المجموعة المالية هيرميس
EFG HERMES
since 1984

MOMENTS and IMAGES…

…that capture our 25 year history

Annual Report 2009

EFG Hermes

One region.
One investment bank.

EFG Hermes is the leading investment bank in the Arab world and the market leader in securities brokerage, investment banking, asset management, private equity and research.

Contents

25 YEARS

1984

The Apple Macintosh is launched. Its graphical user interface will soon set off a revolution in how humans and machines interact.

1985

Sultan bin Salman bin Abdelaziz Al Saud becomes the first Arab and first Muslim in space, serving as a payload specialist on the Space Shuttle Discovery (STS-51-G).

1986

Reactor Number 4 at the Chernobyl nuclear plant in Ukraine (then part of the USSR) melts down, sending a plume of highly radioactive fallout into the atmosphere. More than 336,000 people will be relocated in what is still the worst nuclear accident in history.

المجموعة المالية هيرميس
EFGHERMES
since 1984

1987

Global markets crater: Hong Kong closes the week down more than 45%, sending ripples across the globe that will see London down nearly 27% and the United States off some 23%. Black Monday is the largest one day percentage decline in market history.

المجموعة المالية هيرميس
EFG HERMES
since 1984

1988

Naguib Mahfouz wins the Nobel Prize in Literature. His body of work will grow to include over 50 novels, five plays and hundreds of short stories and essays before his death in 2006 at the age of 94.

1989

The Berlin Wall falls on 9 November 1989 after the East German government announces GDR citizens can visit West Germany and West Berlin.

المجموعة المالية هيرميس
EFG HERMES
since 1984

1990

The world's largest art theft sees paintings worth USD 500 million stolen from the Gardner Museum in Boston, including pieces by Vermeer, Rembrandt and Degas.

1991

Operation Desert Storm begins as Coalition troops liberate Kuwait before pressing into Saddam Hussein's Iraq.

المجموعة المالية هيرميس
EFG HERMES
since 1984

1992

The breakup of Yugoslavia continues as war breaks out in Bosnia-Hercegovina, touching off Europe's bloodiest conflict since the end of the Second World War.

1993

The last of 24 satellites needed to complete the Global Positioning System (GPS) network is launched. The system will revolutionise navigation and tracking in everything from warfare to family vacations.

المجموعة المالية هيرميس
EFG HERMES
since 1984

1994

Yasser Arafat, then chairman of the Palestinian Liberation Organisation (PLO), returns to the Gaza Strip after 27 years in exile. He crosses the Rafah border checkpoint from Egypt.

المجموعة المالية هيرميس
EFG HERMES
since 1984

1995

The World Trade Organization officially commences on 1 January, replacing the General Agreement on Tariffs and Trade (GATT), which had been in place since1948.

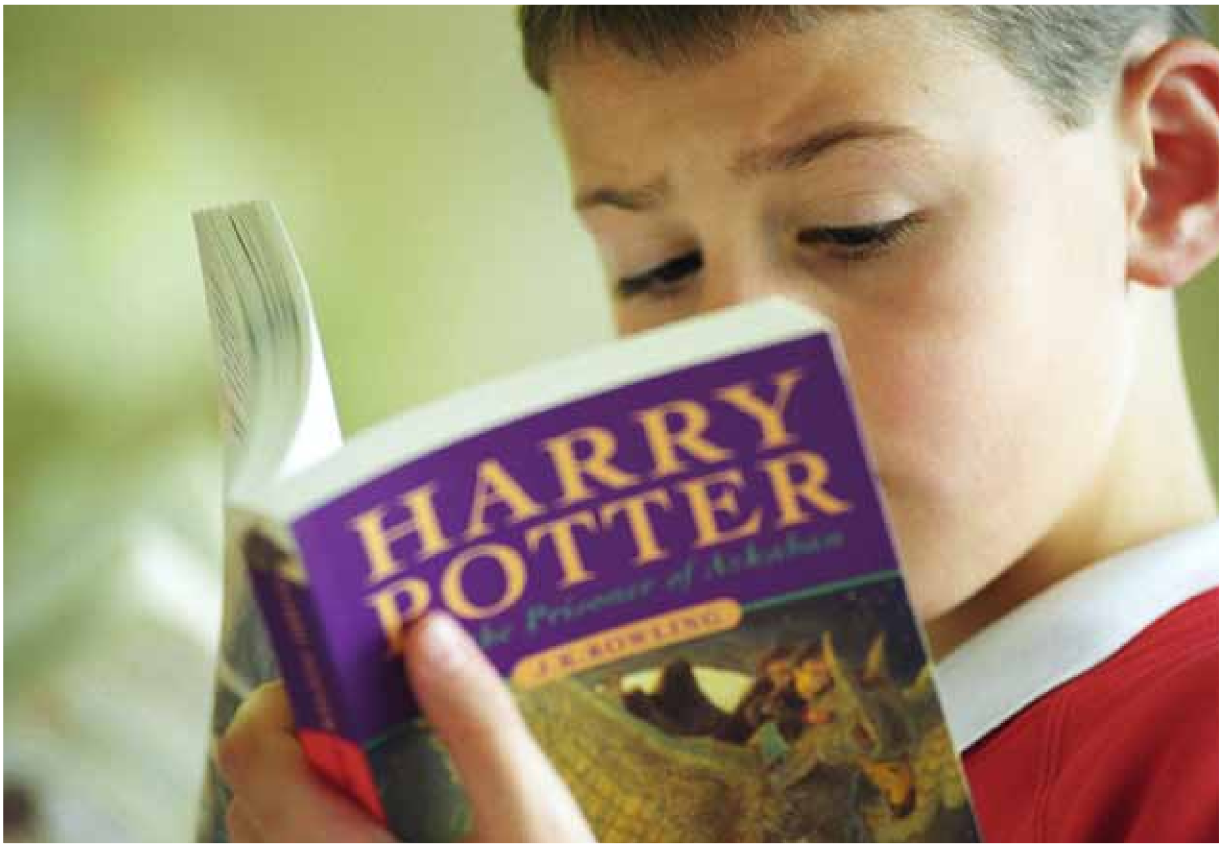
المجموعة المالية هيرميس
EFG HERMES
since 1984

1996

Scottish scientist Dr. Ian Wilmut creates a sheep named Dolly, the first mammal to be replicated directly from an adult cell, setting off a lengthy debate about the religious, moral and biological implications of cloning.

1997

The Asian financial crisis begins with the collapse of the Thai baht. South Korea, Thailand, the Philippines, Malaysia, Singapore and Indonesia will be among the nations hardest hit.



1998

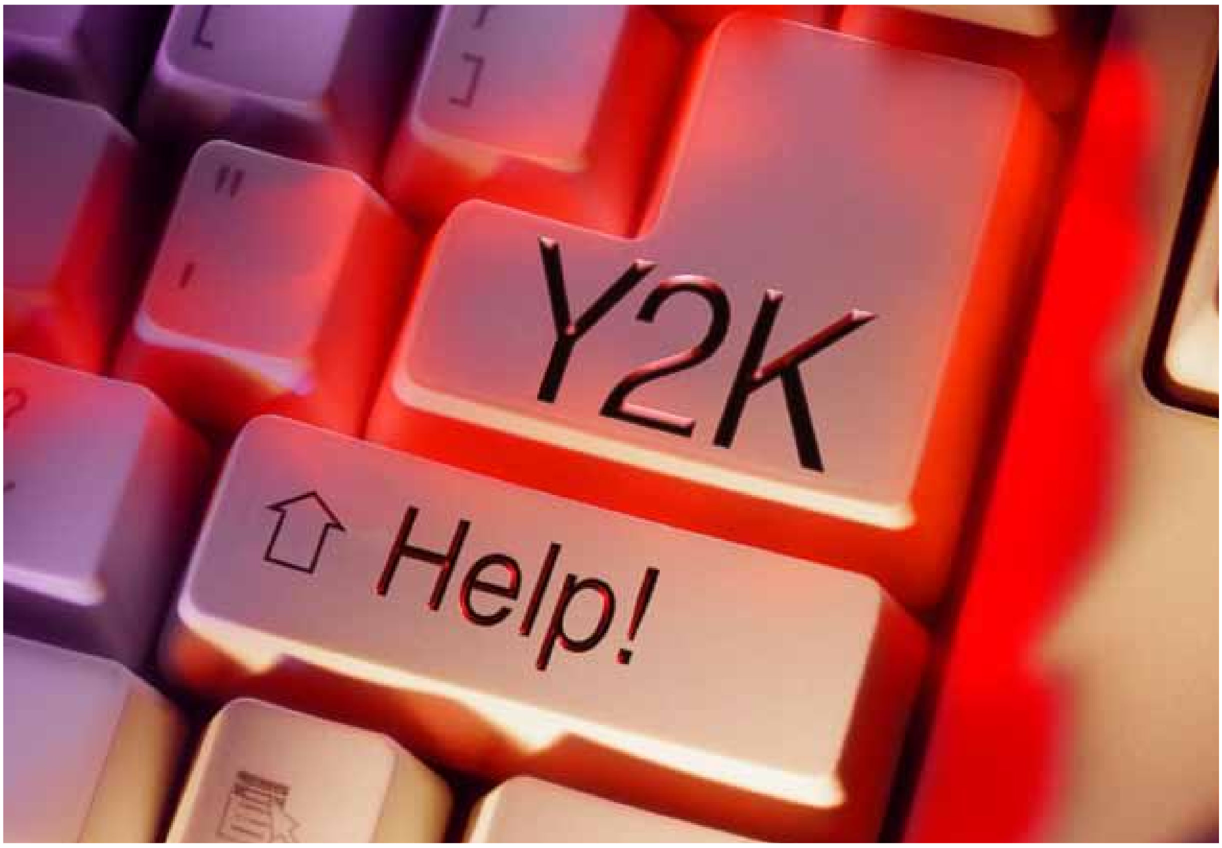
Already a year old hit in the United Kingdom, Harry Potter becomes a global phenomenon, making reading "cool" again to a new generation.

المجموعة المالية هيرميس
EFG HERMES
since 1984

1999

Ahmed Zewail wins the Nobel Prize in Chemistry for his work in femtochemistry.

المجموعة المالية هيرميس
EFG HERMES
since 1984



2000

Despite widespread fear, the year 2000 arrives with no significant failure of critical computer systems.

2001

The Enron accounting scandal breaks in October. It will lead to the dissolution of Arthur Andersen, one of the world's five largest audit and accountancy partnerships and set off lengthy investigations into corporate misconduct.

2002

Euro notes and coins roll out in France, Spain, Germany, Italy, Portugal, Greece, Finland, Luxembourg, Belgium, Austria, Ireland, Monaco, Vatican City and the Netherlands.

المجموعة المالية هيرميس
EFG HERMES
since 1984

2003

Protesters across the world pour into major cities to denounce the invasion of Iraq.

المجموعة المالية هيرميس
EFG HERMES
since 1984

2004

The Abu Ghraib prisoner
abuse scandal breaks.

المجموعة المالية هيرميس
EFG HERMES
since 1984

2005

More than1,800 people die as Hurricane Katrina batters the Gulf Coast. The historic city of New Orleans is the worst hit.

المجموعة المالية هيرميس
EFG HERMES
since 1984

2006

Lebanon withstands an Israeli invasion and forces it to withdraw.

المجموعة المالية هيرميس
EFG HERMES
since 1984

2007

The housing bubble bursts. The widespread use of poorly understood mortgage-backed securities will soon help set off a global financial crisis.

EFG HERMES since 1984

2008

Lehman Brothers files for bankruptcy.

2009

Bernard Madoff pleads guilty to charges that see him sentenced to 150 years in prison for orchestrating the biggest Ponzi scheme in history.

المجموعة المالية هيرميس
EFG HERMES
since 1984

25

YEARS

ONE REGION. ONE INVESTMENT BANK.

Preface

This year's annual report brings to life the major events of our 25 year history as both a firm and as citizens of a changing world. In this period, the building blocks of what EFG Hermes is today were set in place by the commitment of our employees to creating a unique institution in the Arab world — and in many cases, by their willingness to dream.

The creation of an organisation that by 2010 spanned nine countries, was driven by nearly 1,000 employees and comprised of an equity base in excess of USD 1.6 billion was not a painless process, nor did it come about without individuals and the organisation itself having sometimes been pushed to the limit. Against that background, we are particularly proud to say that the firm has maintained a culture of partnership among its officers while continuously improving the quality of corporate governance and risk management at all levels.

A number of individuals have left their mark on EFG Hermes in the past quarter century. We have asked a number of these people, including Dr. Mohamed Taymour, Dr. Ahmed Heikal and Mr. Charles McVeigh, our longest-serving independent board member, to write about their time with the firm. As you will read, we could scarcely have dreamt of creating an organisation that is as well positioned in the global investment banking industry as it is today.

That dream is today's reality, and as we look back on the occasion of our 25th anniversary, we also look forward to using what we built in our first quarter century as a launching pad for the expansion of our geography and our product offering in the coming 25 years.

With that, we offer all of our employees — past and present, junior and senior alike — our thanks for your contributions, for your dedication and for your commitment to EFG Hermes. Without your hard work or the confidence it inspired in our shareholders, this firm would never have transformed from a small financial consultancy into the regional player it is today.

Yasser El Mallawany and Hassan Heikal
Chief Executive Officers

Chairperson's Foreword

Present at the Creation

Although I have been Chairperson of EFG Hermes for only two years, I have had the pleasure of participating in the development of this firm since EFG was an unincorporated consultancy and I was the most junior of junior lawyers.

A quarter century ago, I was given a simple brief: Manage the incorporation and commercial registration of a small financial services consultancy named the Egyptian Financial Group, or "EFG" for short. Eight years later, in 1992, EFG entered my life again when I was tapped to advise on the legalities of forming a brokerage arm. Since then I have had the pleasure of serving as legal advisor to major investment banking transactions executed by both EFG Hermes and Fleming CIIC before the two merged into a single entity.

In 2006, I agreed to serve as Chairperson of the EFG Hermes Foundation, which seemed a pleasant and significant task at the time, complementing my human rights activities, but which paled in scope and responsibilities compared to what came next. In 2008, after careful consideration, I accepted one of the great challenges of my career to date as I became the first Non Executive Chairperson of what had in a 25 year period become the leading investment bank in the Arab world and the second largest global emerging markets investment bank.

The transformation of a modest start-up into what stands today as a globally significant financial institution has been simply amazing — and in many respects, the journey is just beginning. It has been a tremendous source of personal enjoyment and pride to see the firm grow and maintain its position as a market leader in both up and down markets.

Management and staff have weathered a sea of changes over the past 25 years, and throughout they have proven themselves as adept at planning strategy

Mona Zulficar
Non Executive Chairperson

in good times as they have been at finding opportunities in the depths of major downturns. This resilience and adaptability was a significant hallmark of the year just past.

In 2008, we were in many ways insulated from the full effects of the global financial crisis because the first half of that year saw substantial inflows on the theory that emerging markets had decoupled from their developed counterparts. In this sense, it was really in 2009 that we had to deal with the full impact of the global crisis spilling over into regional markets.

Maintaining our leadership position has not been without challenges, but I am pleased to report to our shareholders that EFG Hermes remained significantly profitable despite the fallout of the global crisis. The measures we implemented in the final months of 2008 to cut costs and immediately downsize our margin trading business and proprietary trading activities (which we have since closed completely) proved prescient. I am pleased to note that having weathered the worst of the storm, and although the bonus scheme remained quite conservative, we reversed the salary cuts implemented in the early months of the crisis by October of 2009. This decision was critical to our ongoing effort to attract and retain top talent in the face of aggressive competition.

Our ability to deliver on our promises to investors by upgrading our risk matrix and shoring up the revenue side was a major achievement in a year like 2009, where the fruits of diversifying into a stable earnings base through commercial banking were clear.

More critically, management took an active approach in shaping the firm's destiny last year rather than simply riding out the storm: Each line of business took active steps to find creative ways of realigning their strategies as they pursued new opportunities that leave us today even better positioned than we were heading into 2009.

Depressed valuations and lower levels of capital market activity throughout most of the year — and the substantial gap between buyer and seller expectations that emerged as a result — saw both equity and M&A operations at a standstill throughout the year. In light of that development, the Investment Banking Division continued not just to build its pipeline of new business, but also to launch new debt instruments and products that will give rise to additional landmark transactions such as the Mobinil bond executed in early 2010.

Meanwhile, Brokerage's drive to grow both its retail and online businesses has also paid off in a year in which we saw institutional business taper off in light of global conditions. We also continued to grow our market share in Kuwait (where we were ranked as the number one broker for the last five months in 2009) and Saudi Arabia (where we introduced participation notes, a new access product

that is now listed on the Irish Stock Exchange).

Private Equity, meanwhile, built a platform that will see it participate in an innovative new infrastructure investing partnership with Euro Mediterranean governments and private investors, while Asset Management won important new mandates and saw several key products finish the year atop the league tables.

As I write this, EFG Hermes has just marked another major milestone — the successful sale of our stake in Bank Audi for USD 913.4 million, an attractive premium to our entry and a very successful conclusion to a four year investment.

While I give management top marks for their performance, I believe it is important that we recognise the critical and significant role of our Board of Directors. Eight of the twelve members of the Board are non executive members, and each are outstanding professionals with impressive track records in banking and finance. Our directors continued to play a very active and dynamic role in helping EFG Hermes reduce its risk and enhance its position as the clear regional leader during difficult times. In 2009, we held eight board meetings in addition to several conference calls.

Throughout 2009, we continued to emphasise good governance. The Audit and Risk Committee, formed of three non executive board members, which I am honoured to chair, worked tirelessly, holding seven meetings in addition to conference calls and separate meetings with the external auditors to ensure that Executive Management was held accountable and that the Audit, Compliance and Risk Officers had the support they needed during this exceptionally difficult year. The Compensation Committee, also formed of three non executive members, continued to play its critical role of reviewing, monitoring and authorising any changes to the remuneration packages of senior management, to strike a balance between reducing costs, retaining talent and ensuring that the interests of senior management were aligned with the interests of the shareholders.

Our commitment to corporate social responsibility has remained equally steadfast. In a year of cost cutting on all fronts, our Board resisted the temptation to trim funding for the EFG Hermes Foundation. We remain committed to all of our programmes, particularly our flagship project in Ezbet Yacoub, which was recognised this year by the Egyptian Cabinet of Ministers' Social Contract Centre as "the model integrated development project of 2009."

There is no black and white answer to the question, "Is the worst of the crisis behind us," but given the strong fundamentals of the region and the solid financial position in which EFG Hermes closed the year, I am confident that we are on our way to full recovery. We will continue with our cautious approach as we move through 2010 and continue to focus on developing our core lines of business in a region that has ample growth potential.

In closing, I would like to personally thank the staff and Executive Management team for all their hard work and dedication not just in 2009, but over the past quarter century. I am a firm believer that people are our most treasured asset, and I am proud to note that in an industry dominated by men, one out of every four EFG Hermes professionals is a woman. This reflects our core values of equality and equal opportunity as we strive to be a market leader also in this domain. We continue to be an employer of choice not only in the region, but also internationally, having successfully recruited talent from the world's major financial centres as more and more people look for exposure to this dynamic region. ≡

1984

Record low rainfalls and insurgent unrest lead to some 8 million Ethiopians falling victim to famine. More than 1 million are believed to have died.

From the Chief Executive Officers

The Quarter Century Ahead

Last year started miserably as the world's financial system teetered on the brink of collapse in January and February, with nationalisation raising its head as governments intervened to remedy the excesses and mistakes of global financial institutions.

We believe the world was brought to that point by a flawed business model adopted and promoted by some global financial players that mutated — yes, mutated — into something that was structurally different from the reality of 20 or 30 years ago. In their quest for ever greater returns on equity, some leveraged their balance sheets excessively while simultaneously slicing and dicing instruments into new products whose risks profiles were profoundly misunderstood, at best.

By doing so, these actors allowed a mutation to evolve into something that was, in effect, uncontrollable. Allow us to draw an analogy from the pharmaceutical industry. After passing internal review at the end of a long R&D process, these would be products are subject to rigorous, controlled trials before ultimately being allowed onto the market by an external industry regulator. There is no analogous process in our industry.

Some may argue that the implications are different; the pharmaceutical sector, after all, deals with human lives. In this respect, they are partly correct, but the simple fact remains that the global financial industry has the power to create or destroy the capital that supports every human ambition, no matter how lofty or humble. We thus believe the world needs a more robust approach to financial regulation — a super regulator, if you will, that will control or tame new evolutions before they become malignant mutations.

The effects of these mutations — so acutely felt in the first quarter of 2009 — were compounded by an industry wide over reliance on short term or wholesale funding for leverage, with the result being unprecedented volatility in the marketplace.

At EFG Hermes, the story was different. Whether by luck or by design, we had no leverage. We did not rely on wholesale funding, and we had a negligible proprietary trading activity. As a result, we suffered in the first few months of 2009 not because of weakness in our business model or balance sheet, but because of low trading activity across our footprint and the effective closure of equities markets to new issues. As the year progressed, we found ourselves very well positioned to take advantage of the rebound because of i) our unrivaled balance sheet strength, ii) the breadth of our pan-Arab footprint, and iii) the macroeconomic environments of the countries in which we operate.

At one point during the global crisis, a friend of ours used a humorous analogy to explain why he felt our economies had fared so well vis à vis Europe and the United States, explaining that if two trains, each moving at 200 miles an hour, collide head on, the first carriages will be destroyed — but the passengers sitting all the way in the back will just feel a tremor!

In a way, that could be true. But the Arab world's comparatively robust rebound was also a function of both emerging market financial systems — and of financial institutions that never mutated.

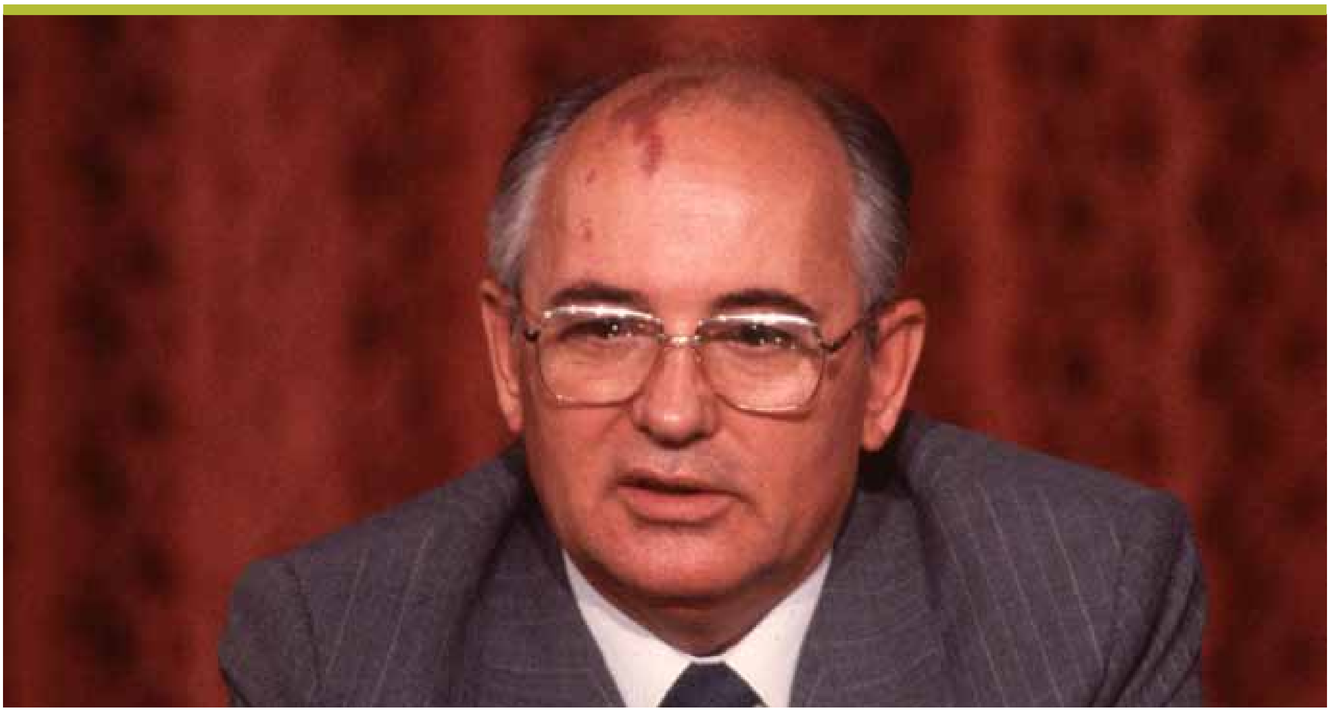
2009 saw our regional competitors significantly weaken as a result of high leverage, weak balance sheets and a legacy of slow adoption of corporate governance and risk management practices. It was also a year in which our balance sheet strength served not only to protect the franchise value of this organisation, but our ability to attract and retain high quality human capital — our most important asset.

