ALLIED FOR ACCOUNTING & AUDITING
(E&Y)

ARAB CHARTERED ACCOUNTANTS
(RSM INTERNATIONAL)

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

INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD FROM 1 JANUARY 2015 TO 30 SEPTEMBER 2015
TOGETHER WITH REVIEW REPORT

ALLIED FOR ACCOUNTING & AUDITING
(E&Y)

ARAB CHARTERED ACCOUNTANTS
(RSM INTERNATIONAL)

Translation of Review Report
originally issued in Arabic

REPORT ON REVIEW OF INTERIM CONSOLIDATED 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 consolidated balance sheet of **Talaat Mostafa Group Holding Company "TMG Holding" (S.A.E)** as at 30 September 2015 and the related statements of consolidated income, consolidated changes in equity and consolidated 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 consolidated financial statements in accordance with the Egyptian accounting standards, our responsibility is to express a conclusion on these interim consolidated 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 consolidated financial statements are not prepared, in all material respects for the financial position of the company as at 30 September 2015, 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, 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 9.979 Billion, based on that, the value of the land of Madinaty project will be reconsidered upon signing the final contract of the land (note 13).

Cairo: 12 November 2015

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 2015

	Notes	30/9/2015 LE	31/12/2014 LE
Non-Current Assets			
Property and Equipment	(4)	3,911,736,968	3,948,750,280
Intangible Assets	(5)	3,816,914	5,784,691
Projects Under Constructions	(6)	1,531,612,174	1,424,983,748
Goodwill	(7)	15,042,485,337	15,042,485,337
Investments in Associates	(8)	2,487,504	3,022,696
Available for Sale Investments	(9)	47,182,542	45,047,143
Investments in Financial Assets Held to Maturity	(10)	1,468,257,448	1,075,084,002
Total Non-Current Assets		22,007,578,887	21,545,157,897
Current Assets			
Work in Progress	(13)	19,427,203,124	16,357,928,206
Finished Unites		18,960,968	-
Inventory	(14)	34,559,825	29,629,363
Accounts and Notes Receivable	(12)	14,261,401,309	15,184,704,619
Prepayments and Other Debit Balances	(15)	1,869,806,761	1,613,229,254
Available for Sale Investments	(9)	25,841,897	25,841,897
Investments in Financial Assets Held to Maturity	(10)	429,547,435	751,288,913
Financial assets at fair value through profit and loss	(11)	60,141,227	90,142,201
Cash on Hand and at Banks	(16)	1,559,669,403	1,636,399,999
Total current assets		37,687,131,949	35,689,164,452
Current Liabilities			
Banks Overdraft		15,521,091	6,238,275
Creditors and Notes Payable	(17)	3,528,598,826	1,889,457,341
Bank Facilities	(25)	748,926,029	464,751,395
Current Portion of Loans and Facilities	(25)	520,691,136	650,613,146
Customers Advance Payment	(18)	20,066,021,518	18,970,553,749
Dividends Creditors	(19)	18,475,119	18,911,546
Accrued income tax	(27)	184,066,482	530,325,747
Accrued Expense and Other Credit Balances	(20)	3,466,354,479	3,609,187,547
Total Current Liabilities		28,548,654,680	26,140,038,746
WORKING CAPITAL		9,138,477,269	9,549,125,706
TOTAL INVESTMENTS		31,146,056,156	31,094,283,603

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

CONSOLIDATED BALANCE SHEET

As of 30 September 2015

	Notes	30/9/2015 LE	31 /12/ 2014 LE
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**	20,635,622,860
Legal Reserve	(22)	**220,633,894**	219,401,938
General Reserve	(23)	**61,735,404**	61,735,404
Net unrealized gains on available for sale investments	(24)	**11,735,024**	8,653,772
Accumulative translation adjustment		**413,790**	312,343
Retained earning		**5,137,262,794**	4,748,192,162
Net profit for the period / year		**531,404,594**	681,804,117
TOTAL MOTHER COMPANY SHAREHOLDERS EQUITY		**26,598,808,360**	26,355,722,596
Minority Interest		**867,062,217**	898,537,461
TOTAL SHAREHOLDERS' EQUITY		**27,465,870,577**	27,254,260,057
Non-current Liabilities			
Non-current Loans	(25)	**1,792,336,663**	1,940,296,999
Non-current Liabilities	(26)	**1,823,068,959**	1,825,531,402
Deferred Tax Liability	(27)	**64,779,957**	74,195,145
Total Non- Current Liabilities		**3,680,185,579**	3,840,023,546
Total Shareholders' Equity and Nun- Current liabilities		**31,146,056,156**	31,094,283,603

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

-The attached notes (1) to (38) 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 2015 to 30 September 2015

