EFG-HERMES MIDDLE EAST AND DEVELOPING AFRICA FUND LIMITED
BERMUDA

FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT FOR THE YEAR ENDED JUNE 30, 2012

EFG-HERMES MIDDLE EAST AND DEVELOPING AFRICA FUND LIMITED
BERMUDA

Chairman	Mr. Mohammed Abdel-Halim
Deputy Chairman	Mr. Samuel Hayes
Directors	Mr. Amr El Sawaf Mr. Kashif Siddiqui Mr. Zaid Al Tunisi Mr. Mark Taborsky
Registered Office	6 Front Street, Hamilton HM11, Bermuda.
Principal Banker	HSBC Bank Middle East Limited
Investment Manager	EFG-Hermes Financial Management (Egypt) Limited
Administrator & Custodian	HSBC Bank Middle East Limited
Auditor	Deloitte & Touche, P.O. Box 421, Manama, Kingdom of Bahrain.

EFG-HERMES MIDDLE EAST AND DEVELOPING AFRICA FUND LIMITED
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EFG-HERMES MIDDLE EAST AND DEVELOPING AFRICA FUND LIMITED
BERMUDA

DIRECTORS' REPORT

The Directors present the annual report and financial statements of EFG-Hermes Middle East and Developing Africa Fund Limited ("the Fund") for the year ended June 30, 2012.

PRINCIPAL ACTIVITY

The EFG-Hermes Middle East and Developing Africa Fund Limited is an Investment Company incorporated in Bermuda and its primary objective is to achieve long term capital appreciation through investment in Middle Eastern and North African equity and equity related securities.

REVIEW OF BUSINESS

The results of the operations of the Fund are summarised on page 5.

APPROPRIATIONS

None.

CHANGES IN DIRECTORS

There have been no changes in the Directors of the Fund during the year.

AUDITOR

A resolution proposing the reappointment of Deloitte & Touche as the auditor of the Fund for the year ending June 30, 2013 and authorising the Directors to determine their remuneration will be put to the Annual General Meeting.

On behalf of the Board

Director
26/9, 2012

Deloitte

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INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS

EFG-Hermes Middle East and Developing Africa Fund Limited
Bermuda.

Report on the Financial Statements

We have audited the accompanying financial statements of EFG-Hermes Middle East and Developing Africa Fund Limited ("the Fund"), which comprise the statement of financial position as at June 30, 2012 and the statement of comprehensive income, statement of changes in net assets and the statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about 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 judgement, 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.

Deloitte

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS (CONTINUED)

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of EFG-Hermes Middle East and Developing Africa Fund Limited as of June 30, 2012, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Manama – Kingdom of Bahrain
September 20, 2012

Deloitte & Touche

EFG-HERMES MIDDLE EAST AND DEVELOPING AFRICA FUND LIMITED
BERMUDA

STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2012

	Notes	2012 USD	2011 USD
Assets			
Current assets			
Cash at banks	6	11,356,755	17,106,970
Financial assets at fair value through profit or loss	7	75,934,610	195,220,778
Other assets	8	201,373	24,940
Outstanding sale settlements		629,385	-
Total Assets		88,122,123	212,352,688
Liabilities			
Current liabilities			
Due to related parties	12.2	459,973	889,176
Outstanding purchase settlements		-	6,200,104
Accrued fees and other payables	9	8,506,057	591,093
Total liabilities		8,966,030	7,680,373
Net assets attributable to holders of redeemable shares		79,156,093	204,672,315
Analysis of net assets			
Capital	10	459,286,152	551,618,414
Net cumulative realised loss		(379,903,194)	(331,407,608)
Change in fair value of financial assets at fair value through profit or loss	7	(226,865)	(15,538,491)
Net assets attributable to holders of redeemable shares		79,156,093	204,672,315
Net asset value per share	15	18.32	22.26

The financial statements were approved and authorised for issue by the Directors on 26/9/2012 and signed on their behalf by:

Director

Director

The attached notes form an integral part of these financial statements.

