial statements
for the period ended March 31, 2015
&
Review Report

Contents	Page
Review report	
Separate statement of financial position	1
Separate income statement	2
Separate statement of changes in equity	3
Separate statement of cash flows	4
Significant accounting policies and other notes to the separate financial statements	5-26



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Review Report

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

Introduction

We have performed a limited review for the accompanying separate statement of financial position of EFG – Hermes Holding Company (Egyptian Joint Stock Company) as of 31 March, 2015 and the related separate statements of income, changes in equity and cash flows for the three months then ended, and a summary of significant accounting policies and other explanatory notes. The company's management is responsible for the preparation and fair presentation of these interim financial statements in accordance with Egyptian Accounting Standards. Our responsibility is to express a conclusion on these interim financial statements based on our limited review.

Scope of Limited Review

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

Conclusion

Based on our limited review, nothing has come to our attention that causes us to believe that the accompanying interim separate financial statements do not present fairly, in all material respects, the financial position of the Company as at 31 March, 2015 and of its financial performance and its cash flows for the three months then ended in accordance with Egyptian Accounting Standards.

Explanatory Note

The company's General Ordinary Assembly meeting has not been held yet to approve the financial statements for the year ended 31 December, 2014.


Cairo, May 13, 2015

Hassan Bas
~~KPMG~~
Public Accountants and Consultants
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EFG - Hermes Holding Company
(Egyptian Joint Stock Company)
Separate statement of financial position
as at 31 March, 2015

	Note no.	31/3/2015 EGP	31/12/2014 EGP
Current assets			
Cash and cash equivalents	(4,21)	225 737 309	214 529 367
Investments at fair value through profit and loss	(5)	39 476 447	377 974 895
Due from subsidiaries & associates	(6)	1 919 356 080	1 597 291 617
Other debit balances	(7)	39 073 075	55 205 067
Total current assets		<u>2 223 642 911</u>	<u>2 245 000 946</u>
Current liabilities			
Banks overdraft	(21)	149 998 132	149 927 550
Due to subsidiaries & associates	(8)	427 576 576	293 340 684
Tax authority		15 514 114	3 018 221
Creditors and other credit balances	(9,24)	32 846 037	43 065 024
Expected claims provision	(10)	6 270 286	6 770 286
Total current liabilities		<u>632 205 145</u>	<u>496 121 765</u>
Working capital		<u>1 591 437 766</u>	<u>1 748 879 181</u>
Non - current assets			
Loans to subsidiaries	(11,24)	270 000 000	150 000 000
Available -for- sale investments	(12)	1 341 966 079	1 272 137 258
Investments in subsidiaries	(13)	3 992 004 175	3 992 004 175
Investment property	(14)	253 639 818	253 639 818
Fixed assets (net)	(15)	151 204 086	154 306 005
Total non - current assets		<u>6 008 814 158</u>	<u>5 822 087 256</u>
Total investment		<u>7 600 251 924</u>	<u>7 570 966 437</u>
Financed through :			
Shareholders' equity			
Issued & paid - in capital	(16)	2 867 422 500	2 867 422 500
Legal reserve		990 432 067	990 432 067
Other reserves		3 210 920 720	3 159 824 485
Retained earnings	(17)	443 372 737	-
Shareholders' equity		<u>7 512 148 024</u>	<u>7 017 679 052</u>
Net (loss) profit for the period / year		(40 375 397)	443 372 737
Total shareholders' equity		<u>7 471 772 627</u>	<u>7 461 051 789</u>
Non - current liabilities			
Deferred tax liabilities	(22)	128 479 297	109 914 648
Total shareholders' equity and non - current liabilities		<u>7 600 251 924</u>	<u>7 570 966 437</u>

The accompanying notes from page (5) to page (26) are an integral part of these financial statements and are to be read therewith.