	Notes	**From 1/1/2015 to 30/9/2015 LE**	From 1/1/2014 to 30/9/2014 LE	**From 1/7/2015 to 30/9/2015 LE**	From 1/7/2014 to 30/9/2014 LE
Revenue	(28)	**3,653,363,748**	3,328,571,675	**745,538,237**	665,562,138
Cost of revenue	(28)	**(2,550,265,413)**	(2,217,188,024)	**(524,260,297)**	(373,223,766)
GROSS PROFIT		**1,103,098,335**	1,111,383,651	**221,277,940**	292,338,372
General and administrative expenses, marketing and sales expenses		**(204,020,379)**	(265,465,372)	**(79,242,047)**	(81,557,694)
Depreciation and amortization	(4,5)	**(96,756,246)**	(92,494,910)	**(35,190,651)**	(30,988,755)
Operating Profit		**802,321,710**	753,423,369	**106,845,242**	179,791,923
Credit interest	(32)	**46,823,623**	22,757,602	**13,770,961**	6,501,748
Interest on bonds	(32)	**13,414,823**	341,770	**1,278,791**	341,770
Bonds amortization	(10)	**578,853**	199,398	**252,560**	138,007
Income from treasury bills	(32)	**29,649,847**	25,325,703	**9,403,583**	8,690,797
Notes receivable factoring without recourse expenses	(33)	**(288,425,482)**	-	-	-
Finance cost		**(71,473,378)**	(81,832,514)	**(16,783,451)**	(27,667,020)
Dividends revenue from financial assets at fair value through profit and loss	(29)	**4,382,295**	4,004,120	**746,742**	367,641
Gain on sale of non-current assets held for sale		**-**	271,915,985	**-**	-
Gain on sale of financial assets at fair value through profit and loss	(30)	**7,170,562**	1,462,230	**3,053,388**	874,979
Gain of revaluate financial assets at fair value through profit and loss	(11)	**(13,213,474)**	15,072,104	**(8,603,675)**	8,067,791
Share of (loss) gain of associates	(8)	**(535,192)**	1,424,195	**(901,513)**	1,648,496
Impairment in investments from subsidiaries		**-**	(351,167,780)	**-**	-
Other income	(31)	**58,162,484**	52,661,545	**15,008,555**	15,438,344
Capital gain (loss)	(4)	**1,109,455**	(1,642,511)	**(389,736)**	(153,665)
Board of directors allowances		**(423,400)**	(233,150)	**(115,900)**	(107,950)
Foreign exchange gain		**23,818,853**	109,637,051	**9,170,617**	4,387,892
NET PROFIT FOR THE PERIOD BEFORE TAX		**613,361,579**	823,349,117	**132,736,164**	198,320,753
Income tax	(27)	**(118,027,856)**	(339,288,516)	**(12,003,355)**	(56,385,887)
Deferred tax revenue	(27)	**9,415,401**	(4,683,538)	**18,085,504**	(4,449,753)
NET PROFIT FOR THE PERIOD AFTER TAX		**504,749,124**	479,377,063	**138,818,313**	137,485,113
Minority interest		**(26,655,470)**	(8,513,050)	**1,787,283**	1,138,286
NET PROFIT FOR THE PERIOD (MOTHER COMPANY SHAREHOLDERS)		**531,404,594**	487,890,113	**137,031,030**	136,346,827

Chairman

Tarek Talaat Mostafa

Financial Director

Ghaleb Ahmed Fayed

-The attached notes (1) to (38) 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 2015 to 30 September 2015

	Issued and Paid up Capital	Legal Reserves	General Reserves	Net unrealized gains on available for sale	Accumulative translation adjustments	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 2015	20,635,622,860	219,401,938	61,735,404	8,653,772	312,343	4,748,192,162	681,804,117	26,355,722,596	898,537,461	27,254,260,057
Transfer to retained earning	-	-	-	-	-	681,804,117	(681,804,117)	-	-	-
Net profit for the period	-	-	-	-	-	-	531,404,594	531,404,594	(26,655,470)	504,749,124
Reconciliation on retained earning	-	-	-	-	-	11,573,471	-	11,573,471	-	11,573,471
Reconciliation on minority interest*	-	-	-	-	-	-	-	-	(4,819,774)	(4,819,774)
Legal Reserve	-	1,231,956	-	-	-	(1,231,956)	-	-	-	-
Dividends	-	-	-	-	-	(303,075,000)	-	(303,075,000)	-	(303,075,000)
Accumulative translation adjustments**	-	-	-	-	101,447	-	-	101,447	-	101,447
Net unrealized gains on available for sale	-	-	-	3,081,252	-	-	-	3,081,252	-	3,081,252
Balance as of 30 September 2015	**20,635,622,860**	**220,633,894**	**61,735,404**	**11,735,024**	**413,790**	**5,137,262,794**	**531,404,594**	**26,598,808,360**	**867,062,217**	**27,465,870,577**
Balance at 1 January 2014	20,635,622,860	218,227,661	61,735,404	11,160,000	361,313	4,471,558,420	585,185,459	25,983,851,117	912,041,943	26,895,893,060
Transfer to retained earning	-	-	-	-	-	585,185,459	(585,185,459)	-	-	-
Net profit for the period	-	-	-	-	-	-	487,890,113	487,890,113	(8,513,050)	479,377,063
Reconciliation on retained earning	-	-	-	-	-	(1,619,412)	-	(1,619,412)	-	(1,619,412)
Reconciliation on minority interest*	-	-	-	-	-	-	-	-	(1,658,810)	(1,658,810)
Legal Reserve	-	1,174,277	-	-	-	(1,174,277)	-	-	-	-
Dividends	-	-	-	-	-	(304,075,000)	-	(304,075,000)	-	(304,075,000)
Accumulative translation adjustments**	-	-	-	-	62,823	-	-	62,823	-	62,823
Net unrealized gains on available for sale	-	-	-	(2,506,228)	-	-	-	(2,506,228)	-	(2,506,228)
Balance as of 30 September 2014	20,635,622,860	219,401,938	61,735,404	8,653,772	424,136	4,749,875,190	487,890,113	26,163,603,413	901,870,083	27,065,473,496