Despite outsized challenges in the first half, EFG Hermes emerged from 2009 as the only true regional investment bank in the Arab world. The firm reported a profit despite a 33.8% decline in net consolidated revenues to EGP 1.43 billion as regional trading volumes plunged an average of 40%, incentive fees almost completely dried up, and equity capital markets remained shuttered until the fourth quarter. Notably, regional (non-Egyptian) operations accounted for 47.8% of total fee and commission income last year, up from 42.6% in 2008.

CEOs Yasser El Mallawany (right) and Hassan Heikal (left)

The firm's net profit after tax and minority interest declined 40.9% to EGP 551.8 million. Importantly, however, our core agency based businesses remained profitable, assisted by a 20.1% reduction in total operating expenses as the effects of the decisive cost cutting plan implemented in the final quarter of 2008 filtered in. Setting aside EGP 218.1 million in incentive fees booked in the first half of 2008, the comparative decline in net profit after tax and minority interest would stand at just 22.9%.

We are pleased to note that EFG Hermes Securities Brokerage finished 2009 as the largest broker in the region and the broker of choice for institutions and retail investors alike. Brokerage maintained its number one position in Egypt, on the DFM and the ADSM, and was number one in Kuwait during the



last five months of the year. As a result of the retail strategy the firm rolled out over the past two years, 50% of Brokerage's business in 2009 was contributed by retail, VIP, online and call centre clients — a key development as institutional business was curtailed for much of the year. Brokerage's appeal to retail and institutional investors alike grew as the firm's award winning Research Division continued to add stocks and economies to its coverage universe, with 96 shares under active coverage at year end 2009 compared with 76 at the end of the previous year.

Meanwhile, total assets under management within the group rose to USD 5.3 billion, of which USD 4.4 billion was in listed equities and money market funds and the remainder in private equity. EFG Hermes Asset Management built a pipeline of new mandates in the second half of 2009 for launch in 2010, including capital guaranteed and money market funds as well as the first Egypt dedicated fixed income fund. EFG Hermes Private Equity, meanwhile, laid the groundwork for the launch of its Syria Private Equity Fund and was chosen as the manager of the InfraMed Infrastructure Fund's Egypt pocket, all while maintaining the health of its existing portfolio companies, agreeing a handful of new investments, and executing three notable exits.

Although poor investor sentiment and a persistent disconnect between buyer and seller expectations translated into a difficult year for EFG Hermes Investment Banking, the Division executed the only significant M&A transaction in Egypt last year while building a considerable transaction pipeline for execution in 2010. Notable in this respect was the building of a debt capital market practice as the Division's third "line of business."

The year just past also marked a turning point in our pursuit of expansion after lengthy discussions with Bank Audi revealed that an amalgamation would be difficult in the near future. With one investment accounting for more than 50% of EFG Hermes' adjusted book value, it was clear divestiture should be considered. Management notes that the sale of the firm's 29.2% stake in Bank Audi was at a 15% premium to the then-ongoing share price. The firm realized an unconsolidated capital gain of USD 260 million on the USD 913 million transaction.

Looking ahead, we see numerous and substantial opportunities to expand both our geography and our product lines. In the months since the end of 2009, our first priority has been penetrating those Arab markets in which we do not already have a direct presence. Our announcement of the Syria Private Equity Fund was followed by news that the firm had obtained a full investment banking license in that nation, and we continue to screen opportunities in both Jordan and Libya, among other markets.

On the product lines front, we have already begun exploiting our balance sheet health to very successfully underwrite select debt and equity offerings to help grow that segment of the business, and we see particular promise for Asset Management in Africa and other regions beyond the Arab world.

1985

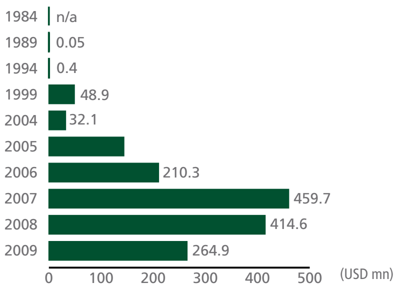
Mikhail Gorbachev becomes the seventh (and final) General Secretary of the USSR's Communist Party.

Most transformative, though, will be our planned drive into Sub-Saharan Africa — which many have correctly labeled the "final frontier" for investment banking — as well as our continued targeting of very substantial growth in our retail franchise. This expansion will see us continue to look for a commercial bank to transform our platform into a universal bank.

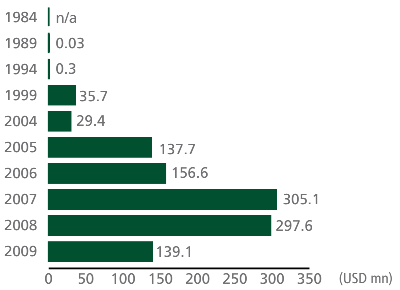
The past 25 years have marked a watershed for Arab economies and witnessed the birth of EFG Hermes not just as the largest investment bank in our region, but also as one of the largest institution of our kind in global emerging markets. This growth has come through the dedication, innovation and courage of our staff at all levels, and we are certain the same strengths will see the coming quarter century be no less transformative.

EFG Hermes at a Glance

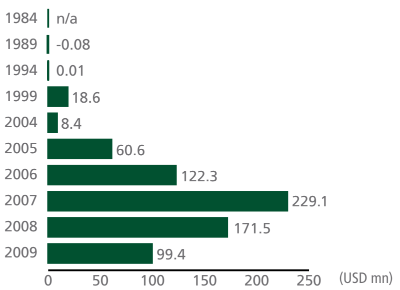
Total Revenues



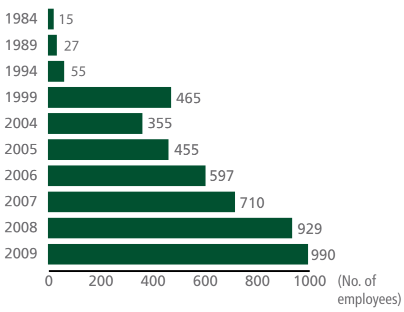
Fee & Commission Income



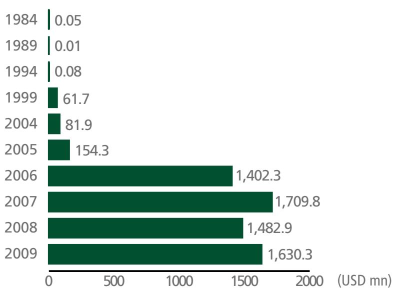
Net Income



Total Employees



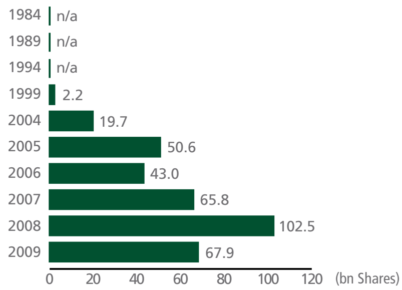
Shareholders' Equity



Securities Brokerage

Established in 1994, Securities Brokerage today serves more than 1,200 global and regional institutions and more than 52,000 retail clients. EFG Hermes is the largest brokerage in the Arab world, providing direct access to seven markets and indirect access to a further five markets.

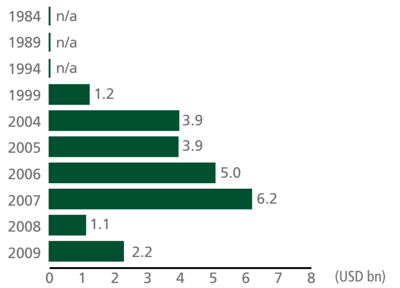
Brokerage Executions; Evolution of Total Volume Traded



Investment Banking

EFG Hermes Investment Banking traces its roots to the advisory services the firm offered even before its incorporation in 1984. The Division has raised more than USD 12 billion in equity and advised on M&A transactions of more than USD 20 billion over the past thirteen years.

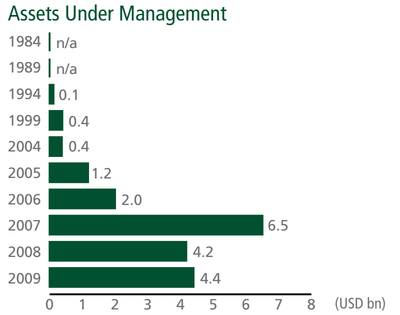
Value of Investment Banking Equity, M&A and Debt Transactions by Year



Asset Management

Established in 1994, the Division manages regionally dedicated funds and discretionary portfolios including traditional and alternative investment solutions: equity, fixed income, money market, indexed, capital guaranteed, and Shariah compliant (Islamic) mandates.

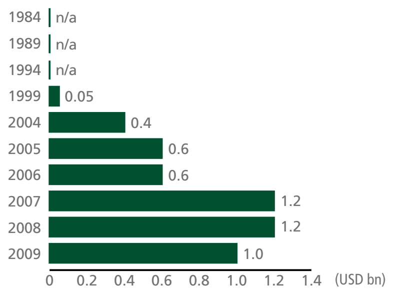
Assets Under Management



Private Equity

Building on a 13 year long investment track record, Private Equity has moved beyond its strength in Egypt to become a fully regionalised business with a mandate to manage a considerable portion of the novel InfraMed Fund, which will invest in infrastructure across the southern Mediterranean.

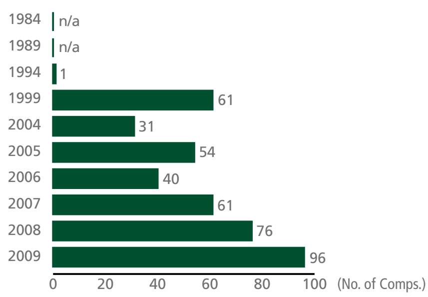
Private Equity Funds Under Management



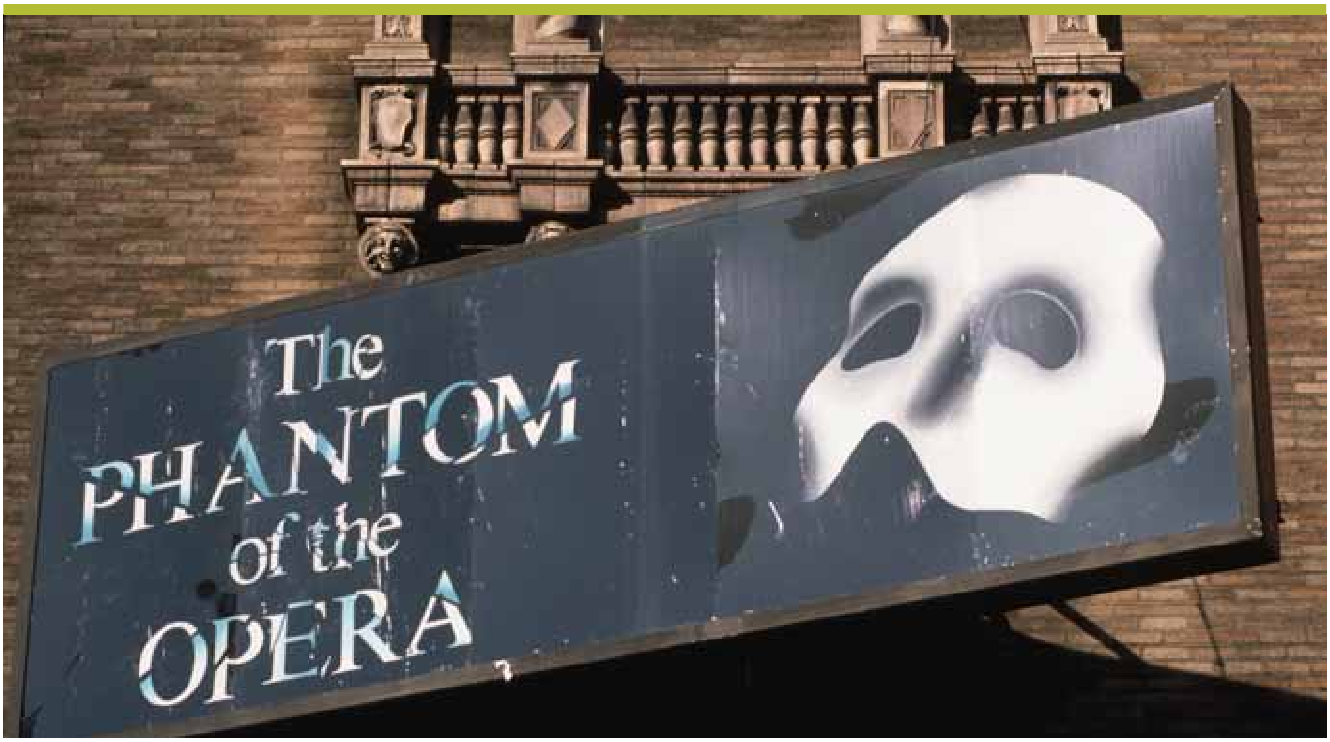
Research

EFG Hermes Research published its first research report in 1994. Now the top ranked research department in the Middle East and Africa, it covers every Arab country with a stock market, offering bilingual coverage of equities, sector and economy research covering more than 50% of the market capitalisation in the Arab world.

Companies Under Active Coverage by Year



25 YEARS



Where We Were, Where We Are Today

Investment Bank Platform					
	Securities Brokerage	Investment Banking	Asset Management	Private Equity	Research
Egypt	✓	✓	✓	✓	✓
UAE	✓	✓	✓	✓	✓
KSA	✓	✓	✓	✓	✓
Qatar	✓	✓	✓	✓	✓
Kuwait	✓	✓	✓	✓	✓
Oman	✓	✓	✓	✓	✓
Lebanon	✓	✓	✓	✓	✓
Syria	✓	✓	✓	✓	✓
Jordan	✓				
Morocco	✓	✓	✓	✓	✓
Bahrain	✓	✓	✓	✓	✓

Physical presence ✓ 2005 ✓ June 2010

1986

The Phantom of the Opera, the longest running Broadway show in history, opens in Her Majesty's Theatre in London.

Our Selected Transactions

Orascom Telecom
Advisory on
Rights Issue
USD 800,000,000
Joint Lead Manager
& Bookrunner
March 2010

SODIC
Advisory on
Rights Issue
USD 100,000,000
Sole Financial Advisor
& Underwriter
January 2010

mobinil
Advisory on
Fixed Rate Bonds
USD 274,000,000
Sole Financial Advisor
& Underwriter
January 2010

ENPC – Egyptian Nitrogen Products Company
Advisory on
Arrangement of Syndicated
Debt Issue
USD 1,050,000,000
Joint Financial Advisor
December 2009

Actis – The positive power of capital
Advisory on
Acquisition of 9.3% Stake in
CIB
USD 244,000,000
Sole Buy Side Advisor
July 2009

Palm Hills Developments
Advisory on
Initial Public Offering
USD 343,000,000
Joint Global Coordinator &
Bookrunner
May 2008

MOS
Advisory on
Initial Public Offering
USD 273,000,000
Sole Global Coordinator &
Bookrunner
May 2008

Alliance Housing Bank – Your dreams... Our business
Advisory on
Sale of 35% Stake to
البنك الأهلي المتحد
ahli united bank
USD 132,000,000
Sole Sell Side Advisor
December 2007

EFG Hermes Timeline

1980

- Mohamed Taymour and two friends create Technical Financial Services with only a secretary and a telex machine in an office shared with an architectural firm.

1984

- The firm has grown to include six professionals and is incorporated this year as the Egyptian Financial Group (EFG).
- The young lawyer handling the incorporation, Mona Zulficar, will go on to become the firm's first independent non executive chairperson.

1990

- Mohamed Taymour's partners leave to pursue employment opportunities in the Gulf.

1990s

- A new generation of leaders within the firm begins to take shape. Their vision will build Egypt's first homegrown, full service investment bank.

1992

- Ahmed Heikal joins EFG after completing his PhD at Stanford, looking for work to "support his teaching habit," as he will later say.
- Egypt's Capital Markets Law is passed.

1987

In Berlin, US President Ronald Reagan urges Soviet leader Mikhail Gorbachev to "tear down this Wall!"

Our Selected Transactions

TMG HOLDING Future Builders
Advisory on Initial Public Offering
USD 991,779,769
Joint Global Coordinator & Bookrunner
November 2007

Advisory on Sale of 96% Stake to NBK
USD 1,018,838,820
Sole Sell Side Advisor
October 2007

Advisory on Sale of 45% Stake to Leighton Holdings
USD 862,000,000
Sole Sell Side Advisor
September 2007

EFC
Advisory on Sale of 100% Stake to ABRAAJ
USD 1,410,000,000
Sole Sell Side Advisor
June 2007

solidere
Advisory on Company DIFC Incorporation & Capital Increase via Private Placement
USD 700,000,000
Lead Placement Manager
June 2007

MATTEX
Advisory on Sale of 100% Stake to TENCATE
USD 178,000,000
Sole Sell Side Advisor
February 2007

Telecom Egypt
Advisory on Acquisition of 23.5% Stake in vodafone Vodafone Egypt
USD 981,028,161
Sole Buy Side Advisor
October 2006

ORASCOM CONSTRUCTION INDUSTRIES
Advisory on Private Placement & Rights Issue
USD 659,773,750
Joint Financial Advisor & Lead Manager
April 2006

EFG Hermes Timeline

1993

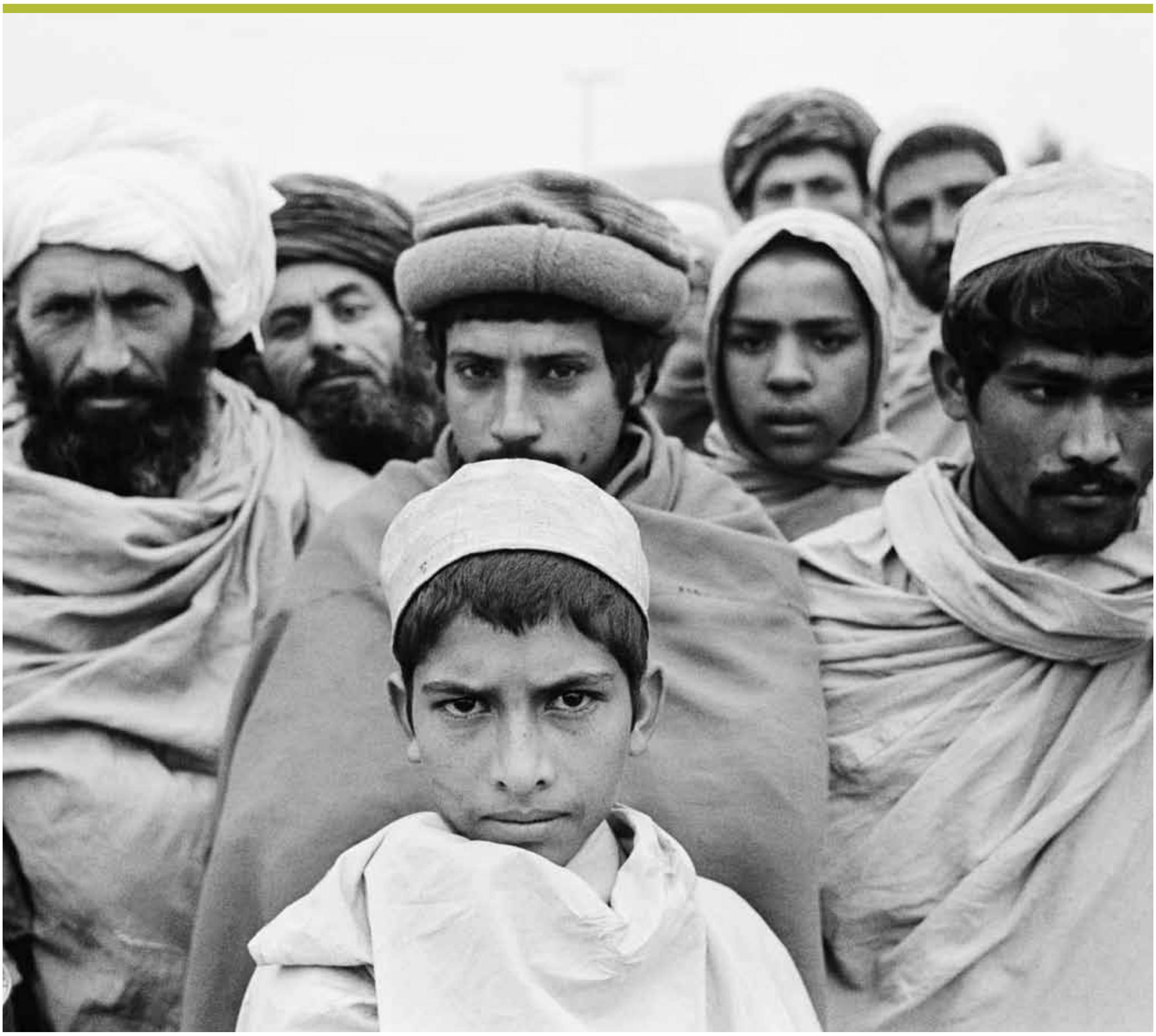
- During a country visit, a group of early clients sketches out the lines of business of a full investment bank, encouraging the team to make a transformative leap.
- The firm makes a commission of EGP 180,000 advising the EMM Africa Fund run by John Niepold on its CIB and Suez Cement transactions. The mood within the firm is now predisposed to equity transactions.

1994

- EFG launches both its asset management and brokerage businesses.
- First research report — a company report on Amreyah Cement — is published.

1995

- Privatisation transactions are the order of the day. Visiting while on vacation from Goldman Sachs, Hassan Heikal (today's CEO) watches a cement privatisation transaction close and soon after enters negotiations to join.



1996

- Merger with Hermes Financial takes place. The Egyptian Financial Group is now EFG Hermes.
- The executive committee of EFG Hermes now includes Aladdin Saba and Aly El-Tahri.

1997

- EFG Hermes Egypt Fund is named the Best Performing Fund in Egypt. World Equity names the firm Best Research House in Egypt.
- Horus I, EFG Hermes' first private equity fund, is launched.

1988

Soviet Union signs accords committing to a timetable for withdrawal from Afghanistan.

Our Selected Transactions

du
Advisory on
Initial Public Offering
USD 660,490,000
EFG HERMES
Sole Global Coordinator & Bookrunner
March 2006

TECOM INVESTMENTS
Advisory on
Acquisition of 40% Stake in
axiom telecom
USD 308,000,000
EFG HERMES
Sole Buy Side Advisor
December 2005

المصرية للاتصالات Telecom Egypt
Advisory on
Initial Public Offering
USD 890,803,221
EFG HERMES
Joint Global Coordinator & Bookrunner
December 2005

SOCIETE GENERALE
Advisory on
Acquisition of 91% Stake in
MIBANK MISR INTERNATIONAL BANK
USD 379,582,759
EFG HERMES
Sole Buy Side Advisor
August 2005

ASEC CEMENT
Advisory on
Sale to
Suez Cement
USD 584,000,000
EFG HERMES
Sole Sell Side Advisor
August 2005

Ciments Français Italcementi Group
Advisory on
Acquisition of 39% Stake in
Suez Cement
USD 405,250,360
EFG HERMES
Sole Buy Side Advisor
March 2005

Communications & Information Technology Commission
Advisory on
Sale of 2nd Saudi GSM & Data License
etisalat
USD 3,457,432,125
EFG HERMES
Joint Sell Side Advisor
August 2004

zain
Advisory on
Acquisition of 91.6% Stake in
Fastlink
USD 423,900,000
EFG HERMES
Sole Financial Advisor
December 2002

EFG Hermes Timeline

1998

- EFG Hermes goes public in July via a USD 50 million GDR offering.
- Investment Banking serves as advisor to Vodafone in its acquisition of the second Egyptian GSM license, a defining M&A transaction of the period, and advises the fledgling operator on the raising of USD 706 million in debt.

1999

- Citigroup acquires 20% of EFG Hermes.
- Flagship EFG Hermes MEDA Fund is launched with investments coming from European and regional institutional and HNW investors.

2000

- First EFG Hermes One on One Conference takes place in Sharm El-Sheikh, with six Egyptian presenting companies and 15 investors. In 2010, 60 regional companies and 264 investors attend.
- EFG Hermes advises Orascom Telecom on the largest IPO in Egyptian history, setting a trend that will be topped by Telecom Egypt (2005) and Talaat Moustafa Group (2007).

2001

- Fleming CIIC joins the EFG Hermes family, creating a true national powerhouse with clear regional ambitions. Yasser El Mallawany (today's CEO) joins EFG Hermes' executive committee.
- The Research Division initiates coverage of Qatar and Kuwait.

2002

- The regional expansion drive begins as EFG Hermes acquires a "professional license" for the United Arab Emirates.

2004

- First management incentive scheme introduces a successful retention plan that also aligns management and shareholder interests.

1989

The oil tanker Exxon Valdez runs aground, causing one of the worst man made natural disasters in history.

