ALLIED FOR ACCOUNTING & AUDITING (E&Y)

ARAB CHARTERED ACCOUNTANTS (RSM INTERNATIONAL)

TALAAT MOSTAFA GROUP HOLDING COMPANY "TMG HOLDING" (S.A.E)

SEPARATE FINANCIAL STATEMENTS FOR THE PERIOD FROM 1 JANUARY 2011 TO 30 SEPTMEBER 2011 TOGETHER WITH REVIEW REPORT

Translation of Review Report
originally issued in Arabic

REPORT ON REVIEW OF INTRIEM SEPERATE FINANCIAL STATEMENTS TO THE BOARD OF DIRECTORS OF TALAAT MOSTAFA GROUP HOLDING COMPANY "TMG HOLDING" (S.A.E)

Introduction

We have reviewed the accompanying interim separate balance sheet of **Talaat Mostafa Group Holding Company "TMG Holding" (S.A.E)** as at 30 September 2011 and the related separate statements of income, changes in equity and cash flows for the nine months ended in that date, and summary of the main accounting policies and other explanatory notes. Management is responsible for the preparation and presentation of these interim financial statements in accordance with the Egyptian accounting standards, our responsibility is to express a conclusion on these interim separate financial statements based on our review.

Scope of review

We conducted our review in accordance with the Egyptian Standard on review engagement no. (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 Egyptian standards on auditing. Consequently, it does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Consequently; we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that accompanying interim separate financial statements are not prepared, in all material respects for the separate financial position of the company as at 30 September 2011, and its financial performance and cash flows for the nine months ended in that date in accordance with Egyptian accounting standards.

Without qualifying our opinion, as indicated in note (4) the company has investments in subsidiaries and prepares consolidated financial statements as of 30 September 2011 in accordance with Egyptian accounting standards. Accordingly, the accompanying separate financial statements are not considered consolidated financial statements and do not represent the consolidated financial position of the company as 30 September 2011 and its financial performance and its cash flows for the period then ended in accordance with Egyptian Accounting Standards

ALLIED FOR ACCOUNTING & AUDITING
(E&Y)

ARAB CHARTERED ACCOUNTANTS
(RSM INTERNATIONAL)

Without Qualifying our Opinion, a new primary contract was signed between Arab Company for Projects and Urban Development – subsidiary Company - and The New Urban Communities Authority on 8 November 2010 relating to Madinaty project and the in kind amount should not be less than LE 9.997 Billion, based on that, the value of the land of madinaty project will be reconsidered upon signing the final contract of the land (note 14).

Cairo: 13 November 2011

Auditors

Emad H. Ragheb
FESAA-FEST
(RAA. 3678)
(RCMA 42)

Magdy Hashish
Magdy Hashish & Co
(RAA. 1626)
(RCMA 117)

Talaat Mostafa Group Holding Company "TMG Holding" S.A.E

CONSOLIDATED BALANCE SHEET

As of 30 September 2011

	Notes	30/9/2011 LE	31/12/2010 LE
Non-Current Assets			
Property and Equipment	(4)	4,280,642,890	4,341,247,115
Projects Under Constructions	(5)	212,840,944	189,920,850
Investment Property	(6)	426,275,844	418,952,399
Goodwill	(7)	15,393,653,117	15,393,653,117
Investments in Associates	(8)	5,107,589	4,496,462
Available for Sale Investments	(9)	54,534,920	53,254,920
Investments in Governmental Bonds	(11)	540,102,357	483,837,951
Total Non-Current Assets		20,913,157,661	20,885,362,814
Current Assets			
Work in Progress	(14)	14,445,864,013	13,800,270,971
Inventory – Net	(15)	34,496,372	34,218,987
Accounts and Notes Receivable	(13)	13,884,864,894	15,522,416,435
Prepayments and Other Debit Balances	(16)	2,488,711,694	2,910,347,047
Available for Sale Investments	(9)	25,845,508	25,845,508
Investment Debtors	(10)	808,962,565	808,212,565
Financial assets at fair value through profit and loss	(12)	222,528,576	298,682,002
Cash on Hand and at Banks	(17)	329,648,407	577,482,301
Total current assets		32,240,922,029	33,977,475,816
Current Liabilities			
Provisions	(28)	328,689	481,478
Banks Overdraft		42,032,447	31,674,030
Creditors and Notes Payable	(18)	1,298,483,031	1,033,052,219
Current Portion of Loans and Facilities	(26)	1,022,820,711	752,264,645
Customers Advance Payment	(19)	16,257,456,915	19,040,221,267
Dividends Creditors		15,133,516	16,495,077
Tax Authorities		125,963,971	184,917,906
Accrued Expense and Other Credit Balances	(20)	1,672,324,511	1,893,272,888
Total Current Liabilities		20,434,543,791	22,952,379,510
WORKING CAPITAL		11,806,378,238	11,025,096,306
TOTAL INVESTMENTS		32,719,535,899	31,910,459,120
Financed as follows:			
Owner's Equity			
Authorized Capital	(21)	30,000,000,000	30,000,000,000
Issued and Paid up Capital	(21)	20,635,622,860	20,132,314,980
Legal Reserve	(22)	216,645,653	164,999,734
General Reserve	(23)	61,735,404	61,735,404
Net unrealized gains on available for sale investments	(24)	3,240,000	1,960,000
Accumulative translation adjustment		21,117,395	5,958,297
Reduction of the shareholders equity in affiliated companies	(25)	(30,089,758)	(30,089,758)
Retained earning		3,626,974,154	3,080,207,081
Net profit for the period/year		493,714,316	940,008,374
TOTAL MOTHER COMPANY SHAREHOLDERS EQUITY		25,028,960,024	24,357,094,112
Minority Interest		1,321,259,083	1,327,970,613
TOTAL SHAREHOLDERS' EQUITY		26,350,219,107	25,685,064,725
Non-current Liabilities			
Loans and Facilities – non-current	(26)	2,183,292,566	2,020,531,059
Non-current Liabilities	(27)	4,178,453,506	4,178,432,531
Deferred Tax Liability	(29)	7,570,720	26,430,805
Total Non- Current Liabilities		6,369,316,792	6,225,394,395
Total Shareholders' Equity and Nun- Current liabilities		32,719,535,899	31,910,459,120

Chairman	Financial Director		Auditors
Tarek Talaat Mostafa	**Ghaleb Ahmed Fayed**	**Emad H, Ragheb**	**Magdy Hashish**

-The attached notes 1 to 39 are an integral part of these consolidated financial statements.
-Review report attached.

Talaat Mostafa Group Holding Company "TMG Holding" S.A.E

CONSOLIDATED INCOME STATEMENT
For the period from 1 January 2011 to 30 September 2011

	Notes	From 1/1/2011 to 30/9/2011 LE	From 1/7/2011 to 30/9/2011 LE	From 1/1/2010 to 30/9/2010 LE	From 1/7/2010 to 30/9/2010 LE
Revenue	(30)	4,373,141,673	1,823,464,644	4,544,117,281	1,014,154,665
Cost of revenue	(30)	(3,410,618,829)	(1,552,556,251)	(3,198,267,527)	(714,572,337)
GROSS PROFIT		962,522,844	270,908,393	1,345,849,754	299,582,328
General and administrative expenses, marketing and sales expenses		(234,177,725)	(75,040,980)	(178,918,104)	(72,564,820)
Depreciation and Amortization		(101,307,897)	(31,346,422)	(75,384,218)	(21,547,294)
Provisions no longer required		152,789	52,445	-	-
Provisions		-	-	(443,216)	(212,002)
Operating Profit		627,190,011	164,573,436	1,091,104,216	205,258,212
Credit interest		13,878,516	3,515,447	20,484,037	523,589
Interest on bonds		22,748,690	7,611,809	22,667,155	7,583,962
Income from treasury bills		-	-	1,425,999	-
Finance cost		(144,486,498)	(45,628,620)	(125,598,662)	(43,788,042)
Dividends revenue	(31)	3,146,316	492,120	2,169,706	754,650
Revenue on sale of financial investments	(32)	2,362,740	(568,056)	12,964,476	11,349,981
Revenue of revaluate financial assets at fair value through profit and loss	(12)	(22,336,539)	(8,779,793)	7,897,885	5,827,094
Share of profit of associates		1,577,409	477,725	650,000	-
Other income	(33)	30,158,500	10,126,090	17,029,896	3,458,437
Capital gain		14,274,277	4,702,559	577,663	61,300
Board of directors allowances		(404,000)	(98,750)	(543,650)	(122,100)
Foreign exchange (loss) gain		(24,128,141)	956,687	5,457,788	2,618,724
NET PROFIT FOR THE PERIOD BEFORE TAX		523,981,281	137,380,654	1,056,286,509	193,525,807
Income tax	(29)	(78,303,581)	(23,623,822)	(169,467,930)	(12,739,968)
Deferred tax expense		18,860,085	(394,362)	(1,810,968)	(1,286,734)
NET PROFIT FOR THE PERIOD AFTER TAX		464,537,785	113,362,470	885,007,611	179,499,105
Minority interest		29,176,531	9,298,250	(21,391,839)	21,733,257
NET PROFIT FOR THE PERIOD(MOTHER COMPANY SHAREHOLDERS)		493,714,316	122,660,720	863,615,772	201,232,362

Chairman

Tarek Talaat Mostafa

Al- Financial Director

Ghaleb Ahmed Fayed

-The attached notes 1 to 39 are an integral part of these financial statements.