* Results from the elimination entries among the subsidiaries and the dividend paid to minority interest in subsidiaries (Arab Company For Tourism and Hotel Investments)
** Accumulative translation adjustments is due to translation of the financial statements of Swiss Green Co. as a foreign operation

- The attached notes (1) to (38) 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 2015 to 30 September 2015

	Notes	From 1/1/2015 to 30/9/2015 LE	From 1/1/2014 to 30/9/2014 LE
CASH FLOWS FROM OPERATING ACTIVITIES			
Net profit for the period before tax and minority interest		613,361,579	823,349,117
Adjustment to reconciliation net profit with cash flow operating activities:			
Depreciation & Amortization	(4,5)	96,756,246	92,494,910
(Discount) Financial Assets Held to Maturity Amortization		(578,853)	(199,398)
Impairment in investments in subsidiaries (goodwill)		-	351,167,780
Credit Interests and Treasury Bills revenue		(89,888,293)	(48,425,075)
Dividends (revenue) of Financial Assets at Fair Value through Profit and Loss	(29)	(4,382,295)	(4,004,120)
Loss (Gain) of revaluate Financial Assets at Fair Value through Profit and Loss	(11)	13,213,474	(15,072,104)
(Gain) on sale of non-current assets held for sale		-	(271,915,985)
(Gain) from selling Financial Assets at Fair Value through Profit and Loss	(30)	(7,170,562)	(1,462,230)
Share of loss (profit) of Associates	(8)	535,192	(1,424,195)
Capital (Gain) Loss	(4)	(1,109,455)	1,642,511
Foreign Exchange (Gain)		(23,818,853)	(109,637,051)
Operating profit before changes in working capital		596,918,180	816,514,160
Change in Work in Progress	(13)	(3,069,274,918)	(422,867,329)
Change in Finished Unites		(18,960,968)	-
Change in Inventory		(4,930,462)	6,659,860
Change in Accounts and Notes Receivables	(12)	923,303,310	(736,725,232)
Change in Prepayments and Other Debit Balances	(15)	(229,954,092)	587,171,780
Change in Creditors and Notes Payable		1,639,141,485	(949,230,593)
Change in long term Liabilities		(2,462,443)	(262,958,587)
Change in Customers Advance Payment		1,095,467,769	2,265,171,526
Change in Dividends Creditors		(436,427)	(1,060,034)
Change in Financial Assets at Fair Value through Profit and Loss	(11)	16,787,500	47,800,263
Change in accrued income tax	(27)	(464,287,121)	(200,030,850)
Change in Other Credit Balances	(20)	(142,833,068)	719,600,765
Net Cash flows provided from Operating Activities		338,478,745	1,870,045,729
CASH FLOWS FROM INVESTING ACTIVITIES			
(Payment) on Purchasing of Fixed Assets, Intangible Assets and Projects Under Construction	(4،6)	(165,618,461)	(117,519,696)
Proceeds from sale Fixed Assets	(4)	2,324,333	4,774,884
(Payment) for Financial Assets Held to Maturity	(10)	(70,853,115)	(549,233,080)
Proceeds from Current assets held for sale	(9,24)	945,853	14,514,867
Proceeds from selling Financial Assets at Fair Value through Profit and Loss	(30)	7,170,562	1,462,230
Proceeds from Dividends revenue	(29)	4,382,295	4,004,120
(Payment) company share in capital increase in Associates		-	(1,680,000)
Proceeds from non-Current assets held for sale		-	365,746,669
Net Cash flows (used in) Investing Activities		(221,648,533)	(277,930,006)
CASH FLOWS FROM FINANCING ACTIVITIES			
Collected Credit Interests and Treasury Bills Revenue	(32)	63,264,878	22,855,372
Dividends payment		(303,075,000)	(237,114,255)
Proceeds (Payment) from Loans and Facilities	(25)	6,292,288	(473,994,310)
Net Cash flows (used in) Financing Activities		(233,517,834)	(688,253,193)
Foreign Exchange Impact		23,818,853	109,637,051
NET CASH AND CASH EQUIVALENTS DURING THE PERIOD		(92,868,769)	1,013,499,581
Cash Adjustments		6,855,357	(3,215,399)
Cash and Cash Equivalents at the beginning of the period		1,630,161,724	663,847,007
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	(16)	1,544,148,312	1,674,131,189

- The attached notes (1) to (38) 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,
- The financial statements for the period ended 30 September 2015 were approved on 11 November 2015 according to the board of directors' resolution issued on the same date.

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 acquire 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)*	97,92%
San Stefano company for real estate investment (S.A.E)	72,18%
Alexandria for urban projects Company (S.A.E)***	40%

*Arab company for projects and urban development acquires 1, 66% of Alexandria company for real estate investment, and contributes 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)	82.5%
El rehab for securitization(S.A.E)	100%
El Tayseer for real estate financing (S.A.E)	90%
Arab Egyptian company for entertainment projects(S.A.E)	50%
Madinaty for electromechanically power (S.A.E)	85%
Madinaty for project management(S.A.E)	91%
Swiss Green Company- Switzerland	70%

** Alexandria company for real estate investment acquires 60% of Alexandria for urban projects Company, and contributes 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)	96,51%
which contributes in Marsa el Sadied for real estate development	99,9%
Arab company for tourism and hotels investments S.A.E)and its subsidiaries as follows:	77,91%
Nova park - Cairo(S.A.E)	99,99%
Alexandria Saudi for tourism projects(S.A.E)	99,87%
San Stefano for tourism investment (S.A.E)	84,44%
El nile for hotels (S.A.E)	100%
Luxor for urban and tourism development (S.A.E)	100%

*** 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), San Stefano Company for real estate investment acquired 62.5 % of the shares of Alexandria for Projects Management.

