EFG – Hermes Middle East and Developing Africa Fund Limited

Financial Statements and Review Auditors' Report
For the six months ended December 31, 2007

Deloitte.

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Report on review of interim financial information

To: The Shareholders of EFG – Hermes Middle East and Developing Africa Fund Limited

Introduction

We have reviewed the accompanying balance sheet of EFG – Hermes Middle East and Developing Africa Fund Limited as of December 31, 2007 and related statements of income, changes in net assets for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and fair presentation of this interim financial information in accordance with International Financial Reporting Standards. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information does not present fairly, in all material respects the financial position of the entity as at December 31, 2007, and of its financial performance for six months period then ended in accordance with International Financial Reporting Standards.

Cairo, February 7, 2008

Kamel Magdy Saleh, ACA

F.E.S.A.A. (R.A.A. 8510)

Original 5 of 5

EFG - Hermes Middle East and Developing Africa Fund Limited

Balance Sheet

As of December 31, 2007

	Note	31 December 2007 USD	30 June 2007 USD
Assets			
Cash and cash equivalents	(5)	139 301 079	43 571 602
Financial assets at fair value through profit or loss			
Held for trading Investments	(6)	768 054 116	360 636 028
Held for trading certificates in mutual funds	(7)	--	9 389 610
Receivables and other debit balances	(8)	--	434 848
Total Assets		**907 355 195**	**414 032 088**
Liabilities			
Proceeds under subscription in the fund's shares		61 095 602	7 664 574
Payables on purchase of investments		37 150 772	25 057 935
Accrued Expenses	(9)	22 274 241	8 695 544
Total Liabilities		**120 520 615**	**41 418 053**
Net Assets Value		**786 834 580**	**372 614 035**
Number of shares outstanding	(10)	21 744 104	13 119 647
Net assets value per share		36.19	28.40

- The attached notes (1) to (19) form an integral part of these financial statements.

EFG - Hermes Middle East and Developing Africa Fund Limited

Statement of Operations

For the six months ended December 31, 2007

	Note	Six Months Ended 31 December 2007 USD	Six Months Ended 31 December 2006 USD
Investment Income			
Interest income		433 952	99 354
Dividend income		249 851	103 604
		683 803	**202 958**
Expenses			
Management fees	(11)	3 914 993	613 899
Custody fees	(12)	501 156	74 951
Administrator fees	(13)	39 974	5 423
Board of Directors fees and expenses	(14)	--	5 950
Incentive fees	(11)	19 634 077	975 407
Other expenses		310 840	1 206
		24 401 040	**1 676 836**
Net Investment (Loss)		**(23 717 237)**	**(1 473 878)**
Redemption fees		--	17 317
Net realized gains on sale of investments		22 837 958	4 291 710
Net unrealized gain on valuation of investments		130 891 929	6 336 583
Gain from foreign currency translation		4 950 143	325 706
Net Increase in Net Assets Resulting from Operations		**134 962 793**	**9 497 438**

- The attached notes (1) to (18) form an integral part of these financial statements.

EFG - Hermes Middle East and Developing Africa Fund Limited

Statement of Changes in Net Assets

For the six months ended December 31, 2007

	Six Months Ended 31 December 2007 USD	Six Months Ended 31 December 2006 USD
Changes in Net Assets from Operations		
Net investment (loss)	(23 717 237)	(1 473 878)
Redemption fees	--	17 317
Net realized gains on sale of investments	22 837 958	4 291 710
Net unrealized gain on valuation of investments	130 891 929	6 336 583
Gain from foreign currency translation	4 950 143	325 706
Net Increase in Net Assets Resulting from Operations	**134 962 793**	**9 497 438**
Change in Net Assets from Capital Transactions		
Proceeds from sale of shares	293 612 624	37 051 499
Payments on redemption of shares	(14 354 872)	(10 020 859)
Net Increase in Net Assets Resulting from Capital Transactions	**279 257 752**	**27 030 640**
Total increase in net assets during the period	414 220 545	36 528 078
Net assets - Beginning of the period	372 614 035	69 646 671
Net Assets - End of the period	**786 834 580**	**106 174 749**

- The attached notes (1) to (19) form an integral part of these financial statements.

EFG – Hermes Middle East and Developing Africa Fund Limited

Notes to the Financial Statements

For the Six Months Ended December 31, 2007

1- **The Company**

EFG-Hermes Middle East and Developing Africa Fund Limited (The Company) is an investment company incorporated in Bermuda on 30 June 1998. The purpose of the company is to seek long-term capital appreciation through investment in Middle East and Developing Africa equity and equity related securities. The company's shares are listed in Dubai Financial Market.