EFG-HERMES MIDDLE EAST AND DEVELOPING AFRICA FUND LIMITED
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STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2012

	Notes	2012 USD	2011 USD
Revenue			
Dividend income		3,728,491	3,717,710
Interest income		29,518	14,266
Net realised loss on disposals of financial assets at fair value through profit or loss		(49,251,446)	(11,550,579)
Net unrealised gain on financial assets at fair value through profit or loss		15,311,631	14,292,041
Net foreign exchange loss		(218,884)	(760,818)
Other operating income		4,007	1,660
Total operating (loss) / income		(30,396,683)	5,714,280
Expenses			
Management fees	5 & 12.1	(1,758,095)	(3,586,361)
Administration fees	5	(240,000)	(308,305)
Custody fees	5	(240,000)	(436,367)
Registrar fees		(55,290)	(51,920)
Board of Directors' fees and expenses	5 & 12.1	(88,213)	(111,263)
Performance fees	5 & 12.1	(1,940)	(530,785)
Other expenses		(403,739)	(361,156)
Total operating expenses		(2,787,277)	(5,386,157)
(Loss) / profit for the year		(33,183,960)	328,123
(Decrease) / increase in net assets attributable to holders of redeemable shares		(33,183,960)	328,123

The attached notes form an integral part of these financial statements.

EFG-HERMES MIDDLE EAST AND DEVELOPING AFRICA FUND LIMITED
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STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2012

	2012 USD	2011 USD
Net assets attributable to holders of redeemable shares at the beginning of year	204,672,315	267,563,976
Issue of redeemable shares	734,118	15,939,924
Redemption of redeemable shares	(93,066,380)	(79,159,708)
(Decrease) / increase in net assets attributable to holders of redeemable shares	(33,183,960)	328,123
Net assets attributable to holders of redeemable shares at the end of year	79,156,093	204,672,315

The attached notes form an integral part of these financial statements.

EFG-HERMES MIDDLE EAST AND DEVELOPING AFRICA FUND LIMITED
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STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2012

	2012 USD	2011 USD
Cash flows from operating activities		
(Loss) / profit for the year	(33,183,960)	328,123
Adjustments for:		
Net loss / (gain) on financial assets at fair value through profit or loss	33,939,815	(2,741,462)
Dividend income	(3,728,491)	(3,717,710)
Interest income	(29,518)	(14,266)
	(3,002,154)	(6,145,315)
Changes in operating assets and liabilities:		
Decrease / (increase) in other assets	13,639	(13,634)
Decrease in due to related parties	(429,203)	(1,375,315)
Increase / (decrease) in accrued fees and other payables	60,572	(90,455)
Cash used in operations	(3,357,146)	(7,624,719)
Purchase of financial assets at fair value through profit or loss	(183,633,334)	(458,402,920)
Proceeds from disposal of financial assets at fair value through profit or loss	262,150,193	509,904,025
Dividend received	3,588,424	3,706,404
Interest received	29,518	14,266
Net cash from operating activities	78,777,655	47,597,056
Cash flows from financing activities		
Proceeds from issue of redeemable shares	684,118	15,974,924
Payments on redemption of redeemable shares	(85,211,988)	(80,428,415)
Net cash used in financing activities	(84,527,870)	(64,453,491)
Net decrease in cash and cash equivalents	(5,750,215)	(16,856,435)
Cash and cash equivalents at the beginning of the year	17,106,970	33,963,405
Cash and cash equivalents at the end of the year	11,356,755	17,106,970
Comprising:		
Cash at banks (Note 6)	11,356,755	17,106,970

The attached notes form an integral part of these financial statements.

EFG-HERMES MIDDLE EAST AND DEVELOPING AFRICA FUND LIMITED
BERMUDA

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012

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1. STATUS AND ACTIVITIES:

The EFG- Hermes Middle East and Developing Africa Fund Limited ("the Fund") was incorporated in Bermuda as an exempted mutual fund company on June 30, 1998 with registration number 25155.

The Fund's objective is to achieve long term capital appreciation through investment in Middle East and North Africa equity and equity related securities; the Fund's shares are listed in Dubai Financial Market for information purposes.

The financial statements represent the assets, liabilities and operations of the Fund only.

The Fund does not have any employees. However, it uses the services of an Investment Manager, an Administrator and a Custodian for the Fund management, administration and custody functions.