**** Alexandria for urban development (S.A.E) contributes in the following companies:

	Contribution
May fair for entertainment services (S.A.E)	95.5%
Port Venice for tourism development(S.A.E)	90.27%

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

Investments at fair value through profit and loss are financial assets classified as either held for trading acquired for the purpose of selling in the near term or financial assets designated upon initial recognition at fair value through profit and loss.

Investments at fair value through profit and loss are initially recognized at fair value including the direct attributable expenses.

Investments at fair value through profit and loss are carried in the balance sheet at fair value with gains or losses recognized in the statement of income.

Gain or loss of investment is recognized at fair value through income statement.

Financial assets held to maturity

Investments in financial assets held to maturity with fixed or determinable payments that are quoted in an active market and the management has the intention and capability to hold it to maturity.
Up on the initial measurement of the financial assets, it will be recorded with its fair value including the direct costs,

The investments to be recorded at amortized cost by using the effective rate method carried, Gains or losses due to execute the assets or due to the impairment of the assets to be recognized in the statement of income,

Gain or loss of investment is recognized in profit or loss when the investments are derecognized or impaired impairment is recovered, as well as through the amortization process.

Non-current assets held for sale

Non-current assets held for sale is the non-current assets that is expected to regain its book value basically from sale agreement not from the use of those assets

Those assets are measured by the lower of the book value or the fair value after deducting the sales cost.

Non-current assets held for sale in case of impairment, the carrying amount to be adjusted by the value of this impairment and are charged to the statement of income

Impairment losses to be reversed in the period when occurred, and to the extent to the amount of book value that previously reduced unless the impairment loss was recognized in the previous years.

Intangible assets
Intangible assets are initially be recognized by cost
After the internal recognition, intangible assets are recorded by cost deducting the accumulated amortization and impairment losses.
Intangible assets represent the software's and related licenses and to be amortized with straight line basis methods over the estimated useful lives (5 years)

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.

Significant Accounting Policies (continue)

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 is included within current assets either the assets that collectible date exceed the year date of financial statements be included within long-term assets.

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 are 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

Significant Accounting Policies (continue)

E. The cost incurred or will be incurred in respect of the transaction can be measured reliably

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

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 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.

Significant Accounting Policies (continue)

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.

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.

Significant Accounting Policies (continue)

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.

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.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
30 September 2015

4 PROPERTY AND EQUIPMENT

	Lands	Buildings & Constructions	Motor Vehicles	Tools & Equipments	Furniture & Fixtures	Computers	Total
	LE	LE	LE	LE	LE	LE	LE
Cost							
As of 1 January 2015	569,349,679	3,323,237,747	111,786,933	346,697,016	485,825,056	21,174,072	4,858,070,503
Additions	-	2,883,971	26,988,841	11,924,867	13,354,145	3,388,148	58,539,972
Disposals	-	-	(4,453,352)	(2,394,552)	(2,406,563)	(4,651)	(9,259,118)
As of 30 September 2015	569,349,679	3,326,121,718	134,322,422	356,227,331	496,772,638	24,557,569	4,907,351,357
Accumulated depreciation							
At 1 January 2015	-	(357,149,003)	(78,273,099)	(201,585,352)	(256,384,872)	(15,927,897)	(909,320,223)
Depreciation charge	-	(33,246,240)	(10,457,634)	(20,389,371)	(28,167,079)	(2,078,082)	(94,338,406)
Disposals	-	-	4,194,863	2,279,240	1,565,486	4,651	8,044,240
As of 30 September 2015	-	(390,395,243)	(84,535,870)	(219,695,483)	(282,986,465)	(18,001,328)	(995,614,389)
Net book value As of 30 September 2015	**569,349,679**	**2,935,726,475**	**49,786,552**	**136,531,848**	**213,786,173**	**6,556,241**	**3,911,736,968**
Net book value As of 31 December 2014	569,349,679	2,966,088,744	33,513,834	145,111,664	229,440,184	5,246,175	3,948,750,280

- First degree mortgage on the land of san Stefano project – Alexandria at 339 El gheish road, - san Stefano- el raaml , alexanderia and all the building on it that owned by both san Stefano for real estate investment and san Stefano for tourism investments
- First degree mortgage on the land of el Nile hotel, 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, 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		2,324,333
Cost of sold fixed assets	(9,259,118)	
Accumulated depreciation of sold assets	8,044,240	
		(1,214,878)
Capital Gain		**1,109,455**

5 – INTANGIBLE ASSETS

	30/9/2015 LE	31/12/2014 LE
Computers and Software	5,784,691	8,938,467
Additions	450,063	-
Amortization	(2,417,840)	(3,153,776)
	3,816,914	5,784,691

6 - PROJECTS UNDER CONSTRUCTIONS

	30/9/2015 LE	31/12/2014 LE
Villa – Sednawy	73,606,541	73,606,541
Hotel Assets	6,186,763	5,916,500
Dubai Site	16,697,015	18,608,322
Luxor Project	71,266,231	71,153,895
Sharm El Sheik Project Extension	1,363,855,624	1,255,698,490
	1,531,612,174	1,424,983,748