2- **Statement of Compliance**

The financial statements have been prepared in accordance with International Financial Reporting Standards.

3- **Basis of Preparation of Financial Statements:**

The financial statements have been prepared on the historical cost basis except for the revaluation of financial instruments.

4- **Critical accounting judgments and key sources of estimation uncertainty**

In the application of the company's accounting policies, management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. Those estimates and associated assumptions are based on management historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates therefore those 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. The significant accounting policies adopted are set out below:

A- **Foreign currencies**

The Company designated the US Dollar as its reporting currency. Transactions denominated in currencies other than the US Dollar, are translated to the US Dollar using the rate in effect at the date of the transactions. Monetary assets and liabilities denominated in currencies other than the US Dollar are retranslated based on the prevailing exchange rates at the balance sheet date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Exchange differences are recognised in the statement of operations in the period in which they arise.

B- **Financial Instruments**

Constitute financial assets and financial liabilities. Financial assets and financial liabilities are recognised on the entity's balance sheet when the entity becomes a party to the contractual provisions of the instrument.

Financial assets

Investments are recognised and derecognized on a trade date where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned.

The trade date is the date that an entity commits itself to purchase or sell an asset. Trade date accounting refers to the recognition of an asset to be received and the liability to pay for it on the trade date, and derecognizing of an asset that is sold, recognition of any gain or loss on disposal and the recognition of a receivable from the buyer for payment on the trade date. Generally, interest does not start to accrue on the asset and corresponding liability until the settlement date when title passes.

All financial assets are initially measured at fair value, net of transaction costs, except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value.

Financial assets are currently classified as financial assets 'at fair value through profit or loss' (FVTPL) and other financial assets. Other financial assets include monetary assets, mainly cash and cash equivalents and other debit balances, whose fair value is not materially different from the carrying amount. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Financial assets at FVTPL

Financial assets are classified as at FVTPL where the financial asset is either held for trading or it is designated as at FVTPL.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling in the near future; or
- it is a part of an identified portfolio of financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial asset other than a financial asset held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the entity's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and IAS 39 permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial assets at FVTPL are stated at fair value, with any resultant gain or loss, representing the difference between the market or estimated fair value of securities, on the day of valuation and average cost, recognised in the statement of operations.

Realized gains and losses from sale of investments as at FVTPL are recognized, in the statement of operations, on the trade date as the difference between selling price, net of commissions and expenses, and the average cost. Fair value is determined in the manner described in note (4 H).

Financial liabilities and equity instruments issued by the entity

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs.

Financial liabilities

Financial liabilities are classified currently as other financial liabilities. Other financial liabilities include monetary liabilities, mainly payables, accrued expenses and other credit balances, whose fair value is not materially different from the carrying amount.

C- Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of receivables where the carrying amount is reduced through the use of an allowance account. When a receivable is uncollectible, it is written off against the allowance account. Changes in the carrying amount of the allowance account are recognised in the statement of operations.

D- Revenue recognition

Dividends are recognized when the shareholders' right to receive them is established. Interest income is accrued on a time basis, by reference to the principal outstanding and at the interest rate applicable during the period until maturity.

E- Taxation

The taxation of income and capital gains of the Company is subject to the fiscal laws and practices of Bermuda, United Kingdom and any other jurisdiction in which the Company invests.

F- Provisions

Provisions are recognized when the entity has a present obligation (legal or constructive), arising from past events, the settlement of which is expected to result in an outflow from the enterprise of resources embodying economic benefits, the costs to settle related obligations are probable and a reliable estimate is made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows. Where discounting is used, the carrying amount of a provision increases in each period to reflect the passage of time. This increase is recognised in the profit or loss as finance cost.

G- Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, bank balances and short-term demand deposits that are readily convertible to known amounts of cash.

H- Fair Value Estimation

The fair value of financial instruments that are traded in an active market is based on quoted market prices at the balance sheet date. Quoted market prices for investments in listed securities, are closing prices on the last day, such investments were traded on stock exchanges. The fair value of financial instruments that are not traded in an active market is determined using valuation techniques that are based on market conditions existing at each balance sheet date. Those techniques such as estimated discounted cash flows are used to determine the fair value of the financial instruments. Unlisted securities and quoted securities, for which a price is unavailable, are valued at fair value estimated by the Manager.

