EFG-HERMES MIDDLE EAST AND DEVELOPING AFRICA FUND LIMITED
BERMUDA

FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT FOR THE YEAR ENDED JUNE 30, 2014

EFG-HERMES MIDDLE EAST AND DEVELOPING AFRICA FUND LIMITED
BERMUDA

Directors	Mr. Mohamed Abdel Halim (Resigned on April 22, 2014) Mr. Kashif Siddiqui (Resigned on November 21, 2013) Mr. Samuel Hayes Mr. Amr Al Sawaf Mr. Ziad Al Tunisi Mr. Mark Tarborsky Mr. Amr Seif (Appointed on April 22, 2014) Mr. Amr Diyab (Appointed on April 22, 2014)
Registered Office	6 Front Street, Hamilton HM11, Bermuda.
Investment Manager	EFG-Hermes Financial Management (Egypt) Limited Building No. B129, Phase 3, Smart Village, Km 28 Cairo Alexandria Desert Road, Egypt.
Administrator & Custodian	HSBC Bank Middle East Limited P. O. Box 57, Manama, Kingdom of Bahrain.
Principal Banker	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 their annual report and financial statements of EFG-Hermes Middle East and Developing Africa Fund Limited ("the Fund") for the year ended June 30, 2014.

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.

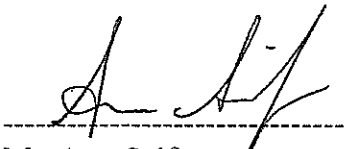
CHANGES IN DIRECTORS

Mr. Amr Seif and Mr. Amr Diyab were appointed as Directors of the Company on April 22, 2014. Mr. Mohamed Abdel Halim and Mr. Kashif Siddiqui resigned as Directors of the Company on April 22, 2014 and November 21, 2013 respectively.

AUDITOR

A resolution proposing the reappointment of Deloitte & Touche as the auditor of the Fund for the year ending June 30, 2015 and authorising the Directors to determine their remuneration will be put to the Annual General Meeting.

On behalf of the Board



Mr. Amr Seif
Director
November 25, 2014

Deloitte.

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INDEPENDENT AUDITOR'S REPORT TO THE UNITHOLDERS

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, 2014 and the statement of profit or loss and other 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.

INDEPENDENT AUDITOR'S REPORT TO THE UNITHOLDERS (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, 2014, 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,
November 25, 2014

Deloitte & Touche – Middle East
Rushdi Kikhia
Registration No. - 135
Partner

EFG-HERMES MIDDLE EAST AND DEVELOPING AFRICA FUND LIMITED
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STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2014

	Notes	2014 USD	2013 USD
Assets			
Current assets			
Cash at banks	6	8,963,724	5,839,423
Financial assets at fair value through profit or loss	7.1	76,394,845	65,681,179
Other assets	8	2,751,486	3,022,021
Total Assets		88,110,055	74,542,623
Liabilities			
Current liabilities			
Due to related parties	12.2	3,641,161	2,298,955
Accrued fees and other payables	9	2,102,852	1,449,999
Total liabilities		5,744,013	3,748,954
Net assets attributable to holders of redeemable Units		82,366,042	70,793,669
Analysis of net assets			
Capital	10	418,230,379	432,896,745
Net cumulative realised loss		(350,067,828)	(372,903,344)
Cumulative change in fair value of financial assets at fair value through profit or loss		14,203,491	10,800,268
Net assets attributable to holders of redeemable Units		82,366,042	70,793,669
Net asset value per units	15	33.14	23.75

The financial statements from page 4 to 26 were approved and authorised for issue by the Directors on November 25, 2014 and signed on their behalf by:

Mr. Amr Seif
Director

Mr. Amr Al Sawaf
Director

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

EFG-HERMES MIDDLE EAST AND DEVELOPING AFRICA FUND LIMITED BERMUDA

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED JUNE 30, 2014

	Notes	2014 USD	2013 USD
Revenue			
Dividend income		2,105,965	2,242,053
Interest income		164,391	96,844
Net realised gain on disposals of financial assets at fair value through profit or loss	7.1	25,895,813	8,577,605
Net unrealised gain on financial assets at fair value through profit or loss	7.1	3,403,235	11,027,133
Net foreign exchange loss	7	(63,820)	(129,024)
Other operating income		-	19,692
Total operating income		31,505,584	21,834,303
Expenses			
Management fees	5 & 12.1	(1,161,983)	(1,019,529)
Administration fees	5	(90,086)	(102,500)
Custody fees	5	(120,000)	(130,000)
Registrar fees		(20,635)	(48,410)
Board of Directors' fees and expenses	5 & 12.1	(45,000)	(60,000)
Performance fees	5 & 12.1	(3,601,564)	(2,148,218)
Tax on dividends		(84,686)	(72,778)
Other expenses		(142,891)	(225,885)
Total operating expenses		(5,266,845)	(3,807,320)
Profit for the year		26,238,739	18,026,983
Increase in net assets attributable to holders of redeemable units		26,238,739	18,026,983

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, 2014

	2014 USD	2013 USD
Net assets attributable to holders of redeemable units at the beginning of year	70,793,669	79,156,093
Issue of redeemable units	6,162,407	3,518,018
Redemption of redeemable units	(20,828,773)	(29,907,425)
Increase in net assets attributable to holders of redeemable units	26,238,739	18,026,983
Net assets attributable to holders of redeemable units at the end of year	82,366,042	70,793,669

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, 2014

	2014 USD	2013 USD
Cash flows from operating activities		
Profit for the year	26,238,739	18,026,983
Adjustments for:		
Net gain on financial assets at fair value through profit or loss	(29,299,048)	(19,604,738)
Dividend income	(2,105,965)	(2,242,053)
Interest income	(164,391)	(96,844)
Tax expense	84,686	72,778
	(5,245,979)	(3,843,874)
Changes in operating assets and liabilities:		
Increase in other assets	(803,658)	-
Increase / (decrease) in due to related parties	1,342,206	(138,581)
Increase in accrued fees and other payables	17,197	2,002,844
Cash used in operations	(4,690,234)	(1,979,611)
Purchase of financial assets at fair value through profit or loss	(108,108,541)	(87,790,522)
Proceeds from disposal of financial assets at fair value through profit or loss	126,521,393	118,278,076
Dividend received	1,934,011	2,371,445
Interest received	164,391	96,844
Tax paid	(84,686)	(72,778)
Net cash from operating activities	15,736,334	30,903,454
Cash flows from financing activities		
Proceeds from issue of redeemable units	9,132,407	567,978
Payments on redemption of redeemable units	(21,744,440)	(36,988,764)
Net cash used in financing activities	(12,612,033)	(36,420,786)
Net increase / (decrease) in cash and cash equivalents	3,124,301	(5,517,332)
Cash and cash equivalents at the beginning of the year	5,839,423	11,356,755
Cash and cash equivalents at the end of the year	8,963,724	5,839,423
Comprising:		
Cash at banks (Note 6)	8,963,724	5,839,423

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

EFG-HERMES MIDDLE EAST AND DEVELOPING AFRICA FUND LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014

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 address of the Fund's registered office is at No. 6 Front Street, Hamilton HM11, Bermuda.

The Fund's objective is to achieve long term capital appreciation through investment in Middle Eastern and North African 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 INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs):

2.1 Standards and Interpretations effective for the current period

The following new and revised standards and interpretations have been adopted in the current year 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 IFRS 7 *Financial Instruments: Disclosures* enhancing disclosures about offsetting of financial assets and liabilities. The amendments to IFRS 7 require entities to disclose information about rights of offset and related arrangements (such as collateral posting requirements) for financial instruments under an enforceable master netting agreement or similar arrangement.

- New and revised Standards on *Consolidation, Joint Arrangements, Associates and Disclosures;*

  In May 2011, a package of five standards on consolidation, joint arrangements, associates and disclosures was issued comprising IFRS 10 *Consolidated Financial Statements*, IFRS 11 *Joint Arrangements*, IFRS 12 *Disclosure of Interests in Other Entities*, IAS 27 (as revised in 2011) *Separate Financial Statements* and IAS 28 (as revised in 2011) *Investments in Associates and Joint Ventures*. Subsequent to the issue of these standards, amendments to IFRS 10, IFRS 11 and IFRS 12 were issued to clarify certain transitional guidance on the first-time application of the standards.