7- GOODWILL

	30/9/2015 LE	31/12/2014 LE
Arab Company for Projects and Urban Development	12,235,313,553	12,235,313,553
Alexandria Company for Real Estate Investment	2,807,171,784	2,807,171,784
	15,042,485,337	15,042,485,337

Goodwill is tested on yearly basis to ensure if there is any decrease in its book value and the management of the group has found in 2014 a decrease in the fair value of some of its subsidiaries amounted to 351,167,780 LE , which affected the value of the goodwill as follow:

	30/9/2015 LE	31/12/2014 LE
Alexandria Company for Real Estate Investment	-	185,000,000
San Stefano Company for Real Estate Investments	-	96,337,795
Alexandria Company for Urban Projects	-	69,829,985
	-	351,167,780

8- INVESTMENTS IN ASSOCIATES

	Percentage	30/9/2015 LE	31/12/2014 LE
Hill / TMG for Projects and Construction Management*	49%	2,029,989	1,895,395
Alexandria for coordinating and garden maintenance	47.5%	985,207	237,600
Cairo Medical City Co,		7,500	7,500
Share of (losses) profits in Associates		(535,192)	882,201
		2,487,504	3,022,696

*The Board of directors agreed for the liquidation of Hill /TMG for constructions and projects management and the liquidation procedures under process.

	30/9/2015 LE	31/12/2014 LE
The associates companies assets & liabilities:		
Long term assets	**1,746,984**	2,027,490
Current assets	**34,405,580**	44,867,824
Current liabilities	**32,636,359**	40,678,569
The associates companies profit & losses:		
Revenues	**30,909,103**	41,879,440
Net loss	**(2,787,136)**	(1,143,243)

9- AVAILABLE FOR SALE INVESTMENTS

	30/9/2015 LE	31/12/2014 LE
Available for sale investment – current		
Housing Insurance Company	**4,950,000**	4,950,000
Shara North Marine Company	**18,240,562**	18,240,562
Egyptian For Real Estate refinance Company	**2,055,560**	2,055,560
Egyptian Company for Marketing and Distribution	**500,000**	500,000
Other Companies	**95,775**	95,775
	25,841,897	25,841,897
Available for sale investment – non current		
Housing Development Bank Securities	**45,200**	45,200
Hermes investment fund	**40,420,282**	38,284,883
El Tameer for Real Estate Finance Company	**6,717,060**	6,717,060
	47,182,542	45,047,143
	73,024,439	70,889,040

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.
Hermes investment fund amounted 5,162,232 $ equivalent to LE 42,420,282 as of 30 September 2015 and accounted at cost and the balance is valuated and this investment is recorded at cost and the balance in foreign currency is valuated and the valuation deference is presented in the financial position in equity side.

10- FINANCIAL ASSETS HELD TO MATURITY

Non - Current Investment

This item amounted to LE 1,468,257,448 as of 30 September 2015 consists of:-
- 1325795 bonds as follows:

No.	Face Value	Yield	Maturity
21000	21,000,000	12%	2016
27000	27,000,000	15%	2017
45000	45,000,000	16%	2018
30000	30,000,000	13%	2019
190000	190,000,000	13%	2020
25000	25,000,000	16%	2021
91762	91,762,000	14%	2022
95800	95,800,000	13%	2023
419307	419,307,000	15%	2024
380926	380,926,000	15%	2025
1325795	**1,325,795,000**		

The balance of bonds discounting issue amounted to 10,537,552 as of 30 September 2015 and it is amortized at the maturity date of the interest.

	30/9/2015	31/12/2014
	LE	LE
Historical cost	1,325,795,000	927,582,000
Bonds issue discount	(11,108,732)	(5,738,229)
Amortized value	1,314,686,268	921,843,771
Amortization of Bonds issue discount during the period	571,180	240,231
Balance of bonds	1,315,257,448	922,084,002

- 153000 Suez Canal Certificates amounted to LE 153,000,000 and maturity date is 2019 with 12% interest rate.

Current Investment

This item amounted to LE 429,547,435 as of 30 September 2015 as follows:
- Treasury Bills are 15700 T-Bills with nominal value LE 25000 per T-Bill and maturity date in 2015and 1398 T-Bills maturity date in 2016.

	30/9/2015	31/12/2014
	LE	LE
Treasury Bills	389,550,796	734,288,913
Governmental Bonds- historical cost	40,000,000	17,000,000
Amortization of Bonds issue discount during the period	(11,034)	-
Amortized value	429,539,762	751,288,913
Amortization of Bonds issue discount during the period	7,673	-
	429,547,435	751,288,913

11- FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS

	30/9/2015	31/12/2014
	LE	LE
Certificate of Deposit and Investment Funds	29,703,168	51,595,680
Financial Portfolios*	30,428,298	38,533,011
Egyptian Cables Company	9,761	13,510
	60,141,227	90,142,201

Market value	30/9/2015	30/9/2014
	LE	LE
Book value of marketable securities before revaluation	(73,354,701)	(100,603,412)
Market value	60,141,227	115,675,516
Differences as in income statement	(13,213,474)	15,072,104

* Managed by of Hermes for Assets Management, the portfolios has several stocks for companies listed in Egyptian capital market

12- ACCOUNTS AND NOTES RECEIVABLE

	30/9/2015	31/12/2014
	LE	LE
Accounts Receivables	229,753,412	198,684,926
Notes Receivables	14,034,357,505	14,988,740,726
Provision for general Risk	(2,709,608)	(2,721,033)
	14,261,401,309	15,184,704,619

Notes receivable represent mainly the collected checks from customers against advance payments, the general risk provision is determined according to the authorized percentages determined by the Egyptian Financial supervisory Authority.