Our Selected Transactions

Al Ahram Beverages Company	Chipsy Food Industries	Orascom Telecom	Cimpor
Advisory on Sale of 100% Stake to	Advisory on Sale of 100% Stake to	Advisory on Initial Public Offering of Common Shares & Global Depository Shares	Advisory on Acquisition of 100% Stake in
Heineken International	PepsiCo		Ameryah Cement Company
USD 286,860,000	USD 108,364,790	USD 330,000,000	USD 481,640,580
EFG Hermes	EFG Hermes	EFG Hermes	EFG Hermes
Sole Sell Side Advisor	Sole Sell Side Advisor	Sole Global Coordiantor & Bookrunner	Sole Buy Side Advisor
September 2002	January 2001	July 2000	March 2000

Orascom Construction Industries	Jordan Cement Factories	Vodafone Egypt	Vodafone Egypt
Advisory on Initial Public Offering of Common Shares	Advisory on Sale of 33% Stake to	Advisory on Arrangement of Syndicated Loan	Advisory on Acquisition of 2nd Egyptian GSM License
	Lafarge		
USD 107,936,030	USD 100,531,225	USD 705,882,350	USD 516,176,471
EFG Hermes	EFG Hermes	EFG Hermes	EFG Hermes
Sole Global Coordinator & Bookrunner	Sole Sell Side Advisor	Sole Financial Advisor	Sole Buy Side Advisor
March 1999	December 1998	December 1998	May 1998

EFG Hermes Timeline

2005

- After a symbolic first trade in late December 2004, the full range of services rolls out at EFG Hermes UAE as part of the firm's regional expansion plan.

2006

- Two capital increases raise USD 1 billion.
- Acquisition of a 20% stake in Bank Audi, a leading regional retail bank, as the firm unveils its universal banking strategy.
- Full Saudi Arabia license acquired.
- Online trading and call centre businesses roll out in both Egypt and UAE.

2007

- EFG Hermes Research tops Euromoney's Middle East Research Poll, a performance that will be repeated in 2008 and 2009.
- Investment Banking closes four transactions each worth more than USD 1 billion.
- Launches the USD 500 million MENA Opportunities Fund along with leading international partners.
- Introduces USD 580 million Horus III PE fund.

1990

Egypt returns to the FIFA World Cup, qualifying after a 56 year absence.

2008

- First independent non executive chairperson is appointed.
- Firm enters Oman and Kuwait through acquisitions.
- Launches the USD 160 million EFG Hermes Saudi Arabia Equity Fund.

2009

- EFG Hermes is the largest Arab investment bank — and the second largest in global emerging markets.

2010: EFG Hermes relocates headquarters to Smart Village, Egypt.

Letter from
Dr. Mohamed Taymour

It was a hot August day in 1980 that witnessed the humble beginnings of what would become the largest investment bank in the Arab world. With two friends, I decided that Egypt was entering an era in which private sector investors and institutions would need professional advice in raising funds and negotiating with the government dominated banking sector. With only a secretary and telex machine, and sharing a small apartment with an architectural office, we launched the predecessor of EFG Hermes under the name of Technical Financial Services (TFS). By 1984, the firm had grown to a total of six professionals and we officially incorporated it as the Egyptian Financial Group (EFG). The rest, as they say, is history.

The period 1984-1992 saw many ups — and a few downs. By 1990, my two partners left the business to accept lucrative employment in the Gulf and I assumed full responsibility for running the firm. The first Gulf War and Egypt's active involvement in it created an opportunity to settle Egypt's debt through the Paris Club. A condition of the settlement was for Egypt to undergo a massive economic restructuring that was to include an ambitious privatisation program. Financial advisors were needed to help with this effort, and EFG was the natural choice for this job, winning a flood of assignments that prompted me to increase our staff base by attracting new talent.

In 1992, Egypt passed a new law to regulate capital market activities including brokerage, asset management and other investment banking functions. Within two years, EFG had started a full service brokerage company and an asset management firm running four mutual funds. At the same time, we continued to offer advisory services on privatisation, M&As, underwriting and investment promotion.

By 1996, Hermes Financial Services, a smaller but very active competitor, merged into EFG to form EFG Hermes. Fast growth took over and we began to expand our services out of Egypt. Five years later, in 2001, private equity specialist CIIC merged into the group. Profits soared and the firm's staff grew to over 400, 60% of whom were professional employees.

At the same time, we launched the first of our monthly Culture Lecture Series, with Dr. Zahi Hawass (then a promising archaeologist) delivering the inaugural lecture. The rationale was simple: Yes, we were globally experienced. Yes, we were financial professionals. But we were also Egyptian. Among the many who followed Dr. Hawass were the great colloquial poet Ahmed Fouad Negm and the famous writer and thinker Mahmoud El-Saadani.

Looking back at this period, I can identify with clarity the factors that contributed to the success of EFG. The first was our choice of people. Convincing Dr. Ahmed Heikal, who had just come back to Egypt with a PhD from Stanford in 1991, to abandon an academic career and join EFG proved to be an important turning point for the firm. His intellect, leadership, and

25 YEARS

enthusiasm contributed enormously to the firm's growth. Hassan Heikal, Aladdin Saba, Ali El-Tahri, Ramsay Zaki, and at a later stage, Yasser El Mallawany, all had crucial inputs in our success.

The second factor was our ability to create a team spirit that permeated the whole organisation. This was only possible by making key personnel co-owners of the firm through gradually relinquishing ownership to these individuals, as well as putting in place a stock option plan that extended to all professional staff.

The third factor was our adherence to a strict code of ethics that to this day gives the clients' interests priority and forces the firm to avoid any actions that might carry the slightest whiff of impropriety. This may seem natural in established markets, but in a new and still loosely regulated market it was a rarity. By the same token, we knew it was the only way to earn clients' trust and command the respect of the market.

Of course, we were also lucky that our region went through a major economic uptrend over the last 30 years that saw the private sector gain ground and become the prime mover of the economy as opposed to the government and public sectors. This created a need for financial intermediaries, and EFG Hermes was there to offer this service long before other competing firms came to exist.

By 2005, I felt that at the age of 63 it was time to retire. The firm was in good hands and its ability to maintain its leadership position assured. I announced my intention to retire at the end of the year.

At 25, EFG Hermes is still a young firm, but the accumulated experience within the firm is enormous. By operating in a region that went through a tremendous change over the last quarter century and by going through many cycles of ups and downs, the firm has acquired what we can call institutional wisdom and status that allow it to stand tall among international peers that are much older.

I truly feel proud that I was part of the team that made this possible. ≡

1991

Twentieth century icon Pan American World Airways, which led the introduction of jet aircraft, jumbo jets and computerised reservations, ceases operations.

Letter from
Mr. Charles McVeigh III

I have enjoyed participating in the transformation of EFG Hermes since my first day on the board nearly a decade ago, when Citi (my then and current employer) took a 20% equity interest. Indeed, the challenge has been rewarding enough for me to have agreed to stay on as an independent director long after Citi sold its stake.

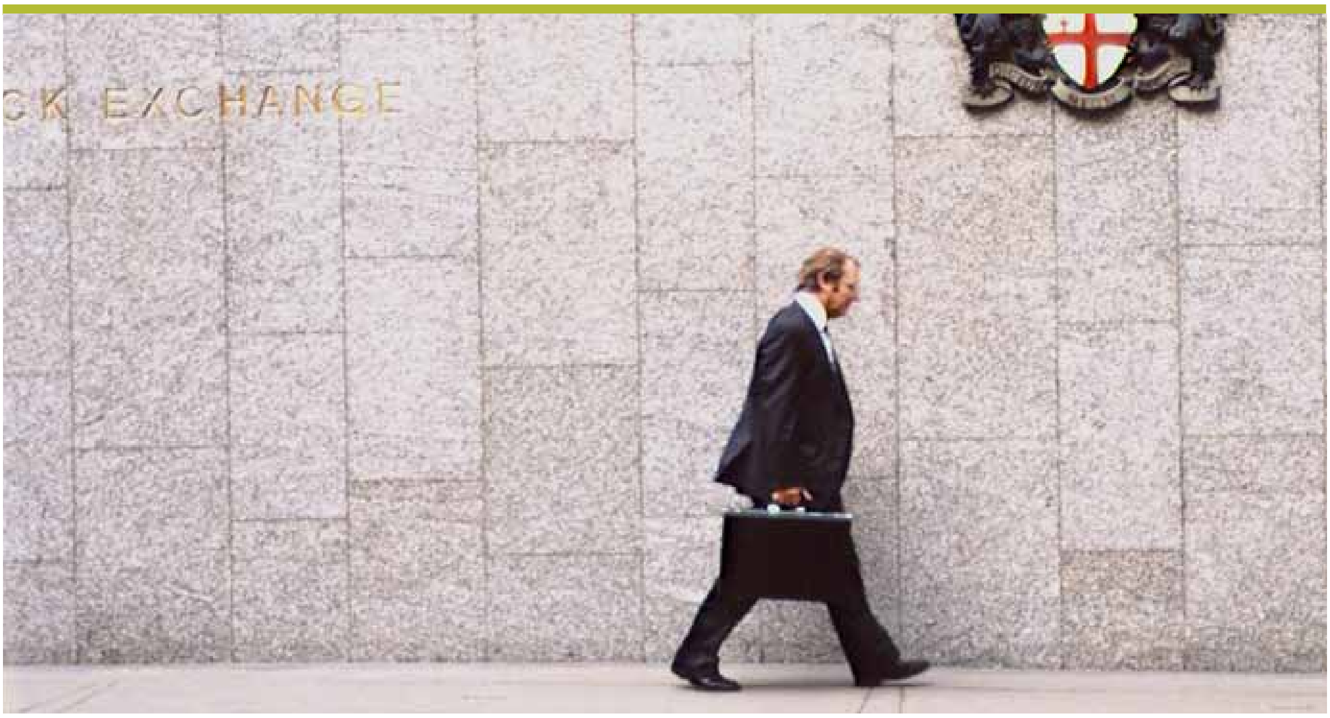
I was already something of a veteran of the region when Citi tapped me to represent it on the Board in 2000, having begun developing in the 1970s Salomon Brothers' Middle East business with regional institutions and Arab central banks — the precursors of today's sovereign wealth funds — as they managed their countries' reserves. In this sense, you must remember that if you were active in emerging markets even as recently as a decade ago, the Middle East was not terribly relevant. From a capital markets perspective — brokerage, distribution, investment banking, asset management — it was simply not as important as it is today.

Yet Citi saw something in the EFG Hermes story, and if nothing else they bought into the promise held out by Mohamed Taymour, Hassan Heikal and Ahmed Heikal that this Egyptian investment bank really could create a regional distribution and asset management platform, a pan-Arab investment banking franchise.

Then, as now, it was all about people — these aggressive young investment bankers trying to push the boundaries of what EFG Hermes could do. Hassan, in particular, was always proposing that we conquer the world from this young structure. It may have seemed far fetched to many at the time, but the firm's early critics missed a key point: Because of Dr. Taymour and his vision, EFG Hermes was already home to a world class management team that was looking to apply to the Arab world what they had learned in global markets.

This team proved vital as the firm embarked on its expansion strategy following the merger with CIIC, with its Fleming connection, which brought Yasser El Mallawany into the EFG Hermes family. It wasn't just that management was locally experienced and well versed in global best practices; it was that our story was so compelling that we had attracted the depth of talent we needed on the bench to roll out new operations in Abu Dhabi, Dubai, Kuwait, Oman and Saudi Arabia. By the time the Middle East began to gain in global attractiveness, we were there: EFG Hermes was ideally positioned to serve as a proxy for the region.

Near the peak of the market in 2006-2007, as our market cap hit the USD 4 billion mark — contrast that figure with USD 160 million when I joined in 2000 — we began discussions about becoming the first locally grown pan-Arab universal bank. I'll be frank: I wasn't terribly excited about diversifying away from the very core of our business and had particular reservations about commercial banking. With the advantage of hindsight, I give Hassan and Yasser high



marks for their vision: We had a great one way run through 2007, but they knew instinctively how volatile emerging markets could be. Today, it is clear that diversifying into a very stable earnings base by acquiring a significant stake in Bank Audi made a great deal of sense.

It made more than USD 900 million worth of sense, in fact, and this leads me to my next point: Our management team does not just possess talent and a strong vision, it also has a habit of making the right calls at the right time. Management launched its regional expansion strategy before the Arab world was really on the radar of EFG Hermes' global competitors. Our senior executives led a very early and rapid response to the looming global financial crisis in the second half of 2008 and into 2009, allowing us to weather a storm that adversely affected many in our industry. And the timely sale of our stake in Bank Audi leaves us today as one of the most liquid investment banks in the world.

Today, EFG Hermes is by far the largest investment bank in the Arab world. Our pan-Arab position is unrivalled, our market cap is healthily above USD 2 billion and we are sitting on more than USD 1 billion in cash. Equally vital, our management team is almost entirely intact. As Chairman of the Remuneration Committee, few know as well as I do how important it has been to retain our best people when most everyone who enters our market targets EFG Hermes executives.

Throughout, I have welcomed the opportunity to continue my involvement with EFG Hermes not just because this institution fascinates me, but because it has changed the way this entire region does business. EFG Hermes does not just represent major domestic or regional clients. The firm is not just the advisor of choice for internationals looking to acquire a local asset. It is in large part because of EFG Hermes and the developments it has inspired on regional capital markets that there are Arab multinationals fanning out into the world at large.

Faith in good governance is more than just an imperative for corporations and those who invest in them — it's an equally important personal consideration for independent directors such as myself. In this respect, I note that I continue to work with EFG Hermes because Hassan, Yasser, Sherif Cararah, Ramsay Zaki and their colleagues have created world class structure backed by proven policies and procedures. Across the Arab world — in a multiplicity of jurisdictions and through a wide range of legal structures — this team has put together a compliance and governance structure that safeguards everyone's interest at the same time as it supports the delivery of operational and financial results.

As for the coming 25 years? The firm's culture is so strong — and its war chest so substantial — that it is clear to me that we will expand into those Arab markets where we do not already enjoy a physical presence. The real challenge, however, will be to see in what other areas (geographic or disciplinary) our management talent, cash and systems may be applied to create value for our shareholders.

The past decade has been a wonderful ride, and I look forward to helping the firm write the next chapter in its development in the decade to come.

1992

"Black Wednesday": The pound sterling and Italian lira are forced out of the European Exchange Rate Mechanism.

Letter from
Dr. Ahmed Heikal

I was looking for a part time job to support my teaching habit when I joined a small, respected consulting firm known as the Egyptian Financial Group in 1992, having returned to Egypt to pursue a career at Cairo University after completing my doctoral dissertation. Little did I know that I had just embarked on a course that would absolutely change my life.

Within a year of my signing on, it was clear there were two camps within EFG: One interested in remaining a consultancy, and another that saw immense potential on the capital markets side after the legislative reforms of 1992. I was the one pushing for deeper involvement with capital market transactions. In 1993, we made a commission of EGP 180,000 — then an enormous sum for a day's work — advising John Niepold's Africa Fund on its transactions on CIB and Suez Cement. That convinced Dr. Taymour and Hany Tawfiq that perhaps I was onto something.

The next major milestone in our transformation came that same year, when we arranged a country visit to Egypt for Daniel Smaller (then at Lehman Bros.) and three fund managers: Arminio Fraga of Soros (later head of the Central Bank of Brazil), John Legatt of GT Management and Tom Trimborn of Capital International. Both Arminio and John became great clients of ours, but more importantly they convinced us to transform the firm into an investment bank. We knew so little in those days: These guys literally sat down and sketched out the structure and revenue streams on a piece of paper.

But to transform you need good people, and so it was that early the following year I went to Dr. Taymour to convince him we needed to hire Ramsay Zaki, Hussein Abaza and Mohamed Nabih. I had proposed salaries in the EGP 4,000 per month range, and Dr. Taymour summoned me to his office to defend having made such princely salary offers. After much discussion he agreed to the hiring, saying only that he prayed to God I knew what I was doing.

In 1994, as the executive regulations governing the capital markets law came down, we hit another turning point as Dr. Taymour and Hany relented and gave their blessing to our buying a brokerage house and starting up the asset management firm. I still remember our sales strategy as we started seriously building out the distribution business: Nobody outside Egypt really knew who we were, so we would all come into the office on Fridays to cold call asset managers. We chose the houses we would call by whether their listings were bolded in the Yellow Pages. That's how we built the international side of the business — one cold call at a time.

Later that year — at around the same time as we launched the EFG Index — I bought 10% of EFG from Dr. Taymour and Hany for EGP 100,000 using money I borrowed from my father. This kicked off discussions that preoccupied us throughout 1994 and 1995: The only way we would attract and retain top talent would be if we had equity to offer. Soon after, Hany Tawfiq and I found ourselves arguing over how we valued a company, and I demanded to know how he valued EFG.

Hany walked me through the valuation, and I made him an offer on the spot. On November 12, 1994, I wrote him cheque number 229328 for LE 1 million drawn on CIB for his stake of 36%. In the transaction that ensued, Dr. Taymour increased his stake from 54% to 65% and I raised my stake from 10% to 35% and used it as the basis to offer equity to top talent.

As this was happening, EFG made its name on cement — yes, cement. From late 1994 and through 1995, we took companies including Torah, Helwan and Amreyah Cement public. As it happened, Hassan Heikal (with whom I had once discussed starting our own venture) was back in Egypt for vacation from Goldman Sachs. He stopped by the office as we were closing a Torah Cement transaction and found it fascinating. We started negotiations then and there for him to join the firm. Dr. Taymour did not want to meet Hassan's asking price, and Hassan did not want to be seen as "the younger brother," so we struck an agreement: We would pool our earnings and he would get 70% of what I made in the first year, 80% in the second year, and 90% thereafter. By the end of 1995, Hassan had joined us and he, Ramsay, Hussein and Mohamed Nabih all got shares. Next to join was Sherif Cararah, who I hired in 1995 to head Brokerage.

Looking back, the momentum seems almost unstoppable. Late in 1995, Ali El-Tahri and Aladdin Saba, Hassan and I were at a dinner that Ramsay was hosting. That was the first time we discussed a merger with Hermes. Hassan said he wanted to run with it, and he did. I still remember the day we announced the merger — Hassan and I sat down in Mme. Salwa's old room to design our new logo, which consisted of little more than the EFG and the Hermes logos placed side by side.

During this period, the firm's profits doubled every single year, reaching an early high as we took Orascom Construction Industries public in 1997. A million pounds became EGP 2.2 million, then 4.4, 10, 22, 43, 73. It was around that time that we started talking about going public. Swiss Bank Corporation (SBC) won the mandate. It soon transpired that they wanted to buy EFG Hermes themselves, but two months later SBC merged with the Union Bank of Switzerland to form what is today UBS and the people we were talking with no longer existed. A few months later, Merrill Lynch won the mandate and we went public.

In 1998, I hired Mohamed Arafa, a level headed guy from the Egyptian Gulf Bank. He is now EFG Hermes' CFO and a true pillar of the firm. My only regret is that he declined to join me during the early days of Citadel Capital.

Yes, we took a great many companies public during my time with EFG, but Orascom Telecom really stands out. It was the biggest of the early IPOs, a deal that was done in very difficult circumstances. I still remember Marwan Elaraby, who is now a managing director with me at Citadel Capital, coming down from the fifth floor at 4am on the day we closed the IPO and saying, "Forget it, call it off. The IPO isn't covered." It was right down to the wire, but with a lot of favours and charm, we closed the deal. It was later named the top emerging markets deal of the year…

This, of course, brings up all the memories of the post-merger shakeout, during which time I was variously head of Investment Banking, Brokerage and Asset Management before moving on to private equity at the start of the decade just passed. It was absolutely a challenging time — mergers are incredibly difficult to pull off, and while we did it, it wasn't without periods of acrimony.

Within two years, I was waist deep in the worst deal I have ever done — Fonoun, a private equity investment that over-stretched the resources of EFG Hermes at the time. Decisions made in the first hours of its conception plagued it until the company was sold. I left EFG Hermes in 2001 to try to make something out of it, and every rough lesson I learned during the Fonoun days contributed to my understanding of how not to do private equity.

Today, my ultimate triumph is being remembered at EFG Hermes as an inspirer. At the firm's farewell party for Dr. Taymour in 2006, Hassan paid me the ultimate compliment when he said, "Ahmed Heikal is to EFG Hermes what Mohamed Aly is to Egypt. Today, Mohamed Aly is remembered for having modernised our nation, for having built roads, canals, dams and an industrial economy — not for having lost his last battle."

I don't remember any one deal as the defining feature of my time with EFG Hermes. Not OT, not Orascom Construction Industries, not Ezz Steel. Instead, I remember that from 1997 through 2000, none of us ever really wanted to go home. We would sit around until midnight, 1am, 2am — in mine or Ramsay's office (which is now Arafa's office) and sit and debate and talk. There was a camaraderie that was really unique — it was the spirit on which the firm was built.

Ultimately, our business is all about people. Bring great people into a good environment and they will produce. The genius of Mohamed Taymour is that he recognised this and thus allowed a unique dynamic to prosper under his very watchful eyes. That was genius. He could have tampered with it and it would have fallen to pieces. Instead, he trusted the people we brought into the business and created a giant. ≡

1993

Maastricht Treaty comes into effect: The single market and its freedoms on the movement of goods, services, people and money become a reality.

EFG Hermes

Annual Report 2009

1994

Nelson Mandela is inaugurated as South Africa's first black president. The leader of the African National Congress had served 27 years in jail.

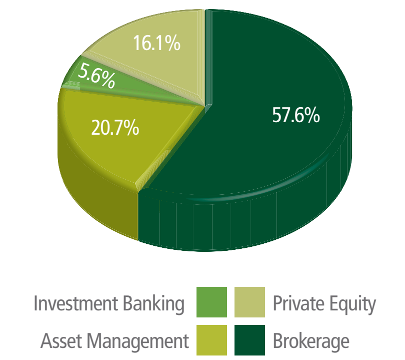
Highlights of 2009

- Decisive cost cutting programme ensured profitability of core investment banking operations despite extremely challenging conditions that saw a 40% decline in market activity across the firm's footprint and continued investment in newly acquired operations
- Number one broker in Egypt and United Arab Emirates. First broker to finish as number one in UAE in back to back years. Largest broker in Kuwait the last five months of FY 2009
- Largest retail broker in the region with more than 52,000 clients and broker of choice for more than 1,200 global and regional institutions
- Top ranked research house in Euromoney poll for the third year running with 96 stocks (representing more than 50% of Arab world market capitalisation) under coverage, up from 76 at the end of 2008
- Total assets under management of USD 5.4 billion, including approximately USD 1 billion in private equity funds and USD 4.4 billion across 29 funds and 61 discretionary portfolios
- Mandate to manage a portion of the innovative InfraMed Infrastructure Fund, including the Egypt pocket. Laid the groundwork in 1Q 2010 for launch of Syria Private Equity Fund
- Launch of considerable debt practice as third line of business of Investment Banking Division, including Egypt's first bond to be underwritten by an Investment Bank closed in 1Q 2010
- Closed only major M&A transaction in Egypt in 2009 for global investor Actis, built strong pipeline of equity transactions for 2010
- Top 50 shareholders own 73.2% of the firm and include 33 Western institutions and fund managers
- Exploiting unrivalled balance sheet to underwrite select transactions

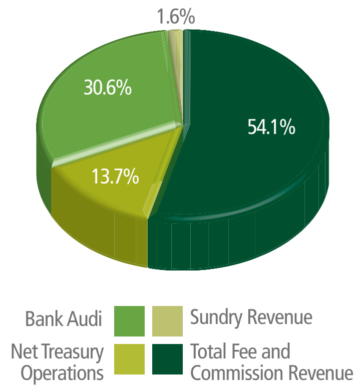
EFG Hermes Securities Brokerage 2009 Market Share

	% of Total Market Executions	
	2008	2009
Egypt	43.0%	44.0%
Kuwait	23.5%	30.0%
Oman	24.3%	18.0%
UAE / Abu Dhabi	18.0%	15.0%
UAE / Dubai	19.0%	10.0%
Qatar	6.1%	10.0%
Bahrain	2.6%	4.5%
Jordan	2.7%	3.0%
KSA	1.6%	1.0%
Morocco	1.0%	0.5%

Breakdown of Fee and Commission Income



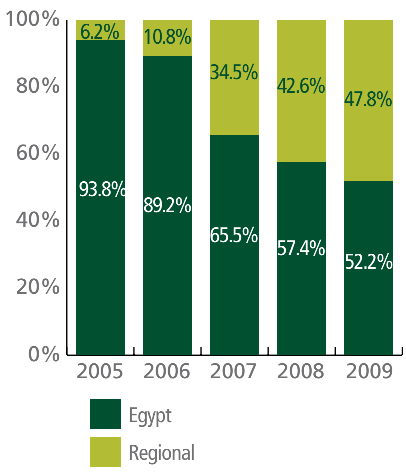
Breakdown of Net Revenue



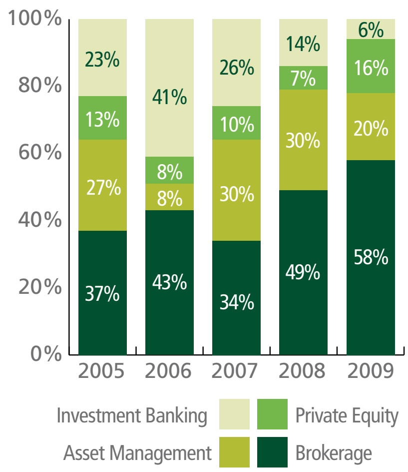
Performance of Markets in the Arab Region

	Indices Performance		Volumes
	FY 08 vs. FY 07	FY 09 vs. FY 08	FY 09 vs. FY 08
Egypt	-53.9%	34.7%	-23.4%
Dubai	-72.4%	10.2%	-43.1%
Abu Dhabi	-47.5%	14.8%	-69.9%
Saudi Arabia	-55.2%	27.5%	-36.1%
Bahrain	--	-19.2%	-73.3%
Jordan	--	-8.2%	-50.8%
Kuwait	-38.0%	-9.9%	-40.3%
Lebanon	-21.2%	32.4%	-44.2%
Morocco	-57.6%	-4.1%	-32.3%
Oman	-40.7%	17.1%	-32.9%
Qatar	-28.1%	1.1%	-47.5%
Total Average	-51.2%	12.7%	-40.2%

Fee & Commission Breakdown by Region



Revenue by Division



25 YEARS

1995

The oldest merchant bank in London collapses after Nick Leeson loses USD 1.3 billion speculating.