5- Cash and cash equivalents

	31 December 2007 USD	30 June 2007 USD
Current accounts	139 301 079	43 571 602
	139 301 079	**43 571 602**

6- **Held for trading investments**

Represent investments in equity securities and are sumamrized in the following table:

		December 31, 2007		June 30, 2007	
		Book	Percentage of	Book	Percentage of
	Country	Value	Net Assets	Value	Net Assets
		USD	Value	USD	Value
Listed securities					
ADDOHA	Morocco	8 252 633	1.05%	939 090	0.25%
Agility	Kuwait	17 854 039	2.27%	7 961 484	2.14%
Agility R.I	Kuwait	353 892	0.04%	369 605	0.10%
AL Ahly United Bank BSC	Bahrain	-	0.00%	5 327 184	1.43%
Al Anwar Ceramics	Oman	-	0.00%	273 817	0.07%
Al Jazira Bank	Saudi Arabia	29 379 908	3.73%	-	0.00%
Amoc	Egypt	-	0.00%	11 304 718	3.03%
Arab Cement	Saudi Arabia	24 257 992	3.08%	-	0.00%
Arab Co.for Real Estate Development Ltd	Egypt	24 043 151	3.06%	-	0.00%
Arab National Bank	Saudi Arabia	4 093 708	0.52%	-	0.00%
Arab Technical Construction Company	UAE	31 030 402	3.94%	9 997 681	2.68%
Bank AUDI	Lebanon	-	0.00%	439 200	0.12%
Barwa Real Estate	Qatar	21 433 811	2.72%	13 956 184	3.75%
Blom bank GDR	Lebanon	-	0.00%	1 987 421	0.53%
Burqan Bank	Kuwait	-	0.00%	7 277 759	1.95%
Byblos Bank Priorty shares Listed	Lebanon	-	0.00%	1 074 000	0.29%
Byblos Bank S.A.L	Lebanon	-	0.00%	967 804	0.26%
CIB	Egypt	20 844 396	2.65%	10 466 021	2.81%
CIB (GDR)	Egypt	2 338 000	0.30%	-	0.00%
Commercial Bank of Qatar	Qatar	17 965 896	2.28%	10 481 769	2.81%
Dubai Inv Co (DFM)	UAE	21 042 450	2.67%	-	0.00%
Dubai Islamic Bank	UAE	-	0.00%	7 105 185	1.91%
EFG-Hermes Holding	Egypt	17 662 422	2.24%	3 855 782	1.03%
EFG-Hermes SPC	Egypt	13 499 230	1.72%	-	0.00%
El Ezz Steel	Egypt	35 793 881	4.55%	7 632 706	2.05%
El Ezz Steel Rebars GDR	Egypt	-	0.00%	16 213 700	4.35%
Emaar	UAE	37 277 843	4.74%	20 013 107	5.37%
Emaar Economic City	Saudi Arabia	39 775 708	5.06%	-	0.00%
Emirates National Bank of Dubai	UAE	20 000 879	2.54%	-	0.00%
Etihad Etisalat	Saudi Arabia	38 590 982	4.90%	5 472 093	1.47%
Etisalat Swaps	UAE	10 043 299	1.28%	-	0.00%
Fawaz Al-Hokair	Saudi Arabia	1 986 591	0.25%	-	0.00%
First Gulf Bank	UAE	-	0.00%	6 915 600	1.86%
Galfar	Oman	343 725	0.04%	-	0.00%
Heliopolis Housing	Egypt	6 589 679	0.84%	-	0.00%
Industries Qatar	Qatar	18 180 122	2.31%	15 001 095	4.03%
Ithmaar Bank	Bahrain	-	0.00%	2 255 805	0.61%
Jordan Ahly Bank	Jordan	10 498 827	1.33%	12 715 295	3.41%
Jordan Cement	Jordan	3 729 246	0.47%	5 742 113	1.54%
KIPCO	Kuwait	36 374 753	4.62%	18 957 856	5.09%
Nass Corporation B.S.C	Bahrain	-	0.00%	705 349	0.19%
National Bank of Kuwait	Kuwait	7 994 435	1.02%	3 793 409	1.02%
Olympic Group	Egypt	32 043 582	4.07%	16 161 010	4.34%
Oman Cement	Oman	16 344 509	2.08%	11 667 439	3.13%
Oman International Bank	Oman	13 539 670	1.72%	4 635 659	1.24%
OPTD	Egypt	10 903 600	1.39%	10 714 315	2.88%
Orascom Telecom GDS	Egypt	-	0.00%	8 929 472	2.40%
Orascom Telecom LE	Egypt	-	0.00%	12 733 419	3.42%
Oriental Weaver	Egypt	3 652 717	0.46%	11 640 653	3.12%
Qatar Gas	Qatar	21 380 471	2.72%	11 301 220	3.03%
Qatar Telecom	Qatar	5 518 777	0.70%	11 766 255	3.16%
Raysut Cement Co.	Oman	-	0.00%	1 961 889	0.53%
Red Sea Housing	Saudi Arabia	14 949 212	1.90%	-	0.00%
Renaissance Services	Oman	18 240 082	2.32%	12 645 824	3.39%
SABIC	Saudi Arabia	26 179 899	3.33%	12 760 866	3.42%
Saudi Telecom Co.	Saudi Arabia	-	0.00%	239 987	0.06%
SODIC	Egypt	11 798 378	1.50%	9 750 159	2.62%
Solidere Type A	Lebanon	-	0.00%	1 171 156	0.31%
Sorouh Real Estate	UAE	32 517 316	4.13%	-	0.00%
Suez Cement	Egypt	-	0.00%	2 474 388	0.66%
Taameer	Jordan	11 112 427	1.41%	-	0.00%
Talat Mostafa Group	Egypt	6 457 521	0.82%	-	0.00%
Union National Bank	UAE	21 540 379	2.74%	10 382 513	2.79%
United Development	Qatar	643 675	0.08%	496 971	0.13%
Total Listed Securities		**768 054 116**	**97.61%**	**360 636 028**	96.79%