- IFRS 13 *Fair Value Measurement* establishes a single source of guidance for fair value measurements and disclosures about fair value measurements and is applicable for both financial and non-financial items.

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

2.1 Standards and Interpretations effective for the current period (Continued)

- 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.

- IFRIC 20 *Stripping Costs in the Production Phase of a Surface Mine.*

2.2 Standards and Interpretations in issue 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: Recognition 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, 2018
• Amendments to IAS 32 Financial Instruments: Presentation relating to application guidance on the offsetting of financial assets and financial liabilities.	January 1, 2014
• Amendments to IFRS 7 *Financial Instruments*: Disclosures relating to disclosures about the initial application of IFRS 9.	January 1, 2018
• Amendments to IFRS 10 *Consolidated Financial Statements*, IFRS 12 *Disclosures of Interests in Other Entities* and IAS 27 *Separate Financial Statements* relating to exception from the requirement to consolidate subsidiaries for eligible Investment Entities.	January 1, 2014

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

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

	Effective for annual periods beginning on or after
• IFRIC 21 *Levies*.	January 1, 2014
• Amendment to IAS 36: *Impairment of Assets* relating to the disclosure of information about the recoverable amount of impaired assets if the amount is based on fair value less cost of disposal.	January 1, 2014
• Amendments to IAS 39: Novation of Derivatives and Continuation of Hedge Accounting.	January 1, 2014
• Amendments to IFRS 9: *Financial Instruments* relating to general hedge accounting.	January 1, 2018
• Amendments to IAS 19 *Employee Benefits* relating to employee contributions to defined benefit plans.	July 1, 2014
• Amendments arising from the *Annual Improvements Cycle* 2010 – 2012.	July 1, 2014
• Amendments arising from the *Annual Improvements Cycle* 2011 – 2013.	July 1, 2014
• IFRS 14: *Regulatory Deferral Accounts.*	January 1, 2016
• Amendments to IFRS 11 *Joint Arrangements: Accounting for Acquisitions of Interest in Joint Operations.*	January 1, 2016
• Amendments to IAS 16 and IAS 38: *Clarification of Acceptable Method of Depreciation and Amortisation.*	January 1, 2016
• IFRS 15 *Revenue from Contracts with Customers.*	January 1, 2017

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

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

The Directors anticipate that all of the above Standards, Interpretations and amendments 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, except for IFRS 9. The full impact cannot be assessed at this stage.

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 the historical cost convention, except for investments measured at fair value through profit or loss.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value of an asset or a liability is measured by taking into account the characteristics of the asset or liability that if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

For financial reporting purposes fair value measurement is categorised into Levels 1, 2 or 3 based on the degree to which the inputs to fair value measurement are observable and the significance of the inputs to the fair value measurement in its entirety, which are described below:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the assets or liability.

3. SIGNIFICANT ACCOUNTING POLICIES:

Basis of Preparation (Continued)

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

The significant accounting policies are as follows:

(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.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

3. SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

(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.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

(d) **Revenue Recognition**

Dividend income from investments is recognised when the 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 measurement 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. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined.

(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.

3. SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

(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.

4.1 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)

4.2 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 0.01% of the NAV of the Fund (subject to a minimum fee of USD 20,000 per month).

On July 29, 2012, a minimum fee is amended to USD 7,500 per month.

(d) Custody Fee

Under the Custody Agreement, the Fund pays the Custodian an agreed percentage of 0.01% the NAV of the Fund (subject to a minimum fee of USD 20,000 per month). The Custody Fee is accrued and payable on a monthly basis.

On July 29, 2012, a minimum fee is amended to USD 10,000 per month.