Mona Zulficar
Chairperson


Karim Awad
Executive Managing Director

Review report "attached" →

EFG - Hermes Holding Company
(Egyptian Joint Stock Company)
Separate income statement
for the period ended 31 March 2015

	Note no.	For the the period ended 31/3/2015 EGP	For the the period ended 31/3/2014 EGP
Dividend income	(19)	2 861 274	3 316 006
Custody activity income		618 580	1 461 811
		<u>3 479 854</u>	<u>4 777 817</u>
Finance cost		(4 561 077)	-
General administrative expenses	(20,24)	(102 961 935)	(66 670 798)
Fixed assets depreciation	(15)	(3 338 102)	(3 444 319)
Net activity's loss		<u>(107 381 260)</u>	<u>(65 337 300)</u>
Interest income	(24)	6 311 877	838 455
Changes in the fair value of investments at fair value through profit and loss		629 700	1 382 888
Gains on sale of investments		6 238 592	45 437 512
Foreign currencies differences		44 573 079	770 626
Other income	(24)	9 084 677	9 066 304
Net loss before tax		<u>(40 543 335)</u>	<u>(7 841 515)</u>
Deferred tax	(22-A)	167 938	(1 368 313)
Net loss for the period		<u><u>(40 375 397)</u></u>	<u><u>(9 209 828)</u></u>

The accompanying notes from page (5) to page (26) are an integral part of these financial statements and are to be read therewith.

EFG - Hermes Holding Company
(Egyptian Joint Stock Company)

Separate statement of changes in equity
for the period ended 31 March 2015

Note no.	Issued & paid-in capital	Legal reserve	Other reserves			Retained earnings	Treasury shares	Net (loss) profit for the year / period	Total
			General reserve	Share premium	Fair value reserve				
	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP	
Balance as at 31 December, 2013 (before adjustment)	2 867 422 500	990 432 067	158 271	3 289 103 899	229 616 171	15 449 979	324 567 840	(916 288 978)	6 774 019 362
Prior year adjustments	-	-	-	(73 984 509)	-	-	-	-	(73 984 509)
Balance as at 31 December, 2013 (after adjustment)	2 867 422 500	990 432 067	158 271	3 289 103 899	155 631 662	15 449 979	324 567 840	(916 288 978)	6 700 034 853
Carrying 2013 loss forward	-	-	-	-	-	-	(916 288 978)	-	916 288 978
Net change in the fair value of available-for-sale investments (net of tax)	-	-	-	43 881 498	-	-	-	-	43 881 498
Purchasing of treasury shares	-	-	-	-	-	-	(425 974 172)	-	(425 974 172)
Net loss for the period ended March 31, 2014	-	-	-	-	-	-	-	(9 209 828)	(9 209 828)
Balance as at March 31, 2014	2 867 422 500	990 432 067	158 271	3 289 103 899	199 513 160	15 449 979	(591 721 138)	(425 974 172)	6 308 732 351
Balance as at 31 December, 2014	2 867 422 500	990 432 067	158 271	2 837 343 593	333 315 029	15 449 979	-	443 372 737	7 461 051 789
Carrying 2014 loss forward	-	-	-	-	-	-	443 372 737	-	-
Net change in the fair value of available-for-sale investments (net of tax)	-	-	-	51 096 235	-	-	-	-	51 096 235
Net loss for the period ended March 31, 2015	-	-	-	-	-	-	-	(40 375 397)	(40 375 397)
Balance as at March 31, 2015	2 867 422 500	990 432 067	158 271	2 837 343 593	384 411 264	15 449 979	443 372 737	(40 375 397)	7 471 772 627

The accompanying notes from page (5) to page (26) are an integral part of these financial statements and are to be read therewith.

EFG - Hermes Holding Company
(Egyptian Joint Stock Company)
Separate statement of cash flows
for the period ended 31 March 2015

	Note no.	For the period ended 31/3/2015 EGP	For the period ended 31/3/2014 EGP
Cash flows from operating activities			
Net loss before tax		(40 543 335)	(7 841 515)
Adjustments to reconcile net loss before tax to net cash provided by operating activities :			
Fixed assets depreciation		3 338 102	3 444 319
Provisions used		(500 000)	-
Changes in the fair value of investments at fair value through profit and loss		(629 700)	(1 382 888)
Gains on sale of available -for- sale investments		-	(33 854 787)
Losses on sale of non current assets held for sale		-	186 018
Foreign currencies differences		(44 573 079)	(770 626)
Operating loss before changes in working capital		(82 908 012)	(40 219 479)
Decrease in investments at fair value through profit and loss		339 128 148	496 526 226
Increase in due from subsidiaries		(322 064 463)	(179 327 521)
Decrease (increase) in other debit balances		16 131 992	(2 820 250)
Increase in due to subsidiaries		134 235 892	76 968 241
Increase in tax authority		12 495 893	2 519 199
Decrease in creditors and other credit balances		(2 354 410)	(55 215 820)
Net cash provided from operating activities		94 665 040	298 430 596'
Cash flows from investing activities			
Payments to purchase fixed assets		(236 183)	(170 538)
Payments for loans to subsidiaries		(120 000 000)	-
Proceeds from sale available -for- sale investments		-	82 925 533
Proceeds from sale of non current assets held for sale		-	5 063 952
Net cash (used in) provided from investing activities		(120 236 183)	87 818 947
Cash flows from financing activities			
Dividends payout		(7 864 576)	(266 000)
Payments to purchase treasury shares		-	(425 974 172)
Net cash used in financing activities		(7 864 576)	(426 240 172)
Net change in cash and cash equivalents during the period		(33 435 719)	(39 990 629)
Cash and cash equivalents at the beginning of the period	(21)	109 174 896	119 727 808
Cash and cash equivalents at the end of the period	(21)	75 739 177	79 737 179