7- **Held for trading certificates in mutual funds**

	Country	31 December 2007		30 June 2007	
		USD		USD	
		Market Value	Percentages of Net Value	Market Value	Percentages of Net Value
The Saudi Arabia Investment Fund Limited	Saudi Arabia	--	--	9 389 610	2.52%
		--	--	**9 389 610**	**2.52%**

8- **Receivables and Other Debit Balances**

	31 December 2007	30 June 2007
	USD	USD
Receivables on sale of investments	--	339 363
Equity dividends receivable	--	76 148
Prepaid expenses	--	19 337
	--	**434 848**

9- **Accrued Expenses**

	31 December 2007	30 June 2007
	USD	USD
Accrued management fees	2 385 485	1 234 113
Accrued custodian fees	161 046	50 334
Accrued incentive fees	19 634 077	7 391 710
Other accruals	93 633	19 387
	22 274 241	**8 695 544**

10- **Share Capital Transactions**

The Company was incorporated with an authorized share capital of USD 12 000 divided into 1 200 000 shares of a par value of USD 0.01 each. On 28 June, 1999 the authorized share capital of the Company was increased to USD 250 000 by the issuance of an additional 23 800 000 shares.

The shares issued by the Company are freely transferable, issued in registered form and holders are entitled, upon their request, to certificates in respect of their holdings. Fractions of shares may be issued. No pre–emptive rights exist in respect of the shares, either under Bermuda law, under the by-laws, or otherwise. Shares may be redeemed quarterly, subject to certain restrictions, commencing with the last valuation day on June 2000. The following transactions took place on share capital during the period:

	No. of shares 31 December 2007	No. of shares 30 June 2007
Number of shares outstanding at the beginning of the period	**13 119 647**	**3 245 404**
Shares redeemed during the period	(484 326)	(645 384)
Shares issued during the period	9 108 783	10 519 627
Number of shares outstanding at period-end	**21 744 104**	**13 119 647**

11- Management Fees

The manager is entitled to receive from the company a management fee accruing monthly at the annual rate of 1.4 percent of the net assets value of the company on each valuation day and payable quarterly in arrears (calculated prior to deduction of management fees).

In addition, the manager is entitled to receive from the company in respect of each share in issue a performance fee of 15 per cent of any out-performance of such share (in terms of movements in the net asset value and dividends paid in respect of such share) relative to a fixed hurdle rate of 10 per cent. 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 manager is also entitled to reimburse all reasonable out-of-pocket and third party expenses incurred in the performance of its duties. The 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 company.

Management fees amounted to USD 4 073 606 for the six-month period ended 31 December 2007, against USD 613 899 for the six-month ended 31 December 2006. Incentive fees amounted to USD 19 634 077 for the six-month ended 31 December 2007, against USD 975 407 for the six-month period ended 31 December 2006.

12- Custody Fees

According to an agreement dated July 1, 1999, State Street Bank and Trust Company act as the global custody for the company's assets. Fees payable for custodian services accrue monthly at a rate of .03% per annum of the net asset value of the Company up to USD 50 million, and .015% per annum on any balance, with minimum annual fees of USD 24 000, together with the reimbursement of proper expenses.

The custodian also receives a multi–managed portfolio fee of USD 1 000 per month and up to USD 175 fee per transaction. The Company is also responsible for the fees of any sub–custodian.