2. ADOPTION OF NEW AND REVISED STANDARDS:

2.1 Standards and Interpretations effective for the current period

The following new and revised standards and interpretations have been adopted in the current period with no material impact on the disclosures and amounts reported for the current and prior years but may affect the accounting for future transactions or arrangements:

- Amendments to IAS 24 *Related Party Disclosures* modify the definition of a related party and simplify disclosures for government-related entities.

- Amendments to IAS 32 *Classification of Rights Issues* address the classification of certain rights issues denominated in a foreign currency as either an equity instrument or as a financial liability.

- Amendments to IFRIC 14 *Prepayments of a Minimum Funding Requirement.* The amendments correct an unintended consequence of IFRIC 14 *IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction.*

- IFRIC 19 *Extinguishing Financial Liabilities with Equity Instruments* provides guidance regarding the accounting for the extinguishment of a financial liability by the issue of equity instruments. In particular equity instruments issued under such arrangements are measured at their fair value, and any difference between the carrying amount of the financial liability extinguished and the fair value of equity instruments issued are recognised in profit or loss.

- Amendments to IFRS 7 *Disclosures – Transfers of Financial Assets* increase the disclosure requirements for transactions involving transfers of financial assets. These amendments are intended to provide greater transparency around risk exposures of transactions when a financial asset is transferred but the transferor retains some level of continuing exposure in the asset. The amendments also require disclosures where transfers of financial assets are not evenly distributed throughout the period.

- Improvements to IFRSs issued in 2010 – Amendments to: IFRS 1; IFRS 3 (2008); IFRS 7; IAS 1; IAS 27 (2008); IAS34; IFRIC 13.

EFG-HERMES MIDDLE EAST AND DEVELOPING AFRICA FUND LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012

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2. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs): (CONTINUED)

2.2 Standards and Interpretations in issue but not yet effective

Management has not early applied the following new standards, amendments and interpretations that have been issued but not yet effective:

	Effective for annual periods beginning on or after
• IFRS 9 *Financial Instruments.* The requirements of IFRS 9 represent a significant change from the classification and measurement requirements in IAS 39 *Financial Instruments: Classification and Measurement* in respect of financial assets. The most significant effect of IFRS 9 regarding the classification and measurement of financial liabilities relates to the accounting for changes in fair value of a financial liability (designated as at fair value through profit or loss) attributable to changes in the credit risk of the issuer.	January 1, 2015
• IFRS 10 *Consolidated Financial Statements** uses control as the single basis for consolidation, irrespective of the nature of the investee. IFRS 10 requires retrospective application subject to certain transitional provisions providing an alternative treatment in certain circumstances. Accordingly IAS 27 *Separate Financial Statements** and IAS 28 *Investments in Associates and Joint Ventures** have been amended for the issuance of IFRS 10.	January 1, 2013
• IFRS 11 *Joint Arrangements** establishes two types of joint arrangements: Joint operations and joint ventures. The two types of joint arrangements are distinguished by the rights and obligations of those parties to the joint arrangement. Accordingly IAS 28 *Investments in Associates and Joint Ventures* has been amended for the issuance of IFRS 11.	January 1, 2013
• IFRS 12 *Disclosure of Interests in Other Entities** combines the disclosure requirements for an entity's interests in subsidiaries, joint arrangements, associates and structured entities into one comprehensive disclosure Standard.	January 1, 2013

2. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs): (CONTINUED)

2.2 Standards and Interpretations in issue but not yet effective (Continued)

	Effective for annual periods beginning on or after
• IFRS 13 *Fair Value Measurement* issued in May 2011, establishes a single framework for measuring fair value and is applicable for both financial and non-financial items.	January 1, 2013
• Amendments to IAS 1 – Presentation of Other Comprehensive Income. The amendments retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate statements. However, items of other comprehensive income are required to be grouped into those that will and will not subsequently be reclassified to profit or loss with tax on items of other comprehensive income required to be allocated on the same basis.	July 1, 2012
• Amendments to IAS 12 *Income Taxes* provide an exception to the general principles of IAS 12 for investment property measured using the fair value model in IAS 40 *Investment Property* by the introduction of a rebuttable presumption that the carrying amount of the investment property will be recovered entirely through sale.	January 1, 2012
• Amendments to IAS 19 *Employee Benefits* eliminate the "corridor approach" and therefore require an entity to recognize changes in defined benefit plan obligations and plan assets when they occur.	January 1, 2013
• IFRIC 20 *Stripping Costs in the Production Phase of a Surface Mine*	January 1, 2013
• Amendments to IFRS 7 *Financial Instruments: Disclosures* enhancing disclosures about offsetting of financial assets and financial liabilities	January 1, 2013
• Amendments to IAS 32 *Financial Instruments: Presentation* relating to application guidance on the offsetting of financial assets and financial liabilities	January 1, 2014

2. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs): (CONTINUED)

2.2 **Standards and Interpretations in issue but not yet effective (Continued)**

	Effective for annual periods beginning on or after
• Amendments to IFRS 7 *Financial Instruments: Disclosures* relating to disclosures about the initial application of IFRS 9	January 1, 2015 (or otherwise when IFRS 9 is first applied)

*In May 2011, a package of five Standards on consolidation, joint arrangements, associates and disclosures was issued, including IFRS 10, IFRS 11, IFRS 12, IAS 27 (as revised in 2011) and IAS 28 (as revised in 2011). These five standards are effective for annual periods beginning on or after 1 January 2013. Earlier application is permitted provided that all of these five standards are applied early at the same time.

The Directors anticipate that all of the above Standards and Interpretations as applicable, will be adopted in the Fund's financial statements in future periods and that the adoption of those Standards and Interpretations will have no material impact on the financial statements of the Fund in the period of initial application.

3. SIGNIFICANT ACCOUNTING POLICIES:

Statement of Compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS").

Basis of Preparation

The financial statements are prepared on historical cost convention, except for the measurement of certain financial instruments at fair value.

The financial statements are presented in United States Dollars ("USD") being the presentation and functional currency of the Fund.

The significant accounting policies are as follows:

3. **SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)**

(a) **Financial Assets at Fair Value Through Profit or loss**

The values of securities listed on a securities exchange are based on the last bid price on that exchange on the day of valuation. Transactions in marketable securities are accounted for on the trade date where the purchase or sale of an investment is under a contract whose terms require delivery of the investments within the time frame established by the market concerned.

Investments in securities which are classified as financial assets at fair value through profit or loss are initially recognised and subsequently measured at fair value. Any resultant change in the fair value is recognised in profit or loss as unrealised gains or losses. Realised gains and losses from disposal of securities are determined on an average cost basis.

(b) **Receivables**

Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Fund sells securities through a broker. Receivables are recognised at fair value net of transaction costs that are directly attributable to their disposal and are subsequently measured at amortised cost using the effective interest method, less any impairment.

(c) **Payables**

Payables are recognised for amounts to be paid in the future for services received, whether billed by the provider or not. These are recognised at fair value, net of transaction cost and subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

(d) **Revenue Recognition**

Dividend income from investments is recognised when the shareholder's right to receive payment has been established.

Interest income on all interest bearing instruments is recognised on an accrual basis based on the principal outstanding and the effective interest rate applicable.

(e) **Foreign Currencies**

Foreign currency transactions are recognised in United States Dollars at the approximate rates of exchange prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currency at the valuation date are retranslated at the rates of exchange at that date. Exchange differences are recognised in profit or loss in the period in which they arise.

Translation differences on monetary items held at fair value through profit or loss are reported as part of the fair value gain or loss in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

(f) **Expenses**

All recurring expenses are accounted for on accrual basis.

Expenses which are incidental to the disposal of an investment are deducted from the disposal proceeds of the investment.

(g) **Taxation**

The Fund is subject to the fiscal laws and practices of Bermuda and any other jurisdiction in which the Fund invests.

(h) **Cash and Cash Equivalents**

Cash and cash equivalents are comprised of current account balances at banks.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY:

In the application of the Fund's accounting policies, which are described in Note 3, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying the Fund's accounting policies

The following are the critical judgements, apart from those involving estimations (see below), that management has made in the process of applying the entity's accounting policies, which are described in Note 3 and that have the most significant effect on the amounts recognised in financial statements.