The accompanying notes from page (5) to page (26) are an integral part of these financial statements and are to be read therewith.

EFG- Hermes Holding Company
(Egyptian Joint Stock Company)
Notes to the separate financial statements
for the period ended 31 March, 2015

1- Description of business

1-1 Legal status

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

1-2 Purpose of the company

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

1-3 Authorization of the Financial Statements

The financial statements were authorized for issue in accordance with a resolution of the board of directors on May 12, 2015.

2- Basis of preparation

2-1 Statement of compliance

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

2-2 Basis of measurement

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

- Derivative financial instruments.
- Financial instruments at fair value through profit and loss.
- Available-for-sale financial assets.
- Investments property.

2-3 Functional and presentation currency

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

2-4 Use of estimates and judgments

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

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

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

- Note (10) – Expected claims provision
- Note (13) – Investments in subsidiaries.
- Note (22) – Recognition of deferred tax assets and liabilities.

2-5 Consolidated financial statements

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

3- Significant accounting policies applied

The accounting policies set out below have been applied consistently with those applied in the previous period presented in these financial statements certain reclassifications have been made to some comparative figures in order to conform with current period presentation. (note 26).

3-1 Translation of the foreign currencies transactions

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

3-2 Fixed assets depreciation

Fixed assets are stated at historical cost and presented in the balance sheet net of accumulated depreciation and impairment (Note3-8). Depreciation is charged to the income statement over the estimated useful-life of each asset using the straight-line method, the company reassess the useful lives of fixed assets on regular basis at the end of the financial year, The following are the estimated useful lives, for each class of assets, for depreciation calculation purposes:

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

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

3-3 Treasury bills

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

3-4 Projects under construction

Projects under construction are recognized initially at cost, the book value is amended by any impairment concerning the value of these projects (note 3-8) . Cost includes all expenditures directly attributable to bringing the asset to a working condition for its intended use. Property and equipment under construction are transferred to property and equipment caption when they are completed and are ready for their intended use.

3-5 Intangible assets

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

3-6 Investments

3-6-1 Investments at fair value through profit and loss

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

3-6-2 Available-for-sale financial assets

Available-for-sale financial assets are valued at fair value, with any resultant gain or loss being recognized in equity, except for impairment losses which is recognized in the income statement. When these investments are derecognized, the cumulative gain or loss previously recognized directly in equity is recognized in the income statement. The fair value of investments available for sale, identifies based on quoted price of the exchange market at the balance sheet date, investments that are not quoted, and whose fair value can not be measured reliably are valued by an accepted valuation techniques including the use of new objective techniques or discounted cash flow analysis or option pricing models or other valuation techniques – if the company can not estimate the fair value, it can be stated at cost less impairment loss.

3-6-3 Investments in subsidiaries & associates

Investments in subsidiaries and associates are valued at cost, the book value is amended by any impairment concerning the value of these investments (note 3-8). The impairment value is to be charged to the income statement for every investment individually.

3-6-4 Investments property

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

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

3-7 Non-current assets held for sale

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

3-8 Impairment

3-8-1 Financial assets

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

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

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

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

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

3-8-2 Non-financial assets

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

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

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

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

3-9 Cash and cash equivalents

For the purpose of preparing the cash flow statement, cash and cash equivalent includes the balances, which maturity not exceeding three months from the date of acquisition and the balances included cash on hand, current accounts, time deposits with banks and checks under collection.

3-10 Interest-bearing borrowings

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

3-11 Provisions

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

3-12 Legal reserve

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

3-13 Issued capital

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

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

3-14 Derivative financial instruments

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

Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are accounted for as described below.