General Risk provision as follow:

	30/9/2015	31/12/2014
	LE	LE
Balance 1/1/2015	2,721,033	2,791,280
Used during the period	(11,425)	(70,247)
Balance 30/9/2015	2,709,608	2,721,033

13-WORK IN PROGRESS

	30/9/2015	31/12/2014
	LE	LE
Land	7,055,452,783	4,445,100,480
Consultations and Designs	450,221,291	447,448,830
Construction Work	8,093,360,658	7,847,155,592
Indirect Expenses	3,828,168,392	3,618,223,304
	19,427,203,124	16,357,928,206

- 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 billion, 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 new contract, the project includes six phases and it is required to have the approval of the new urban communities' authority before start any phase and therefore the cost of the first phase of LE 3 billion is recorded and the estimated cost of the remaining phases will be recorded up on the approval of the new urban communities' authority and start the execution of that phase.
- A verdict was issued to accept the requests of the case no, 15777 for the year 65 J to accept the form and the subject to recognize the contract dated 8/11/2010 between the new urban communities' authority and the Arab company for projects and urban development, and the court stated that the high committee for valuation in the general authority for governmental services to reevaluate the area that not yet booked and sold to the others.
- The Arab company for projects and urban development (one of subsidiaries) signed on 25 February 2015 the agreement with the New Urban Communities Authority (NUCA), and the adoption of the Cabinet to this agreement, Under this agreement, all disputes related to interpretation of mechanism, implementation, and determination of the 7% of the total built up area has been resolved, which present in-kind payment - the in kind amount should not be less than LE 9.979 Billion- due to NUCA for the value of Madinaty land based on the contract concluded with NUCA in 2010 (all terms and conditions remain the same and unchanged). The 7% is calculated at 3.195 million sqm of fully finished apartments that is currently under delivery and the remaining to be delivered over the life time of the project based on Madinaty land contract mentioned above.

14- INVENTORY

	30/9/2015 LE	31/12/2014 LE
Hotels Operating Equipments & Supplies	11,108,023	13,352,890
Goods Stock	24,537,542	18,521,340
Additions during the period	498,650	263,812
	36,144,215	32,138,042
Amortized Hotel Inventory	(1,584,390)	(2,508,679)
	34,559,825	29,629,363

15 – PREPAID EXPENSES AND OTHER DEBIT BALANCES

	30/9/2015 LE	31/12/2014 LE
Advance Payment and Storage - Contractors and Accounts Payable	1,000,771,078	760,427,504
Contractors – Tashwinat	166,149,808	193,006,174
Hotels Current Accounts	268,249,082	227,122,962
Withholding taxes	8,051,443	10,665,526
Deposit with Others	30,729,067	40,962,242
Other Debit Balances	36,342,031	201,549,812
Letter of credit	68,672,132	31,115,775
Loans to Employees	431,163	374,282
Other Debtors	214,060,335	88,368,411
Prepaid expenses	2,757,407	13,033,417
Amounts paid for investments in companies under incorporation	1,728,397	1,361,746
Amounts paid for available for sale investments	1,650,000	1,650,000
	1,799,591,943	1,569,637,851
Accrued Revenue	70,214,818	43,591,403
	1,869,806,761	1,613,229,254

16 - CASH AND CASH EQUIVALENTS

	Local Currency LE	Foreign Currency LE	30/9/2015 LE	31/12/2014 LE
Time Deposits	173,319,696	1,055,086,015	1,228,405,711	1,198,996,840
Banks Current Accounts	210,640,222	87,752,678	298,392,900	341,364,523
Cash on Hand	17,072,407	300,797	17,373,204	10,495,102
Treasury Bills	7,016,976	-	7,016,976	77,986,050
Cheques Under Collection	8,480,612	-	8,480,612	7,557,484
	416,529,913	1,143,139,490	1,559,669,403	1,636,399,999

-Time deposits established 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:

	30/9/2015 LE	30/9/2014 LE
Cash on Hand and at Banks	1,559,669,403	1,683,114,578
Banks Overdraft	(15,521,091)	(8,983,389)
Cash and Cash Equivalents	1,544,148,312	1,674,131,189

17- CREDITORS AND NOTES PAYABLE

	30/9/2015	31/12/2014
	LE	LE
Contractors and Suppliers	479,130,768	535,099,923
Notes Payables	3,049,468,058	1,354,357,418
	3,528,598,826	1,889,457,341

18- CUSTOMERS ADVANCE PAYMENT

	30/9/2015	31/12/2014
	LE	LE
Customers down payment (Al Rehab Project)	1,137,515,935	753,432,003
Customers down payment (Al Rehab 2 Project)	5,679,861,278	5,851,872,121
Customers down payment (Madinaty Project)	12,610,751,160	11,762,414,690
Customers down payment (Al Rabwa Project)	637,893,145	593,018,708
Customers down payment (San Stefano Project)	-	9,816,227
	20,066,021,518	18,970,553,749

19- DIVIDEND CREDITORS

	30/9/2015	31/12/2014
	LE	LE
Employees share	483,822	832,451
Board of directors share	17,355,767	17,443,565
Shareholders share	635,530	635,530
	18,475,119	18,911,546

20- ACCRUED EXPENSES AND OTHER CREDIT BALANCES

	30/9/2015	31/12/2014
	LE	LE
Retention	540,039,043	651,111,118
Other Credit Balances	161,067,192	398,996,788
Accrued Expenses and Creditors	134,126,098	147,646,202
Insurance for Other	63,449,779	98,345,519
Due to Customers	12,271,263	21,962,938
Contribution to the establishment - renew the club	36,160,199	36,160,199
Club Subscriptions	551,212,362	528,618,964
Units Insurance	1,968,028,543	1,726,345,819
	3,466,354,479	3,609,187,547

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 29,950,000,000 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 dividend to 2,063,562,286 shares, recorded in the commercial register on 24 May 2011.