Classification of investments

Management has to decide upon acquisition of an investment whether it should be classified as held to maturity, available-for-sale or investments at fair value through profit or loss. For those deemed to be held to maturity, the Fund ensures that the requirements of IAS 39 are met and in particular the Fund has the positive intention and ability to hold these to maturity. The Fund classifies investments as carried at fair value through profit or loss they are acquired primarily for the purpose to be held for trading or upon initial recognition they are designated by the Fund as at fair value through profit or loss. All other investments are classified as available-for-sale.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY: (CONTINUED)

Key sources of estimation uncertainty

There are no significant key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year:

5. FEES:

(a) Management Fee

The Investment Manager is entitled to receive from the Fund a management fee accruing monthly at the annual rate of 1.4% of the Net Assets Value ("NAV") of the Fund on each valuation day and payable quarterly in arrears (calculated prior to deduction of management fees).

(b) Performance Fee

The Investment Manager is also entitled to receive from the Fund in respect of each share in issue a performance fee of 15% per annum of any out-performance of such share (in terms of movements in the NAV and dividend paid in respect of such share) relative to a fixed hurdle rate of 10%. Such fee is an annual fee, and is payable within 14 days following the Valuation Day in June of each year (save that, in respect of any share redeemed during the course of the year, such fee shall accrue on the Valuation Day on which such share is redeemed). Finally, the Investment Manager is also entitled to reimburse all reasonable out-of-pocket and third party expenses incurred in the performance of its duties. The Investment Manager is entitled to waive or rebate any part of its performance fee or annual management fee to any person who assists in the placing of shares in the Fund.

(c) Administration Fee

Under the Administration Agreement, the Fund pays the Administrator at a maximum of 0.12% of the NAV of the Fund (subject to a minimum fee of USD 20,000 per month).

(d) Custody Fee

Under the Custody Agreement, up to December 2010 the Fund paid the Custodian an agreed percentage of the NAV of the Fund. The Custody Fee is accrued and payable on a monthly basis. The applicable rate depends on agreed thresholds and varies from 0.20% to 0.225% subject to a minimum fee of USD 20,000 per month.

From January 2011, the Fund pays the Administrator an agreed percentage of the investments of the Fund. The Custody Fee is accrued and payable on a monthly basis. The applicable rate depends on agreed thresholds and vary from 0.035% to 0.48% (subject to a minimum fee of USD 20,000 per month).

5. **FEES: (CONTINUED)**

(e) **Board of Directors' Fee and Expenses**

Each of the non-executive Directors are entitled to an annual fee of USD 15,000. The Chairman receives an annual fee of USD 10,000.

6. **CASH AT BANKS:**

Cash at banks consists of cash held in current accounts with various branches of HSBC Bank.

7. **FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS:**

This caption is composed of the following:

June 30, 2012

Shares:	Cost USD	Fair value USD	Change in fair value USD
United Arab Emirates- AED	12,528,814	11,816,948	(711,866)
Egypt- EGP	1,946,981	1,873,273	(73,708)
Kuwait- KWD	6,753,528	6,688,108	(65,420)
Oman- OMR	1,338,181	1,244,966	(93,215)
Qatar- QAR	8,663,200	8,678,768	15,568
Total shares	31,230,704	30,302,063	(928,641)
Warrants:			
Luxembourg - USD	2,357,291	2,305,967	(51,324)
United States of America - USD	18,909,006	19,489,091	580,085
Total warrants	21,266,297	21,795,058	528,761
Promissory Notes:			
United Kingdom - USD	3,481,927	3,492,121	10,194
United States of America - USD	20,182,547	20,345,368	162,821
Total promissory notes	23,664,474	23,837,489	173,015
Grand Total	76,161,475	75,934,610	(226,865)

EFG-HERMES MIDDLE EAST AND DEVELOPING AFRICA FUND LIMITED
BERMUDA

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012

7. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS: (CONTINUED)

June 30, 2011

Shares:	Cost USD	Fair value USD	Change in fair value USD
United Arab Emirates- AED	20,897,773	20,503,630	(394,143)
Egypt- EGP	67,350,002	62,987,846	(4,362,156)
Jordan- JOD	18,867,774	7,060,770	(11,807,004)
Kuwait- KWD	15,619,622	15,770,660	151,038
Oman- OMR	14,474,167	12,863,263	(1,610,904)
Qatar- QAR	11,790,579	12,684,834	894,255
Total shares	148,999,917	131,871,003	(17,128,914)
Warrants:			
United Kingdom - USD	9,823,608	10,697,753	874,145
Luxembourg - USD	2,909,157	2,645,485	(263,672)
United States of America - USD	35,250,735	35,252,280	1,545
Total warrants	47,983,500	48,595,518	612,018
Promissory Notes:			
United States of America - USD	13,775,852	14,754,257	978,405
Grand Total	210,759,269	195,220,778	(15,538,491)