Talaat Mostafa Group Holding Company "TMG Holding" S.A.E

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the period from 1 January 2011 to 30 September 2011

	Issued and Paid up Capital	Legal Reserves	General Reserves	Net unrealized (losses) gains on available for sale	Accumulative translation adjustments	Reduce shareholders in affiliated companies/Treasury stocks	Retained Earning	Net Profit for the period	Total	Minority interest	Total
	LE	LE	LE	LE		LE	LE	LE	LE	LE	LE
Balance at 1 January 2011	20,132,314,980	164,999,734	61,735,404	1,960,000	5,958,297	(30,089,758)	3,080,207,081	940,008,374	24,357,094,112	1,327,970,613	**25,685,064,725**
Transfer to retained earning	-	-	-	-	-	-	940,008,374	(940,008,374)	-	-	-
Bonus share issue (note 21)	503,307,880	-	-	-	-	-	(503,307,880)	-	-	-	-
Net profit for the period	-	-	-	-	-	-	-	493,714,316	493,714,316	(29,176,530)	**464,537,786**
Reconciliation on retained earning	-	-	-	-	-	-	161,712,498	-	161,712,498	-	**161,712,498**
Reconciliation on minority interest	-	-	-	-	-	-	-	-	-	22,465,000	**22,465,000**
Legal Reserve	-	51,645,919	-	-	-	-	(51,645,919)	-	-	-	-
Accumulative translation adjustments*	-	-	-	-	15,159,098	-	-	-	15,159,098	-	**15,159,098**
Net unrealized gains on available for sale	-	-	-	1,280,000	-	-	-	-	1,280,000	-	**1,280,000**
Balance as of 30 September 2011	**20,635,622,860**	**216,645,653**	**61,735,404**	**3,240,000**	**21,117,395**	**(30,089,758)**	**3,626,974,154**	**493,714,316**	**25,028,960,024**	**1,321,259,083**	**26,350,219,107**
Balance at 1 January 2010	20,302,035,500	162,740,218	25,747,613	(600,000)	-	(133,977,325)	1,682,046,129	1,106,174,370	23,144,166,505	1,684,636,138	24,828,802,643
Transfer to retained earning	-	-	-	-	-	-	1,106,174,370	(1,106,174,370)	-	-	-
Net profit for the period	-	-	-	-	-	-	-	863,615,772	863,615,772	21,391,839	885,007,611
Reconciliation on retained earning	-	-	-	-	-	-	289,468,331	-	289,468,331	-	289,468,331
Reconciliation on minority interest	-	-	-	-	-	-	-	-	-	(889,522,877)	(889,522,877)
Legal Reserve	-	2,259,516	-	-	-	-	(2,259,516)	-	-	-	-
Treasury Stocks redemption	(169,720,520)	-	35,987,791	-	-	103,887,567	-	-	(29,845,162)	-	(29,845,162)
Net unrealized gains on available for sale	-	-	-	1,680,000	-	-	-	-	1,680,000	-	1,680,000
Balance at 30 September 2010	20,132,314,980	164,999,734	61,735,404	1,080,000	-	(30,089,758)	3,075,429,314	863,615,772	24,269,085,446	816,505,100	25,085,590,546

* Accumulative translation adjustments is due to translation of the financial statements of Thabat for real estate development as foreign operation

- The attached notes 1 to 39 are an integral part of these consolidated financial statements.

Talaat Mostafa Group Holding Company "TMG Holding" S.A.E

CONSOLIDATED CASH FLOW STATEMENT
For the period from 1 January 2011 to 30 September 2011

	Notes	From 1/1/2011 to 30/09/2011 LE	From 1/1/2010 to 30/09/2010 LE
CASH FLOWS FROM OPERATING ACTIVITIES			
Net profit for the period before tax and minority interest		**523,981,281**	1,056,286,509
Adjustment to reconciliation net profit with cash flow operating activities			
Depreciation		**98,060,635**	75,384,218
Amortization for Hotels Inventory		**3,247,264**	3,795,038
Discount Bonds Amortization	(11)	**(1,002,037)**	(883,318)
Provisions (no longer required)/established	(28)	**(152,789)**	443,216
Loss (Revenue) of revaluate Financial Assets at Fair Value through Profit and Loss	(12)	**22,336,539**	(7,897,885)
Share of profit of Associates		**(1,577,409)**	-
Credit Interests, Bonds and Treasury Bills revenue		**(36,627,206)**	(44,577,191)
Reconciliation on retained earning and Minority Interest		**160,177,499**	(31,794,244)
Capital (Gain)	(4)	**(14,274,277)**	(577,663)
Reconciliations on Deferred Tax Liability		**-**	(2,070)
Foreign Exchange Loss (Gain)		**24,128,141**	(5,457,788)
Operating profit before changes in working capital		**778,297,641**	1,044,718,822
Change in Work in Progress	(14)	**(645,593,040)**	(669,762,568)
Change in Inventory		**(277,385)**	(2,584,947)
Change in Amortization of hotels inventory		**(3,247,264)**	(3,795,038)
Change in Accounts and Notes Receivables	(13)	**1,637,551,541**	818,375,317
Change in Prepayments and Other Debit Balances *	(16)	**442,108,293**	1,130,280
Change in Creditors and Notes Payable	(18)	**265,430,812**	644,329,763
Change in current portion of non- current Liabilities		**20,975**	(65,451,032)
Change in Customers Advance Payment	(19)	**(2,782,764,352)**	(1,536,284,508)
Change in Dividends Creditors		**(1,361,561)**	15,242,221
Change in Financial Assets at Fair Value through Profit and Loss	(12)	**53,816,888**	92,304,240
Change in tax authorities		**(137,257,516)**	(5,323,601)
Change in Other Credit Balances	(20)	**(220,948,377)**	99,577,381
Net Cash flows (used in) provided from Operating Activities		**(614,223,345)**	432,476,330
CASH FLOWS FROM INVESTING ACTIVITIES			
(Payment) on Purchasing of Property and Equipment and Projects Under Construction		**(70,321,995)**	(267,712,438)
Proceed from sale fixed assets	(4)	**14,547,576**	1,215,349
(Payment) on Purchasing of Bonds Held to maturity	(11)	**(55,262,369)**	-
(Payment) from Investments in Associates		**(243,800)**	(325,000)
(Payment) in Investment Debtors		**(750,000)**	(16,113,867)
Purchasing of minority		**-**	(826,671,570)
Share of profit of associates	(8)	**1,210,082**	-
Net Cash flows (used in) Investing Activities		**(110,820,506)**	(1,109,607,526)

Talaat Mostafa Group Holding Company "TMG Holding" S.A.E

CONSOLIDATED CASH FLOW STATEMENT – Continued
For the period from 1 January 2011 to 30 September 2011

CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from minority interests**		**24,000,000**	-
(Payment) on Purchasing of Treasury Stocks		**-**	(29,845,162)
Collected Interest		**26,884,264**	19,400,861
Proceeds from Loans and Facilities	(26)	**433,317,573**	844,640,631
Net Cash flows Provided from Financing Activities		**484,201,837**	834,196,330
Foreign Exchange Impact		**(17,350,297)**	5,457,788
NET CASH AND CASH EQUIVALENTS DURING THE PERIOD		**(258,192,311)**	162,522,922
Cash and Cash Equivalents at the beginning of the period		**545,808,271**	350,138,516
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	(17)	**287,615,960**	512,661,438

The following accrued revenues and expenses are eliminated:

*Accrued Revenues amounted to LE 9,742,941 from other debit balances.

**Share of minority in capital increase of Thabat Company for real estate development.

- The attached notes 1 to 39 are an integral part of these consolidated financial statements.

1 BACKGROUND

Talaat Mostafa Group Holding TMG Holding S,A,E, was established on 13 February 2007 under the provisions of law 95 of 1992 and its executive regulations and registered in Egypt under Commercial Registration numbered 187398 by date 3 April 2007, and the company period is 25 years.