EFG-HERMES MIDDLE EAST AND DEVELOPING AFRICA FUND LIMITED
BERMUDA

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014

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5. **FEES: (CONTINUED)**

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

Three non-executive Directors are entitled to an annual fee of USD 15,000 (2013: USD 20,000) each.

(f) **Investment Management Fee**

The key fund manager is remunerated with a fixed monthly salary and a variable annual bonus compensation which is paid by the Investment Manager or one of its affiliates.

6. **CASH AT BANKS:**

Cash at banks consist of cash held in current accounts with various branches of HSBC Bank and an Investment Company.

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

This caption is composed of the followings:

	June 30, 2014 USD	June 30, 2013 USD
Listed shares and warrants	49,486,010	43,027,232
Promissory notes	26,908,835	22,653,947
	76,394,845	65,681,179

7.1 Financial assets at fair value through profit or loss represent investments in securities quoted on various stock exchanges in the Middle East and Developing African regions.

	June 30, 2014 USD	June 30, 2013 USD
Financial assets at fair value through profit or loss at beginning of the period	65,681,179	75,934,610
Purchases during the year	109,659,864	87,790,522
Proceeds from sales during the year	(128,245,246)	(117,648,691)
Net realised gain on disposal of financial assets at fair value through profit or loss	25,895,813	8,577,605
Net unrealised gain on fair value of financial assets at fair value through profit or loss	3,403,235	11,027,133
Financial assets at fair value through profit or loss at end of the year	76,394,845	65,681,179

EFG-HERMES MIDDLE EAST AND DEVELOPING AFRICA FUND LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014

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

7.2 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 values 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.

8. OTHER ASSETS:

	2014 USD	2013 USD
Outstanding proceeds for subscription in redeemable shares	30,040	3,000,040
Dividend receivable	193,935	21,981
Interest receivable	39,544	-
Due from brokers	1,723,853	-
Refund receivable from a right issue	764,114	-
	2,751,486	3,022,021

9. ACCRUED FEES AND OTHER PAYABLES:

	2014 USD	2013 USD
Custody fees	2,333	11,290
Administration fees	1,750	8,468
Outstanding payments on redemption of redeemable shares	433,623	1,349,290
Due to brokers	1,551,323	-
Other accruals	113,823	80,951
	2,102,852	1,499,999

EFG-HERMES MIDDLE EAST AND DEVELOPING AFRICA FUND LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014

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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 units are fully paid. The Fund's capital is represented by these redeemable units.

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

A Class Ordinary units 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 Units 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 units on each Valuation Day and payable quarterly in arrears.

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

	No. of units	
	2014	2013
Class A		
Opening balance	2,980,987	4,321,206
Subscriptions of redeemable units	223,147	149,714
Redemptions of redeemable units	(718,545)	(1,489,933)
Ending balance	2,485,589	2,980,987

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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 debt 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 PARTIES:

Related parties, as defined in International Accounting Standards 24, "Related Party Disclosures" include entities 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.

12.1 Transactions

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

Related parties	Nature of transactions	Amount incurred	
		2014 USD	2013 USD
EFG Hermes Financial Management (Egypt) Limited	Management fees	1,161,983	1,019,529
EFG Hermes Financial Management (Egypt) Limited	Performance fees	3,601,564	2,148,218
Directors	Board of Directors' fees	45,000	60,000

12.2 Balances with related parties:

Amount due to:	2014 USD	2013 USD
EFG-Hermes Financial Management (Egypt) Limited:		
Management fees payable	309,638	261,392
Performance fees	3,286,523	1,977,563
Directors:		
Non-executive Directors' fees	45,000	60,000
	3,641,161	2,298,955

12. RELATED PARTIES: (CONTINUED)

12.3 The Fund has following bank balance with a related party:

	2014 USD	2013 USD
EFG-Hermes Mena Securities Ltd	1,845,507	-

12.4 The Fund has invested in equity shares of the following:

	2014 USD	2013 USD
EFG-Hermes Holding (2014: 994,697 shares)	2,131,280	-

13. FINANCIAL INSTRUMENTS:

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 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

	2014 USD	2013 USD
Financial assets		
Financial assets at fair value through profit or loss	76,394,845	65,681,179
Receivables at amortised cost (including cash at banks)	11,715,210	8,861,444
	88,110,055	74,542,623
Financial liabilities		
Amortised cost	5,744,013	3,748,954

13. FINANCIAL INSTRUMENTS: (CONTINUED)

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.