Cash flow hedges

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

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

Fair value hedges

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

3-15 Revenue recognition

3-15-1 Gains (losses) on sale of investments

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

3-15-2 Dividend income

Dividend income is recognized when declared.

3-15-3 Custody fees

Custody fees are recognized when provide service and issue invoice.

3-15-4 Interest income

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

3-16 Expenses

3-16-1 Borrowing costs

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

3-16-2 Employees' pension

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

3-16-3 Taxation

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

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

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

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

3-17 Earnings per share

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

3-18 Profit sharing to employees

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

4- Cash and cash equivalents

	31/3/2015	31/12/2014
	EGP	EGP
Cash on hand	420 587	179 118
Banks -current accounts	61 014 532	204 203 856
Banks -time deposits	164 302 190	10 000 000
Cheques under collection	--	146 393
	<hr/>	<hr/>
Balance	225 737 309	214 529 367
	<hr/> <hr/>	<hr/> <hr/>

5- Investments at fair value through profit and loss

	31/3/2015	31/12/2014
	EGP	EGP
Mutual fund certificates	39 063 565	377 527 470
Stocks	412 882	447 425
	<hr/>	<hr/>
Balance	39 476 447	377 974 895
	<hr/> <hr/>	<hr/> <hr/>

6- Due from subsidiaries & associates

	31/3/2015	31/12/2014
	EGP	EGP
EFG- Hermes Management	834 564	747 630
Financial Brokerage Group Co.	15 116 857	12 881 337
Hermes Securities Brokerage	236 890 734	7 097 375
EFG- Hermes Advisory Inc.	999 894 387	931 633 036
Flemming CIIC Holding *	25 947 344	25 867 224
EFG- Hermes Jordan	254 990	47 196
EFG- Hermes IB Limited	237 732	12 218 716
EFG- Hermes Oman LLC	38 254 030	--
EFG- Hermes IFA Financial Brokerage	1 737 279	--
EFG-Hermes Promoting & Underwriting	122 993 523	101 488 827

EFG - Hermes Holding Company
Notes to the separate financial statements
for the period ended 31/3/2015 (Cont'd)

	31/3/2015	31/12/2014
	EGP	EGP
EFG- Hermes KSA	215 884 137	282 990 187
Egyptian Fund Management Group	18 225 428	6 980 774
EFG- Hermes Private Equity BVI	6 872 703	4 395 844
Bayonne Enterprises Ltd.	2 401 224	1 683 883
EFG-Hermes Global CB Holding Limited	250 834 343	236 522 863
EFG- Hermes Brokerage- UAE LLC	5 818 289	1 887 935
Beaufort Investments Company	103 044	108 691
EFG-Hermes UAE Ltd. Co.	2 033 705	(3 803 420)
EFG- Hermes Qatar	440 852	(37 396)
	<hr/>	<hr/>
	1 944 775 165	1 622 710 702
Accumulated impairment loss on due from subsidiaries *	(25 419 085)	(25 419 085)
	<hr/>	<hr/>
Balance	1 919 356 080	1 597 291 617
	<hr/> <hr/>	<hr/> <hr/>
7- Other debit balances		
	31/3/2015	31/12/2014
	EGP	EGP
Accrued revenues	59 260	40 774 122
Taxes withheld by others	2 436 142	566 603
Deposits with others	1 176 007	1 070 152
Prepaid expenses	8 778 844	3 081 611
Employees advance	726 488	646 732
Down payments to suppliers	526 076	1 479 026
Payments for investments *	21 702 500	3 140 000
Sundry debtors	11 472 102	12 251 165
	<hr/>	<hr/>
Accumulated impairment loss	(7 804 344)	(7 804 344)
	<hr/>	<hr/>
Balance	39 073 075	55 205 067
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* Payments for investments are represented in the following:

Company	31/3/2015	31/12/2014
	EGP	EGP
Arab Visual Company	2 500 000	2 500 000
EFG –Hermes Direct Fund Management	640 000	640 000
EFG –Hermes Leasing Investment	18 562 500	--
Balance	<u>21 702 500</u>	<u>3 140 000</u>