The main objective of the Company is participating in the incorporation of shareholding companies or participating in the capital increase of those companies,
The company headquarter and legal place is 36, mosadek st, Dokki – giza – Arabic republic of Egypt.

2 Basis of preparing the financial statements and the significant accounting policies

- The financial statements of the holding company and the subsidiaries have been prepared according to the Egyptian Accounting Standards and the prevailing laws and local regulations,
- The financial statements have been presented in Egyptian Pound,
- The financial statements are prepared under the historical cost convention modified to include the measurement at of the fair value of financial investment, and financial assets valued at the fair value through the profit and losses

3 Basis of consolidating the financial statements

- Eliminate all the Inter-company accounts and transactions as well as unrealized profit (loss) results from the transactions with the subsidiaries
- The non controlling interest is presented as a separate item in the consolidated balance sheet and the minority share in the net results of the subsidiaries is presented as a separate item in the consolidated income statement, in the case of the increase of minority share in the loss of the subsidiaries over there share in the net assets of those companies, the increase or any additional loss related to the minority to be recorded in the holding company share in the net results of those companies except the amount of loss that the minority approved before to bear it, in case of the subsidiaries achieved profit in the following periods of the above mentioned loss, the total profit to be recorded to the holding company share in results of the subsidiaries until all previously recorded loss is redeemed ,
- The company treat the transactions with the minority partners the same treatment with external parties, Profit or loss from the sale of share of the company to the minority to be recorded in the income statements, and purchase share from the minority results in as goodwill due to the different between the purchase price and the share in net assets acquired and the different between the book value and the net fair value of the assets acquired to be recorded in the equity.
- The consolidated financial statements include the assets, liabilities and the results of Talaat Mostafa holding company (the company) and all its subsidiaries that stated below, The subsidiary is the company that the holding company owns direct or indirect long term investment more than 50% of the capital that give the right to vote or have control,
- The subsidiaries are included in the consolidated financial statements starting from acquisition date to the date that control is stopped,
- Purchase methods is used to account for acquiring subsidiaries and the acquisition cost is measured by the fair value or the return that the company gave from assets, equity instruments or liabilities bear it or liabilities committed to bear it on behalf of the aquiree at the date of swab plus the additional costs related directly to the acquisition process , the net acquired assets including the proper liabilities are to be measured to determined its fair value at the date of acquisition despite any rights to minorities, the increase in the acquisition cost to the fair value of the company share in net assets is considered goodwill and if the cost of acquisition is less that above mentioned fair value of the nest assets the different to recoded in the consolidated income statement,

Significant Accounting Policies (continue)

The consolidated financial statements include the subsidiaries which controlled by Talaat Mostafa Group Company "TMG Holding" as a share bigger than 50% of the subsidiaries' paid capital.

The following are the subsidiaries that are included in the consolidated financial statements:

Arab company for projects and urban development (S,A,E)	99,99%
Alexandria company for real estate investment (S,A,E)*	96.93%
San Stefano company for real estate investment (S,A,E)**	72.18%
Alexandria for urban projects Company (S,A,E)***	40%
Thabat Company for real estate development****	50%

*Arab company for projects and urban development acquires 1, 64% of Alexandria company for real estate investment, and contribute in the following companies:

	Contribution %
El masria for trading services(S.A.E)	99
El rehab for management(S.A.E)	98
Engineering for developed systems of building (S.A.E)	73.3
El rehab for securitization(S.A.E)	80
El Tayseer for real estate financing (S.A.E)	50
Arab Egyptian company for entertainment projects(S.A.E)	50
El rehab for entertainment and culture services(S.A.E)	96
Madinaty for electromechanical power(S.A.E)	60

** The company acquires with an indirect way 27, 82% of San Stefano Company for real estate investment through its subsidiary (Arab company for projects and urban development, Alexandria Company for real estate investment, Alexandria for urban projects Company).

*** Alexandria company for real estate investment acquires 60% of Alexandria for urban projects Company, and contribute in the following companies:

	Contribution %
El rabwa for entertainment services (S.A.E)	95.5
El masria for development and real estate projects(S.A.E)	90
Alexanderia for urban development(S.A.E) and its subsidiaries as follows:	60.02
May fair for entertainment services (S.A.E)	95.5
Port Venice for tourism development(S.A.E)	90.25
Arab company for tourism and hotels investments (S.A.E) and its subsidiaries as follows:	71.93
Nova park - Cairo(S.A.E)	99.99
Alexanderia Saudi for tourism projects(S.A.E)	97.59
San Stefano for tourism investment (S.A.E)	43.96
El nile for hotels (S.A.E)	79.13

**** Thabat company for real estate development – Saudi Arabia and its issued capital is SR 125.000.000 and contributes in Areez Arab limited company with 98%

Foreign currency translation

The group’s records are maintained in Egyptian pound, Transactions in foreign currencies during the year are recorded using the exchange rates prevailing on the transaction date, At the balance sheet date, monetary assets and liabilities denominated in foreign currencies are translated to Egyptian pound using the exchange rates prevailing on that date, Translation differences are recorded in the statement of income.

Significant Accounting Policies (continue)

Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation and any impairment in value, Depreciation is calculated on a straight line basis over the estimated useful lives of the assets as follows:

	Years
Buildings & constructions	20 - 80
Motor Vehicles	5
Tools & equipments	3 - 8
Furniture and other assets	5- 10
Computers	3 - 8
Marina Equipments	2 - 10

Projects under construction are depreciated when it is ready for use in the place and the condition of operating, then to be reclassified to the fixed assets category,

Other subsequent expenditure is capitalised only when it increases future economic benefits of the related item of property, plant and equipment, all other expenditure is recognised in the consolidated income statement as the expense is incurred,

Project under construction:

Projects under construction represent the amounts that are paid for the purpose of constructing or purchasing fixed assets until it is ready to be used in the operation, upon which it is transferred to fixed assets, Projects under construction are valued at cost,

Investment Property

Investment properties are the real estate's (Buildings, Lands or both) that are kept for renting or increase in its value; they are measured initially at cost, including transaction costs.

Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the balance sheet date. Gains or losses arising from changes in the fair values of investment properties are included in the income statement in the year in which they arise.

Investments

Investments in associates

Investments in associates are accounted for using the Equity method except for when investment are classified as available for sale according to the Egyptian accounting standards No, 32 None current assets held for sale and discontinued operations, these associates companies are those companies which the company has a major influence and which are not subsidiaries or joint venture, Investments in associates are recorded in the Balance sheet with cost,

in addition to company share of any changes in the net assets of associates company after deducting any impairment losses, the company's consolidated income statement reflect its share in the result of associates companies,

Available-for-sale investments

Available-for-sale investments are recognised and derecognised, on a trade date basis, when the Company becomes, or ceases to be, a party to the contractual provisions of the instrument; they are included in noncurrent assets unless management intends to dispose of the investments within 12 months of the balance sheet date.

Investments designated as available-for-sale investments are initially recorded at cost (except for non listed investments in the capital exchange market) and subsequently measured at fair value, Changes in fair value are reported as a separate component of equity, Upon elimination of investments, the previously reported as "cumulative changes in fair value" within equity is to be included in the consolidated income statement for the period, except for impairments loss, and for non listed investments is to be recorded at cost less impairment loss.

Significant Accounting Policies (continue)

Financial Assets at Fair Value through profit or loss
Financial Assets at Fair Value through profit or loss includes financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss, Trade investments is acquired mainly for sale or repurchased in short periods.
Management designate the investments as financial assets at fair value through profit or loss according to the Egyptian accounting standard No, 25 requirements and those requirements do not apply to the noncurrent financial investments which its fair value cannot be reliably measured,
After the initial recognition, those investments to be measured at fair value and any defences to be recorded in the consolidated income statement.

Investments in Bonds held to maturity
Investments in Bonds held to maturity with fixed or determinable payments that are not quoted in an active market, are carried at adjusted cost which represent the nominal value plus the bond premium or discount and the premium / discount to be amortized by using the effective rate method, the amortization amount to be added to the bonds revenue in the consolidated income statement.

Intangible assets - Goodwill
Goodwill represents the increase of the acquisition cost of the shares of the subsidiaries companies with the company share in the fair value of the net assets of those companies at the date of acquisition, Goodwill results from purchase subsidiaries is recorded as noncurrent assets and the goodwill results from purchase investments in associates recorded as investments in associates, at the end of each financial year the goodwill is tested for impairments and to be displayed at cost after deducting the impairment loss if exist

Work in progress
Properties acquired, constructed or in the course of construction for sale are classified as work in progress, Unsold properties are stated at the lower of cost or net sales value, Properties in the course of development for sale are stated at cost, The cost of development properties includes the cost of land and other related expenditure which are capitalized as and when activities that are necessary to get the properties ready for sale are in progress, Net sales value represents the estimated selling price less costs to be incurred in selling the property,
The property is considered to be completed when all related activities, including the infrastructure and facilities for the entire project, have been completed
Management reviews the cost of the work in progress on yearly basis.