22 – LEGAL RESERVE

Legal reserve amounted to 220,633,894 as of 30 September 2015 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 as of 30 September 2015 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 REVENUE ON AVAILABLE FOR SALE

The revaluation of available for sale investments balance amounted LE 11,735,024 as of 30 September 2015 represents the foreign exchange impact due valuation of the foreign available for sale investments as follows:

	30/9/2015	31/12/2014
	LE	LE
Net unrealized value on available for sale investment	**11,735,024**	8,653,772

25- LOANS AND FACILITIES

	Short Term LE	Long Term LE	30/9/2015 LE	31/12/2014 LE
Banks Facilities	748,926,029	-	**748,926,029**	464,751,395
Loans *	520,691,136	1,792,336,663	**2,313,027,799**	2,590,910,145
	1,269,617,165	1,792,336,663	**3,061,953,828**	3,055,661,540

* The instalments due within the following period is recorded in the current liabilities and the loans are granted with commercial papers and financial securities in addition to fixed assets as disclosed in fixed assets disclosure.

26- NON -CURRENT LIABILITIES

	30/9/2015 LE	31/12/2014 LE
New Urban Communities Authority	**1,816,996,446**	1,816,996,446
General authority for tourism development	**6,072,513**	8,534,956
	1,823,068,959	1,825,531,402

27- INCOME TAX AND DEFERRED TAX LIABILITY

The income tax was calculated as follows:

	30/9/2015 LE	30/9/2014 LE
Net book profit before tax	**613,361,579**	823,349,117
Adjustments to the net book profit to reach the net tax profit	**(88,793,330)**	307,779,270
Net taxable profit	**524,568,249**	1,131,128,387
Income Tax with rate 22,5%	**118,027,856**	-
Income Tax with rate 25% for first million	-	250,000
Income Tax with rate 30% for remainder balance after 1 million deduction	-	339,038,516
Income tax for the period	**118,027,856**	339,288,516

Accrued income tax movement during the period:

	From 1/1/2015 to 30/9/2015 LE	From 1/1/2014 to 31/12/2014 LE
Balance at the beginning of the period	**530,325,747**	213,574,418
Additions during the period	**118,027,856**	392,018,013
Provisions for contingent liabilities	-	68,141,975
Paid amounts	**(464,287,121)**	(143,408,659)
Balance at the end of the period	**184,066,482**	530,325,747

The balance of deferred tax liabilities in 30 September 2015 is LE 64,779,957 which represents the different between accounting basis and tax basis and it's calculation as follow:

	30/9/2015 LE	31/12/2014 LE
Balance at the beginning of the period	**(74,195,145)**	(19,965,364)
Adjustment of the beginning balance of the period	**(213)**	-
Deferred tax current	**9,415,401**	(54,229,781)
Balance at the end of the period	**(64,779,957)**	(74,195,145)

28- REVENUE AND COST OF REVENUE

	From 1/1/2015 to 30/9/2015 LE	From 1/1/2014 to 30/9/2014 LE
-Revenue from Sold Units	**2,830,490,435**	2,716,367,991
- Revenue from Hotels Operation	**530,428,421**	370,092,944
- Services Revenues	**292,444,892**	242,110,740
Total Revenues *	**3,653,363,748**	3,328,571,675
-Cost of Sold Units	**1,986,918,386**	1,761,291,903
- Cost of Hotels Operation	**331,925,338**	260,258,651
- Cost of Sold Services	**231,421,689**	195,637,470
Total Cost **	**2,550,265,413**	2,217,188,024

* The supervision revenue has been eliminated in amount LE 234,241,627

** The supervision cost has been eliminated in amount LE 162,850,752

Herein under the sectors analysis:

	Real Estate & Services LE	Tourism LE	General LE	30/9/2015 LE	31/21/2014 LE
Revenue	3,115,167,736	38,196,012	-	**3,653,363,748**	5,270,821,851
Cost of good sold	2,210,292,096	339,973,317	-	**2,550,265,413**	3,676,064,687
Gross Profit	904,875,640	198,222,695	-	**1,103,098,335**	1,594,757,164
Depreciation	28,749,512	68,006,734	-	**96,756,246**	124,417,927
Credit Interest	-	-	46,823,623	**46,823,623**	35,002,805
Investments Revenue	1,998,897	-	39,448,816	**41,447,713**	315,070,342
Other (Loss) Revenue	-	-	83,090,792	**83,090,792**	(241,706,613)
Income Tax	-	-	108,612,455	**108,612,455**	480,847,795
Total Profits	554,263,310	130,215,961	(153,074,677)	**531,404,594**	681,098,898
Assets	51,323,598,822	4,426,454,355	-	**55,750,053,177**	39,291,977,887
Financial Investment	-	-	2,033,458,052	**2,033,458,052**	1,989,721,633
Unallocated Assets	-	-	1,911,199,607	**1,911,199,607**	15,952,444,475
Total Assets	51,323,598,822	4,426,454,355	3,944,657,659	**59,694,710,836**	57,234,143,995
Liabilities	30,454,350,424	1,683,281,419	-	**32,137,631,843**	29,823,385,702
Unallocated Liabilities	-	-	91,208,416	**91,208,416**	157,203,455
Total Liabilities	30,454,350,424	1,683,281,419	91,208,416	**32,228,840,259**	29,980,589,157