(a) Investments in securities are classified as financial assets at fair value through profit or loss. These securities provide the Fund with the opportunity to enhance the return on the investments through trading gains. The fair value of these securities are based on quoted market prices of the relevant exchanges. Certain markets and securities may be illiquid and published market prices may not necessarily represent realisable value. The Investment Manager manages market illiquidity by making sure that all new purchases of the Fund have an average daily traded value exceeding US$ 500,000 for the preceding six month period.

8. OTHER ASSETS:

	2012 USD	2011 USD
Outstanding proceeds for subscription in redeemable shares	50,000	-
Dividend receivable	151,573	11,306
Other receivables (Note 12.2)	-	13,634
	201,373	24,940

9. ACCRUED FEES AND OTHER PAYABLES:

	2012 USD	2011 USD
Custody fees	3,333	2,000
Administration fees	3,333	2,000
Outstanding payments on redemption of redeemable shares	8,430,629	576,237
Other accruals	68,762	10,856
	8,506,057	591,093

10. CAPITAL:

The capital of the Fund consists of redeemable shares with a par value of USD 0.01 per share, which do not carry voting rights. They are entitled to dividends and to a proportionate share of the Fund's net assets attributable to holders of redeemable shares.

All issued redeemable shares are fully paid. The Fund's capital is represented by these redeemable shares. Quantitative information about the Fund's capital is provided in the statement of changes in net assets attributable to holders of redeemable shares.

Each shares issued confers upon the shareholder an equal interest in the Fund, and is of equal value. A share does not confer any interests in any particular asset or investment of the Fund.

A Class Ordinary Shares which may be issued by the Fund shall be subject, at the discretion of the Investment Manager, to a Front End Charge.

In relation to C Class Ordinary Shares which may be issued, the Investment Manager is also entitled to receive from the Fund a distribution fee accruing monthly at an annual rate of 1 percent of the Net Asset Value attributable to C Class Ordinary Shares on each Valuation Day and payable quarterly in arrears.

10. CAPITAL: (CONTINUED)

Change in the number of redeemable shares outstanding can be reconciled as follows:

	No. of shares	
	2012	2011
Class A		
Opening balance	9,194,308	11,929,559
Subscriptions of redeemable shares	38,724	634,735
Redemptions of redeemable shares	(4,911,826)	(3,369,986)
Ending balance	4,321,206	9,194,308

	No. of shares	
	2012	2011
Class C		
Opening balance	-	6,209
Redemptions of redeemable shares	-	(6,209)
Ending balance	-	-
Grand Total	4,321,206	9,194,308

11. BUSINESS AND GEOGRAPHIC SEGMENTS:

The Directors are of the opinion that the Fund is engaged in a single segment of business, being investments in equity and equity related securities issued by companies operating and generating revenue in the Middle East and Developing African Regions and other emerging markets as discussed under Note 7, and therefore no further segmental reporting has been provided.

12. RELATED PARTY TRANSACTIONS:

Transactions with companies in which the Investment Manager and its parent company, EFG Group have control, joint control and significant influence and transactions with key management personnel of the Fund are classified as transactions with related parties. These transactions are approved by the Directors.

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12. RELATED PARTY TRANSACTIONS: (CONTINUED)

12.1 During the year, the Fund entered into the following transactions with related parties:

Related parties	Nature of transactions	Amount incurred 2012 USD	2011 USD
EFG Hermes Financial Management (Egypt) Limited	Management fees	1,758,095	3,586,361
EFG Hermes Financial Management (Egypt) Limited	Performance fees	1,940	530,785
Directors	Board of Directors' fees and other expenses	88,213	111,263

12.2 Balances with related parties:

Amount due from:

	2012 USD	2011 USD
Directors (Note 8)	-	13,634

Amount due to:

	2012 USD	2011 USD
EFG-Hermes Financial Management (Egypt) Limited:		
Management fees payable	354,973	787,053
Directors:		
Non-executive Directors' fees	75,000	82,123
Chairman fees	30,000	20,000
	459,973	889,176

12.3 The following related parties owned shares in the Fund:

Related party	Nature of relationship	Number of shares held June 30, 2012	2011
Karim Nehma	Manager	-	1,233

13. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT:

Financial instruments consist of financial assets and financial liabilities.