Finished units
Finished units are stated at the lower of cost or net realizable value, the consolidated income statement includes any decreases in the net realized value to the book value,

Inventories
Inventories are stated at the lower of cost or net realizable value,
The inventory of hotels suppleness since the opening of the hotel and required for the operation to be measured in the fair value and the decrease of the fair value to be recorded in the consolidated income statements

Accounts receivable, Debtors and notes receivable
Accounts receivable are stated at original invoice amount, all those amounts are reviewed annually to decide wither there is an indicator for impairment possibility in the assets value,

Credit Balances and accruals
Liabilities are recognised for amounts to be paid in the future for goods or services received, whether billed by the supplier or not,

Separation of assets and liabilities to short-and long-term
Assets which worth collected during the year after the date of financial statements be included within current assets either the assets that collectible date exceed the year date of financial statements be included within long-term assets,

Significant Accounting Policies (continue)

Related party transactions
Related party transactions performed by the Company within its normal business transactions are recorded based on the conditions set by the board of directors,

Employees Pension Plan
The company participates in the social insurance system in accordance to the social insurance laws no, 79 for the year 1975 and its amended and the company share in the social insurance cost to be charged to the consolidated income statement according to the accrual basis,

Provisions
Provisions are recognized when the Company has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made, Provisions are reviewed at the balance sheet date and adjusted to reflect the current best estimate, Where the effect of the time value of money is material, the amount of a provision should be the present value of the expected expenditures required to settle the obligation,

Legal reserve
According to the Company's article of association, 5% of the net profits of the year is to be transferred to the legal reserve until this reserve reaches 50 % of the issued capital, The reserve is used upon a decision from the general assembly meeting based on the proposal of the board of directors,

Revenue recognition
Revenues results from the sale of units are recognized up on delivery of the units and the following terms are completed:

A. The company transfers the main risks and rewards of ownership of the unit to the buyer
B. The company has no longer continuing managerial involvement to the degree usually associated to the ownership, and has no longer effective control over the unit sold
C. The amount of revenue can be measured reliably
D. It is probable that the economic benefits associated to the transaction will flow to the company
E. The cost incurred or will be incurred in respect of the transaction can be measured reliably
F.

The company uses full contract methods in recognize revenue for the all sold units, which required to capitalize the costs under work in progress account till the salable units are completed and delivered to the customer, then revenue is recognized and match it with the related operation cost,

The revenue results from the sale of villas is recognized in the income statement according to the revenue incurred, where the selling amount of the land of the villa will be totally recognized upon choosing the client the land that will be build on it, the selling amount of the building and related construction amount of the villas will be recorded by uses full contract methods in recognize revenue upon delivering the villas to the client.

Hotels revenue is recognized according to the company shares from the profit of the hotels.

Revenue from share profit recorded when there is right to receive it,

Share of results of the associates is recognised according to the equity methods and based on the latest approved financial statements of those associates.

Interest income of the financial instruments is recognised in the consolidated income statement by using effective interest rate methods except for the financial instruments classified as for trade or financial assets at fair value through profit or loss.

Dividend income from financial assets at fair value through profit or loss or available for sale is recorded when there is right to receive it
.

Significant Accounting Policies (continue)

Recording the operational cost
Delivery minutes with the customers of the sellable units to the customers and revenue recognized of those units are the bases to record the operational cost related to those units which includes:

The direct and indirect costs
The construction cost of the sellable units according to the payment certificates of the contractors and suppliers that approved by the technical department of the company is recoded in work in progress account and the costs to be distributed to the sold units according to the following basis:

- Unit share of the land cost and units share of the land cost which was distributed as the land area of each units to the total area of the units in the project,
- The unit share from the actual and estimated costs that distributed based on the contracts and invoices of each sector from units , villas and retails in each phase
- The units share from the indirect actual and estimated costs are distributed based on the direct cost of each sector in each phase

Impairment of financial assets
The Company regularly assesses whether there is an indication that an asset could be impaired,
The impairment loss of a financial assets that was measured with the amortized cost is to be measured as the different between the amortized cost of the book value and the present value of the projected cash flow by using the effective rate
The impairment loss related to financial assets available for sale to be calculated by using the present fair value,
The remaining financial assets are estimated according to the groups level that have the same credit risk characterises,
Impairment loss is recognized in the consolidated income statement any subsequent reversal of an impairment loss is recognized in profit and loss, to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date,

If the available for sale asset is impaired, an amount comprising the difference between its cost and its fair value, less any impairment loss previously recognised in the consolidated income statement, is transferred from equity to consolidated income statement, Reversal in respect of equity instruments classified as available for sale are recognised directly in the equity
A previously recognized impairment loss is reversed when there is a change in the recoverable amount of the asset to the extent of the previously recognized loss,

Impairment of non-financial assets
The company assesses at each reporting date wither there is an indication that an asset may be impaired**,**
An asset's recoverable amount is higher of an asset's or cash – generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount,
In assessing value in use, the estimated future cash flows are discounted to their present value using a pre –tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset,
Impairment losses of continuing operations are recognised in the consolidated income statement in those expenses categories consistent with the function of impairment asset except for the property previously revaluated where the revaluation was taken to equity, In this case the impairment is also recognised in equity up to the amount of any previous revaluated,

Treasury stocks
The treasury shares (Company shares) are recorded with the cost and deducted from the owners' equity in the balance sheet, Any profit or loss proceeds of disposing these treasury stocks are being recorded within the owners' equity,

Significant Accounting Policies (continue)

Accounting estimates
The preparation of financial statements in accordance with Egyptian Accounting Standards requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses during the financial years, Actual results could differ from these estimates,
Those estimates are reviewed on regularly basis and any differences in the estimates in the date of examining those estimates will affect only the period under examination and if those differences will affect the current period and the coming periods those differences to be recorded in the current and future periods,

Income tax
Income tax is calculated in accordance with the Egyptian tax law,
Deferred income tax is recognized using the liability method on temporary differences between the amount attributed to an asset or liability for tax purposes (tax base) and its carrying amount in the balance sheet (accounting base) using the applicable tax rate,
Deferred tax asset is recognized when it is probable that the asset can be utilized to reduce future taxable profits and the asset is reduced by the portion that will not create future benefit.

Cash flow statement
The cash flow statement is prepared using the indirect method, for the purpose of preparing the cash flow statements , the cash and cash equivalent include cash on hand , cash at bank , short term deposits , treasury bills with maturity date three months or less deducting the bank overdraft – if any,

Borrowing
Borrowings are initially recognized at the value of the consideration received, Amounts maturing within one year are classified as current liabilities, unless the Company has the right to postpone the settlement for a period exceeding twelve months after the balance sheet date, then the loan balance should be classified as long term liabilities,

Borrowing costs
Borrowing costs are recorded in the statement of income as financing expenses except the borrowing costs directly related to the acquisition, construction or production of a qualifying assets which is included as part of the cost of the asset, the borrowing cost amount that will be capitalized is determined based on the actual borrowing cost.
Suspend capitalisation of borrowing costs during extended periods in which it suspends active development of a qualifying asset.
Cease capitalizing of the borrowing costs when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete.