Our Lines of Business

Securities Brokerage

EFG Hermes Securities Brokerage enjoys market leadership in seven direct and five indirect markets across the Arab world, making it the region's largest and most diverse broker serving more than 1,200 global and regional institutions and over 52,000 high net worth and retail clients.

$400 mn
average daily value traded

Investment Banking

With an unrivalled track record advising leading private companies, governments and listed corporations from offices across the region, EFG Hermes Investment Banking has raised more than USD 12 billion in equity for its clients and completed more than USD 20 billion in M&A transactions over the past 13 years.

$32 bn
in equity raised and M&A advisory over the last 13 years

Asset Management

The Asset Management Division manages 29 funds and 61 portfolios including equity, fixed income, money market, indexed and capital guaranteed funds. A top ranked regional fund manager, the Division has consistently managed some of the best performing MENA funds.

$4.4 bn
in total assets under managment

Private Equity

EFG Hermes Private Equity is one of the Arab world's leading private equity firms with more than a decade of experience investing across a broad industrial footprint. It has USD 960 million in funds under management, a growing interest in infrastructure projects and an increasing regional presence.

$1 bn
in total funds under management

Research

EFG Hermes Research is the top rated research house covering 96 Arab equities across nine countries in all key sectors of the regional economy. The independent division creates award winning bilingual products including company coverage, strategy notes, economic analysis and yearbooks, among others.

96
companies under active research coverage

Management Discussion & Analysis
Unparalleled Strength

Continued volatility and depressed investor sentiment amid the lingering effects of the global economic crisis presented unique challenges in 2009, particularly during the first half, when both global and regional markets hit new lows. While conditions began to improve toward year's end across EFG Hermes' footprint, prevailing investor sentiment curbed the ability to raise new funds for Asset Management and Private Equity, sapped trading values and volumes for Securities Brokerage, and adversely impacted Investment Banking's ability to close new transactions.

Despite these challenges, EFG Hermes emerged in 2009 as the only true regional investment bank in the Arab world, delivering profitability in the core agency based business as the Investment Bank remained in the black throughout the year. This came despite continued investment in newly acquired operations in Oman and Kuwait, ongoing spending on new IT systems to support growth, the construction of the firm's new Cairo headquarters, and the roll out of a new retail brokerage network across Egypt. Key in this respect was the introduction, in the second half of 2008, of a decisive programme of cost cutting before the full impact of the global crisis was felt in the Arab world.

Across its core geography, the firm maintained its market leadership throughout 2009, remaining the number one brokerage house in Egypt and both UAE markets while advancing to the lead position in Kuwait in the last five months of 2009. Positioning and profitability were further enhanced by the development of the retail brokerage platform, gaining market share in a higher margin segment. At the same time, Asset Management beat much of its regional and international peer group by preserving assets under management and winning new mandates. Meanwhile, Investment Banking built its pipeline of transactions for 2010 while calling on EFG Hermes' strong, highly liquid balance sheet to underwrite not just highly select equity raisings, but also the newly introduced debt practice as the Division began exploring this promising segment. Private Equity, meanwhile, distinguished itself by negotiating management a part of the InfraMed Fund, laying the groundwork for a new Syria Fund, exiting several investments with returns above limited partners' hurdle IRRs, and agreeing a handful of new investments — all while simultaneously making certain all of its existing investments were on track.

Finally, Management notes that despite salary cuts that were maintained until October and continued pressure from competitors seeking highly skilled staff, EFG Hermes core team remained intact at year's end. The same team that guided the firm to its position of clear regional leadership is now poised to manage the return to growth as EFG Hermes explores new expansion opportunities in 2010 and beyond.

Revenues

Total net consolidated revenues were EGP 1,426 million for the year ending December 2009, down 33.8% from the previous fiscal year. Total revenue includes revenue from the Investment Bank (fee and commission income, net treasury operations, principal account and gains on investment) as well as revenues consolidated from Bank Audi and sundry revenues. Management notes that 65% of total revenues in 2008 were booked during the first half of the year — before the global financial crisis spilled over into regional markets. Removing incentive fees of EGP 218.1 million recorded in 2008 and only EGP 11.9 million recorded in FY 2009, the decline in net consolidated revenues is only 25.7%, a figure that compares favourably with the 40% decline in regional trading volumes.

Revenue from the Investment Bank remained the key income contributor, accounting for 68.2% of net total consolidated revenue in FY 2009 compared to 76.5% the previous year. Fee and commission income declined 52.3% year on year

Breakdown of Total Revenue

Total Revenue (EGP mn)	Fiscal Year 2009		Fiscal Year 2008		Change 2009 vs. 2008
Total Fee & Commission Revenue	772	54.1%	1,620	75.2%	-52.3%
Net Treasury Operations*	195	13.7%	113	5.2%	72.6%
Net Principal Account & Gain on Investments**	6	0.4%	(84)	-3.9%	-106.7%
Total Revenue from the Investment Bank	973	68.2%	1,649	76.5%	-41.0%
Bank Audi	436	30.6%	328	15.2%	33.1%
Sundry Revenue	18	1.2%	179	8.3%	-90.1%
Total Revenue	1,426	100%	2,155	100%	-33.8%

Sums and percentages may not add up exactly due to rounding
* Net of FX losses and interest expense
** Principal Account completely shut down in October 2008

to EGP 772 million as capital markets deals dried up in the face of dampened investor sentiment, low valuations and volatile market conditions, while incentive fees booked from Asset Management were nonexistent for most of the year. Core agency business accounted for 54.1% of total revenues, followed by revenue consolidated from Bank Audi at 30.6%. After the timely elimination of principal trading activities in 2008, net treasury operations surged in importance, contributing 13.7% of total 2009 revenues. The net principal account, gains on investments and sundry revenues accounted for a combined 1.6% of total revenues in the year just ended. EFG Hermes wound down its principal trading strategy in October 2008 and, accordingly, there was no principal account activity in the year just past.

Securities Brokerage

Depressed market activity and low valuations across regional markets saw total Brokerage revenue fall 44% in 2009 to EGP 445 million. The Division nonetheless remained the key contributor to fee and commission income, contributing 57.6% of total fee and commission income earned in 2009, up from 48.8% in 2008 as revenue from other business units contracted.

Total executions fell 42.5% to USD 68.04 billion compared with 2008. That said, expansion into retail brokerage activity through growing online and call centre activities (in Egypt and the UAE), as well as the highly successful expansion of the retail branch network in Egypt, ensured that while the firm lost some market share in specific markets, it remained both the number one broker in its core markets and the largest broker operating in the Arab world.

Investment Banking

Although EFG Hermes Investment Banking carried a strong pipeline of both equity offerings and M&A transactions into the year and continued to build a backlog throughout 2009, depressed valuations, low market activity, high volatility and buyer-seller disconnects made execution nearly impossible. Investment Banking accordingly generated revenues of EGP 43 million, an 81% fall from 2008, while accounting for 5.6% of Group operating revenues.

A handful of deals previously agreed lapsed either due to financing difficulties or regulatory hurdles. On the regulatory front, Investment Banking saw the reversal of two large, high profile transactions that had officially closed: Etisalat's winning bid for Iran's third mobile operators' license and Palestine Telecom's USD 1.6 billion merger with Zain Jordan. The potential fee loss on the two transactions (in addition to a third, undisclosed transaction in which

1996

A meteorite found in Antarctica and thought to be from Mars is said to contain evidence of primitive life forms.

the team generated a final binding offer that the seller declined based on valuation) was in the range of EGP 24 million.

Investment Banking nonetheless closed the only major M&A transaction in Egypt last year, acting as sole buy side advisor to Actis in its USD 243 million acquisition of a 9.3% stake in Commercial International Bank (CIB). Also in 2009, the Division took strides toward the launch of capital markets activity as its third line of business to counter the general decline in equity capital market transactions, while calling on EFG Hermes' strong balance sheet to fully underwrite transactions including Orascom Telecom's USD 50 million commercial note in 2009 as well as Mobinil's EGP 1.5 billion bond issue in early 2010.

Asset Management

EFG Hermes Asset Management recorded a net increase in assets under management (AUM) to USD 4.4 billion at the end of FY 2009, up 4.8% year on year. Asset Management accounted for EGP 160 million of Group operating revenues in 2009, or 20.7% of total, down from 30.4% of Group operating revenues the previous year.

The Division saw declines in AUM in late 2008 and early 2009 largely as a result of market effects, with outflows remaining modest due to the Group's diverse client base, which is composed largely of institutional investors.

Of total AUM, 69% were Egypt based, but 65.4% of total booked revenues came from regionally focused mandates, a fee composition that owed to money market mandates dominating Egyptian AUM, while regional mandates remain largely equity focused.

Private Equity

In an environment that presented particular challenges to fundraising, the Division recorded total funds under management of USD 960 million at year end 2009, down from USD 1.15 billion the previous year. Private equity booked revenues of EGP 124 million in 2009, a rise of 18.1% from the previous year. That figure includes both management fees on existing funds under management as well as EGP 23.8 million in success fees booked on exits during the year.

The Private Equity team sold three investments over the year in the real estate, oil and gas, and foods sectors, all achieving returns in excess of the limited partners' hurdle IRRs. Private Equity also agreed two primary investments in 2009.

At year end, Horus II had drawn USD 460.1 million (80% of committed capital), with USD 115 million left available for drawdown and USD 295.5 million invested. Horus II exited five investments during the year, realising capital gains in excess of USD 100 million and thus made another distribution during the year, bringing the total distributed to limited partners to USD 186.4 million, or approximately 1.2x the committed capital.

Importantly, Private Equity laid the groundwork for the early 2010 launch of its Syria Fund and closed in on its management of a component of the InfraMed Fund, including the latter's Egypt dedicated fund.

Operating Expenses

Total operating expenses fell 20.1% year on year in 2009 to EGP 709 million on the back of decisive cost cutting measures introduced in the latter part of 2008 as part of management's promise to shareholders to deliver profitability despite challenging regional and global conditions. These measures included:

- An average of 6% reduction in head count during the first part of the year that translated into approximately a 10% saving in monthly payroll. It must be noted however that towards the end of 2009, and with the expansion of the branch network, head count increased (990 employees in 2009 compared to 931 at the end of 2008), but was predominantly junior hires with low fixed salaries.
- The top 200 employees accepted pay cuts of 15-55%, a reduction that was introduced in the fourth quarter of 2008 and reversed effective October 2009 as a result of competitive pressures due to the global investment banks returning to the region and headhunters targeting several of the Group's key players.
- Relocations to Cairo of some back office staff from the higher cost base in the UAE.
- Senior staff within Securities Brokerage forwent their monthly commissions during the first half of the year.
- A new expense policy was introduced that minimised travel, marketing, promotion and third party expenses.
- All donations were limited to the amounts approved by the shareholders' general meeting to the EFG Hermes Foundation.

Divisional Contribution to Operating Revenue on an Annual Basis

Division Revenues (EGP mn)	Full Year 2009		Full Year 2008		Change 2009 vs. 2008
Brokerage: Egypt	271	35.2%	545	33.7%	-50%
Brokerage: UAE	65	8.5%	150	9.2%	-56%
Brokerage: Saudi Arabia	15	1.9%	35	2.2%	-57%
Brokerage: Oman	15	1.9%	21	1.3%	-30%
Brokerage: Kuwait	78	10.1%	40	2.5%	95%
Asset Management: Egypt	55	7.2%	89	5.5%	-38%
Asset Management: Regional	105	13.6%	403	24.9%	-74%
Private Equity	124	16.1%	105	6.5%	18%
Investment Banking: Egypt	40	5.2%	200	12.3%	-80%
Investment Banking: UAE	3	0.4%	32	2.0%	-91%
Total Fee & Commission Revenue	772	100%	1,620	100%	-52%
Prop. Account & Gain (or loss) on Investments*	6	0.7%	(85)	-5.5%	-107%
Total	778	-	1,535	-	-49%

Sums and percentages may not add up exactly due to rounding
* Excluding Treasury Operations; no major Principal Account during 2009
Sources: EFG Hermes audited financial statements and management accounts

As a result, fully loaded total operating expenses in 2009 decreased by nearly EGP 180 million, a decline of 20.1% from 2008 levels. In line with the nature of the business, employee costs remain the largest component of operating expenses, constituting 64.3% of the total (up from 62.2% in 2008). Fully loaded employee expenses decreased 17.4% to EGP 456 million in 2009, down from EGP 552 million a year earlier. The main saving came as bonuses decreased 41% over the previous year due to the minimal accrual of annual bonuses to all employees and monthly bonuses to the Brokerage team in 2009. Fixed employee expenses have remained nearly flat at 2008 levels for the full year despite the addition of several senior and junior hires during the year.

Expenses recognised through the Employee Trust rose last year as the first Management Deal expired at the end of 2008. Accordingly, Trust expenses in 2009 partly reflect the renewal of the deal. Although the decline in the share price during 3Q 2008 had allowed EFG Hermes to partly build up an inventory of stock for the renewal of the Management Incentive Scheme at a lower average cost than was originally forecast at the beginning of the year, the average cost per share to the Trust is significantly higher than in the original scheme. The full impact of the new Management Incentive Scheme will be reflected in 2010.

The sharp rise in fully loaded employee expenses in 2009 to 59.1% of total operating revenues (against 34.1% in FY 2008) came as revenues fell on the back of falling trading volumes, the virtual elimination of incentive fees and the shut down of equity capital markets for much of the year.

Other operating expenses include expenses related to occupancy, office, communication (data and telecommunication), travel and marketing, promotion and advertising, and consultant and service fees. Total other operating expenses decreased 25.5% from 2008 to EGP 253 million, a saving of EGP 82 million through cost cutting measures despite the addition of expenses from both the Kuwaiti and Omani subsidiaries that were acquired during the second half of 2008.

Rises in occupancy and data communications expenses came as operations developed in Kuwait, Oman, Lebanon and the Egyptian branch network. This came to both support growing operations while minimising travel expenses.

Operating Margins

Net operating profit based on fee and commission income declined to 8.2% in 2009, down from 45.2% the previous year as a result of the market induced plunge in fee and commission income, which dropped 52.4% to EGP 772 million over the same period.

Management believes that at least EGP 40 million of the total operating expenses relates to non fee and commission business, including the cost of treasury operations and expenses relating to Bank Audi, among other factors. Accordingly, the more accurate comparative for net operating profit and margin for 2009 are EGP 103 million and 13.3%, respectively. Management considers that maintaining profitable Investment Banking activities while keeping the Team intact represents a significant accomplishment in light of both market conditions and the state of regional competition in 2009.

1997

Mother Teresa dies.

Other Revenues and Expenses

The primary component of other revenue in 2009 was the consolidated portion of EFG Hermes' 29.2% stake in Bank Audi and net income from treasury operations and balance sheet management.

Revenue consolidated from Bank Audi grew 33.1% year on year to EGP 436 million due to the Bank's improved market positioning and regional expansion, constituting 30.6% of EFG Hermes' total net revenue for the year, up from 15.2% in 2008 as revenues from core businesses declined. EFG Hermes exited its investment in Bank Audi in January 2010 at USD 91 per share for a total deal size of approximately USD 913 million.

Treasury operations and cash management made an important contribution to the Group's revenues in 2009. The Treasury division generated net revenue of EGP 195 million* (up from EGP 113 million in 2008), accounting for 13.7% of net Group revenue (up from 5.2% the previous year in a shift that magnifies the winding down of principal trading operations in 2008). A large portion of Treasury operations in 2009 were the result of capital gains realised on fixed income products, including Egyptian Eurobonds and limited corporate bond positions.

Other expenses for 2009 included depreciation and amortisation, amounting to EGP 38.7 million; a provision expense of EGP 53.5 million that is included covers potential deferred liabilities.

Balance Sheet

EFG Hermes' balance sheet remains strong, liquid and unleveraged, with high levels of cash, cash equivalents and other investments (including treasury bills, bank deposits and investment in money market funds and fixed income products) reaching EGP 2.43 billion**, down from EGP 3 billion at the end of 2008.

With the Investment Banking platform being profitable throughout 2009, the Group's cash balances have been preserved despite continued spending on the firm's new headquarters, IT infrastructure upgrades and branch expansion plans. Cash has been a cornerstone in generating revenues and supporting the Group through the recent market downturn and has been instrumental in providing comfort to EFG Hermes' clients in terms of counterparty risk and stability. Although maintaining large cash balances is comforting, Management realises that the recent addition of a further USD 913 million will mean more aggressive cash deployment in order to preserve value for the shareholders.

Recent opportunistic underwriting transactions including SODIC's rights issue and Mobinil's bond issuance, both occurring in early 2010, are examples of instances in which the Group's cash has earned higher returns while maintaining Management's risk criteria until longer term uses have been targeted, carefully investigated and approved by the Board of Directors.

Changes in available for sale investments, from EGP 704.7 million as at the end of 2008 up to EGP 781.1 million as at the end of 2009, are due mainly to the change in the market valuations that have caused the value of the Group's stake in SODIC to increase to a total of EGP 329 million from EGP 175.7 million as at the end of 2008.

Total receivables and payables resulting from operations resulted in net payables to clients of EGP 148.2 million (against EGP 344.1 million a year ago), incurred mainly due to the normal course of business concentrated within the Brokerage and Asset Management Divisions. These payables have been duly settled.

EFG Hermes' investment in Bank Audi, which is equity consolidated, increased from EGP 3.99 billion as at year end 2008 to EGP 4.73 billion as at the end of 2009 as a result of the Bank's improving performance and the increase in the Group's stake to 29.16% at the end of 2009, up from 27.45% at 31 December 2008.

The increase in property, plant and equipment since the end of 2008 to EGP 491.9 million relates to continued work on EFG Hermes' new headquarters Smart Village, Egypt.

On the liability side, the Group continues to carry very little bank debt. The main outstanding debt as at the end of 2009 was EGP 91.3 million in long term debt to DEG (a member of KfW Bankengruppe) and International Finance Corporation, down from EGP 129.1 million year end 2008.

In August 2009, the Capital Market Authority approved the retirement of 5.15 million shares (as approved by the firm's extraordinary general assembly on 7 April 2009) and accordingly as at the end of 2009 the issued and paid in capital have been decreased to EGP 1.914 billion divided into 382,714,545 shares with a par value of EGP 5 per share. The value of the treasury shares on the balance sheet as at the end of 2008 was EGP 239.4 million.

Taxes

The effective tax rate for the year 2009 decreased substantially to 3.2%, down from 9.3% in 2008, as revenues emanating outside Egypt and from nontaxable entities have increased. The effective tax rate remains well below the 20% tax rate set for Egyptian companies given that the Firm continues to administer tax management at the level of the Group as a whole, as well as optimising balance sheet management revenues.

Profitability

EFG Hermes remained profitable in 2009 relative to other regional and international investment banking platforms despite incredibly challenging market conditions. Net profit after tax and minority interest in 2009 was EGP 551.8 million, a 40.9% decline from 2008 that reflects a 33.8% drop in total net revenue. Increasing market performance toward the latter part of the year dictated that salary cuts for the top 200 employees be reversed and that bonuses be paid, though bonus payout was substantially lower than 2008 levels.

Setting aside EGP 218.1 million in incentive fees booked in 2008, the decline in net profit after tax and minority interest would only be 22.9%. Fee and commission revenue constituted 54.1% of total net revenue in 2009 and only 11.4% of the bottom line compared to 75.2% and 78.5% (71.9% if incentive fees are removed), respectively, in 2008. As a result, the bulk of the bottom line relates to the Bank Audi investment as well as Treasury operations, both of which have ensured healthier returns to the Group as a whole. Nonetheless, it is notable that revenues booked by the Investment Bank covered the fully loaded costs for the Group as a whole, including the provision of some bonuses for the year.

Dividend Payout

The Board of Directors recommended and approved distribution of EGP 3 per share distributed as follows:

- EGP 1 per share to be distributed after the ordinary general assembly's ratification of the audited financial statements for the fiscal year 2009.
- EGP 2 per share are to be distributed as a special dividend due after an ordinary general assembly is held to ratify the 1Q 2010 figures as the capital gains resulting from the sale of the stake in Bank Audi are recorded in 1Q 2010.

As EFG Hermes' statutes currently do not allow for the distribution of interim

* Includes net interest income (interest and quasi interest earned on the cash balances less interest paid to the banks) of EGP 74.6 million, net realised and unrealised gains on fixed income products of EGP 107 million and net FX gains of EGP 1.2 million.

** EGP 803.4 million of investment in money market funds and bonds is reported in the EGP 975.1 million investments at fair value through the profit and loss figure.

dividends, an extraordinary general assembly meeting was called for on the same day as the ordinary general assembly to ratify the year end 2009 audited financial statements in order to seek shareholders' approval to change the statutes to allow for interim dividend distribution.

The proposed dividend of EGP 1 per share corresponds to a total dividend bill of EGP 382.7 million, or 69.4% of net profit after tax and minority interest for the year 2009. This is equivalent to the combined cash dividend payout and share buyback and cancellation for 2008.

The proposed special dividend of EGP 2 per share (a total of EGP 765.4 million) that is being recommended in light of the recent sale of EFG Hermes' stake in Bank Audi corresponds to approximately 16% of the total sales proceeds and 50% of the unconsolidated capital gain on the sale.

Looking Ahead

The year 2010 has begun on a strong note: Investment Banking has closed two large transactions, Brokerage has maintained its regional dominance, Private Equity has launched its Syria Fund (leading the firm into a direct presence in that promising market), while the Group's balance sheet has been further shored up with the addition of nearly USD 1 billion in cash. Management is thus carefully investigating future growth options.

Growth of the Investment Banking platform will be Management's primary focus going forward: It is both the firm's core activity and the core competence of the team. Priorities in this respect include expanding retail brokerage operations in Egypt and regionally through new branches and additional online services as well as through the reintroduction of selective and totally collateralised margin lending in the prevailing high interest rate environment. The Group will also continue to provide seed capital to all new funds launched by Private Equity and Asset Management, while Asset Management may expand both organically and through acquisitions into other emerging markets.

EFG Hermes' geographic expansion will initially be to the Levant and Libya as these areas are within the firm's focus region and carry with them significant business opportunities. Other regions of interest include Morocco and Sub Saharan Africa (excluding South Africa).

The Bank Audi investment does not signal flagging management interest in transforming the platform into a universal bank. EFG Hermes continues to explore opportunities to acquire control of a commercial bank and is actively reviewing a number of prospects, albeit targets that are smaller in size than was Bank Audi.

Any acquisition would need to be accretive to EFG Hermes' shareholders as well as provide the Group with an expanded client base or product range unattainable through organic expansion in the medium term.

Management also has an increased appetite for the selective underwriting and syndication of deals that would call on the Group's unrivalled balance sheet, while merchant banking activities undertaken in an opportunistic manner (and under guidelines that ensure they do not interfere or conflict with EFG Hermes' core business) could be a rewarding use of the Group's available cash balances.

1998

Millions of Russians lose savings as banks collapse following default on state issued short term bonds and the devaluation of the ruble.

Line of Business: Securities Brokerage

Regional Leaders

EFG Hermes Securities Brokerage is the largest brokerage in the Arab world with a direct presence in Egypt, the United Arab Emirates, Saudi Arabia, Oman and Kuwait at the end of 2009, before adding Syria and Jordan in the first half of 2010. The firm's strong on the ground presence in these markets allows it to provide a full range of products and services to more than 52,000 retail clients and over 1,200 institutional, broker dealer, fund manager and high net worth clients. The firm also has a strong indirect presence in five additional markets including Bahrain, Lebanon, Morocco, Palestine and Qatar.

In addition to hosting its annual EFG Hermes One on One in Sharm El-Sheikh — Brokerage's flagship investor conference — the firm successfully launched a number of investor events last year. The first ever Manhattan MENA Conference was the largest ever MENA focused investor conference in New York, attracting 23 presenting companies and 65 investors. Building on its partnership with the London Stock Exchange (LSE), Brokerage hosted in 2009 its Second Egypt Capital Markets Day (CMD) at the LSE and its first CMDs at the LSE for Saudi firms and for MENA financial companies.