8- Due to subsidiaries & associates

	31/3/2015	31/12/2014
	EGP	EGP
Arab Visual Company	5 000 000	5 000 000
Hermes Corporate Finance	91 756 922	91 884 946
EFG – Hermes Fixed Income	7 211 880	5 693 512
EFG-Hermes Holding-Lebanon	1 341 608	1 265 501
EFG- Hermes Mutual Funds	9 940 691	9 955 691
EFG-Hermes Regional Investments Ltd.	128 236 897	121 070 334
EFG – Hermes Syria LLC	9 185 966	9 319 056
Egyptian Portfolio Management Group	24 495 219	25 525 526
EFG- Hermes Lebanon	37 454 779	13 879 764
Hermes Fund Management	26 091 024	28 737 100
EFG- Hermes Financial Management (Egypt) Ltd	86 861 590	(18 990 746)
Balance	<u>427 576 576</u>	<u>293 340 684</u>

9- Creditors and other credit balances

	31/3/2015	31/12/2014
	EGP	EGP
Social Insurance Authority	260 956	221 361
Accrued expenses	4 992 896	16 382 127
Clients coupons - custody activity	7 422 489	7 695 084
Unearned Revenue (Note no. 24)	18 154 694	4 727 013
Dividends payable	143 939	8 008 515
Sundry credit balances	1 871 063	6 030 924
Balance	<u>32 846 037</u>	<u>43 065 024</u>

10- Expected claims provision

	31/3/2015	31/12/2014
	EGP	EGP
Balance at the beginning of the period / year	6 770 286	7 270 286
Amounts used during the period / year	(500 000)	(500 000)
	<hr/>	<hr/>
Balance	6 270 286	6 770 286
	<hr/> <hr/>	<hr/> <hr/>

11- Loans to subsidiaries

- On May 12, 15, 2014 and June 19, 2014 a subordinated loan agreement has been signed with Hermes Securities Brokerage. (a subsidiary – 97.58%) with an amount of EGP 70 million, EGP 50 million and EGP 30 million. The purpose of the loan is to support the subsidiary’s financial accredit required to its activity according to the rules of the Capital Market Authority in this regard. The loan is matured on 12/5/2016, 15/5/2016, 19/6/2016.
- On March 29 and 30, 2015 a subordinated loan agreement has been signed with Financial Brokerage Group (a subsidiary – 99.87%) with an amount of EGP 50 million and EGP 70 million. The purpose of the loan is to support the subsidiary’s financial accredit required to its activity according to the rules of the Capital Market Authority in this regard and the payment of financing cost with 4.75% above CBE corridor rate and the interests are calculated from the signed agreement date. The loan will due on March 29, 30, 2017.

12- Available –for– sale investments

	31/3/2015	31/12/2014
	EGP	EGP
Stocks	298 533 851	302 275 355
Mutual fund certificates	1 043 432 228	969 861 903
	<hr/>	<hr/>
Balance	1 341 966 079	1 272 137 258
	<hr/> <hr/>	<hr/> <hr/>

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

	31/3/2015	31/12/2014
	EGP	EGP
Quoted investments	270 865 062	278 213 927
Non- quoted investments	1 071 101 017	993 923 331
	<u>1 341 966 079</u>	<u>1 272 137 258</u>

13- Investments in subsidiaries

Company's name	Share percentage	Balance as at 31/3/2015	Balance as at 31/12/2014
	%	EGP	EGP
Financial Brokerage Group Co.	99.87	41 838 060	41 838 060
Egyptian Fund Management Group	88.51	4 427 233	4 427 233
Egyptian Portfolio Management Group	66.33	995 000	995 000
Hermes Securities Brokerage	97.58	219 763 969	219 763 969
Hermes Fund Management	89.95	6 439 709	6 439 709
Hermes Corporate Finance Co.	99.37	5 476 029	5 476 029
EFG- Hermes Advisory Inc.	100	6	6
EFG- Hermes Promoting & Underwriting	99.88	7 990 000	7 990 000
EFG- Hermes Fixed Income	99	9 900 000	9 900 000
EFG- Hermes Management	96.30	1 249 490	1 249 490
Flemming CIIC Holding (net)	100	--	--
EFG- Hermes Private Equity **	1.59	39 975	39 975
EFG- Hermes – UAE Limited Company	100	23 000 000	23 000 000
EFG- Hermes Holding Lebanon – S.A.L.	99	153 713	153 713
EFG- Hermes – KSA (net)	73.1	118 707 354	118 707 354
EFG- Hermes – Lebanon – S.A.L.	99	27 564 787	27 564 787
EFG- Hermes Regional Investments Ltd. (net) **	100	318 141 304	318 141 304
EFG- Hermes Qatar L.L.C (net)	100	1 577 332	1 577 332
EFG-Hermes Jordan	100	33 610 631	33 610 631
EFG – Hermes Investment Funds Co	99.998	6 399 800	6 399 800
EFG-Hermes Global CB Holding Limited *	100	3 137 096 006	3 137 096 006
EFG – Hermes Syria LLC ***	49	12 703 775	12 703 775
Sindyan Syria LLC ***	97	--	--
EFG – Hermes Mutual Funds Co.	99.999	9 999 990	9 999 990
Beaufort Investments Company	100	4 930 012	4 930 012
Balance		<u>3 992 004 175</u>	<u>3 992 004 175</u>