Expenses
All expenses including operating expenses, general and administrative expenses and other expenses are recognized and charged to the statement of income in the financial year in which these expenses were incurred,

Cash & cash equivalent
For the purpose of preparing consolidated cash flow statement, cash and cash equivalent at banks and on hands , time deposits treasury bills maturity date within three months , checks under collection (banks checks and accepted cheeks) and banks overdraft that will be paid on demand that consider a part of the assets management system in the company

Dividends
Dividends recognized as liability in the period in which the company General Assembly meeting decided to distribute profits,

Significant Accounting Policies (continue)

Fair values

For investments traded in an active market, fair value is determined by reference to quoted market bid prices,
The fair value of interest-bearing items is estimated based on discounted cash flows using interest rates for items with similar terms and risk characteristics,
For unquoted equity investments, fair value is determined by reference to the market value of a similar investment or is based on the expected discounted cash flows,

Segment information

Segment is a major part of the group that produce products, services(Operational segment) or produce products, services in special economical environment (Geographical segment) and its profit and loss are deferent from the profit and loss of the other segments **,**

4 PROPERTY AND EQUIPMENT

	Lands	Buildings & Constructions	Motor Vehicles	Tools & Equipments	Furniture & Fixtures	Marine Equipment	Computers	Total
	LE	LE	LE	LE	LE	LE	LE	LE
Cost								
As of 1 January 2011	577,780,462	3,329,908,712	75,873,128	311,465,062	497,508,256	6,131,281	20,132,400	4,818,799,115
Additions	-	18,093,649	2,427,294	5,961,186	7,991,376	492,000	12,436,396	47,401,901
Foreign currency valuation	-	475,637	31,040	167,541	716,517	-	143,577	1,534,498
Disposals	(10,730,000)	(62,000)	(994,671)	(1,810)	(683,180)	-	-	(12,471,661)
As of 30 September 2011	567,050,462	3,348,415,998	77,336,790	317,591,979	505,532,969	6,623,281	32,712,373	4,855,263,853
Accumulated depreciation								
At 1 January 2011	-	(188,196,295)	(44,708,932)	(100,599,325)	(130,868,887)	(3,012,013)	(10,166,734)	(477,551,999)
Depreciation charge	-	(36,898,477)	(7,518,243)	(21,070,472)	(29,361,072)	(568,256)	(2,644,115)	(98,060,635)
Foreign currency valuation	-	(184,299)	(18,529)	(50,988)	(149,705)	-	(72,985)	(476,691)
Disposals	-	-	906,670	332	561,360	-	-	1,468,362
As of 30 September 2011	-	(225,279,071)	(51,339,032)	(121,720,453)	(159,818,303)	(3,580,269)	(12,883,835)	(574,620,963)
Net book value As of 30 September 2011	**567,050,462**	**3,123,136,926**	**25,997,759**	**195,871,527**	**345,969,866**	**3,043,012**	**19,828,537**	**4,280,642,890**
As of 31 December 2010	577,780,462	3,141,712,417	31,164,196	210,610,537	366,639,569	3,119,268	9,965,666	4,341,247,115

- First degree mortgage on the land of san Stefano project at 339 Gaish road- san Stefano – Alexandria and all the building on it that owned by san Stefano Co. for real estate investment and san Stefano company for tourism investments
- First degree mortgage on the land of el Nile hotel at 12 Ahmed Raghib St, garden city – Cairo and all the building on it that to El Nile Co. also the garage and club land at 4 Ahmed Raghib St, garden city – Cairo
- First degree mortgage on the land and the building of four season hotel sharm el sheik in shark bay – sharm el sheik owned by Alexandria Saudi Co.for tourism investment
- First degree mortgage on the land and the building of four season hotel Nile plaza – garden city – Cairo owned by Nova Park Co. , excluding the total sold or available for sale units and its share in the land

	LE	LE
Proceed from sale of fixed assets		14,547,576
Cost of sold fixed assets	1,741,661	
Accumlated deprecitation of sold assets	1,468,362	
		273,299
		14,274,277

5 - PROJECTS UNDER CONSTRUCTIONS

	30/9/2011	31/12/2010
	LE	LE
Computers and Software	5,262,454	15,087,431
Villa (Al Rehab – Madinaty- Sednawy)	73,599,368	71,076,954
Hotel Assets	6,243,293	7,068,507
Sharm El sheik Extended project	127,735,829	96,687,958
	212,840,944	189,920,850

6- Investment Property

Investment property balance LE 426,270,844 presented at fair value for land purchased in Saudi Arabia for reselling it

	30/9/2011	31/12/2010
	LE	LE
Balance at 1January 2011	418,952,399	283,783,505
Revenue of revaluate investment property	-	135,168,894
Accumulative translation adjustments	7,323,445	-
	426,275,844	418,952,399

7- GOODWILL

	30/9/2011	31/12/2010
	LE	LE
Arab Company for Projects and Urban Development	12,235,313,553	12,235,313,553
Alexandria Company for Real Estate Investment*	2,992,171,784	2,992,171,784
San Stefano Company for Real Estate Investments	96,337,795	96,337,795
Alexandria Company for Urban Projects	69,829,985	69,829,985
	15,393,653,117	15,393,653,117

*In 14 July 2010 Nova park Co. (One the subsidiaries' in Arab Company for hotels and tourism investments) Acquire the minority interest 43.68% (233720 shares from total company shares of 535000 shares with the amount of LE 826,671,570 and a good will results due to the increase of the purchase price from the book value of the acquired share by amount LE (258,411,267)

Goodwill is tested on yearly basis to ensure if there is any decrease in its book value and the management of the group hasn't found any decrease.

8- INVESTMENTS IN ASSOCIATES

	Percentage	30/9/2011 LE	31/12/2010 LE
Hill / TMG for Projects and Construction Management	49%	2,311,380	2,311,380
Alexandria for Projects Management	32.5%	2,796,209	2,185,082
Share of results of Alexandria for Projects Management		1,577,409	-
Dividend received from Alexandria for Projects Management		(1,210,082)	-
Company share in capital increase of Alexandria for Projects Management		243,800	-
		5,107,589	4,496,462

9- AVAILABLE FOR SALE INVESTMENTS

	30/9/2011 LE	31/12/2010 LE
Available for sale investment – short term		
Dune groasses overseas Company	26,496	26,496
Tansy finance Company	26,496	26,496
Rockland Company	26,496	26,496
Housing Insurance Company	4,950,000	4,950,000
Shara North Marine Company	18,244,173	18,244,173
Egyptian For Real Estate refinance Company	2,055,560	2,055,560
Free Zone Industry Area East Port Saied	16,287	16,287
Egyptian Company for Marketing and Distribution	500,000	500,000
	25,845,508	25,845,508
Available for sale investment – long term		
Housing Development Bank Securities	57,930	57,930
Credentials investment fund Horus	47,760,000	46,480,000
El Tameer for Real Estate Finance Company	6,716,990	6,716,990
	54,534,920	53,254,920
	80,380,428	79,100,428

Available for sale investments that have no market price and its fair value can't be properly determined due to the nature of the unpredictable future cash flows, therefore it was recorded at cost.
The available for sale investments are classified into current and non-concurrent assets based on the purpose of the investment whether the acquisition for keeping the investments.

10- INVESTMENT DEBTORS

	30/9/2011 LE	31/12/2010 LE
Morsi El Sadid for Real Estate and Tourism Investment Company	807,942,565	807,942,565
Luxor for Real Estate and Investment Company	1,000,000	250,000
TMG for Commercial and Service projects	5,000	5,000
TMG for Commercial and Administrative Projects	5,000	5,000
TMG for Medical Projects	5,000	5,000
TMG for Entertainment Projects	5,000	5,000
	808,962,565	808,212,565

11- BONDS HELD TO MATURITY

Bonds held to maturity in governmental bonds are amounted to LE 540,102,357 in 340909 bonds with nominal value LE 1000 per bond and maturity date is 2013 with 8, 55% interest rate, the interests is due semi annually, and 190000 bonds with nominal value LE 1000 per bond and maturity date is 2020 with 13% interest rate, the interests is due semi annually, and 12500 bonds with nominal value LE 1000 per bond and maturity date is 2014 with 13.35% interest rate, the interests is due semi annually the balance of bonds discounting issue amounted to 3,305,643 at 30 September 2011 and it is amortized at the maturity date of the interest

	30/9/2011	31/12/2010
	LE	LE
Historical cost	**543,409,000**	487,909,000
bonds discounting issue	**(4,308,680)**	(5,265,896)
Amortized value	**539,100,320**	482,643,104
Amortization of discounting bonds previous year	**-**	1,194,847
Amortization of discounting bonds during the period	**1,002,037**	-
Balance of bonds	**540,102,357**	483,837,951

12- FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS

	30/9/2011	31/12/2010
	LE	LE
Certificate of Deposit and Investment Funds *	**41,892,004**	222,609,161
Financial Portfolio Managed by both of Hermes for Assets Management and Arab African international bank *	**43,810,028**	76,061,757
Egyptian Cables Company	**10,643**	11,084
Treasury Bills	**136,815,901**	-
	222,528,576	298,682,002

Market value	**30/9/2011**	30/9/2010
	LE	LE
Book value of marketable securities before revaluation	**(186,951,185)**	(368,797,020)
Market value	**164,614,646**	376,694,905
	(22,336,539)	7,897,885

* The portfolio in 30 September 2011 has several stocks for companies listed in Egyptian capital market

13- ACCOUNTS AND NOTES RECEIVABLE

	30/9/2011	31/12/2010
	LE	LE
Accounts Receivables	**182,415,549**	169,674,015
Notes Receivables	**13,702,449,345**	15,352,742,420
	13,884,804,894	15,522,416,435

14-WORK IN PROGRESS

	30/9/2011	31/12/2010
	LE	LE
Land	**3,819,023,805**	3,869,236,725
Consultations and Designs	**604,817,212**	579,842,226
Construction Work	**7,697,311,182**	7,035,959,648
Indirect Expenses	**2,324,711,814**	2,315,232,372
	14,445,864,013	13,800,270,971