The company entered into securities clearing agreement with the Hong Kong and Shanghai Banking Corporation limited (HSBC) pursuant to which HSBC will provide, among other things, custody services to the fund.

Custody fees amounted to USD 501 156 for the six-month ended 31 December 2007, against USD 74 951 for the six-month ended 31 December 2006.

13- Administrator Fees

Pursuant to an agreement, APEX Services Limited was appointed to act as the registrar and the transfer agent of the company, as well as providing certain administrative and corporate secretarial services to the company. Administrator fees amounted to USD 39 974 for the six-month ended 31 December 2007, against USD 5 423 for the six-month ended 31 December 2006.

14- Board of Directors Fees and Expenses

The Board of Directors is currently comprised of three Directors, one being an employee of the Administrator (APEX), one being associated with a brokerage and one being wholly independent Director. The company is responsible for the payment of the Directors fees. No Board of Directors fees were incurred during the six-month ended 31 December 2007, against USD 5 950 for the six-month ended 31 December 2006.

15- Distribution Policy

Dividends, interest and other income received by the company will be applied first for the payment of fees and expenses. After such payments have been made, the Directors intend to distribute net income to shareholders. No dividends will be paid out of the Company's unrealized or realized capital gains. Dividends, (if any) will be declared annually and be payable in respect of each financial year within six months of the commencement of the following financial year.

16- Taxation

Taxation of income and capital gains of the Company is subject to the fiscal laws and practices of Bermuda, the United Kingdom (UK) and Egypt. The Company had no transactions in any other jurisdiction, which may result in a material tax implication.

Bermuda

At the date of the explanatory memorandum, there was no Bermuda income, corporation or profits tax, withholding tax, capital gains tax, capital transfer tax, estate duty or inheritance tax payable by the company, or shareholders, other than shareholders ordinarily resident in Bermuda. Neither the company nor shareholders will be subject to stamp duty on the issue, transfer or redemption of shares.

The company has obtained from the Minister of Financial of Bermuda under the exempted undertakings tax protection act 1966 an assurance that, in the event of there being enacted in Bermuda any legislation imposing tax computed on profits or income, or computed on any capital assets, gains or appreciation of any tax in the nature of estate duty or inheritance tax, such tax shall not until 28th March, 2016 be applicable to the company or to any of its operations, or to any of its shares debentures or other obligations except in so far as such tax applies to persons ordinarily residing in Bermuda and holding such shares, debentures or other obligations of the company.

United Kingdom

The Company is not a resident in the UK as it is considered an offshore fund for the purpose of UK taxation. Also, the Company is not deemed to carry on a trade in the UK by virtue of various exemptions, which are available to overseas persons such as the Company dealing through UK brokers and investment advisors. Accordingly, the Company is not subject to UK income tax or corporation tax.

The Company did not seek certification as a distributing fund in the UK. As a result, any gains arising from disposal of its shares will constitute income for purposes of UK taxation.

Taxation of Investments

Investments held in the Middle East and Africa by the Company may be subject to withholding and other taxes on the sale or transfer of such investments, and in respect to dividends or other income received from such investments.

17- Related Party Transactions

Due to the widespread operations undertaken by EFG-Hermes Group and its affiliates, a number of transactions were conducted through related brokerage houses. The deals carried out with EFG-Hermes Group or their affiliates represent 18.96 % (ordinary transactions) for the six-month ended 31 December 2007, while they represented 15.74 % (ordinary transactions) of total transactions for the six-month ended 31 December 2006.

As of 31 December 2007, the Fund holds 1 476 420 shares in EFG Hermes Holding with an aggregate cost of US$ 14 377 467 and fair market value of US$ 17 662 422, as well as 6 271 399 shares in EFG Hermes SPC with an aggregate cost of US$ 13 164 717 and fair market value of US$ 13 499 230.

18- Risk management:

Market risk

Market risk is the potential adverse change in security value caused by unfavorable movements in interest rates, foreign exchange rates, or market prices of other financial instruments. However, this risk is limited to the amount of the company's investment in each security.

Credit Risk

Credit risk arises from the failure of the counterparty to perform according to the terms of the contract. The Fund's counterparties are generally major brokerage firms.

19- Beneficial Interests

On 31 December 2007 out of the outstanding shares of 21 744 104 in EFG-Hermes Middle East and Developing Africa Funds Limited. The Fund Director(s) and Shareholder(s) held the following beneficial interests in the shares of the Fund:

	Shares Held	Percentage of Outstanding Shares
Director's		
Mohamed Abdel-Halim	672	0.0031 %
Share holder's		
Hashem Montasser	10 931	0.0503 %
Karim Nehma	1 233	0.0057 %