- * During 2010, EFG-Hermes Holding Company purchased 63.739% a controlling stake in Credit Libanais SAL (the Bank) through its wholly owned subsidiary EFG – Hermes CL Holding SAL for an amount of USD 577.8 million.
- ** The Company owns 100% of EFG- Hermes Regional Investments Ltd Co, which owns 63.41% in EFG- Hermes Private Equity Co. hence the company has the control, therefore EFG- Hermes Private Equity is a subsidiary.
- *** The Company owns 20.37 % of EFG - Hermes Syria LLC with indirect ownership through one of its subsidiaries - Sindyan Syria LLC (97%).
- Investments in subsidiaries are represented in non - quoted investments.

14- Investment property

	31/3/2015	31/12/2014
	EGP	EGP
Balance at 1 January	253 639 818	252 754 473
Change in fair value	--	885 345
Balance	<u>253 639 818</u>	<u>253 639 818</u>

- Investment property amounted EGP 253 639 818 as at 31 March, 2015, represents the following:
- EGP 157 639 818 represents the fair value of the area owned by EFG – Hermes Holding Company in Nile City Building.
- EGP 96 000 000 represents the fair value of the area owned by EFG – Hermes Holding Company in the headquarter of the company in Smart Village Building.

15- Fixed assets (net)

	Land	Buildings	Office, Furniture & Equipment	Computer Equipment	Vehicles & transportation Means	Fixtures	Total
	EGP	EGP	EGP	EGP	EGP	EGP	EGP
Balance as at 1/1/2015	10 000 000	154 159 871	19 068 775	40 079 733	5 138 511	4 298 476	232 745 366
Additions during the period	--	--	9 047	227 136	--	--	236 183
Total cost as at 31/3/2015	<u>10 000 000</u>	<u>154 159 871</u>	<u>19 077 822</u>	<u>40 306 869</u>	<u>5 138 511</u>	<u>4 298 476</u>	<u>232 981 549</u>
Accumulated depreciation as at 1/1/2015	--	20 703 910	16 522 624	32 607 723	5 113 193	3 491 911	78 439 361
Depreciation during the period	--	1 156 198	901 181	1 136 838	18 991	124 894	3 338 102
Accumulated depreciation as at 31/3/2015	<u>--</u>	<u>21 860 108</u>	<u>17 423 805</u>	<u>33 744 561</u>	<u>5 132 184</u>	<u>3 616 805</u>	<u>81 777 463</u>
Net book value as at 31/3/2015	<u>10 000 000</u>	<u>132 299 763</u>	<u>1 654 017</u>	<u>6 562 308</u>	<u>6 327</u>	<u>681 671</u>	<u>151 204 086</u>
Net book value as at 31/12/2014	<u>10 000 000</u>	<u>133 455 961</u>	<u>2 546 151</u>	<u>7 472 010</u>	<u>25 318</u>	<u>806 565</u>	<u>154 306 005</u>