- According to the contract with the new urban communities' authority, Arab company for projects and urban development received 8,000 Fadden to build Madinaty project on several phases against 7% of the total built up area of the apartments' buildings of the land project.
- The company recognizes the cost of the land as an asset against the obligations due to the new urban communities' authority in accordance to the estimated cost calculated according to the expected delivered units related to the phase that work started in it.
- In 2010 a verdict was issued for the case raised against the new urban communities' authority to cancel the contract of selling the land of Madinaty
- A committee was formed by a resolution from the prime minster to adjust the legal situation of the land of Madinaty , the committee reached to a decision to resell the land of Madinaty to Arab company for projects and urban development with a new contract dated 8 November 2010 and the in kind amount should not be less than LE 9.9 milliard, based on that the value of the land of Madinaty recorded above , will be considered up on signing the final contract of the land and in accordance to the actual cost that will be bearded due to the execution of the contract.
- As stated in the company's legal consultant letter, the raised issued in relation to Madinaty land contract dated 8 November 2010 do not form a real threats to the legal position of the company or its beneficiaries or customers

15- INVENTORY

	30/9/2011	31/12/2010
	LE	LE
Hotels Operating Equipments & Supplies	**23,002,761**	27,982,045
Goods Stock	**14,320,999**	11,216,226
Additions	**572,364**	-
Disposals	**(152,488)**	-
	37,743,636	39,198,271
Amortized Hotel Inventory	**(3,247,264)**	(4,979,284)
	34,496,372	34,218,987

16 – PREPAID EXPENSES AND OTHER DEBIT BALANCES

	30/9/2011	31/12/2010
	LE	LE
Advance Payment and Storage - Contractors and Accounts Payable	**1,473,940,575**	1,345,896,830
Contractors – Tashwinat	**498,167,428**	857,653,881
Hotels Current Accounts	**196,047,583**	205,801,687
Deposit with Others	**2,535,219**	3,116,235
Other Debit Balances	**150,207,685**	34,834,415
Letter of credit	**13,604,809**	80,146,038
Loans to Employees	**245,913**	1,242,581
Accrued Revenue	**29,101,781**	19,358,840
Other Debtors	**121,363,212**	103,176,681
Prepaid expenses	**1,975,743**	6,550,876
Amounts paid for investments in companies under incorporation	**1,521,746**	252,568,983
	2,488,711,694	2,910,347,047

17 - CASH AND CASH EQUIVALENTS

	Local Currency	Foreign Currency	**Total 30/9/2011**	Total 30/6/2010
	LE	LE	**LE**	LE
*Time Deposits	121,529,424	2.117.684	**123,647,108**	408,962,604
Banks Current Accounts	85,737,257	41,667,289	**127,404,546**	86,130,600
Cash on Hand	27,961,589	-	**27,961,589**	20,859,504
**Treasury Bills	47,269,122	-	**47,269,122**	58,818,356
***Cheques Under Collection	3,366,042	-	**3,366,042**	2,711,237
	285,863,434	43,784,973	**329,648,407**	577,482,301

*Time deposits due within three months
**Treasury Bills due within three months
***Cheques under collection represent banks cheques and accepted cheques.
For the purpose of preparing cash flow statement, the cash and cash equivalents consists of:

	30/9/2011	30/9/2010
	LE	LE
Cash on Hand and at Banks	**329,648,407**	564,565,800
Banks Overdraft	**(42,032,447)**	(51,904,362)
Cash and Cash Equivalents	**287,615,960**	512,661,438

18- CREDITORS AND NOTES PAYABLE

	30/9/2011	31/12/2010
	LE	LE
Contractors and Suppliers	**351,772,409**	230,372,641
Notes Payables	**946,710,622**	802,679,578
	1,298,483,031	1,033,052,219

19- CUSTOMERS ADVANCE PAYMENT

	30/9/2011	31/12/2010
	LE	LE
Customers down payment (Al Rehab Project)	**248,980,678**	501,229,687
Customers down payment (Al Rehab 2 Project)	**3,795,989,646**	4,221,722,529
Customers down payment (Madinaty Project)	**11,834,487,485**	13,845,829,758
Customers down payment (Al Rabwa Project)	**263,280,017**	342,108,287
Customers down payment (San Stefano Project)	**107,134,266**	116,454,852
Customers down payment (Nasmat El Ryide)	**7,584,823**	12,876,154
	16,257,456,915	19,040,221,267

20- ACCRUED EXPENSES AND OTHER CREDIT BALANCES

	30/9/2011	31/12/2010
	LE	LE
Retention	**347,799,677**	571,325,244
Other Credit Balances	**149,276,593**	128,620,345
Accrued Expenses and Creditors	**258,013,947**	268,535,407
Insurance for Other	**103,174,527**	106,425,422
Due to Customers	**16,280,135**	12,837,509
Contribution to the establishment - renew the club	**14,582,659**	14,582,659
Club Subscriptions	**406,234,278**	395,791,716
Units Insurance	**376,962,695**	395,154,586
	1,672,324,511	1,893,272,888

21 – CAPITAL

The company's authorized capital amounted to LE 50,000,000 and the issued and paid up capital LE 6,000,000 divided over 600000 share of LE 10 par value each in 3 April 2007.
According to the extra ordinary general assembly meeting dated 6 October 2007, the company's authorized capital was increased by LE 29,500,000 to become LE 30,000,000,000 and the issued and paid capital was amended to be LE 18,152, 035,500 divided over 1,815,203,550 share of LE 10 par value each through share swap with the subsidiaries companies,

According to the extra ordinary general assembly meeting dated 28 October 2007, the company's issued and paid capital was increased to be LE 20,302,035,500 divided over 2,030,203,550 shares recorded in the commercial register on 25 November 2007.
The amount increased amounted to 2,150,000,000 was paid with a premium share amounted to LE 1.6 per share by total amount LE 344,000,000.

According to the extra ordinary general assembly resolution dated 24 March 2010, The issued capital was reduced by the treasury stocks amounted of LE 169,720,520 par value as more than one year passed from the date of purchase and the issued capital is LE 20,132,314,980 (Twenty milliard and one hundred and thirty two million and fourteen thousand and nine hundred and eighty pound) Distributed to 2013231498 shares, recorded in the commercial register on 18 May 2010.

The extra ordinary general assembly resolution dated 31 March 2011concent on increase the issued capital by issuing bonus shares deducted from the retained earnings to be LE 20,635,622,860 par value LE 10 per share divided to 2,063,562,286 shares, recorded in the commercial register on 24 May 2011.

22 – LEGAL RESERVE

Legal reserve amounted to 216,645,653 which represents the transferred amount of the shares Premium amounted to LE 344,000,000, and LE 1, 6 per share, part of the premium amounted to LE 185,880,702 was used to cover the IPO expenses, the remaining balance of LE 158,119,298 was transferred to the legal reserve, as well 5% of the net profit of the retained earnings of the prior years was also transferred to the legal reserve.

23- GENERAL RESERVES

The general reserve balance amounted LE 61,735,404 includes amount of LE 25,747,613 represents the different results from shares swap of the company with the subsidiaries amounted according to the Extra Ordinary General Assembly Meeting dated 6 October 2007 to transfer the different to general reserve

In addition to amount of LE 35,987,791 represent the difference between the par value and the book value of the treasury stocks that were redeemed according to the extraordinary general assembly resolution dated 24 March 2010

24- Net Unrealized (losses) on Available for Sale Investments
The revaluation of available for sale investments resulted to unrealized (losses) amounted to 3,240,000 LE which represented in the variation between the foreign exchange impact and the cost of the available for sale investments at the statement date.

25- Reduction of the Shareholders equity in Affiliated Companies

Alexandria Company for real estate investments (one of the subsidiaries) purchase 190759 shares of its shares as treasury stocks with total amount of LE 29,758,404 according to the listing and disclosure rules of the Egyptian exchange (Bursa) due to the voluntary withdrawal of Alexandria Company for real estate from listing in the Egyptian exchange Bursa, therefore the balance of those treasury stocks is presented in the consolidated financial statements of Talaat Mostafa group holding after non controlling interest

26- LOANS AND FACILITIES

	Short Term	Long Term	**30/9/2011**	31/12/2010
	LE	LE	**LE**	LE
Banks Facilities	511,059,490	-	**511,059,490**	317,810,210
Loans *	511,761,221	2,183,292,566	**2,695,053,787**	2,454,985,494
	1,022,820,711	2,183,292,566	**3,206,113,277**	2,772,795,704

* The instalments due within the following year is recorded in the current liabilities and the loans are granted with commercial papers and financial securities,

27- LONG TERM LIABILITIES

	30/9/2011	31/12/2010
	LE	LE
New Urban Communities Authority	**4,177,619,742**	4,177,619,742
Employee termination benefits	**833,764**	812,789
	4,178,453,506	4,178,432,531

28- Provisions

The provision amounted LE 328,689 is created to face the general risks from the granted finance to the customers (Real Estate Finance) as a percentage 1% of the total finance given to the customer for the first portfolio related to El Rehab units.