Key Highlights

EGYPT: EFG Hermes Securities Brokerage has consistently maintained its position as the top ranked brokerage in Egypt by volume. Operating through its two wholly owned entities — Hermes Securities Brokerage and Financial Brokerage Group — EFG Hermes Securities Brokerage had a 21% combined share of total market executions in 2009. That figure represents 44% of the average daily value of trading on the EGX.

In an exceptionally challenging year, Brokerage placed new emphasis on retail with the roll out of four retail storefronts in Egypt in late 2008. This move helped the Division make new gains in its position as the dominant player in the retail landscape at a time when 85-90% of the business shifted towards individual investors in the first half of 2009. Two additional points of presence were added in Cairo and Hurghada in late 2009, giving EFG Hermes a total of eight branches nationwide with three more in the pipeline to open early in 2010. Operating branches typically turned a profit within a four month period owing to the conservative cost structure.

The enhanced retail presence led to a strengthening of both call centre and online activities serving the Division's retail clients across the Arab world. In 2009, EFG Hermes Securities Brokerage was ranked as the number one online broker by the Egyptian Exchange (EGX). Online users doubled in 2009 and total commissions from online have increased by 15.6%.

Brokerage also worked to wind down loss making HNW accounts as part of its bid to re-shape its client base toward a larger number of higher margin accounts. While 60-70% of total retail transactions was previously accounted for by only a handful of clients, today the largest single client accounts for only 3.5% of daily volume as the firm's retail client base has grown substantially.

UAE: In the United Arab Emirates, EFG Hermes Securities Brokerage was ranked number one on the DFM and ADX in 2009 for the second consecutive year — the first time a single broker has finished atop both exchanges in back to back years. The Division's market share was 10% of total executions on the DFM, with an average of 5.2% of daily value traded. On the ADX, EFG Hermes executed 15% of total trades. Notable was the major headway in Abu Dhabi, where EFG Hermes remained the number one broker while widening its market share lead over its nearest competitor.

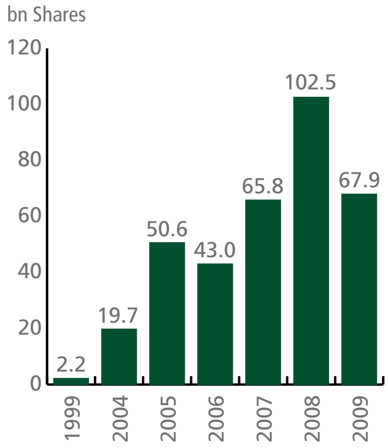
The retail business in the Gulf Cooperation Council countries has generally proved more challenging to penetrate. That said, Securities Brokerage has an important advantage over the national banks that presently dominate those

Committed to helping institutional, HNW and retail investors meet their financial goals

EFG Hermes Securities Brokerage 2009 Market Share

	% of Total Market Executions
Egypt	44.0%
Kuwait	30.0%
Oman	18.0%
UAE / Abu Dhabi	15.0%
UAE / Dubai	10.0%
Qatar	10.0%
Bahrain	4.5%
Jordan	3.0%
KSA	1.0%
Morocco	0.5%

Evolution of Total Volume Traded



25 YEARS

markets: EFG Hermes Securities Brokerage is the only broker that can provide access to the entire region, a factor that will prove decisive as regional investors begin "trading the region."

KSA: In Saudi Arabia, EFG Hermes Securities Brokerage finished the year as the Tadawul's third largest independent broker. In 2009, EFG Hermes Securities Brokerage listed Participation Notes, a new access product for the Saudi market, on the Irish Stock Exchange, a development that is expected to drive new institutional business in the Kingdom by facilitating synthetic access for both foreigners and/or regulators.

The firm's KSA and MENA access products have seen commission increase triple year on year where foreign participation in the market via swap still only accounts for 1% of market activity. Client balances held on EFG Hermes access products increased by 245% year on year. Going forward, EFG Hermes KSA will continue to focus on access products for global institutional investors and add Saudi Arabia to the firm's online platform.

Kuwait: Less than two years after establishing a direct presence in Kuwait, the second largest market in the region after Saudi Arabia, EFG Hermes IFA was the number one broker for the last five months of the year and second overall for 2009 with a 30% market share — up from 25.6% in 2008. While the online platform remains Egypt centric, the online business in Kuwait has also begun to gain momentum and a dedicated online team has now been put into place.

Oman: In Oman, the integration of Vision Securities, acquired in April 2008, is now complete and the Omani market is now included in EFG Hermes' fundamental and technical analysis products. EFG Hermes was ranked fourth in Oman and online trading was launched for retail clients in 3Q 2009.

2009 Performance

As Arab markets lost momentum amid the global crisis in 2009 Brokerage saw annual average daily commission slip to USD 290,129, down from USD 800,000 in 2008, a 64% decline. By the second and third quarters, business picked up to approximately 50% of average daily pre-crisis volumes. Throughout the first half of the year, the Division continued to adhere to a set of conservative assumptions and prudent cost cutting measures implemented in fall 2008. Together with a gradual return of investor sentiment and the rollout of a new retail strategy, these measures helped EFG Hermes Securities Brokerage end the year on a high note.

Decreased market activity across all regional markets saw Brokerage revenue slide in 2009 to EGP 445 million, down from EGP 791 million in 2008. The Division remained the key contributor to fee and commission revenues bringing in 57.6% of total fee and commission revenue for the year, up from 48.8% of total revenues in 2008. Brokerage revenue in Egypt reached EGP 271 million in 2009 (down 50% from 2008), while the Group's still young brokerage activities in Kuwait saw revenues reach EGP 78 million. UAE operations contributed EGP 65 million, while Saudi Arabia generated EGP 15 million in revenues and Oman contributed an additional EGP 15 million to Group revenue.

1999

US President Bill Clinton is acquitted in his trial by the US Senate on charges of perjury, obstruction of justice and malfeasance in office.

Line of Business: Investment Banking

The Advisors of Choice

EFG Hermes Investment Banking has an unrivalled transactional track record serving leading private companies, governments and listed corporations from offices across the Arab world. The firm deploys the largest and most diverse group of investment banking professionals in the region, combining deep knowledge of regional companies, markets and economies with proven global expertise.

EFG Hermes Investment Banking has long been the region's most sought after financial partner and offers a comprehensive range of equity, M&A and debt advisory services. The Team has successfully completed some USD 20 billion in M&A transactions over the past 13 years and as lead advisor has raised nearly USD 12 billion through initial public offerings, rights issues, secondary offerings and private placements. EFG Hermes Investment Banking has furthermore advised on more than USD 3.3 billion in debt transactions, with nearly 50% of that figure having come in 2009-2010 following an increased focus from the Team on this increasingly important segment of the investment banking market.

No other regional investment bank has won the trust of as many regional companies, multinational corporations and governments as EFG Hermes. The investment bank's international clients include Italcementi, Pirelli, Vodafone, Société Générale, Kraft Foods, and British American Tobacco, among others. The Group also serves regional clients including Etisalat, Habtoor Engineering, Orascom Telecom, Arafa Holding, Dubai Financial, El Sewedy Cables, Solidere, Olympic Group, Oriental Weavers and Telecom Egypt, among many others.

EFG Hermes remains the only Arab investment bank to have advised multiple regional governments, among them Egypt, the UAE, Saudi Arabia and Jordan.

Key Highlights

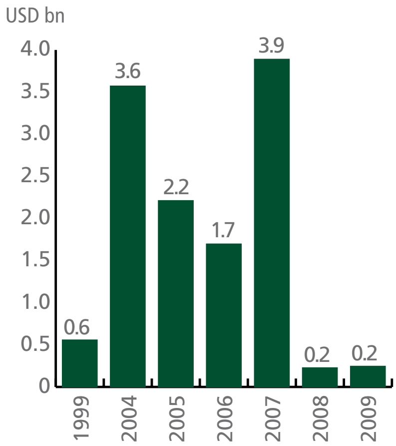
The year just past was exceptionally challenging for EFG Hermes Investment Banking as fallout from the global economic crisis continued to sap Arab exchanges. Low valuations and lower still momentum saw work on the firm's backlog of IPO and private placement mandates come to a near standstill, while a wide gap between sellers (targeting high valuations) and buyers (whose calculations emphasised risk) depressed M&A activity.

These developments unfolded in line with Investment Banking's expectations heading into 2009, prompting the Division to accelerate plans to institute a debt practice as its third line of business. Last year, the Division advised on a USD 1.1 billion debt syndication for Egyptian Nitrogen Products Co. (which closed 2009 as the largest arrangement of its kind in Egypt for the year) as well as a USD 50 million commercial paper issue for leading multinational telecommunications operator Orascom Telecom.

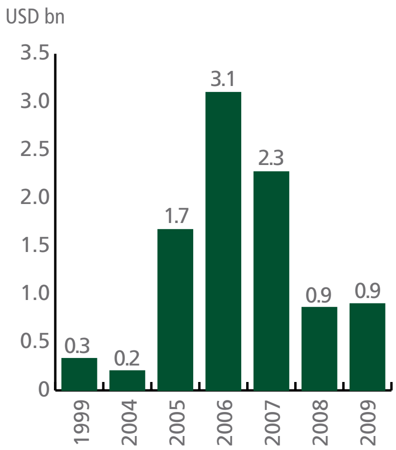
At the same time, EFG Hermes Investment Banking laid the groundwork for an EGP 1.5 billion bond issue by the Egyptian Company for Mobile Services (ECMS, which operates Mobinil, Egypt's leading mobile network). The offering, executed in January 2010, saw EFG Hermes Investment Banking acting as sole financial advisor, lead arranger and sole underwriter on the bond, which was the first bond issue in Egypt to have been marketed to financial institutions without being fully underwritten by commercial banks. The EGP 1.4 billion private tranche targeting institutional investors was 1.5x oversubscribed,

The trusted partner of corporations, multinationals and regional governments

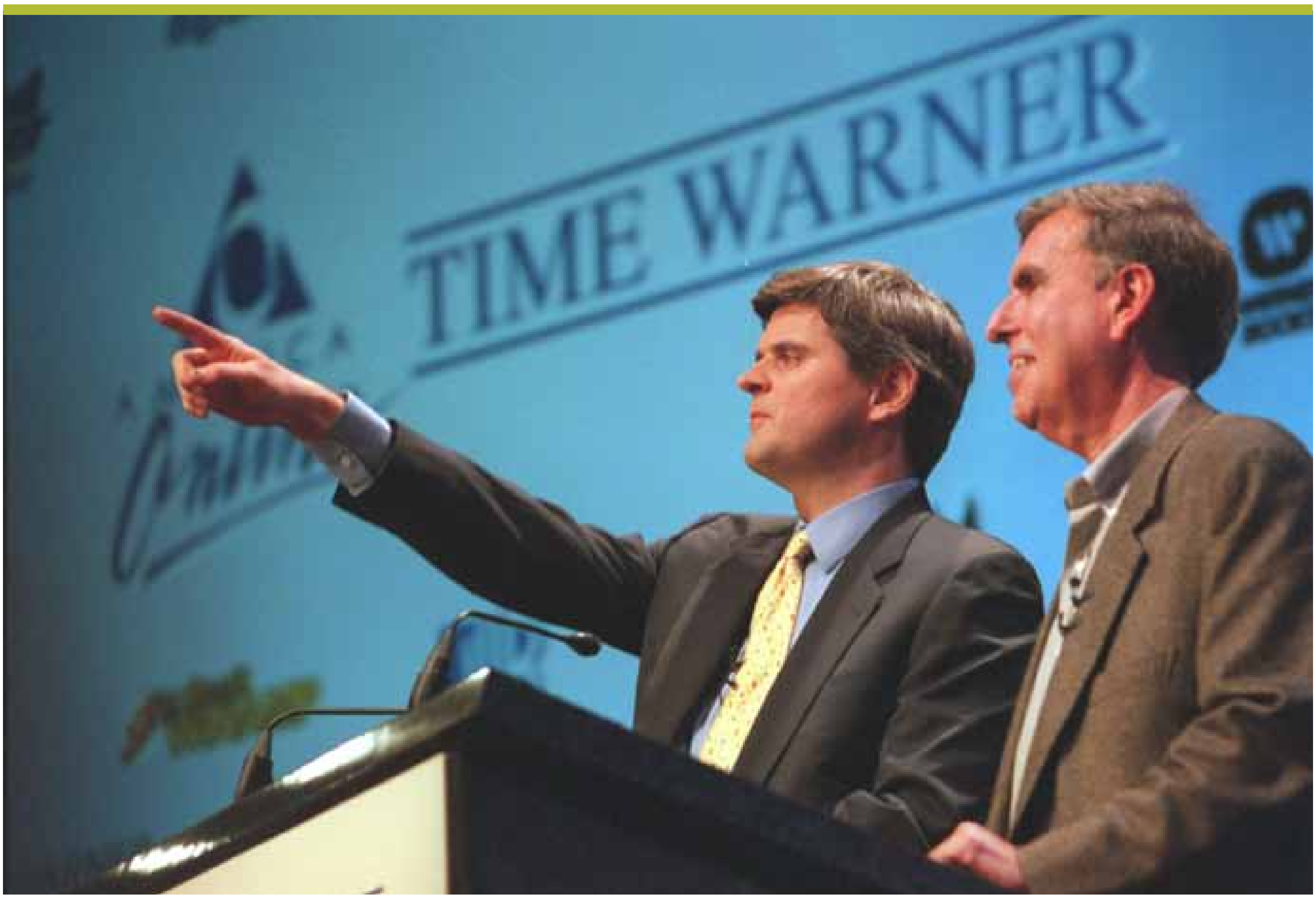
M&A Advisory



Equity Raised



25 YEARS



while the EGP 100 million public tranche was met with an oversubscription in excess of 11.4x.

EFG Hermes Investment Banking has a competitive edge in the debt market as a result of its exposure to unique pockets of liquidity and its ability to tailor products to the interests of all parties. The Division is also supported by EFG Hermes Securities Brokerage's placement power and ability to drive trading on the secondary market.

On the M&A front, EFG Hermes was sole financial advisor to leading emerging markets private equity investor Actis in its USD 244 million acquisition of a 9.3% stake in CIB, the only prominent cross border M&A transaction in Egypt last year. The Division also advised the Palestinian Telecommunications Company (Paltel) on its planned USD 1.6 billion merger with Zain Jordan, a subsidiary of Mobile Telecommunications Company KSC (Zain). The agreement ultimately lapsed in the face of regulatory issues. Also in 2009, EFG Hermes Investment Banking announced that it was removing from its transaction list its advisory on Etisalat's bid for Iran's third mobile operator license after the deal expired in the face of regulatory concerns.

While continuing to build its pipeline of M&A mandates throughout 2009, Investment Banking also built a backlog of equity transactions on which it will execute in 2010, including a USD 100 million rights issue for leading property developer SODIC and a USD 800 million rights issue for Orascom Telecom that will be the largest ever issue of its kind in Egypt. The Division hopes to see a resurgence in IPO activity in the first half of 2010, market conditions permitting.

Throughout 2009 and into 2010, EFG Hermes Investment Banking continues to target the acquisition and promotion of talented staff as it enhances its GCC team, where it sees strong potential in both Saudi Arabia and the United Arab Emirates.

2009 Performance

EFG Hermes Investment Banking revenues reached EGP 43 million compared to EGP 232 million during 2008, contributing 5.6% to the Group's consolidated operating revenue, down from 14.3% the previous year. The fall off came as equity market performance early in the year and significant uncertainty throughout 2009 brought a near halt to equity raising, traditionally the Division's main revenue driver. M&A activity was also dramatically impacted by economic conditions in 2009. ≡

2000

The dotcom bubble bursts just one month after internet pioneer AOL acquired Time Warner, the world's largest media company.

Line of Business: Asset Management

The Market Leaders

EFG Hermes Asset Management is the leading investment manager in the Arab world with USD 4.4 billion in assets under management (AUM) and a distinguished track record that dates back 15 years. The Team is comprised of more than 40 experienced investment professionals across six countries, making it the largest on the ground team of any investment manager in the Arab world.

The Division manages regionally dedicated funds and discretionary portfolios, offering both traditional and alternative investment solutions including equity, fixed income, money market, indexed, capital guaranteed, and Shariah compliant (Islamic) mandates.

Asset Management's two flagship funds are the EFG Hermes MEDA Fund (the largest and oldest long-only mutual fund in the region) and the MENA Opportunities Fund (the region's first multi-asset hedge fund). In 2009, the Asset Management team continued to develop its white labelled products with the launch of two Gulf equity funds and a long-only mandate for a prominent endowment.

The Division offers full discretionary portfolio management services to best of breed institutions and high net worth individuals. Asset Management's client base includes sovereign wealth funds, foundations, endowments, pension and insurance funds, large family groups and regional commercial banks. The number of international clients that have selected EFG Hermes as their regional investment manager rose from 24% of total assets under management in 2006 to 31% in 2009.

Key Highlights

In a challenging environment, Asset Management's strategy was focused in 2009 on client maintenance and capital preservation. During the first half of the year, the Team focused on capital preservation by taking a defensive approach through increased allocations to fixed income and cash. In 2H 2009, the Team's relatively aggressive investment strategy benefitted from the recovery in Arab markets on the back of higher oil prices and aggressive stimulus implemented by policy makers both regionally and globally. Amid this positive momentum, the Team increased AUMs in equity and fixed income mandates.

EFG Hermes Asset Management ended 2009 with USD 4.4 billion in AUMs in regional equity and fixed income funds as well as discretionary portfolios, up from USD 4.2 billion at the end of 2008. By effectively retaining its client and capital base, EFG Hermes Asset Management fared much better than its regional and international peers.

In Egypt, Asset Management primarily focused on fixed income and money market funds. The Division's dedicated fixed income team currently manages four money market funds in Egypt for Crédit Agricole, Bank of Alexandria, National Société Générale Bank and Bank Audi. In 2009, the Division had the two best performing money market funds in Egypt. The Bank of Alexandria Money Market Fund was the best performing fund in 2009, as well as over the past two and three year periods. NSGB's Themar Fund was the second best performing money market fund in 2009.

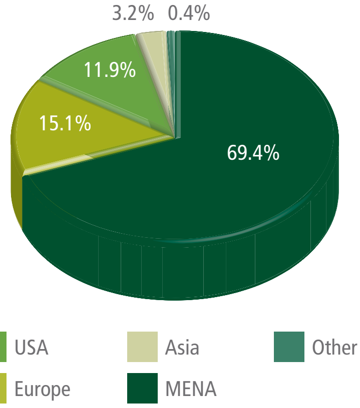
EFG Hermes Asset Management's dynamic approach to managing fixed income mandates has proven successful. The Team uses an active trading strategy by emphasising diversification within the Arab debt space. A fundamental approach and thorough economic analysis have helped the fixed income team achieve market leading returns.

Leading the market with a full range of funds and services for institutions, HNWIs and funds

Firm-wide Assets Under Management (Breakdown by Type)

Investor Type	Percentage
SWF	23.8%
Institution	23.5%
Foundation / Pension / Insurance	21.1%
HNWI / Family Office	11.5%
Endowment	8.8%
Private Bank	4.9%
FOF	4.7%
Retail	1.5%
Other	0.2%

Firm-wide Assets Under Management (Breakdown by Region)



25 YEARS

During the course of the year, Asset Management also placed emphasis on pursuing and developing new mandates. The Division has received several new mandates including two capital protected funds and an additional money market fund, and is proceeding with the launch of Egypt's first fixed income dedicated fund in 1Q 2010.

For the regionally dedicated Asset Management team, the focus was growing existing regional funds and discretionary management services. The regional team grew the business through relationships with HNWI's, family offices and institutional clients in the Arab world and, to a lesser extent, internationally.

The Division also worked to develop and integrate its client base in 2009 in concert with the EFG Hermes Information Technology (IT) division to integrate Client Relationship Management (CRM) software for more effective communication and client servicing.

The firm's two flagship funds, the EFG Hermes MEDA Fund and the MENA Opportunities Fund, ended the year at USD 306 million and USD 426 million, respectively, and the MEDA Fund achieved positive returns of 8.7% in 2009. As market volatility persisted at the end of the year — mostly as a result of the Dubai World debt standstill — both funds reshuffled their long exposures to take advantage of positive momentum while minimising downside risk.

The EFG Hermes Saudi Arabia Equity Fund achieved annual performance of more than 22%, while the EFG Hermes Middle East and Africa Telecom Fund gained 10%. The EFG Hermes Egypt Fund ended the year with a gain of 13%.

Asset Management saw net fund inflows of more than USD 20 million into discretionary portfolio accounts in the final quarter of 2009. These positive flows were primarily from regional clients including pensions, foundations and insurance companies, as well as family groups.

2009 Performance

Asset Management contributed 21% to the Group's consolidated net operating revenues in 2009. The Division's revenues decreased from 2008 levels to EGP 160 million as a result of challenging market conditions and consequently the absence of any significant performance fees. Nevertheless, the stability of the department's client and capital base, especially in the money market and fixed income spaces, supported fee revenue and the Group as a whole. ≡

2001

The September 11, 2001 terror attacks.

Line of Business: Private Equity

Value Creators

EFG Hermes Private Equity is one of the Arab world's leading private equity firms with more than a decade of experience investing across a broad industrial footprint. The Division derives its competitive advantage from leveraging the power of the EFG Hermes platforms across the region, including the firm's complex network of relationships with major regional corporations, governments and financial institutions as well as public market intelligence through EFG Hermes Securities Brokerage and Research.

With USD 960 million in funds under management and a mandate to co-manage the EUR 1 billion InfraMed Fund, an infrastructure fund targeting the Mediterranean, EFG Hermes Private Equity has a strong on the ground presence in both Dubai and Cairo. The Division takes a flexible approach to fundraising, employing both traditional funds and transaction based approaches as it looks to acquire, grow and exit investments in sectors including consumer goods, retail, tourism, real estate, financial services, manufacturing, building materials, oil and gas, food, agriculture and infrastructure, among others. EFG Hermes Private Equity has raised USD 1.23 billion since inception across eight funds.

Key Highlights

The regional private equity industry began 2009 on a low note amid challenging conditions in both Arab and global capital markets, with activity picking up only toward year's end as the gap between buyer and seller price expectations began to narrow somewhat. Against this backdrop, EFG Hermes Private Equity focused early in the year on providing its portfolio companies with support to ensure they weathered a storm that was compounded by sharp currency and commodity price fluctuations.

EFG Hermes Private Equity continued to build its regional strategy in 2009 as it prioritised expansion beyond its traditional areas of focus. While the Division sees substantial opportunities across the region, its scoping and coverage effort in 2009 was weighted toward frontier markets, where the barrier to entry for first movers is low and opportunities plentiful provided they are sufficiently investigated.

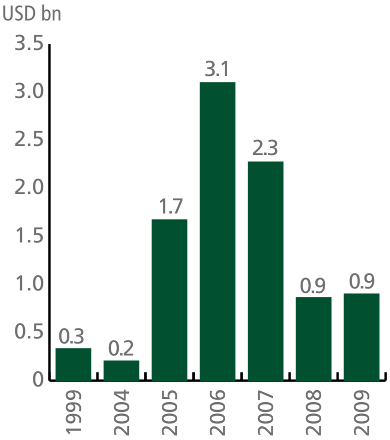
In spring 2009, the Division signed a memorandum of understanding with leading European and regional public sector financial institutions to establish InfraMed, an innovative infrastructure fund that will target the Southern Mediterranean region. In addition to being the only private sector sponsor, EFG Hermes Private Equity will manage the Fund's activities in Egypt. The Division will also establish a local fund to co-invest alongside InfraMed in the Egyptian projects. InfraMed is targeting a first close in 2010. With investments likely to be held a decade or more, InfraMed will push regional private equity beyond the traditional mercantile effort to focus on infrastructure as an investable segment with attractive long term returns.

EFG Hermes Private Equity executed three main exits and made substantial cash distributions to investors in 2009. The exits — one each in the real estate, oil and gas, and food sectors — achieved returns in excess of the limited partners' hurdle IRR. All three exits were from the Horus II Fund, which has already returned more than its committed capital since it first closed in September 2005 — and which continues to make strong distributions.

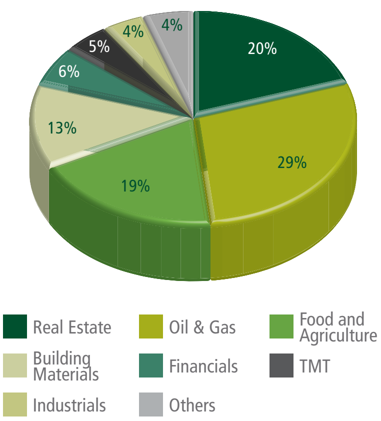
The Division agreed two important new investments in 2009, including the acquisition of a 74% stake in

A fully regionalised business with unique infrastructure and frontier market exposure

Funds Under Management



Breakdown of PE Investments (% of total invested capital)



25 YEARS

Ridgewood Egypt, a mid-sized water desalination company specialising in providing water and other utilities to the tourism sector. The second acquisition was of a 75% stake in Sokhna Livestock Co., a leading transporter, producer and processor of live cattle in Egypt. In line with market trends, both transactions were growth capital acquisitions.