16- Capital

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

16-1 Treasury shares

- The company's board of directors meeting held on January 8, 2014 approved to purchase treasury shares with a billion Egyptian pounds during the first nine months of the year 2014 through two phases, the first phase have been implemented through purchase of 36,956,522 shares at an average exercising price of EGP 11,5 per share with a total cost of EGP 426,451,266 and the second phase aims to purchase shares with an amount of approximately EGP 575 million during the period between the end of the second quarter or the third quarter of 2014, on October 1, 2014 the company's board of directors agreed to extend the period of implementation of the second phase of purchasing treasury shares program until the end of the second quarter of 2015, the Board also approved expanding the scope of the program to include the option of a dividend distribution.
- On July 22, 2014 the company's board of directors decided to sell the 36,956,522 treasury shares owned by the company to EFG- Hermes IB Limited company (wholly owned subsidiary of the Group) at a price of EGP 15,32 per share, the procedures of selling have been taken on July 31, 2014. Egyptian Accounting Standards require presenting the above mentioned sold shares as treasury shares in the consolidated financial statements as the parent company and its subsidiary are one entity.
- On January 29, 2015 the company announced its intention to proceed with all the necessary steps to cancel the treasury shares owned by its subsidiary EFG Hermes IB once the decision is taken by the board of directors and the general assembly of the company in the light of the Egyptian Financial Supervisory Authority's decision dated August 19, 2014 pertaining to treasury shares held by listed companies or their subsidiaries, which force the company to either cancel the treasury shares or sell them within one year, as the sale to a subsidiary is not considered a sale to other party.
- The final status of the company's shares which are owned by EFG Hermes IB will be determined based on the lawsuit results filed by EFG Hermes IB and EFG - Hermes Holding Company with the administration court to appeal and request cancelation of the above mentioned decision of the Egyptian Financial Supervisory Authority.

17- Retained earnings

On May 17, 2014 the Ordinary General Assembly meeting decided to use the amount of EGP 591 721 138 of Share premium reserve shown in the separate financial statements for the year ended 31 December 2013 to cover the holding company retained losses.

18- Contingent liabilities & commitments

- The company guarantees its subsidiaries – Financial Brokerage Group, Hermes Securities Brokerage , EFG Hermes Jordan and EFG Hermes Oman LLC. – against the credit facilities granted from banks and EFG- Hermes Brokerage – UAE against the Letters of Guarantee granted from banks amounting to AED 153 670 000 (equivalent to EGP 317 159 513).

19- Dividend income

	For the period ended 31/3/2015 EGP	For the period ended 31/3/2014 EGP
Income from available - for- sale investments	2 861 274	3 315 092
Income from investments at fair value through profit and loss	--	914
Total	2 861 274	3 316 006

20- General administrative expenses

	For the period ended 31/3/2015 EGP	For the period ended 31/3/2014 EGP
Wages , salaries and similar items	64 071 460	54 973 756
Consultancy	14 347 560	961 931
Travel , accommodation and transportation	1 608 155	856 746
Leased line and communication	1 315 230	1 199 195
Rent and utilities expenses	1 850 018	1 729 196
Other expenses	19 769 512	6 949 974
Total	102 961 935	66 670 798

21- Cash and cash equivalents

For the purpose of preparing the cash flows statement, cash and cash equivalents are represented in the following :

	For the period ended 31/3/2015 EGP	For the period ended 31/12/2014 EGP
Cash and cash equivalents as presented in the statement of financial position	225 737 309	214 529 367
Effect of exchange rate changes	--	44 573 079
Banks overdraft	(149 998 132)	(149 927 550)
Cash and cash equivalents (adjusted)	<u>75 739 177</u>	<u>109 174 896</u>

22- Deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	31/3/2015 Liabilities EGP	31/12/2014 Liabilities EGP
(A) Deferred tax		
Fixed assets' depreciation	(8 394 661)	(8 562 599)
Net deferred tax liabilities	<u>(8 394 661)</u>	<u>(8 562 599)</u>
 (B) Deferred tax recognized directly in equity		
	31/3/2015 EGP	31/12/2014 EGP
Changes in fair value of cash flow hedges *	6 612 597	6 612 597
Fair value of available for sale financial assets **	(126 697 233)	(107 964 646)
	<u>(120 084 636)</u>	<u>(101 352 049)</u>
Balance	<u>(128 479 297)</u>	<u>(109 914 648)</u>

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

** Directly deducted from changes in the fair value of available -for-sale investments item presented in the statement of changes in equity.