	30/9/2011	31/12/2010
	LE	LE
Balance beginning of the year	**481,478**	555,590
Provisions through the year	**-**	623,370
Provisions used through the year	**(152,789)**	(697,482)
	328,689	481,478

29- INCOME TAX AND DEFERRED TAX LIABILITY

The income tax was calculated as follows:

	From 1 /1/ 2011 to 30/9/2011 LE	From 1 /1/ 2010 to 30/92010 LE
Net book profit before tax	**603,259,529**	1,099,483,986
Adjustments to the net book profit to reach the net tax profit	**(225,476,613)**	(252,144,336)
Net taxable profit	**377,782,916**	847,339,650
Income Tax with rate 20%	**56,319,023**	169,467,930
Income Tax with rate 25%	**21,984,558**	-
Income tax for the period	**78,303,581**	169,467,930

Tax rate was adjusted effective from 1 July 2011, accordingally the tax income till LE 10 m will be taxable at rate of 20% and the exceed of that will be applied to 25% tax rate

The balance of deferred tax liabilities in 30 September 2011 is LE 7,570,720 which represents the different between taxes depreciation and accounting depreciation to the fixed assets item and it's calculation as follow:

	From 1 /1/ 2011 to 30/9/2011 LE	From 1 /1/ 2010 to 30/9/2010 LE
Accounting depreciation for assets	**1,222,402,722**	38,802,515
Taxes depreciation	**(1,184,549,124)**	(47,857,354)
Taxes differs	**(37,853,598)**	(9,054,839)
Tax rate	**20%**	20%
Deferred tax liability – 30 September 2011	**(7,570,720)**	(1,810,968)
Adjustments cumulative balance	**-**	2,067
Deferred tax liability – 31 December 2010	**(26,430,805)**	(20,783,509)
Deferred tax liability – 30 September 2011	**(18,860,085)**	(22,592,410)

30- REVENUE AND COST OF REVENUE

	From 1 /1/ 2011 to 30/9/2011 LE	From 1 /1/ 2010 to 30/9/2010 LE
-Revenue from Sold Units	**4,016,061,288**	4,050,549,659
-Revenue from Hotels Operation	**246,088,480**	422,326,576
-Services Revenues	**110,991,905**	71,241,046
Total Revenues *	**4,373,141,673**	4,544,117,281
-Cost of Sold Units	**3,132,635,309**	2,915,455,777
-Cost of Hotels Operation	**201,564,088**	242,360,684
-Cost of Sold Services	**76,419,432**	40,451,066
Total Cost **	**3,410,618,829**	3,198,267,527

***** The supervision revenue has been eliminated in amount LE 195,176,552

** The supervision cost has been eliminated in amount LE 172,575,045

Herein under the sectors analysis:

	Real Estate & Services	**Tourism**	**General**	**30/9/2010**	31/12/2010
Revenue	4,127,053,193	246,088,480	-	**4,373,141,673**	5,339,432,964
Cost of good sold	3,209,054,741	201,564,088	-	**3,410,618,829**	3,817,063,411
Gross Profit	917,998,452	44,524,392	-	**962,522,844**	1,522,369,553
Depreciation	101,153,179	-	154,718	**101,307,897**	112,899,749
Credit Interest	-	-	13,878,516	**13,878,516**	27,891,733
Investments Revenue	-	-	7,498,618	**7,498,618**	69,691,027
Other Revenue	-	-	44,432,777	**44,432,777**	56,019,748
Income Tax	-	-	84,025,693	**84,025,693**	199,056,363
Total Profits	631,899,876	(25,124,041)	23,887,293	**23,887,293**	940,008,375
Assets	31,571,149,341	4,237,993,040	-	**-**	38,603,017,595
Financial Investment	-	-	848,118,949	**848,118,949**	866,116,843
Unallocated Assets	-	-	16,213,100,209	**16,213,100,209**	15,404,123,829
Total Assets	31,571,149,341	4,237,993,040	17,061,219,158	**17,061,219,158**	54,873,258,267
Liabilities	24,400,313,059	1,967,523,539	-	**-**	29,027,377,691
Unallocated Liabilities	-	-	70,206,183	**70,206,183**	160,815,850
Total Liabilities	26,686,554,568	1,967,523,539	70,206,183	**26,438,042,781**	29,188,193,541

31- Dividends from financial investment

	From 1 /1/ 2011 to 30/9/2011 LE	From 1 /1/ 2010 to 30/9/2010 **LE**
Dividends from Orascom Construction	**170,056**	424,653
Dividends from Telecom Egypt Co	**230,321**	310,029
Dividends from Arab African Bank Portfolio	**843,404**	572,379
Dividends from Alexandria for Projects Management	**893,800**	-
Dividends from CIB	**185,026**	55,950
Dividends from EFG-Hermes	**-**	417,300
Dividends from El Tameer Housing Finance Co.	**185,530**	-
Dividends from Other Companies	**638,179**	389,395
	3,146,316	2,169,706

32- REVENUE FROM SALE FINANCIAL INVESTMENTS

	From 1 /1/ 2011 to 30/9/2011 LE	From 1 /1/ 2010 to 30/9/2010 **LE**
Sale price of financial investments	**404,148,162**	966,483,806
Book value of sold financial investments	**(401,785,422)**	(953,519,330)
	2,362,740	12,964,476

33- OTHER INCOME

	From 1 /1/ 2011 to 30/9/2011 LE	From 1 /1/ 2010 to 30/9/2010 **LE**
Net revenue from El Rehab Club operation	**15,501,666**	8,084,775
Rents from rental units and usufruct	**4,753,631**	7,646,492
Other	**8,553,203**	1,298,629
British school – El Rehab	**1,350,000**	-
	30,158,500	17,029,896

34-TAX SITUATION

Talaat Mostafa group holding company

a. Corporate tax

The company is subject to income tax law no, 91 for the year 2005, since the company begin its operations in 3 April 2007 and tax return is presented on time and no tax inspection yet.

b. Salary tax

The company pays the deducted income tax of the employees on monthly basis and the quarterly income tax returns are submitted within the legal dates,

c. Stamp tax

The company pays the stamp tax on time specially the stamp tax due to the advertising expenses.

Arab company for projects and urban development

a. Corporate tax

The company presents its tax returns regularly and according to the legal times, the years till 2002 were examined and form no, (9-a) are received and the company paid the amounts due taking into consideration

That the company protest against what is stated in those forms regarding year 1996 (period before incorporation)

According to the court appeal no 4233 dated 25 July 2004 the company's project is tax exempted beginning 1 January 1997 for the phase I, beginning 1 January 1998 for the phase II and phase III for ten years also the phase IV and Phase V are exempted.

b. Salary tax

The company pays the deducted income tax of the employees on regularly basis**,** The Company's records were inspected for the years 1996 till 2000 and settlement is done to that date
The Company's records were inspected for the years 2001 till 2003 and paid the amount due
For the years 2004 till 2009 the tax returns are presented and amounts due are paid within the legal dates,

c. Stamp tax

Tax inspection took place for the Company's records for the years till 2005 and all tax due were paid; the company pays the stamp tax due on monthly basis according to law no, 11 for the year 1980 and adjusted by law no, 143 for the year 2006.

San Stefano Company for real estate investments

a. Corporate tax

The Company's records were inspected till 2004 and paid the amount due; the tax returns are submitted within the legal dates.

b. Salary tax

The Company's records were inspected till 2004 and paid the amount due, the foolowing years are under inspection
The company presents the tax returns and pays the amounts due within the legal dates,

c. Stamp tax

Tax inspection took place for the Company's records for the years till 2005 and all tax due were paid.

Alexandria Company for real estate investments

a. Corporate tax

- The company submits the tax returns within the legal dates.
- The Company's records were inspected till 2001 and paid the amount due
- No tax inspection took place for the years 2002 till 2007.
- Under the new urban societies law, the company's Projects in Virginia beach resort in north coast and al rabwa in sheik zaid city enjoy a tax holiday for each project.

b. Salary tax

- The Company's records were inspected till 1997 and paid the amount due
- The Company's records were inspected for the years 1998 till 2001 and the tax assessment is not yet received.
- Tax inspection took place for the years 2002 till 2004.
- The company pays the tax due on regularly basis to the tax authority.

c. Stamp tax

- The Company's records were inspected and settled till 2004 and the tax due was paid.
- No tax inspection took place for the years 2004 till 2010.