Also last year, the Division closed a transaction specific fund (its first fund of that type) for the Sahara North Bahariya oil and gas field. Finally, the Division revamped its Technology Development Fund with new management through Ideavelopers, EFG Hermes Private Equity's venture capital arm.

EFG Hermes Private Equity continues to target investments through traditional and flexible fund structures that allow it to leverage the EFG Hermes platform as it pursues opportunities in compelling industries supported by fast growing economies with young, growing populations.

2009 Performance

Total revenue earned by Private Equity grew to EGP 124 million in 2009, up from EGP 105 million in 2008. The stronger revenue represents management fees on existing funds under management, and includes EGP 23.8 million of in fees booked on the Group's three main exits during the year. Private Equity accounted for 16.1% of operating revenue in 2009, up from 6.5% the previous year. ≡

2002

US Federal Reserve Chief Alan Greenspan says credit default swaps cushioned the impact of the bursting of the dotcom bubble and 9/11.

Line of Business: Research

Unrivalled Insight

EFG Hermes' independent Research Division offers clients unrivalled coverage of the Arab world. By the end of 2009, Research had steadily expanded its offerings to include active coverage of 96 companies (up from 76 at the end of 2008) drawn from key sectors including finance, real estate and construction, airlines, petrochemicals, building materials, telecoms, consumer goods and utilities across 9 countries, including Algeria, Egypt, Kuwait, Lebanon, Morocco, Oman, Qatar, Saudi Arabia and the United Arab Emirates. EFG Hermes Research presently covers more than 50% of the region's market capitalisation.

In addition to its market leading coverage of Arab stocks, the Research team offers in depth economics and strategy coverage of the key countries in the region. Specific products include equities research, yearbooks, strategy notes, sector overviews, market summaries, economic notes and focus lists. EFG Hermes Research is now at least double its nearest competition in terms of both coverage and product range.

One of the key differentiating factors of the firm's Research team is its highly experienced senior analysts. On average, the senior analysts have nearly eight years of research experience each. In addition, the firm benefits by having its analysts based "on the ground" in most of the major cities in the region, including Cairo, Dubai, Riyadh and Muscat. More than 30 analysts combine leading research capabilities with local flavour, a combination that EFG Hermes' global client base highly appreciates.

Key Highlights

Despite a turbulent year in the financial markets, EFG Hermes Research continued to boast a strong performance during 2009, maintaining its lead over regional and international competition and offering clients unrivalled coverage of the Arab world's equities and economies.

This is the third consecutive year that the firm's research department has topped the Euromoney survey. The EFG Hermes Research team collected eight first place rankings, twice as many as the next best research house. The 2009 Euromoney poll surveyed 321 global portfolio and fund managers with regional equity investments.

Earlier in the year, EFG Hermes Research earned significant regional and international recognition when it was again ranked second in the 2009 Thomson Reuters Extel Survey of Middle East and North Africa market coverage. The Division is the only MENA based firm to crack the survey's headline results since the pan-European survey of investment banking and asset management expanded to include groups based outside core European markets.

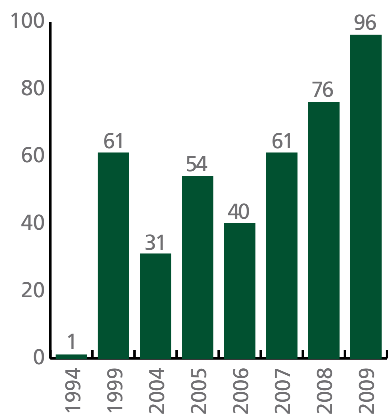
Throughout the year, the Research department continued to add to the portfolio of stocks under coverage. By the end of 2009, the department covered 96 stocks, almost double the coverage provided by international competitors and representing more than 50% of the market capitalisation of the regional markets under coverage. Coverage now spans Egypt (25%), Saudi Arabia (24%), the UAE (22%), Qatar (9%), Kuwait (8%), Lebanon (4.5%), Oman (4.5%) and Morocco (3%).

In addition to its market leading coverage of Arab stocks, the Research team offers in depth economics and strategy coverage of the key countries in the region, extending across 9 countries from Morocco to Oman.

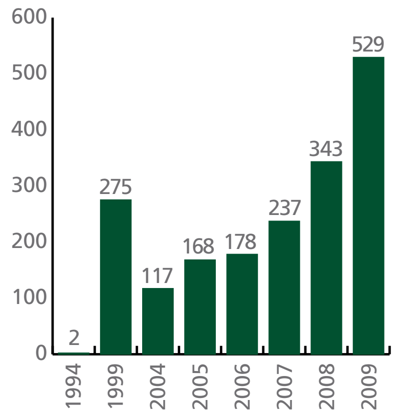
Strong growth was witnessed in terms of research report publication,

Offering clients unrivalled coverage of the Arab world

Companies Under Active Coverage



Number of Reports Published



25 YEARS

with the Research department publishing 529 reports in 2009, up from 343 reports in 2008. The Team continued to provide macro coverage of all countries with stock markets in the GCC, the Levant and North Africa. All Saudi research products, as well as many other key reports, are now published simultaneously in English and in Arabic.

Launched in 2008, the MENA Focus List, a joint product between the Research and Sales teams and comprising the top investment ideas across the Arab world, continued to outperform the MSCI Arabian Markets Index, to which it is benchmarked. The Focus List returned a performance in 2009 in excess of 45%, versus around 17% for the MSCI Arabia.

2009 Performance

During 2009, Research changed and simplified its equity rating system, moving to a three tier, 12 month rating system to better reflect the clients' needs. In addition, the Division has started to deliver a more thematic MENA approach to coverage and report writing, a style that has been well received by clients and one that the team will continue to further expand in 2010. ≡

2003

The invasion of Iraq begins.

Corporate Governance

A Trust to Keep

EFG Hermes believes a robust, proactive approach to corporate governance is key to the integrity of corporations in general and financial institutions in particular. In 2009, the firm took significant steps to tighten its standards on transparency and accountability, voluntarily embracing global standards and best practices at all levels, from the Board of Directors to line operations.

Today, the standards the firm demands of its staff and the procedures they must follow are often significantly tougher than regulators demand in all of the markets in which EFG Hermes operates. Similarly rigorous is the quality and nature of documentation it requires of its clients. Throughout the global financial crisis, this exceptionally high level of compliance has helped EFG Hermes maintain its strong position relative to its competitors.

EFG Hermes believes its commitment to applying international best practices reassures shareholders that their investments are in safe hands. But the benefits of introducing and applying these best practices go beyond individual shareholders: The firm also believes that enhancing corporate accountability will indirectly improve the level of trust and confidence in the market as a whole, an equally important factor given current conditions both regionally and globally.

Key Highlights

Never has EFG Hermes' strong commitment to corporate governance come more into play than it did in 2009, one of the most challenging years in the firm's history. Prominent lawyer and human rights activist Mona Zulficar, EFG Hermes' Non Executive Chairperson, continued to lead both the EFG Hermes Board of Directors and the Audit and Risk Committee, which have been exceptionally active in developing policies and monitoring internal audit and risk.

Throughout the year, board members, particularly the non executives who make up the majority of the board, worked closely with the Audit and Risk and Compensation Committees to ensure that Executive Management was held accountable and the rights of shareholders were safeguarded.

The mandate of the Audit and Risk Committee was expanded in terms of both substance and details with committee members meeting more frequently than ever before. In addition to the required quarterly meetings, the committee held interim meetings as needed to address pressing issues and monitor progress on key initiatives undertaken by the firm during the course of the year. Its wide range of duties, which involve both internal and external control mechanisms, include:

- Ensuring that there is an open avenue of communication between the Internal Auditors, the Chief Risk Officer, the External Auditors and the Board of Directors.
- Reviewing the company's annual financial statements.
- Reviewing any significant violations and management's responses and / or proposed actions related to the infringements in question.
- Reviewing the activities, staffing and organisational structure of the Internal Audit Group.
- Reviewing and making recommendations on the appointment, replacement, or dismissal of the Chief Internal Auditor.
- Reviewing the External Auditors'

Expanded mandate for Audit and Risk Committee

Board dominated by non executive members

Compensation Committee manages remuneration policy for all staff, including senior management

25 YEARS

proposed scope of audit and approach, including coordination of audit efforts with internal audit.

- Assisting the Board in fulfilling its statutory and regulatory obligations in all aspects of risk, which include:
  - Overseeing, ratifying and reviewing the duties of the Risk Management department.
  - Making recommendations to the Board concerning the firm's risk appetite.
  - Making plans for the mitigation of material risks faced by various business units.
  - Implementing and reviewing risk management and internal compliance.

The Chairman of the Audit and Risk Committee reports directly to the Board of Directors and presents the committee's recommendations, which must be addressed within 15 days. Copies of the minutes of the Audit and Risk Committee meetings are also distributed to all members of the Board of Directors. By ensuring open communication between Internal Risk Officers, External Auditors and the Board of Directors, a new level of transparency has been introduced.

Finally, the Board plays an active role in determining appropriate compensation throughout the Group through the Compensation Committee, which is comprised of independent non executive Board Members. The Committee studies compensation within the Group as a whole (and for senior management in particular). This not only safeguards shareholder interests, but ensures Management's interests are fully aligned with those of the firm. The Compensation Committee directly manages the allocations within the Management Incentive Scheme for senior management as approved by the General Assembly.

The high standards that EFG Hermes continues to work towards have helped it emerge from the financial crisis as a healthier organisation with a strong platform for future growth. As a regional pioneer in the area of corporate governance, EFG Hermes has clearly gained the trust and confidence of its shareholders and clients alike and will continue to strive for excellence in the years to come. ≡

2004

Hundreds of thousands are killed in the Tsunami that sweeps the Indian Ocean.

Corporate Social Responsibility

Bettering our Community

EFG Hermes is firmly committed to helping alleviate poverty in the region, with a particular focus on Egypt, through the funding and implementation of strategic integrated development projects. The firm has a long and well established history of being a good corporate citizen and a partner to worthy causes in areas including healthcare, children's rights and microfinance. Despite the cost cutting measures that have taken place in response to a more challenging operational environment, EFG Hermes continues to fully honour its commitments to the underprivileged.

In early 2007, EFG Hermes established the EFG Hermes Foundation with a mandate to help people overcome financial, educational and health related challenges. The EFG Hermes Foundation hit the ground running with a number of sustainable programmes that were designed to increase opportunities for those most in need.

By the end of 2007, the EFG Hermes Foundation's Board of Trustees decided the firm's CSR activities would have a deeper social impact if they moved towards a more directed approach. The Foundation launched its flagship project: Ro'ya 2008, an integrated development project designed to provide adequate housing, running water, sanitation facilities and electricity to the 5,000 impoverished residents of the village of Ezbet Yacoub in the Upper Egyptian governorate of Beni Suef. The project also provides the residents with several income generating programmes and a community services centre that includes a health clinic, a bakery, a dairy facility, a nursery, and a vocational training centre for the youth.

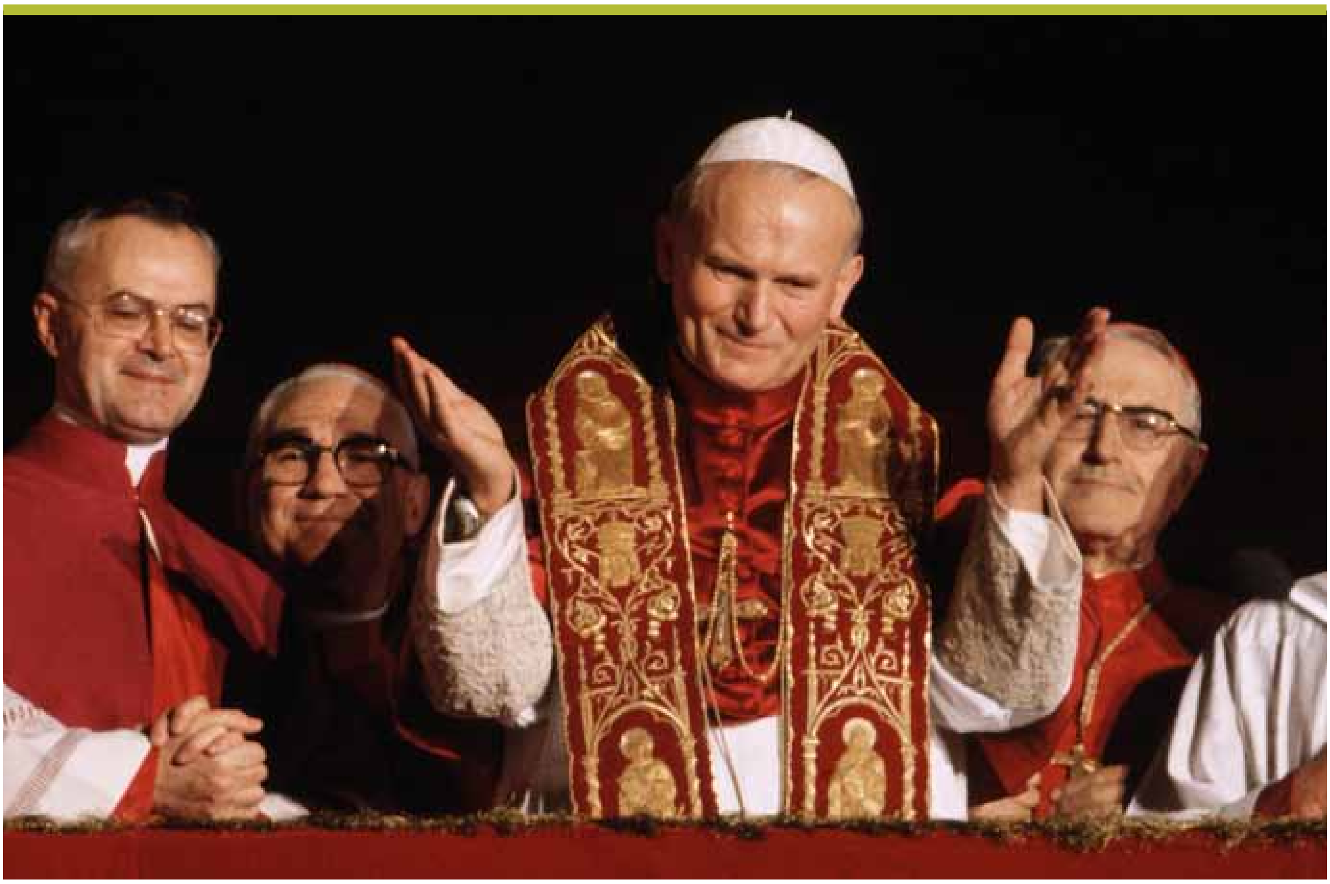
Ro'ya 2008

The EGP 25 million project that began two years ago is now nearing its completion. The landmark initiative to essentially adopt a village, and all of its attendant social and economic needs, has had such a strong impact that it is now being looked upon as a model for private sector led sustainable development initiatives.

To date, a total of 271 of the dilapidated houses in the village have either been demolished and rebuilt or refurbished, and work on the remaining 151 homes is underway. All new homes are equipped with room separators, running water, electricity and latrine facilities. By the end of the third quarter of 2010, the EFG Hermes Foundation will have delivered a total of 422 homes to the residents of Ezbet Yacoub, almost double the 270 homes that the project initially targeted. The new homes are merely the start of what has become the development of an entire village. A new sewage system has been designed and a wastewater treatment plant that recycles sewage water for irrigation has been built and is currently operational. Income generating projects such as microfinance and animal husbandry have been established in an effort to provide the villagers with stable, sustainable sources of income and small business finance.

A new community centre has also been built to act as the focal point for the village. It currently includes a bakery, a clinic, a dairy lab, a nursery and a training centre, mostly staffed by members of the local community.

The EFG Hermes Foundation is on schedule to complete Ro'ya 2008 by the end of the third quarter of 2010, but will remain active in the village



for one year after the physical work is complete to ensure sustainability of the project.

In 2009, the Egyptian Cabinet of Ministers' Social Contract Centre recognised Ro'ya 2008 as "the model development project of the year" and made a call to the private sector to follow suit. The project was also a finalist for the Schwab Foundation Award for Social Entrepreneurship. Furthermore, EFG Hermes received the Corporate Social Responsibility award presented by Global Trade Matters for 2010, in recognition for its support of the project.

Going forward, the EFG Hermes Foundation will continue to focus on poverty alleviation through similar integrated development projects in two communities near Ezbet Yacoub. By reaching out to these neighbouring villages, the Foundation will capitalise on the basic infrastructure and know how that it has already built for Ro'ya 2008.

Other Projects

The threat of pandemic H1N1 influenza virus in 2009 prompted the EFG Hermes Foundation to become involved in an Egyptian Ministry of Health and USAID led initiative to spread awareness of the virus. The Foundation contributed to the production and distribution of child friendly posters in 50,000 government and private schools throughout Egypt.

Work continued on a national Hepatitis C prevention programme that aims to control the spread of the disease by improving health practices inside the Kasr Al-Aini Hospital. The programme is also spreading awareness about viral hepatitis and other blood born diseases through a media campaign.

The Foundation, in cooperation with local NGO Alwan wa Awtar, also participated in a programme that aims to broaden the cultural dimensions of underprivileged youth by exposing them to the visual and performing arts. Participants in this unique programme attended workshops, visited museums and learned basic art techniques. With the help of the Foundation, Alwan wa Awtar was able to tap into a wider pool of children.

A project to connect approximately 3,000 homes with water and sanitation in the governorate of Minya has been completed. The overall aim of the project was to improve the general health and well being of the villagers. Beneficiaries were also taught how to care for the new facilities that have been installed in their homes. ≡

2005

Pope John Paul II dies.

Board of Directors

MONA ZULFICAR

Non Executive Chairperson, EFG Hermes

Ms. Zulficar has served as Non Executive Chairperson of EFG Hermes since 2008. She is the head of Zulficar & Partners Law Firm, a newly established law firm of 30 lawyers including seven partners that was established on 1 June 2009. She was previously senior partner at Shalakany Law Firm and Chair of its Executive Committee for many years. Ms. Zulficar is recognised in international legal circles as among Egypt's most prominent corporate, banking and project finance attorneys. As an M&A and capital markets transactions specialist, she has led negotiations on some of Egypt's and the Middle East's largest and most complex transactions over the past three decades, including Orascom Construction Industries' sale of its regional cement business to Lafarge for USD 15 billion in 2008, the acquisition by Société Générale of MIBank for USD 420 million and its merger with National Société Générale Bank in 2006, and the acquisition by Citadel Capital of ASEC in 2004 and its subsequent sale of Helwan Cement to Suez Cement Company of Italcementi Group for USD 800 million in 2005. Ms. Zulficar has also played an instrumental role in modernising and reforming economic and banking laws and regulations as a member of the board of the Central Bank of Egypt and as a prominent member of national drafting committees. She is also a leading human rights expert and activist recognised locally and internationally and was recently elected member of the International Advisory Committee of the United Nations Human Rights Council. She holds a Bachelor of Science in Economics and Political Science from Cairo University and an LLM from Mansoura University.

SHERIF CARARAH

Head of Brokerage, EFG Hermes

As Head of Brokerage at EFG Hermes, Mr. Cararah has managed the placement of numerous high profile IPOs and led the growth of the firm's regional brokerage franchise. Before joining EFG Hermes, he was manager of the Egyptian British Bank's Corporate Banking Division. Mr. Cararah began his career at Commercial International Bank's (CIB) Corporate Banking Group before serving from 1991 to 1994 in the Credit and Private Banking divisions of the United Saudi Commercial Bank (KSA). Mr. Cararah holds a Bachelor of Commerce from Ain Shams University, Cairo.

SANJEEV DOSHI

Head of Equity Opportunities, Abu Dhabi Investment Authority

Mr. Doshi is a Non Executive Member of the EFG Hermes Board. He currently serves as the Head of Equity Opportunities at Abu Dhabi Investment Authority (ADIA), where he is mandated with identifying strategic partners and assuming equity stakes in MENA based and global companies. Prior to his current role, he gained 15 years of equity research experience at buy and sell side institutions in the United Kingdom and Middle East, including Dresdner Kleinwort Wasserstein and JPMorgan Chase. He also holds a Chartered Financial Analyst charter designation. Mr. Doshi holds a degree in Economics and French from the University of Pennsylvania.

ROBERT EICHFELD

Ex-CEO, Samba (Retired)

Mr. Eichfeld is an independent Executive Member of the EFG Hermes Board. He is a former Chief Executive Officer of Samba Financial Services. During his 33 year career with Citigroup, he managed many of Citibank's business, country and regional activities in postings throughout the Caribbean, Brazil, India, Indonesia, New Zealand and Pakistan, as well as two separate periods in Saudi Arabia. Mr. Eichfeld has advised a de novo venture capital fund in the United Arab Emirates and partnered with other investors to establish Unicorn Investment Bank, an Islamic financial institution in Bahrain. He is currently a member of the Advisory Council of his alma mater, the Thunderbird Graduate School of Global Management, Vice Chair of the Grameen Foundation focusing on microfinance, and a member of various philanthropic organisations. Mr. Eichfeld studied at the

Thunderbird Graduate School of Global Management, in the Garvin School of International Management.

YASSER EL MALLAWANY

Chief Executive Officer, EFG Hermes

As Chief Executive Officer of EFG Hermes, Mr. El Mallawany has played a key role in driving the consolidation of Egypt's investment banking sector and facilitated the emergence of EFG Hermes as the leading Arab investment bank. He began his career with 16 years at Commercial International Bank (CIB), formerly Chase National Bank, finally serving as the General Manager of the Corporate Banking Division. Mr. El Mallawany joined EFG Hermes at the time of the firm's merger with CIIC. He is a member of the Emerging Markets Private Equity Association's Advisory Council. Mr. El Mallawany holds a Bachelor's degree in Accounting from Cairo University.

D. WILLIAM J. GARRETT

Chairman, Redburn Partners

Mr. Garrett is a Non Executive Member of the EFG Hermes Board. Mr. Garrett is Chairman of Redburn Partners, a brokerage house specialising in European equities and global private equity, and of marketable securities firm Zephyr

2006

Egypt wins the first of three back to back Africa Cup of Nations championships.

Management. Until recently, he was also Director of T. Rowe Price Group, a global investment management firm. Mr. Garrett worked at Robert Fleming from 1970 to 2000, becoming Chief Executive Officer in 1997. He has extensive international investment experience, having worked as an investment analyst in London, a fund manager in Hong Kong, and General Manager of Jardine Fleming Securities in Tokyo. Mr. Garrett earned his degree in law from Queens College, Cambridge, UK.

HASSAN HEIKAL

Chief Executive Officer, EFG Hermes

Serving as Chief Executive Officer since 2005, Mr. Heikal is one of the driving forces that has established EFG Hermes as the largest investment bank in the Arab world. Mr. Heikal joined EFG Hermes in 1995 from Goldman Sachs. While Head of EFG Hermes' Investment Banking Division, he spearheaded the drive that cemented the firm's reputation as the leading investment banking franchise in the Arab world. He holds a Bachelor of Science from the Faculty of Economics and Political Science at Cairo University.

JOSEPH ISKANDER

Head of Research, Dubai Group

Mr. Iskander is a Non Executive Member of the EFG Hermes Board. He has headed Dubai Group's Research Department since 2008 and is a member of the firm's investment committee. He joined Dubai Group as an investment manager in 2004 and has worked on a range of M&A transactions, advisory services, asset management and private equity transactions with a collective value in excess of USD 8 billion. Prior to joining DG, Mr. Iskander headed the research team at Egypt's Prime Investments and was earlier an investment advisor at Commercial International Bank (CIB). He began his career at Deloitte & Touche (Egypt) as an auditor. He is also a member of the CFA Institute–USA. Mr. Iskander holds a degree in Accounting and Finance with high distinction from Helwan University, as well as a degree in Modern Accounting from the American University in Cairo.

WALID KABA

Director, EFG Hermes Private Equity

Mr. Kaba is a Non Executive Member of the EFG Hermes Board. He currently serves as a Director of EFG Hermes Private Equity. Mr. Kaba previously worked with Bank of America International Limited until 1996, his last position being as a Managing Director of Investment Banking and Head of the Eurofinance Group. Mr. Kaba holds a Bachelor of Science in civil engineering and an MBA from the University of California, Berkeley.

CHARLES MCVEIGH III

Chairman, Citigroup Corporate and Investment Banking–Private Banking Partnership

Mr. McVeigh is a Non Executive Member of the EFG Hermes Board. He is Chairman of Citigroup's Corporate and Investment Banking-Private Banking Partnership. Previously, he was Co-Chairman of Citigroup's European Investment Bank (formerly Schroder Salomon Smith Barney) in 1987. He joined Salomon Brothers in 1971 before moving on to head Salomon Brothers International in 1975, becoming General Partner in 1977. He is a former member of the Fulbright Commission and sits on the Development Board and Advisory Council of the Prince's Trust, as well as serving on the boards of Petropavlovsk and Savills. He has served as Co-Chairman of British American Business Inc, on the boards of Witan Investment Company PLC, Clearstream, the LSE and LIFFE, on the Bank of England's City Capital Markets and Legal Risk Review Committees, and on the London School of Economics' Financial Markets Committee. Mr. McVeigh holds a Bachelor's degree from the University of Virginia and an MBA from Long Island University.