Financial assets of the Fund consist of financial assets at fair value through profit or loss, other assets, outstanding sale settlements and cash at banks.

Financial liabilities of the Fund consist of due to related parties and accrued fees and other payables.

Significant accounting policies

Significant accounting policies and methods adopted, including the criteria for recognition, basis of measurement, and the basis on which income and expenses are recognised in respect of each class of financial assets and financial liabilities are set out in Note 3.

Categories of financial instruments

	2012 USD	2011 USD
Financial assets		
Financial assets at fair value through profit or loss	75,934,610	195,220,778
Receivables at amortised cost (including cash at banks)	12,187,513	17,131,910
	88,122,123	212,352,688
Financial liabilities		
Amortised cost	8,966,030	7,680,373

Financial risk management objectives

The Investment Manager provides services to the Fund, co-ordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Fund through internal risk reports which analyse exposures by degree and magnitude of risks. These risks include credit risk, liquidity risk and market risk comprising interest rate risk, foreign currency risk and equity price risk.

13.1 CREDIT RISK AND CONCENTRATION OF CREDIT RISK

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss.

Concentrations of credit risk arise when a number of counterparties are engaged in similar business activities, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations of credit risk indicate the relative sensitivity of the Fund's performance to developments affecting a particular industry or geographical location.

13. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT: (CONTINUED)

13.1 CREDIT RISK AND CONCENTRATION OF CREDIT RISK (CONTINUED)

To mitigate this risk, the Fund spreads its investments, to the extent possible, over various types of counterparties and products. However, where concentration is inevitable, the Fund takes adequate precautions to reduce this additional risk to acceptable levels.

The credit risk on liquid funds is limited because the counterparty is a bank with high credit – ratings assigned by international rating agencies.

Exposure to credit risk

The management of the Fund believes that the carrying amount of financial assets recorded in the financial statements represents the Fund's maximum exposure to credit risk. Recorded financial assets have not been provided as collateral for any facilities.

13.2 LIQUIDITY RISK

Liquidity risk is the risk that the Fund will encounter difficulty in meeting obligations associated with financial liabilities, it arises because of the possibility (which may often be remote) that the entity could be required to pay its liabilities earlier than expected or reimburse the shareholders as a result of market illiquidity.

The Fund manages liquidity risk by maintaining sufficient cash at banks, or by obtaining credit facilities from the banks.

The liquidity profile of financial liabilities reflects the projected cash flows over the life of these financial liabilities. All financial liabilities at June 30, 2012 and 2011 have a contractual maturity of three months or less and there is more cash at banks as of the reporting dates to cover them.

13.3 MARKET RISK

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market prices.

The Fund's market risk is managed through diversification of the investments portfolio exposure. The Fund's overall market positions are monitored on a daily basis by the Investment Manager.

The Fund's activities expose it primarily to the financial risks of changes in interest rates, foreign currency exchange rates and equity prices.

13.3.1 Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates.

The Fund is not exposed to interest rate risk as no investments are held with financial instrument carrying floating interest rates.

13. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT: (CONTINUED)

13.3 MARKET RISK (CONTINUED)

13.3.2 Currency Risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign currency exchange rates.

The Fund's financial assets and financial liabilities are denominated in Qatari Riyals, United Arab Emirates Dirhams, Egyptian Pounds, Omani Riyals, Jordanian Dinars and Kuwaiti Dinars in addition to United States Dollars, the functional and presentation currency. The Fund is not exposed to significant currency risk on the Qatari Riyal, United Arab Emirates Dirham and Omani Riyal since these currencies are effectively pegged to the US Dollar. However, USD 9,288,559 (2011: USD 90,624,451) of the net financial assets are denominated in Egyptian Pounds, Jordanian Dinars and Kuwaiti Dinars for which the Fund is exposed to currency risk.