Arab company for hotels and tourism investments

a. Corporate tax

No tax inspection took place till 2008 and the company submits the annual tax return according to form (28) within the legal dates and paid the amounts due accordingly.

b. Salary tax

- The company pays the deducted income tax of the employees on regularly basis within the legal dates, the company submits the quarterly salary tax return form (4-salary) plus the annual return within the legal dates
- No tax inspection took place for the years 2005 till 2009.

c. Stamp tax

- No tax inspection took place for the years 2005 till 2010.

Alexandria for Urban projects

a. Corporate tax

- The company submits the tax returns within the legal dates.
- The Company's records were inspected and settled till 2002 and the tax due was paid; the company enjoy a tax holiday under the new urban societies law.

b. Salary tax

- The company pays the deducted income tax of the employees on regularly basis within the legal dates and the tax return was presented according to law no. 91 for the year 2005.

Al rabwa for entertainment services

a. Corporate tax

- The company submits the tax returns within the legal dates.
- No tax inspection took place till 2008 and the company enjoy a tax holiday under the new urban societies law.

b. Salary tax

- The company pays the deducted income tax of the employees on regularly basis within the legal dates.

c. Stamp tax

- No tax inspection took place till 2007.
- The Company's records were inspected and settled till 2001 and the tax due was paid

d. Sales tax

- The company submits the sales tax returns within the legal dates.

Al Masria for development and real estate projects

a. Corporate tax

- The company submits the tax returns within the legal dates.
- The Company's records were inspected till 2004 and the tax assessment is not yet received.
- tax inspection took place for 2005
- No tax inspection took place till 2009

b. Salary tax

- The Company's records were inspected till 2000 and paid the amount due
- The Company's records were inspected for the years 2001 till 2004 and the tax assessment is not yet received.
- No tax inspection took place from 2005 till 2009

c. Stamp tax

- The Company's records were inspected and settled till 2004 and the tax due was paid.
- No tax inspection took place for the years till 2009.

El Nile for hotels

- The company submits the tax returns within the legal dates and the tax due is paid if -exicist.

San Stefano For tourism investment

- The company enjoy a tax holiday for 5 years from operation date and No tax inspection took place.
- The company submits the tax returns within the legal dates.

Nova Park –Cairo Company

a. Corporate tax

- The Company's records were inspected and settled till 2004 and the tax due was paid
- The company submits the tax returns within the legal dates and paid the amounts due accordingly.

b. Salary tax

- The Company's records were inspected and settled till 2004 and the tax due was paid
- The company pays the deducted income tax of the employees on regularly basis within the legal dates. the company submits the quarterly salary tax return within the legal dates

c. Stamp tax

- The Company's records were inspected and settled till 2004 and the tax due was paid
- The company pays the stamp tax on time specially the stamp tax due to the advertising expenses.

Alexandria Saudi company for tourism projects

a. Corporate tax

- The Company's records were inspected and settled till 2004 and the tax due was paid
- The company submits the tax returns within the legal dates and paid the amounts due accordingly.
- The company enjoy a tax holiday for 10 years ended in 31 December 2011

b. Salary tax

- The Company's records were inspected and settled till 2004 and the tax due was paid

- The company pays the deducted income tax of the employees on regularly basis within the legal dates. the company submits the quarterly salary tax return within the legal dates

c. Stamp tax

- The Company's records were inspected and settled till 2006 and the tax due was paid
- The company pays the stamp tax on time specially the stamp tax due to the advertising expenses.

Mayfair Company for entertainment services

a. Corporate tax

- The company starts operation in 2005 and no tax inspection took place till the date of issuing the financial statements and the company enjoy a tax holiday under the new urban societies law.

b. Salary tax

- The company pays the deducted income tax of the employees on regularly basis within the legal dates.

c. Stamp tax

- No tax inspection took place till to the date of issuing the financial statements.

d. Sales tax

- The company submits and pays the sales tax returns on monthly basis.

Port Venice for tourism development

a. Corporate tax

- The company does not start its activities yet and enjoy a tax holiday under the investments guarantees and bonus law but the company submits the annual tax return according to the income tax law no.91 for the year 2005.

b. Salary tax

There is no amount subject to income tax for the salaries as the company does not start its activities yet and no tax inspection took place yet

c. Stamp tax

- No tax inspection took place till to the date of issuing the financial statements.

d. Sales tax

- The company is not subject to sales tax law.

35- RELATED PARTY TRANSACTIONS

To accomplish the company's objectives, the company deals with some related companies with the same terms of the other parties, it delegates some assignments in El Rehab City's project to them, and it may as well
Pay off or settle some balances on behalf of them, these transactions balances appeared in the Assets and Liabilities in the Balance Sheet

Alexandria Company for construction S,A,E is the main contractor for the companies' projects under the contracts signed by the companies,

TMG company for real estate and tourism investment - some of the board members participate in it – owns 49,80% of Talaat Mostafa Group Holding

Total transactions

	30/9/2011		31/12/2010		
	Construction Works	**Management fees**	Construction Works	Management fees	Type of Transaction
	LE	**LE**	LE	LE	
Virginia Owners Union	**-**	**875,000**	-	1,100,000	Management
El basateen company	**12,430,798**	**-**	12,728,940	-	Service
Alexandria for Construction	**3,060,554,172**	**-**	3,728,059,539	-	Contractor
Hany Sary Elden for legal consulted		**322,380**		1,216,260	Legal Consultancy

The related party transactions that is included in the consolidated income statement:

	30/9/2011		31/12/2010		
	Construction Works	**Management fees**	Construction Works	Management fees	Type of Transaction
	LE	**LE**	LE	LE	
Virginia Owners Union	**-**	**875,000**	-	1,100,000	Management
Alexandria for Construction	**3,060,554,172**	**-**	3,728,059,539	-	Contractor
Hany Sary Elden for legal consulted		**322,380**		1,216,260	Legal Consultancy

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
30 September 2011

The related party transactions that is included in the balance sheet statement:

	30/9/2011		31/12/2010	
	Notes Receivable	**Notes payable**	Notes Receivable	Notes payable
	LE	**LE**	LE	LE
Alexandria for Constructions Company	**-**	**18,012,625**	-	16,753,000

	30/9/2011		31/12/2010	
	Debit Balances	**Credit Balances**	Debit Balances	Credit Balances
	LE	**LE**	LE	LE
Alexandria for Constructions Company	**5,427,334**	**-**	6,819,965	-

36- Contingent and other obligation contracted

There's no any contingent obligations unrecorded in the financial statements

37-Financial instruments and risk management

The Company's financial instruments are represented in financial assets and financial liabilities, The financial assets include cash on hand and at banks, account receivable, debtors and other debit balances, The financial liabilities include banks overdrafts, accounts payable, creditors and other credit balances,

The significant accounting policies applied for the recognition and measurement of the above mentioned financial assets and liabilities and the related income and expenses
Herein under the significant risk related to the financial instruments as well as the significant policies and procedures that applied by the company to reduce those risks,

A, Credit Risk
Credit risk represents the risk of default of the customers from not paying the amounts due, this risk is limited due to the expand number of customers that the company deals with and having sufficient guarantees to reduce the risk of default a customer , also follow up the customers through specific departments.

B, Interest Rate Risk
The company mitigates the impact of the interest rate changes on its operational results and the value of its financial assets and liabilities.

C, Foreign currency risk
The foreign currency risk is the risk that the value of the financial assets and liabilities and the related cash inflows, and out flows in foreign currencies will fluctuate due to changes in foreign currency exchange rates, this risk is limited as most of the company's transactions are in local currency.

D, Liquidity risk

The Group monitors its risk to a shortage of funds using a recurring liquidity planning tool.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, bank loans, debentures, preference shares, finance leases and hire purchase contracts.

38-Important Events

Came Arab Republic of Egypt during the first half of 2011 events has significant impact on the economic sectors in general and led to significant reduction of economic activities. It is therefore possible that the events referred to has a material impact on assets, liabilities and redemption value as well as the results of business during the coming period, and still is not possible at present to quantify this influence on assets and liabilities included the financial statements present, where the impact size of the events referred to depends on the expected extend and the period time which is expected the end of those events and their effects

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
30 September 2011

39- Comparison numbers

The comparison numbers has been reclassified to the prior period to match the current period.

	2010	**Reclassification**	**2010 After Reclassification**	**2011**
Other credit balances	2,078,190,794	(184,917,906)	1,893,272,888	1,672,324,511
Tax authority	-	184,917,906	184,917,906	125,963,971