29- Dividends from financial investment

	From 1/1/2015 to 30/9/2015	From 1/1/2014 to 30/9/2014
	LE	LE
Sahara North Al Baharia	3,552,033	2,161,321
Dividends from Arab African Bank	-	82,500
EL Tameer For Real Estate refinance Co.	399,846	463,254
Alexandria for Projects Management	-	273,000
Dividends from Orascom Telecom Co.	-	156,844
Dividends from Sidi Krir Co.	-	202,642
CIB Bank	264,000	273,936
Other companies	166,416	390,623
	4,382,295	4,004,120

30- REVENUE FROM SALE FINANCIAL INVESTMENTS

	From 1/1/2015 to 30/9/2015	From 1/1/2014 to 30/9/2014
	LE	LE
Sale price of financial investments	57,806,916	32,223,211
Book value of sold financial investments	(50,636,354)	(30,760,981)
	7,170,562	1,462,230

31- OTHER INCOME

	From 1/1/2015 to 30/9/2015	From 1/1/2014 to 30/9/2014
	LE	LE
Net revenue from El Rehab Club and Madinaty Club operation	7,577,593	10,800,589
British School	2,550,000	1,800,000
Rents from rental units and usufruct	37,794,934	28,332,613
Other	10,239,957	11,728,343
	58,162,484	52,661,545

32-CREDIT INTEREST, BONDS, T-BILL REVENUES

	From 1/1/2015 to 30/9/2015	From 1/1/2014 to 30/9/2014
	LE	LE
Credit interest	46,823,623	22,757,602
Bonds	13,414,823	341,770
Treasury Bills	29,649,847	25,325,703
	89,888,293	48,425,075
Change in accrued revenues (note 15)	(26,623,415)	(25,569,703)
	63,264,878	22,855,372

33- OTES RECEVABLE FACTORING WITHOUT RECOURS EXPENSES

This item amounted LE 288,425,482 represent the cost of factoring the notes receivable without recourse of the clients of madinaty and el rehab projects to Banks.

34-TAX SITUATION

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 following 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's records were inspected and settled till 2007 and the tax due was paid.
- The company submits the tax returns within the legal dates.

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 2006 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.

- The Company's records were inspected and settled till 2004.
- 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 exists.

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 44.6% of Talaat Mostafa Group Holding.

Total transactions

	30/9/2015 **Transaction volume** **LE**	31/12/2014 Transaction volume LE	Type of Transaction
Virginia Owners Union	**127,865**	1,311,628	Management
El basateen company	**14,366,074**	19,413,927	Service
Alexandria for Construction	**1,331,456,570**	2,015,066,846	Contractor

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

	30/9/2015	31/12/2014
	Notes payable	Notes payable
Alexandria for Constructions Company	**5,815,715**	7,708,365
	Debit balance	Debit balance
Alexandria for Constructions Company	**4,205,279**	4,108,089

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-Legal Status

According to the legal consultant opinion, the following suites that rose from others are properly won:

- Appeal #6913 for the law year 58 from Arab company for projects and urban development in the case # 5087,15777/65 Administration Cairo rose regarding the validate of madinaty land contract dated 8/11/2011 and the reprise the unused part of the land , and the postdated to January 2016 and the case still in process of judicial proceedings and rendering documents .
- A verdict was issued to accept the requests of the case no, 15777 for the year 65 J to accept the form and the subject to recognize the contract dated 8/11/2010 between the new urban communities' authority and the Arab company for projects and urban development, and the court stated that the high committee for valuation in the general authority for governmental services to reevaluate the area that not yet booked and sold to the others.
- Appeal # 41817/66 administrative Cairo rose from Mr., Ahmed Abdel baseir against Arab company for projects and urban development and transferred to the commissioners and their report not yet issued.
- Case # 50932/64 administrative Cairo rose from Mr., Essam Abdel halim against Arab company for projects and urban development to cancel the resolution the prime minister regarding the land of madinaty and transferred to the commissioners and their report not yet issued.
- Case # 314/2011 from the governor of south sainai against the egyptain company for development and real estate projects.
- Appeal # 838/83 rose from Soliman salman salim against the egyptain company for development and real estate projects.
- Case #38/2013 rose from mostafa kamal Abdel rehim against government of south Sinai at the court of sharm el sheikh.
- Appeal # 3148/83 on the two appeals # 90, 91/22 rose from Alexandria Saudi Company for tourism projects against the government of south Sinai at the court of el tour.
- Appeal # 3148/83 on Appeal # 92/22 rose from and against the Egyptian company for development and real estate projects.
- Case #2615/17 raised from mostafa kamal Abdel rehim at the Court of administrative justice,
- Case # 38480/65 against port Vence Company to cancel the sale contract dated 29/11/2008 of the company's land and the case is not yet rescheduled.