THOMAS S. VOLPE

Managing Partner, Volpe Investments LLC

Mr. Volpe is a Non Executive Member of the EFG Hermes Board. He is Managing Partner of Volpe Investments LLC, a private equity investment firm. Prior to Volpe Investments LLC, Mr Volpe served as the CEO of Dubai Group, the diversified banking, investments and insurance company of Dubai Holding. Previously, he founded and acted as Managing Partner, Chairman and CEO of Volpe Brown Whelan & Company (VBW), an international risk capital, asset management and investment banking firm focused on rapidly growing entrepreneurial companies in the technology and health care industries. Prudential Securities acquired VBW in 1999, and Mr. Volpe served as Chairman of the renamed Prudential Volpe Technology Group until 2001. A distinguished investment industry veteran, he served as CEO, President and Board member of Hambrecht & Quist Incorporated, the world's leading technology and health care focused venture capital and investment banking firm. Mr. Volpe is a graduate of Harvard Business School (MBA), the London School of Economics (MSc Economics) and Harvard College (AB Economics).

RAMSAY ZAKI

Chief Operating Officer, EFG Hermes

As the firm's Chief Operating Officer, Mr. Zaki is responsible for managing the financial and operational issues, including compliance related functions. He joined EFG Hermes in 1995 and has held a number of key positions in the course of his 14 years with the firm, including Group Treasurer. Prior to joining EFG Hermes, Mr. Zaki worked for nine years at Commercial International Bank (CIB). He holds a Bachelor's degree from Cairo University. ≡

- Audit & Risk Committee Member
- Compensation Committee Member

2007

The iPhone is unveiled and quickly becomes a "must have" in markets around the globe.

Executive Committee

MOHAMED ARAFA
Chief Financial Officer

Currently serving as Chief Financial Officer, Mr. Arafa joined EFG Hermes in 1999, where he has led or participated in key projects and transactions throughout the Group. As Group Treasurer, he played leading roles in a capital increase as well as in the merger between EFG Hermes Holding and Commercial International Investment Company (CIIC). He has also led due diligence, pricing and security negotiations for fund raising projects for EFG Hermes. Prior to joining the firm, Mr. Arafa was an executive with the Egyptian Gulf Bank. He holds a Bachelor of Arts in Commerce and Business Administration from Helwan University, Cairo.

KARIM AWAD
Head of Investment Banking

Mr. Awad is Head of the Investment Banking division. Since joining EFG Hermes in 1998, he has focused on equity offerings and merger and acquisition (M&A) transactions in the telecommunications and financial sectors as well as the recent development of the Division's debt practice. During his tenure, Mr. Awad has participated in and closed deals with an aggregate value of approximately USD 10 billion, including landmark transactions such as advising Telecom Egypt (TE) on its initial public offering and on TE's acquisition of a 45% stake in Vodafone Egypt, advising Société Générale on its acquisition of MIBank, and advising the shareholders of Al-Watany Bank of Egypt on the bank's sale to National Bank of Kuwait. Mr.

25 YEARS

2008

Barack Obama is elected the first African American president of the United States.

01 Ramsay Zaki
Chief Operating Officer
and Board Member

02 Mohamed Arafa
Chief Financial Officer

03 Philip Southwell
CEO for Lower GCC Operations
(excluding Saudi Arabia)

04 Hassan Heikal
Chief Executive Officer
and Board Member

05 Hashem Montasser
Head of Asset Management

06 Karim Awad
Head of Investment Banking

07 Hazem Shawki
Head of Private Equity

08 Yasser El Mallawany
Chief Executive Officer
and Board Member

09 Hossam Y. Radwan
CEO for Saudi Arabia

10 Sherif Cararah
Head of Brokerage
and Board Member

Awad graduated with a Bachelor of Arts in Business Administration with a minor in Economics from the American University in Cairo with highest honours.

HASHEM MONTASSER

Head of Asset Management

Mr. Montasser is Head of the Asset Management division. He is responsible for the overall implementation of the Asset Management team's allocation strategy and chairs the investment committee. Prior to joining EFG Hermes, he served with JPMorgan & Co in London, where he had coverage responsibilities for Middle East financial institutions and central banks focusing on fixed income derivatives and alternative investment products. Prior to that, he worked at Merrill Lynch & Co in New York and also spent a short stint as a Director of Business Development for New York based internet start-up kozmo.com. Mr. Montasser graduated magna cum laude from Harvard University with a dual concentration in Economics and Near Eastern Languages and Civilization and obtained his Masters of Business Administration from Harvard Business School.

HAZEM SHAWKI

Head of Private Equity

Mr. Shawki is Head of EFG Hermes Private Equity. Prior to joining EFG Hermes in 2008, Mr. Shawki was a Managing Director in Investment Banking with Goldman Sachs, covering the MENA region. He joined Goldman Sachs in 1999 as an associate in the Telecommunications, Media and Technology group within Investment Banking in London. In 2004, he moved to the European Financing Group in London, where he focused on Equity Capital Markets (ECM) for the European New Markets area and in 2007 he moved to Dubai to take on coverage responsibility in the MENA region. Mr. Shawki earned his MBA from the Stanford Graduate School of Business and a BA First Class Joint Honors in Economics and Finance from McGill University.

PHILIP SOUTHWELL

CEO for Lower GCC Operations (excluding Saudi Arabia)

Mr. Southwell is CEO for Lower GCC Operations. He joined EFG Hermes in 2009, after serving as Managing Director of Deutsche Bank, running the Central and Eastern Europe, Turkey, Middle East and Africa region (CEMA) for Global Banking. During his tenure running the CEMA businesses, he bought businesses for Deutsche Bank in Central Europe, Algeria, Turkey and Russia. Mr. Southwell was earlier part of the management team that created that firm's Global Banking practice in EMEA and initially ran coverage for the EMEA region. Prior to 2004, Mr. Southwell worked in equity capital markets, first at Smith New Court & Merrill Lynch, and from 1997 with Deutsche Bank in London, Hong Kong, Sydney and Tokyo. He has executed landmark transactions including Hutchison Whampoa's USD 5.2 billion block trade of Vodafone shares in 2000 and Halifax's GBP 6.4 billion IPO in 1997. Mr. Southwell has extensive experience in international equity offerings and privatisations in the Middle East, Europe, the United States, Japan, Australia and Asia. He is also a member of the Institute of Chartered Accountants for England & Wales (ACA). Mr. Southwell was educated at Eton College and received his degree from Durham University.

HOSSAM Y. RADWAN

CEO for Saudi Arabia

Mr. Radwan is Chief Executive Officer for EFG Hermes in Saudi Arabia. Prior to joining the firm in 2009, he spent 12 years with Goldman Sachs in London where he joined the Equities Division in 1997 as one of the founding members of the firm's Private and Institutional Wealth Management efforts in the Middle East. Mr. Radwan later moved to the Asset Management Division (GSAM) in January 2007 to lead the effort in building the firm's institutional franchise. There, he worked extensively with MENA based sovereign wealth funds, central banks, pension funds, financial initiations and large corporations. Mr. Radwan began his career in finance in 1993 where he spent four years with JP Morgan & Co in the Investment Banking Division in New York and London. He holds a Bachelor of Science degree in Finance and International Business from Georgetown University in Washington D.C. ≡

2009

H1N1 swine flu becomes pandemic, setting off a global run on masks, hand sanitiser and Tamiflu.

Audited Financial Statements

Contents

Auditor's Report

To the Board of Directors of the EFG Hermes Holding Company

We have audited the accompanying consolidated financial statements of EFG Hermes Holding Company and its subsidiaries which comprise the consolidated balance sheet as at 31 December 2009 and the consolidated income statement, consolidated statement of changes in equity and consolidated statement of cash flows for the financial year 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. Except as discussed in the basis of the opinion paragraph, 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.

Basis of opinion

Revenues and shareholders' equity include approximately EGP 436 million and EGP 171.2 million respectively representing the Company's share in the net profit and the changes in shareholders' equity of Bank Audi SAL (a foreign associate) which were computed based on the associate's financial statements have not yet been audited by the auditors of the Bank in Lebanon.

Opinion

In our opinion, except for the effects of such adjustments on the company's revenues and shareholders' equity, if any, as might have been determined to be necessary had we been able to obtain the audited financial statements of that associate, the consolidated financial statements referred to in the first paragraph above present fairly, in all material respects, the consolidated financial position of the group as of 31 December 2009 and its consolidated results of its operations and its consolidated cash flows for the year then ended in accordance with Egyptian Accounting Standards and comply with applicable Egyptian laws and regulations relating to the preparation of these financial statements.

KPMG Hazem Hassan
Cairo, February 2010

Consolidated Balance Sheet

as at 31 December 2009

	Note No.	31/12/2009 EGP	31/12/2008 EGP
Current assets			
Cash and cash equivalents	(4, 25)	1 611 733 824	1 890 513 485
Treasury bills	(5)	--	520 037 696
Investments at fair value through profit and loss	(6)	975 145 174	690 588 550
Accounts receivable (net)		709 416 855	476 137 971
Due from EFG Hermes Employee Trust (current tranche)	(21)	15 994 202	72 422 903
Due from related parties		--	12 667 362
Other debit balances	(7)	354 962 165	523 351 795
Total current assets		**3 667 252 220**	**4 185 719 762**
Non-current assets			
Fixed assets (net)	(10)	180 047 673	168 422 643
Projects under construction	(11)	311 851 122	207 644 611
Available-for-sale investments	(12)	781 077 826	704 666 828
Investments in subsidiaries & associates	(13)	4 737 991 854	4 030 030 838
Investment property	(14)	178 167 117	178 167 117
Settlement Guarantee Fund	(15)	24 109 233	31 324 099
Due from EFG Hermes Employee Trust (non-current tranche)	(21)	396 201 410	233 345 392
Intangible assets	(16)	701 037 040	699 450 213
Long Term Loans	(18)	38 959 565	--
Deferred tax assets (liabilities)	(28)	3 587 988	(20 089 322)
Total non-current assets		**7 353 030 828**	**6 232 962 419**
Total assets		**11 020 283 048**	**10 418 682 181**
Current liabilities			
Banks - overdraft		--	300 118
Accounts receivable - credit balances		779 945 169	957 861 846
Creditors and other credit balances	(8)	318 857 573	507 044 676
Due to related parties		15 235 000	15 235 000
Other brokerage companies		77 721 540	(137 635 119)
Provisions	(9)	190 851 153	153 171 660
Current tranche of loans and borrowings	(19)	37 758 000	37 732 000
Total current liabilities		**1 420 368 435**	**1 533 710 181**
Shareholders' equity			
Share capital	(21)	1 913 570 000	1 939 320 000
Legal reserve		969 544 740	980 337 393
Share premium		3 294 067 512	3 345 518 887
Reserves		387 051 318	3 263 897
Other equity	(20)	(607 200 000)	(607 200 000)
Retained earnings		2 227 167 838	1 616 624 918
Shareholders' equity		**8 184 201 408**	**7 277 865 095**
Treasury shares	(21.1)	--	(239 381 358)
		8 184 201 408	**7 038 483 737**
Net profit for the year		551 810 628	933 497 922
Shareholders' equity including net profit for the year		**8 736 012 036**	**7 971 981 659**
Non-controlling interests		206 075 609	213 767 624
Total shareholders' equity		**8 942 087 645**	**8 185 749 283**
Non-current liabilities			
Loans and borrowings	(19)	53 576 000	91 116 000
Long term liabilities	(20)	604 250 968	608 106 717
Total non-current liabilities		**657 826 968**	**699 222 717**
Total shareholders' equity and liabilities		**11 020 283 048**	**10 418 682 181**

The accompanying notes from page (90) to page (104) are an integral part of these financial statements and are to be read therewith.

Mona Zulficar
Chairperson

Yasser El Mallawany
Executive Managing Director

Hassan Heikal
Executive Managing Director

Consolidated Income Statement

for the year ended 31 December 2009

	Note No.	For the year ended 31/12/2009 EGP	For the year ended 31/12/2008 EGP
Income from fees, commission & management of investments		772 037 857	1 620 116 866
Share of profit of associate - Bank Audi - Lebanon	(3.1.2)	436 004 934	327 609 411
Interest income	(25)	118 407 607	187 144 208
Dividend income		12 210 772	22 906 638
Unrealized gains on investment property	(14)	--	89 969 097
Gains (losses) on sale of investments		112 641 478	(69 538 629)
Gains on sale of fixed assets		472 881	2 247 013
Foreign currencies differences		1 211 576	(9 883 407)
Other income	(9)	17 260 483	86 480 665
Total revenues		**1 470 247 588**	**2 257 051 862**
Deduct:			
General administrative expenses		709 155 319	887 466 681
Finance costs		43 787 909	64 459 817
Unrealized loss on investments at fair value through profit and loss		7 377 000	37 429 155
Provisions	(9)	53 518 421	42 322 970
Fixed assets depreciation	(10)	34 154 707	25 620 682
Impairment loss on assets	(24)	4 592 315	105 215 638
Total expenses		**852 585 671**	**1 162 514 943**
Net profit before income tax		617 661 917	1 094 536 919
Income tax expense	(26)	(19 611 394)	(101 420 625)
Net profit for the year		**598 050 523**	**993 116 294**
Equity holders of the parent		551 810 628	933 497 922
Non-controlling interests		46 239 895	59 618 372
		598 050 523	**993 116 294**
Earnings per share	(29)	1.37	2.30

The accompanying notes from page (90) to page (104) are an integral part of these financial statements and are to be read therewith.

Consolidated Statement of Changes in Equity

for the year ended 31 December 2009

	Note No.	Share capital EGP	Legal reserve EGP	Share premium EGP	Reserves: General reserve EGP	Reserves: Special Reserve EGP	Reserves: Translation reserve EGP	Reserves: Fair value reserve EGP	Reserves: Hedging reserve EGP	Reserves: Cumulative adjustments EGP	Reserves: Company's share of items recognized in associate equity EGP	Other equity EGP	Retained earnings EGP	Treasury shares EGP	Net profit for the year EGP	Total EGP
Balance as at 31 December 2007 (before restatment)		1 939 320 000	973 176 967	3 337 714 692	158 271	–	11 127 221	864 901 347	68 504 120	(3 539 433)	83 705 960	–	751 128 194	–	1 281 240 358	9 307 437 697
Change in accounting policies	(3.9.3)	–	–	–	–	–	–	–	–	–	–	–	–	–	9 945 487	9 945 487
Balance as at 31 December 2007 (restatment)		**1 939 320 000**	**973 176 967**	**3 337 714 692**	**158 271**	**0**	**11 127 221**	**864 901 347**	**68 504 120**	**(3 539 433)**	**83 705 960**	**0**	**751 128 194**	**0**	**1 291 185 845**	**9 317 383 184**
Foreign currencies translation differences		–	–	–	–	–	(6 045 718)	–	–	–	–	–	–	–	–	(6 045 718)
Effective portion of changes in fair value of cash flow hedges (net of tax)		–	–	–	–	–	–	–	(62 834 386)	–	–	–	–	–	–	(62 834 386)
Company's share of items recognized in associate equity		–	–	–	–	–	–	–	–	–	(39 252 280)	–	–	–	–	(39 252 280)
Net changes in the fair value of available -for-sale investments		–	–	–	–	–	–	(865 686 318)	–	–	–	–	–	–	–	(865 686 318)
Cumulative adjustments		–	–	–	–	–	–	–	–	(47 774 887)	–	–	–	–	–	(47 774 887)
Purchases of treasury shares		–	–	–	–	–	–	–	–	–	–	–	–	(564 193 958)	–	(564 193 958)
Selling of treasury shares		–	–	7 804 195	–	–	–	–	–	–	–	–	–	324 812 600	–	332 616 795
2007 dividend payout		–	7 160 426	–	–	–	–	–	–	–	–	–	865 496 724	–	(1 291 185 845)	(418 528 695)
Expected consideration to be paid	(20)	–	–	–	–	–	–	–	–	–	–	(607 200 000)	–	–	–	(607 200 000)
Net profit for the year ended 31 December 2008		–	–	–	–	–	–	–	–	–	–	–	–	–	933 497 922	933 497 922
Balance as at 31 December 2008		**1 939 320 000**	**980 337 393**	**3 345 518 887**	**158 271**	**0**	**5 081 503**	**(784 971)**	**5 669 734**	**(51 314 320)**	**44 453 680**	**(607 200 000)**	**1 616 624 918**	**(239 381 358)**	**933 497 922**	**7 971 981 659**
Foreign currencies translation differences		–	–	–	–	–	(1 975 275)	–	–	–	–	–	–	–	–	(1 975 275)
Effective portion of changes in fair value of cash flow hedges (net of tax)		–	–	–	–	–	–	–	(9 216 001)	–	–	–	–	–	–	(9 216 001)
Company's share of items recognized in associate equity		–	–	–	–	–	–	–	–	–	171 296 532	–	–	–	–	171 296 532
Net changes in the fair value of available-for-sale investments		–	–	–	–	–	–	151 698 160	–	–	–	–	–	–	–	151 698 160
Cumulative adjustments		–	–	–	–	–	–	–	–	(2 330 870)	–	–	–	–	–	(2 330 870)
Purchase of treasury shares	(21.1)	–	–	–	–	–	–	–	–	–	–	–	–	(30 528 161)	–	(30 528 161)
Selling of treasury shares	(21.1)	–	–	4 768 788	–	–	–	–	–	–	–	–	–	175 064 356	–	179 833 144
Cancelling of treasury shares	(21.1)	(25 750 000)	(12 875 000)	(56 220 163)	–	–	–	–	–	–	–	–	–	94 845 163	–	–
2008 dividend payout		–	2 082 347	–	214 875	74 100 000	–	–	–	–	–	–	610 542 920	–	(933 497 922)	(246 557 780)
Net profit for the year ended 31 December 2009		–	–	–	–	–	–	–	–	–	–	–	–	–	551 810 628	551 810 628
Balance as at 31 December 2009		**1 913 570 000**	**969 544 740**	**3 294 067 512**	**373 146**	**74 100 000**	**3 106 228**	**150 913 189**	**(3 546 267)**	**(53 645 190)**	**215 750 212**	**(607 200 000)**	**2 227 167 838**	**0**	**551 810 628**	**8 736 012 036**

The accompanying notes from page (90) to page (104) are an integral part of these financial statements and are to be read therewith.

Consolidated Cash Flows Statement

for the year ended 31 December 2009

	For the year ended 31/12/2009 EGP	For the year ended 31/12/2008 EGP
Cash flows from operating activities		
Net profit before income tax	617 661 917	1 094 536 919
Adjustments to reconcile net profit to net		
cash provided by operating activities		
Fixed assets depreciation	34 154 707	25 620 682
Provisions	53 518 421	42 322 970
Amounts used from provisions	(28 616 192)	(18 171 580)
Provisions no longer needed	(1 583 288)	(45 946 931)
Gains on sale of fixed assets	(472 881)	(2 247 013)
Gains on sale of available-for-sale investments	(15 210 680)	(191 768 760)
Unrealized loss on investments at fair value through profit and loss	7 377 000	37 429 155
Unrealized gains on investment property	--	(89 969 097)
Impairment loss on assets	4 592 315	105 215 638
Bad debts expense	--	1 431 852
Foreign currency translation differences	(13 304 710)	19 786 179
Share of profit of associates - Bank Audi - Lebanon	(436 004 934)	(327 609 411)
Income tax paid	(135 686 180)	(148 814 691)
Operating profit before changes in working capital	**86 425 495**	**501 815 912**
Decrease in other debit balances	245 820 368	10 127 484
Decrease in creditors and other credit balances	(100 006 626)	(172 506 970)
(Increase) decrease in accounts receivables - (debit balances)	(221 866 978)	2 156 032 823
Decrease in accounts receivables - (credit balances)	(173 264 367)	(1 737 933 005)
Decrease in due from related parties	103 287 240	228 631 227
Decrease in due to related parties	(91 761 226)	(59 920 441)
(Increase) decrease in investments at fair value through profit and loss	(366 509 992)	1 392 464 242
Increase in EFG Hermes Employee Trust (current tranche)	56 428 701	(28 129 302)
Increase in EFG Hermes Employee Trust (non-current tranche)	(165 186 888)	(245 487 573)
Increase (decrease) in other brokerage companies - Misr clearance	211 267 619	(450 132 501)
Net cash (used in) provided from operating activities	**(415 366 654)**	**1 594 961 896**
Cash Flows from Investing Activities		
Payments to purchase fixed assets	(40 604 616)	(36 992 865)
Proceeds from sale of fixed assets	578 242	4 779 070
Payments for projects under construction	(104 630 153)	(181 950 995)
Payments to purchase / proceeds from redemption treasury bills	520 037 696	(520 037 696)
Payments to purchase available-for-sale investments	(261 291 956)	(2 055 962 780)
Payments to purchase investments in subsidiaries and associates	(15 608 414)	(903 491 630)
Proceeds from sale of available-for-sale investments	110 711 638	1 489 616 409
Proceeds from sale of investments in subsidiaries and associates	--	55 904 629
Increase in long term loans	(38 959 565)	--
Decrease (increase) companies' share in Settlement Guarantee Fund	7 028 101	(11 565 107)
Net cash provided from (used in) investing activities	**177 260 973**	**(2 159 700 965)**

Consolidated Cash Flows Statement (continued)

for the year ended 31 December 2009

	For the year ended 31/12/2009 EGP	For the year ended 31/12/2008 EGP
Cash flows from financing activities		
Purchases of treasury shares	(30 528 161)	(564 193 958)
Proceeds from sale of treasury shares	179 833 144	324 812 600
Decrease in retained earnings	115 947 433	(105 482 002)
Increase in bank overdraft	(298 486)	300 118
Paid dividends	(259 541 628)	(552 511 214)
Increase in loans and borrowings	(37 514 000)	(61 048 002)
Changes in reserves	(11 520 000)	(70 829 660)
Net cash used in financing activities	**(43 621 698)**	**(1 028 952 118)**
Net change in cash and cash equivalents during the year	(281 727 379)	(1 593 691 187)
Cash from acquisition of subsidiaries	2 947 718	38 591 709
Cash and cash equivalents at the beginning of the year	1 890 513 485	3 445 612 963
Cash and cash equivalents at the end of the year	**1 611 733 824**	**1 890 513 485**

The accompanying notes from page (90) to page (104) are an integral part of these financial statements and are to be read therewith.

Notes to the Consolidated Financial Statements
for the year ended 31 December 2009

1. General

1.1 Legal status

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

1.2 Purpose of the company

- The company's purpose is participation in the companies establishment which issue securities or in increasing their share capitals.
- The company's extraordinary meeting held on 14 March 2004 decided to add the Custody Activity to the purpose of the company.
- The company obtained the approval of Capital Market Authority on 5 February 2007 to execute the Marginal Trading Activity.

2. Basis of preparation

2.1 Statement of compliance

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

2.2 Basis of measurement

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

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

2.3 Functional and presentation currency

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

2.4 Use of estimates and judgments

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

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.
In particular, information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amount recognized in the financial statements are described in the following notes:

- Note No. 9 – provisions.
- Note No. 22 – contingent liabilities, valuation of financial instruments.
- Note No. 28 – recognition of deferred tax assets and liabilities.

3. Significant accounting policies applied

The accounting policies set out below have been applied consistently with those applied in the previous period presented in these consolidated financial statements and applied consistently by Group's entities.

3.1 Basis of consolidation

The consolidated financial statements include the following companies:

3.1.1 Subsidiaries

- The consolidated financial statements include all subsidiaries that are controlled by the parent company and which the management intends to continue to control. Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

- Intragroup balances and transactions, including income, expenses and dividends, are eliminated in full. Profits and losses resulting from intragroup transactions that are recognized in assets, such as inventory and fixed assets, are eliminated in full. Intragroup losses may indicate an impairment that requires recognition in the consolidated financial statements. EAS 24 Income Taxes applies to temporary differences that arise from the elimination of profits and losses resulting from intragroup transactions.
- Non-controlling interests shall be presented in the consolidated balance sheet within equity, separately from the parent shareholder's equity. Non-controlling interests in the profit or loss of the group shall also be separately disclosed.
- A parent loses control when it loses the power to govern the financial and operating policies of an investee so as to obtain benefit from its activities.

3.1.2 Associates

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

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

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

3.2 Translation of the foreign currencies transactions

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

3.3 Translation of the foreign subsidiaries' financials

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

3.4 Derivative financial instruments

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

Cash flow hedges

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

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

Fair value hedges

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

3.5 Fixed assets depreciation

Fixed assets are stated at historical cost and presented in the balance sheet net of accumulated depreciation and impairment (Note No. 3.10). Depreciation is charged to the income statement over the estimated useful-life of each asset using the straight-line method. The following are the estimated useful lives, for each class of assets, for depreciation calculation purposes:

	Estimated useful life
• Buildings	33.3 years
• Office furniture, equipment & electrical appliances	2 - 16.67 years
• Computer equipment	3.33 - 5 years
• Transportation means	3.33 - 4 years

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

3.6 Projects under construction

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

3.7 Intangible assets

3.7.1 Goodwill

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

- Positive goodwill is stated at cost less impairment losses (Note No. 3.10).
- While negative goodwill arose from business combinations after applying International Financial Reporting Standards (IFRS3) will be recognized directly in the income statement.
- Goodwill resulting from further acquisitions after control is obtained is determined on the basis of the cost of the additional investment and the carrying amount of net assets at the date of acquisition, accordingly, no fair value adjustments would be recognized.