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 good 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.

The liquidity profile of financial liabilities reflects the projected cash flows over the life of these financial liabilities. All financial liabilities at June 30, 2014 and 2013 have a contractual maturity of three months or less and cash at banks as of the reporting dates exceed them.

13. FINANCIAL INSTRUMENTS: (CONTINUED)

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.

13.3.2 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, Jordanian Dinars and Omani Riyal since these currencies are effectively pegged to the US Dollar. However, USD 26,150,695 (2013: USD 8,205,916) of the net financial assets are denominated in Egyptian Pounds, Great Britain Pounds, Moroccan Dirhams, Turkish Lira and Kuwaiti Dinars for which the Fund is exposed to currency risk.

13. FINANCIAL INSTRUMENTS: (CONTINUED)

13.3 MARKET RISK (CONTINUED)

13.3.2 Currency Risk (Continued)

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

	Assets		Liabilities	
	2014 USD	2013 USD	2014 USD	2013 USD
QAR	5,414,204	9,225,152	-	-
SAR	36,493,320	-	-	-
AED	9,906,891	11,164,411	1,248,810	-
OMR	6,506	2,992,403	-	-
KWD	8,005,128	5,922,275	-	-
GCC currencies	59,826,049	29,304,241	1,248,810	-

	Assets		Liabilities	
	2014 USD	2013 USD	2014 USD	2013 USD
GBP	7,357,367	2,283,641	-	-
EGP	6,906,093	-	-	-
JOD	-	14,630	-	-
MAD	2,012,793	-	-	-
TRY	1,869,314	-	-	-
Other currencies	18,145,567	2,298,271	-	-
Total foreign currencies	77,971,616	31,602,512	1,248,810	-

Foreign currency sensitivity analysis

The sensitivity analysis includes only outstanding foreign currency denominated monetary items in Egyptian Pounds, Great Britain Pounds, Moroccan Dirhams, Turkish Lira and Kuwaiti Dinars 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.

13. FINANCIAL INSTRUMENTS: (CONTINUED)

13.3 MARKET RISK (CONTINUED)

13.3.2 **Currency Risk (Continued)**

Currency	2014	2013
	Effect on profit or loss USD	
EGP	345,305	-
GBP	367,868	(114,182)
MAD	100,640	-
TRY	93,466	-
KWD	400,256	(296,114)

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.

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:

13. FINANCIAL INSTRUMENTS: (CONTINUED)

13.3 MARKET RISK (CONTINUED)

13.3.3 Equity Price Risk (Continued)

Equity Price Sensitivity Analysis (Continued)

	2014		2013	
Market indices	Change in equity price %	Effect on profit or loss USD	Change in equity price %	Effect on profit or loss USD
Egypt	+10	690,609	+10	-
Kuwait	+10	620,186	+10	458,924
Oman	+10	-	+10	158,669
Qatar	+10	541,272	+10	903,388
United Arab Emirates	+10	621,098	+10	1,077,844
Luxemburg	+10	-	+10	703,366
United States of America	+10	4,213,951	+10	2,859,319
United Kingdom	+10	735,321	+10	406,612
Turkey	+10	186,905	+10	-
Saudi Arabia	+10	30,143	+10	-

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:

Financial assets at fair value through profit or loss are measured based on quoted bid prices in an active market. These are categorised within Level 1 of the fair value hierarchy.

The carrying values of financial assets and liabilities at amortised cost approximate their fair value due to their short term nature.

There are no financial liabilities at FVTPL at the reporting dates.

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15. NET ASSET VALUE PER UNIT:

	Net Asset Value USD	Number of Unit in Issue	Net Asset Value Per Unit USD
As at June 30, 2014	82,366,042	2,485,589	33.14
As at June 30, 2013	70,793,669	2,980,987	23.75

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