23- Tax status

- As to Income Tax, the years from starting the operations to 31/12/2010 the competent tax inspectorate inspected the parent company's books and all the disputed points have been settled with the internal committee and as to years 2011 / 2012 has been inspected and the company was notified by form no. (19) which was objected thereon on the due date and the settlement procedures are currently taking place, and as to year 2013, according to tax form of tax law no. 91 of 2005 the company has submitted the tax return and paid the tax due.
- As to Salaries Tax, the parent company's books had been examined till 2008 and all the disputed points have been settled with the internal committee and the due amount has been paid and as to years 2009 / 2013, the parent company's books have not been inspected yet.
- As to Stamp Tax, the parent company's books had been examined from 1998 till 31/7/2006 and paid the due tax according to the resolution of appeal committee which was objected thereon in the courts, and the period from 1/8/2006 till 31/12/2013 have not been inspected yet.
- On June 4, 2014 a new law No. 44/2014 has imposed a 5% temporary additional annual tax on amounts exceed EGP 1 million from the tax base on the income of natural persons or the profits of Corporate Buddies in accordance with income tax law , and it has been proven and collected in accordance with this provisions. This law start working from June 5, 2014 for 3 years beginning from the current taxation period.
- On June 30, 2014 Presidential Decree has issued with Law No. 53 for the year 2014, this law has amended some articles of the Income Tax Law. promulgated by Law 91 of 2005, the most important amended rules are:
 - Impose tax on profit dividend.
 - Impose tax on capital gains resulting from selling of securities.On April 6, 2015 the Ministry Decree No. 172 for the year 2015 was issued, amending the provisions of the executive regulations of the income tax law issued by the Decree of the Minister of Finance No.991/2005.

24- Related party transactions

The related parties transactions are represented in the following :

- General administrative expenses item presented in the income statement includes an amount of EGP 13 million represents services in the financial securities which provided by Financial Brokerage Group (a subsidiary – 99.87%) during the period according to agreement singed in this regard.
- Other income item presented in the income statement includes an amount of EGP 3 403 251 which represents the value of rental spaces for some affiliated companies in addition to EGP 2 260 981 which represents the value of

redemption of some expenses of the new headquarter that were allocated to the subsidiaries.

- Interest income item presented in the income statement includes an amount of EGP 5 468 750 and EGP 67 534 which represent the interests on subordinated loan that granted from the company to Hermes Securities Brokerage (a subsidiary – 97.58%) and Financial Brokerage Group (a subsidiary – 99.87%) respectively (note no. 11).
- Loans to subsidiaries item represents the loan granted to Hermes Securities Brokerage (a subsidiary – 97.58%) and Financial Brokerage Group (a subsidiary – 99.87%) with an amount of EGP 150 million and EGP 120 million respectively as at March 31, 2015 (note no. 11).
- Creditors and other credit balances item includes an amount of EGP 12 478 587 represents the unearned revenues from the affiliated companies for rental of group's headquarter owned by the company (note no. 9).

25- Financial instruments and management of related risks:

The Company's financial instruments are represented in the financial assets and liabilities. Financial assets include cash balances with banks, investments and debtors while liabilities include loans and creditors. Notes (No. 2&3) of notes to financial statements includes significant accounting policies applied regarding basis of recognition and measurement of the important financial instruments and related revenues and expenses by the company to minimize the consequences of such risks.

25/1 Market risk

A. Foreign currencies risk

- The foreign currencies exchange risk represents the risk of fluctuation in exchange rates, which in turn affects the company's cash inflows and outflows as well as the value of its assets and liabilities in foreign currencies.
- As at the financial position date the company has assets and liabilities in foreign currencies equivalent to EGP 2 303 221 149 and EGP 389 374 232 respectively. The company's net exposures in foreign currencies are as follows:

	Surplus
	EGP
USD	1 820 542 552
Euro	87 727 319
AED	4 178 231
GBP	663 345
CHF	735 470

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

B. Interest rate risk

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

C. Price risk

The Company is exposed to market price risk for equity instruments, According to the company's investment policy, the following procedures are undertaken to reduce the effect of this risk.

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

25/2 Credit risk

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

25/3 Liquidity risk

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

25/4 Capital risk

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

25/5 Financial instruments' fair value

The financial instruments' fair value does not substantially deviated from its book value at the financial position 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, except for trading and available-for-sale investments which are reported at cost.

25/6 Derivative financial instruments and hedge accounting

Derivatives are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at their fair value according to the valuation basis applied, in accounting policies to derivative financial instrument, (note no. 3-14).

26- Comparative figures

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

	For the year ended 31/12/2014 (as reported)	Adjustments	For the year ended 31/12/2014 (amended)
	EGP	EGP	EGP
Due from subsidiaries	1 620 123 179	(22 831 562)	1 597 291 617
Other debit balances	55 207 053	(1 986)	55 205 067
Due to subsidiaries	316 172 246	(22 831 562)	293 340 684
Creditors and other credit balances	43 067 010	(1 986)	43 065 024