3.7.2 Other intangible assets

Other intangible assets that are acquired by the Group are stated at cost less accumulated amortization and impairment losses (Note No. 3.10). Amortization is recognized in the income statement on a straight–line basis over the estimated useful lives of intangible assets.

3.7.3 Subsequent expenditure

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

3.8 Treasury bills

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

3.9 Investments

3.9.1 Investments at fair value through profit and loss

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

3.9.2 Available-for-sale financial investments

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

3.9.3 Investment property

- Investment property is recorded at cost. Any decline in the fair value (impairment) is charged to income statement.
- Effective from the last year, the accounting policy has been changed in order to be measured by fair value on the balance sheet date and any gain or loss arising from a change in the fair value of investment property shall be recognized in profit or loss for the period in which it arises.

3.10 Impairment

3.10.1 Financial assets

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

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

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

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

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

3.10.2 Non-financial assets

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

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

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

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

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

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

3.13 Other debit balances
Other debit balances are recognized at cost less impairment losses (Note No. 3.10).

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

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

3.16 Share capital
3.16.1 Repurchase of share capital
When share capital recognized as equity is repurchased, the amount of the consideration paid, including directly attributable costs, is recognized as a change in equity.
Repurchased shares are classified as treasury stock and presented as a deduction from total equity.

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

3.17 Revenues recognition
3.17.1 Gains (losses) from sale of investments
Gains (losses) resulted from sale of investments are recognized on transaction date and measured by the difference between cost and selling price less selling commission and expenses.

3.17.2 Dividend income
Dividend income is recognized when declared.

3.17.3 Custody fees
Custody fees is recognized when provide service and issue invoice.

3.17.4 Interest income
Interest income is recognized on accrual basis.

3.17.5 Brokerage commission
Brokerage commission resulting from purchase of and sale of securities operations in favor of clients are recorded according to the accrual basis (when the invoice is issued).

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

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

3.18 Expenses

3.18.1 Borrowing costs

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

3.18.2 Employees' pension

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

3.18.3 Taxation

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

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

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

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

3.19 Earnings per share

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

3.20 Profit sharing to employees

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

4. Cash and cash equivalents

	31/12/2009 EGP	31/12/2008 EGP
Cash on hand	1 147 416	1 066 791
Cheques under collection	526 795	204 769
Banks - current accounts	956 645 345	724 798 518
Banks - call accounts	5 608 683	17 946 716
Banks - time deposits	647 805 585	1 146 496 691
Balance	**1 611 733 824**	**1 890 513 485**

5. Treasury bills

	31/12/2009 EGP	31/12/2008 EGP
Treasury bills more than 91 days maturity	--	570 000 000
Unearned income	--	(49 962 304)
Net	**--**	**520 037 696**

Notes to the Consolidated Financial Statements

for the year ended 31 December 2009

6. Investments at fair value through profit and loss

	31/12/2009 EGP	31/12/2008 EGP
Treasury bonds	--	213 435 000
Mutual fund certificates	757 112 691	159 028 066
Shares	171 715 218	97 244 462
Bonds	46 317 265	220 881 022
Balance	**975 145 174**	**690 588 550**

7. Other debit balances

	31/12/2009 EGP	31/12/2008 EGP
Deposits with others*	30 244 626	192 302 549
Down payments to suppliers	13 363 669	12 293 192
Prepaid expenses	21 987 187	22 304 339
Employees' advances	20 532 306	19 438 445
Accrued revenues	41 058 212	45 064 804
Taxes withheld by others	62 613 068	50 147 101
Payments for investments	20 729 100	53 573 848
Receivables - sale of investments	68 062 677	--
Perching Brokerage	5 366 842	10 136 556
Due from Ara inc. company	11 117 294	20 403 885
Horus Tourism Investment Company Limited	13 712 500	13 800 000
Asset derivatives - hedge agreements	--	4 800 000
Sundry debtors	51 188 183	82 069 029
	359 975 664	526 333 748
Accumulated impairment	(5 013 499)	(2 981 953)
Net	**354 962 165**	**523 351 795**

* The balance of deposits with others includes an amount of EGP 20.485 million in the name of the subsidiaries, Financial Brokerage Group Company and Hermes Securities Brokerage Company represents the blocked deposit for Same Day Trading Operations Settlement which takes place in the Egyptian Exchange. Both companies are not entitled to use this amount without prior approval from Misr Clearance Company.

8. Creditors and other credit balances

	31/12/2009 EGP	31/12/2008 EGP
Tax authority	54 076 283	151 982 121
Social insurance association	524 675	290 634
Unearned revenues	5 667 833	9 199 379
Interest & commission payable	418 869	926 465
Suppliers	1 656 372	1 587 553
Accrued expenses	167 569 890	270 030 376
Clients' coupons - Custody activity	18 568 157	23 699 349
Clients' under subscription	25 038 985	--
Industry Modernization Center	12 635 893	17 127 201
Unrealized swap gain (loss)	1 871 508	(4 406 858)
Dividends payable	19 678 875	10 603 203
Sundry creditors	11 150 233	26 005 253
Balance	**318 857 573**	**507 044 676**

Notes to the Consolidated Financial Statements

for the year ended 31 December 2009

9. Provisions

	Expected Claims provision EGP	Severance pay provision EGP	Total EGP
Balance at the beginning of the year	136 362 847	16 808 813	153 171 660
Formed during the year	45 213 122	8 305 299	53 518 421
Foreign currency differences	--	(385 428)	(385 428)
Amounts used during the year	(9 327 125)	(3 026 375)	(12 353 500)
Provisions no longer needed*	(3 100 000)	--	(3 100 000)
Balance at the end of the year	**169 148 844**	**21 702 309**	**190 851 153**

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

10. Fixed assets

Particular	Land EGP	Buildings EGP	Leasehold Improvements EGP	Office furniture, equipment & electrical appliances EGP	Computer equipment EGP	Vehicles EGP	Total EGP
Balance as at 1/1/2009	5 360 000	94 112 241	8 219 489	80 558 593	49 973 866	11 038 875	249 263 064
Acquisition of subsidiaries	--	--	--	11 761	58 309	--	70 070
Additions	--	13 573 486	8 018 572	15 861 874	6 005 823	1 783 713	45 243 468
Disposals	--	--	(42 844)	(3 804 635)	(105 352)	(633 599)	(4 586 430)
Foreign currency translation difference	--	(344 499)	491 130	(102 228)	(105 070)	(10 898)	(71 565)
Total cost as at 31/12/2009	**5 360 000**	**107 341 228**	**16 686 347**	**92 525 365**	**55 827 576**	**12 178 091**	**289 918 607**
Accumulated depreciation as at 1/1/2009	--	7 734 254	2 028 778	38 087 359	25 978 442	7 011 588	80 840 421
Accumulated depreciation through acquisition of subsidiaries	--	--	--	1 962	46 895	--	48 857
Depreciation	--	2 876 060	2 527 099	15 337 323	11 304 110	2 110 115	34 154 707
Disposals' accumulated depreciation	--	--	(2 143)	(3 772 833)	(88 500)	(614 966)	(4 478 442)
Foreign currency translation difference	--	(38 858)	(5 006)	(530 980)	(110 415)	(9 350)	(694 609)
Accumulated depreciation as at 31/12/2009	--	10 571 456	4 548 728	49 122 831	37 130 532	8 497 387	109 870 934
Carrying amount as at 31/12/2009	5 360 000	96 769 772	12 137 619	43 402 534	18 697 044	3 680 704	180 047 673
Carrying amount as at 31/12/2009	**5 360 000**	**86 377 987**	**6 190 711**	**42 471 234**	**23 995 424**	**4 027 287**	**168 422 643**

11. Projects under construction

	31/12/2009 EGP	31/12/2008 EGP
Establish the company's new headquarters in Egypt	219 371 737	133 914 530
Preparation of alternative headquarter to be used in emergency cases in Egypt	7 934 846	6 915 653
Acquire an office space in Egypt	17 650 000	--
Preparation of alternative headquarter to be used in emergency cases in United Arab Emirates	61 811 787	66 814 428
Acquire an office space in United Arab Emirates	5 082 752	--
Balance	**311 851 122**	**207 644 611**

12. Available-for-sale investments

	31/12/2009 EGP	31/12/2008 EGP
Quoted investments	355 559 815	187 396 188
Non-quoted investments	425 518 011	517 270 640
Balance	**781 077 826**	**704 666 828**

13. Investments in subsidiaries & associates

	Ownership %	31/12/2009 EGP	31/12/2008 EGP
Arab Visual Company*	74.99	3 749 500	3 749 500
Bank Audi Sal - Lebanon**	29.16	4 729 242 354	3 993 421 850
EFG Hermes Holding - Lebanon	99	--	153 713
EFG Hermes Lebanon	99.5	--	27 705 775
EFG Hermes Securitization*	100	5 000 000	5 000 000
Balance		**4 737 991 854**	**4 030 030 838**

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

** The ownership percentage is computed based on ownership of ordinary shares and Global Depository Receipts (GDR), the investment is listed in Lebanon and London Stock Exchanges. The market value of the investment amounted to the equivalent of EGP 4 899 800 951 as at 31 December 2009.

14. Investment property

The balance of investment property presented in the balance sheet as at 31 December 2009 with an amount of EGP 178 167 117 represents the value of the area owned by the company in Nile City Building.

15. Settlement Guarantee Fund

	31/12/2009 EGP	31/12/2008 EGP
Financial Brokerage Group	6 516 025	13 041 368
Hermes Securities Brokerage	11 937 527	12 440 285
Vision Securities Co. (LLC) - Oman	684 586	667 581
EFG Hermes IFA Financial Brokerage - (KSC)	4 798 250	5 002 020
Fleming CIIC group (SAE) - Egypt	172 845	172 845
Balance	**24 109 233**	**31 324 099**

16. Intangible assets

	31/12/2009 EGP	31/12/2008 EGP
Goodwill	698 899 943	697 299 943
Other intangible assets	2 137 097	2 150 270
Balance	**701 037 040**	**699 450 213**

16.1 Goodwill is relating to the acquisition of the following subsidiaries:

	31/12/2009 EGP	31/12/2008 EGP
Fleming CIIC group (SAE) - Egypt	63 483 756	63 483 756
Vision Securities Co. (LLC) - Oman	66 039 857	66 039 857
EFG Hermes IFA Financial Brokerage Company (KSC) - Kuwait	567 776 330	567 776 330
Ideavelopers - Egypt	1 600 000	--
Balance	**698 899 943**	**697 299 943**

16.2 Other intangible assets are represented in brokerage license acquired by Vision Securities Co. (one of company's subsidiaries - 51%) from Oman Capital Market Authority and software acquired by EFG Hermes Private Equity (BVI) (one of company's subsidiaries - 65%).

17. European Investment Bank Contract

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

18. Long term lending

A loan agreement has been signed between EFG Hermes Private Equity (BVI) – one of subsidiaries 65%. and Horus Tourism Investment Company Limited whereby EFG Hermes Private Equity (BVI) is entitled to lend long term loan to Horus Tourism Investment Company Limited with annually interest 20% that will be calculated daily and will be added to the loan principal every three months. The loan is due on 31 December 2011. The loan balance amounted to EGP 38 959 565 as at 31 December 2009.

19. Long term loans

A- On 28 December 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 USD 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 USD 2 million for each installment and the first installment was due on 15 May 2007 and the last installment will due on 15 November 2011 and the interest is due on 15 May and 15 November and the first interest was due on 15 November 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 USD 20 million on 3 September 2006. The company paid 6 installments which equivalent to USD 12 million accordingly, the loan balance amounted to USD 8 million (the equivalent amount of EGP 43 880 000) as at 31 December 2009.

- The current portion (the amount that will due within one year) of that loan amounts to USD 4 million (the equivalent amount of EGP 21 940 000).

B- On 29 December 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 EUR 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 EUR 1 million per installment. The first installment was due on 15 May 2008 and the last installment will due on 15 November 2012 and the interest is due on 15 May and 15 November each year. The first interest was due on 15 November 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 EUR 10 million on 17 September 2006. The company has paid EUR 4 million accordingly, the loan balance as of 31 December 2009 amounted EUR 6 million (the equivalent amount of EGP 47 454 000).

- The current portion (the amount that will due within one year) of the loan amounts to EUR 2 million (the equivalent amount of EGP 15 818 000).

20. Long term liabilities

	31/12/2009 EGP	31/12/2008 EGP
Excepted consideration to be paid (liability)*	603 350 000	607 200 000
Other liabilities	900 968	906 717
Balance	**604 250 968**	**608 106 717**

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

the put option's exercise price is USD 110 million (equivalent to EGP 603 350 000 as at 31 December 2009), both options carry an annual interest 7%.

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

21. Share capital

- The company's authorized capital amounted EGP 3 200 million and issued and paid in capital amounted EGP 1 939 320 000 distributed on 387 864 000 shares of par value EGP 5 per share.
- The company's extraordinary general assembly approved in its session held on 7 April 2009 to reduce the company's issued capital from EGP 1 939 320 000 to EGP 1 913 570 000 through cancelling 5 150 000 shares of treasury shares and the required procedures has been taken, accordingly the current number of shares is 382 714 000 share.

21.1 Treasury shares

- During 2008 the company has purchased a number of 25 million treasury shares with an amount of EGP 564 193 958 with percentage of 6.45% from the issued shares and at the end of year the company has changed these shares to 12.5 million Global Depository Receipts (GDR) and the company has transferred the ownership of 7 196 386 Global Depository Receipts (GDR) to EFG Hermes Employee Trust (equivalent to 14 392 772 local shares). Accordingly the Global Depository Receipts (GDR) retained by the company are 5 303 614 GDR (equivalent to 10 607 228 local shares) with percentage of 2.73% and at cost of EGP 239 381 358.
- During the current period the company has sold a number of 3 878 640 Global Depository Receipts (GDR) (equivalent to 7 757 280 local shares) & purchased 2 300 052 local shares as treasury shares. Accordingly the local shares retained by the company are 2 300 052 local shares and the Global Depository Receipts are 1 424 974 GDR (equivalent to 2 849 948 local shares) with percentage of 1.33% and at cost of EGP 94 845 163.
- The company's extraordinary general assembly approved in its session held on 7 April 2009 to cancel 5 150 000 shares of treasury shares and the procedures had been taken.

22. Contingent liabilities

- The company guarantees its subsidiaries - Financial Brokerage Group, Hermes Securities Brokerage against the credit facilities granted from banks and each of EFG Hermes Brokerage - UAE for the purpose of issuance of the letters of guarantee amounting to AED 200 million (equivalent to EGP 297 000 000) and EFG Hermes KSA against the credit facilities granted from banks amounting to SAR 50 million (equivalent to EGP 73 150 000).

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

Transaction date	Transaction	Amount	Currency	Expiry date
10/11/2009	Selling Euro	EUR 6 000 000	Buying USD	11/1/2010

- Hermes Corporate Finance Company (a subsidiary - 99.37%) issued by a bank a letter of guarantee with an amount of EGP 292 500 in favor of Egyptian Electricity Authority. The issuer bank has blocked the company's time deposit which amounts EGP 597 175 on 31 December 2009 as a margin for this letter of guarantee.

23. Incentive fee revenue

Due to inadequate assurance concerning the revenue recognition conditions and collection of the incentive fee on managing investment funds and portfolios, the assets management companies (subsidiaries) deferred the recognition of Incentive Fee with an amount of EGP 3 148 604 till 31 December 2009 versus no amount till 31 December 2008 as no revenues are recognized if there are any uncertainties regarding the recovery of the consideration due.

Subsidiary's name	For the year ended	
	31/12/2009 EGP	31/12/2008 EGP
Egyptian Portfolio Management Group Company	3 124 735	--
EFG Hermes Financial Management (Egypt) Ltd.	23 869	--
Total	**3 148 604**	**--**

Notes to the Consolidated Financial Statements

for the year ended 31 December 2009

24. Impairment loss on assets

	For the year ended 31/12/2009 EGP	For the year ended 31/12/2008 EGP
Impairment loss on accounts receivables & debit accounts	4 592 315	31 194 912
Impairment loss on available-for-sale investments	--	74 020 726
Total	**4 592 315**	**105 215 638**

25. Related party transactions

- Interest income item presented in the income statement includes an amount of EGP 4 428 593 represents the interest income on time deposits placed at Bank Audi - Egypt owned by Bank Audi - Lebanon (one of company's associates - 29.16 %).
- Cash and cash equivalents item presented in the balance sheet includes an amount of EGP 19 199 842 current accounts at Bank Audi - Egypt owned by Bank Audi - Lebanon (one of company's associates - 29.16 %) and an amount of EGP 41 000 000 represents the time deposits placed with Bank Audi - Egypt owned by Bank Audi - Lebanon (one of company's associates - 29.16 %).

26. Income tax expense

	For the year ended 31/12/2009 EGP	For the year ended 31/12/2008 EGP
Current income tax	20 542 536	109 341 763
Deferred tax	(931 142)	(7 921 138)
Total	**19 611 394**	**101 420 625**

27. Reconciliation of effective tax rate

	31/12/2009 EGP	31/12/2009 EGP
Profit before tax		617 661 917
Tax rate		20%
Income tax using the domestic corporate tax rate		123 532 383
Non deductible expenses	37 930 938	
Tax exemptions	(102 372 490)	
Effect of provisions	271 001	
Fixed assets depreciation	11 889	
Capital losses	(40 458)	
Non taxable income included in income statements	(18 352 662)	
Deferred tax reconciliation	(20 438 065)	
Total tax differences		(102 989 847)
Income tax according to tax return		20 542 536
Effective tax rate		**3.33%**

Notes to the Consolidated Financial Statements
for the year ended 31 December 2009

28. Deferred tax assets and liabilities
Deferred tax assets and liabilities are attributable to the following:

(A) Deferred tax	31/12/2009 Assets EGP	31/12/2009 Liabilities EGP	31/12/2008 Assets EGP	31/12/2008 Liabilities EGP
Fixed assets depreciation	--	1 772 304	--	1 795 091
Capital gain	--	--	--	42 705
Expected claims provision	3 033 049	--	3 579 636	--
Impairment of assets	3 893 400	--	3 588 536	--
Company's share of affiliated and subsidiaries profit	--	2 454 724	--	24 004 265
Total deferred tax assets / liabilities	**6 926 449**	**4 227 028**	**7 168 172**	**25 842 061**
Net deferred tax assets / liabilities	**2 699 421**			**18 673 889**

(B) Deferred tax recognized directly in equity

	31/12/2009 EGP	31/12/2008 EGP
Changes in fair value of cash flow hedges	888 567	(1 415 433)
	888 567	**(1 415 433)**

29. Earnings per share

	For the year ended 31/12/2009 EGP	For the year ended 31/12/2008 EGP
Net profit for the year	551 810 628	933 497 922
Employees share	(23 404 251)	(44 647 503)
Board of directors renumeration	(4 936 500)	(4 990 500)
Net	523 469 877	883 859 919
Weighted average number of shares	382 869 804	384 018 071
Earnings per share	**1.37**	**2.30**

30. Tax status
- The competent tax inspectorate has examined the parent company's books for the period till year 2004 and disputed points have been agreed upon before the internal committee and the settlement procedures are currently taking place.
- As to years 2005/2008 the parent company has submitted its tax return and paid the tax due according to the tax law No. 91 for 2005.
- As to salaries tax, the parent company's books have been examined till the year 2004 and all the disputed points have been agreed upon before the internal committee and the settlement procedures are currently taking place and the years 2005/2008 have not been inspected as yet.
- As to stamp tax, the parent company's books have been examined from year 1998 till 31/7/2006 and the disputed points has been transferred to appeal committee. As for the period from 1/8/2006 till 31/12/2008 have not been inspected as yet.

Notes to the Consolidated Financial Statements

for the year ended 31 December 2009

31. Group's entities

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

	Direct ownership %	Indirect ownership %
Financial Brokerage Group	99.76	0.04
Egyptian Fund Management Group	88.51	11.49
Egyptian Portfolio Management Group	66.33	33.67
Hermes Securities Brokerage	97.58	2.42
Hermes Fund Management	89.95	10.05
Hermes Corporate Finance	99.37	0.53
EFG Hermes Advisory Inc.	100	--
EFG Hermes Financial Management (Egypt) Ltd.	100	--
EFG Hermes Promoting & Underwriting	99.88	--
Bayonne Enterprises Ltd.	--	100
EFG Hermes Fixed Income	99	1
EFG Hermes Private Equity (Egypt)	96.3	3.7
EFG Hermes Private Equity (BVI)	1.59	63.41
EFG Hermes Brokerage - UAE Ltd.	--	90
Fleming CIIC Holding	100	--
Fleming Mansour Securities	--	99.33
Fleming CIIC Securities	--	96
Fleming Corporate Finance	--	74.92
EFG Hermes UAE Ltd.	100	--
EFG Hermes Holding - Lebanon	100	--
EFG Hermes KSA	73.1	26.9
October Property Development Ltd.	94.10	--
EFG Hermes Lebanon	99	0.5
MENA Opportunities Management Limited	--	66.5
EFG Hermes MENA (Caymen) Holding	--	100
MENA (BVI) Holding Ltd.	--	66.5
EFG Hermes MENA Securities Ltd.	--	100
MENA Financial Investments W.L.L	--	100
EFG Hermes Qatar LLC	100	--
Vision Securities Company LLC	--	51
EFG Hermes Regional Investment Ltd.	100	--
Offset Holding KSC	--	50
EFG Hermes IFA Financial Brokerage	--	45
EFG Hermes Securitization	99.99	0.01
Ideavelopers	--	52

32. Financial instruments and management of related risks:

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

32.1 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.

32.2 Foreign currencies risk

- The foreign currencies exchange risk represents the risk of fluctuation in exchange rates, which in turn affects the company's cash inflows and outflows as well as the value of its assets and liabilities in foreign currencies.
- As disclosed in Note No. 3.2 the company has used the prevailing exchange rates to revaluate monetary assets and liabilities at the balance sheet date.
- As disclosed in Note No. 22 the company has executed Currency SWAP agreements and Hedge agreement to cover its needs of foreign currencies and meet the risks of exchange rate and interest rates related thereto.

32.3 Financial instruments' fair value

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

32.4 Derivative financial instruments and hedge accounting

- Derivatives are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at their fair value, according to the valuation basis applied, in accounting policies to derivative financial instruments (Note No. 3.4).
- In accordance with an arrangement between the subsidiary, EFG Hermes MENA Securities Limited Co. and its customers ("the customers"), the Company from time to time enters into fully paid Shares Swap Transaction Contracts ("the Contracts") with the customers. Under the Contracts the customers pay to the Company a pre-determined price, which is essentially the market price at the trade date, in respect of certain reference securities. In return for such shares swap transactions the Company pays to the customers the mark to market price of the reference securities at a pre-determined date (normally after one year). However, the Contracts can be terminated at any time by either of the parties, which shall be the affected party.

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

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

33. Subsequent events

On 21 January 2010 the holding company and its subsidiaries have sold the whole investment on Bank Audi - Lebanon Bank (one of company's associates - 29.16%) which represented on 10 037 182 share with an amount of USD 91 per share.

34. Corresponding figures

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

Egypt [Head office]
Building No. B129, Phase 3, Smart Village
Km 28 Cairo-Alexandria Desert Road, 6 October 12577, Egypt
T: +20 (0)2 3535 6499
F: +20 (0)2 3537 0942

Jordan
85 Sharif Bin Naser Street
Al Rabieh Area - Amman, Jordan
T: +962 (0)6 554 3200 / 2 / 3
F: +962 (0)6 554 3206 / 7

Kuwait
Kuwait Stock Exchange Building, Safat, Kuwait
T: +965 2 226 5000
F: +965 2 244 0637

Lebanon
2 Park Avenue, Building Block A, General Francois El Hajj Street
Bab Idriss, Beirut Central District, Lebanon
T: +961 (0)1 960 112
F: +961 (0)1 990 681

Oman
Jibroo PC 114, Sultanate of Oman
T: +968 (0)2 476 0076
F: +968 (0)2 479 7471

Qatar
Al-Fardan Office Towers, West Bay, Doha, Qatar
T: +974 (0)409 3888
F: +974 (0)421 3499

Saudi Arabia
Olayah Street, Kingdom Tower, Riyadh, KSA
T: +966 (0)1 211 0046 / 7 / 8
F: +966 (0)1 211 0049

Syria
Al Bairouni Building, Al Motanabi Street,
Tagheez, Damascus, Syria
T: +963 (0)11 33 44 380

United Arab Emirates
Level 6, The Gate, West Wing - DIFC, Dubai, UAE
T: +971 (0)4 363 4000
F: +971 (0)4 362 1170