The carrying amounts of the Fund's foreign currency denominated financial assets and financial liabilities at the reporting date are as follows:

	Assets		Liabilities	
	2012 USD	2011 USD	2012 USD	2011 USD
QAR	9,336,315	12,711,184	-	-
SAR	151,373	7	-	-
AED	12,957,005	23,707,032	-	6,200,104
OMR	2,095,003	13,041,972	-	-
KWD	7,300,761	16,493,184	-	-
GCC currencies	31,840,457	65,953,379	-	6,200,104
EGP	1,916,908	66,386,547	-	-
JOD	70,890	7,744,720	-	-
Other currencies	1,987,798	74,131,267	-	-
Total foreign currencies	33,828,255	140,084,646	-	6,200,104

13. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT: (CONTINUED)

13.3 MARKET RISK (CONTINUED)

13.3.2 Currency Risk (CONTINUED)

Foreign currency sensitivity analysis

The sensitivity analysis includes only outstanding foreign currency denominated monetary items other than the items in GCC currencies (except the Kuwaiti Dinar) and adjusts their translation at the period end for a 5% change in foreign currency rates with all other variables held constant. 5% represents management's assessment of the reasonably possible change in foreign currency rates. A negative number below indicates a decrease in the income and a positive number indicates an increase in income, where USD strengthens 5% against the relevant currency. For a 5% weakening of USD against the relevant currency, there would be an equal and opposite impact on the results for the year.

Currency	2012	2011
	Effect on profit or loss USD	
KWD	(365,038)	(824,659)
EGP	(95,845)	(3,319,327)
JOD	(3,545)	(387,236)

13.3.3 Equity Price Risk

Equity price risk is the risk that the fair values of equities decrease as the result of changes in the levels of equity indices and the value of individual share prices. Equity price risk arises from the change in fair values of equity investments. The Fund manages the risk through diversification of investments in terms of geographical distribution and industry concentration, to the extent permissible in the Prospectus. As at the year ends, most of the Fund's equity investments were in equities listed on the securities markets of Egypt, Jordan, United Arab Emirates, Qatar, Oman and Kuwait.

13. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT: (CONTINUED)

13.3 MARKET RISK (CONTINUED)

13.3.3 Equity Price Risk (Continued)

Equity Price Sensitivity Analysis

The effect on results for the year (as a result of a change in the fair value of financial assets at fair value through profit or loss at the year ends) presented due to a reasonably possible change in market indices by 10% due to the volatility of the equity markets, with all other variables held constant, is as follows:

	2012		2011	
Market indices	Change in equity price %	Effect on profit or loss USD	Change in equity price %	Effect on profit or loss USD
Egypt	+10	187,327	+10	6,298,785
Jordan	-	-	+10	706,077
Kuwait	+10	668,811	+10	1,577,066
Oman	+10	124,497	+10	1,286,326
Qatar	+10	867,877	+10	1,268,483
United Arab Emirates	+10	1,181,695	+10	2,050,363
United Kingdom	-	-	+10	1,069,775
Luxemburg	+10	230,597	+10	264,549
United States of America	+10	1,948,907	+10	3,525,228

There would be an equal and opposite impact on the results for the year, had there been a decrease in equity prices by 10%.

14. FAIR VALUE OF FINANCIAL INSTRUMENTS:

Fair value is the amount for which an asset could be exchanged, or liability settled, between knowledgeable, willing parties in an arm's length transaction. Consequently, differences may arise between the carrying values and the fair value estimates.

The Directors believe that the fair values of financial instruments carried at amortised cost are not significantly different from the carrying values included in the financial statements.

14. FAIR VALUE OF FINANCIAL INSTRUMENTS: (CONTINUED)

14.1 Fair value measurements recognised in the statement of financial position

Financial instruments are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

All financial assets at FVTPL are grouped within Level 1. There are no financial assets catergorised as "available-for-sale" as at the reporting dates.

There are no financial liabilities at FVTPL at the reporting dates. Further, there were no transfers between Level 1, Level 2 and Level 3 during the year.

15. NET ASSET VALUE PER SHARE:

	Net Asset Value USD	Number of Shares in Issue	Net Asset Value Per Share USD
As at June 30, 2012	79,156,093	4,321,206	18.32
As at June 30, 2011	204,672,315	9,194,308	22.26

The net asset value per share is based on net assets and shares outstanding at the year end.