ALLIED FOR ACCOUNTING & AUDITING
(E&Y)

ARAB CHARTERED ACCOUNTANTS
(RSM INTERNATIONAL)

TALAAT MOSTAFA GROUP HOLDING "TMG HOLDING"
(S.A.E)
CONSOLIDATED PROFORMA FINANCIAL STATEMENTS
FOR THE PERIOD FROM 1 JANUARY 2007 TO 31 DECEMBER 2007
TOGETHER WITH REVIEW REPORT

REVIEW REPORT
TO THE BOARD OF DIRECTORS OF TALAAT MOSTAFA GROUP HOLDING "TMG HOLDING (S.A.E)

We have performed a review for the accompanying consolidated Pro-forma financial statements of TALAAT MOSTAFA GROUP HOLDING "TMG HOLDING (S.A.E) represented in the consolidated Pro-forma balance sheet as of 31 December 2007 and the related consolidated Pro-forma income statement, statement of changes in shareholders' equity and statement of cash flows for the period from 1 January 2007 to 31 December 2007. we have audited the historical financial statements of TMG holding (the company) and associates companies as of 31 December 2007 and issued our reports for the companies dated 28 February 2008 and Pro-forma adjustments related to historical balances of these finical statements. Pro-forma adjustments were prepared according to managements judgments which disclose in disclosure (2b) .These consolidated Pro-forma financial statements are the responsibility of the Company's management. Our responsibility is to issue a report on the adjustments related to historical balances of these consolidated Pro-forma finical statements based on our review.

The purpose of consolidated Pro-forma financial statements is showing the significant effects that make acquisition on the historical financial statements that if the acquisition were done on the associates companies in 1 January 2007.

The Pro-forma that prepared and provided by the management is an applicable basis to prepare consolidated Pro-forma financial statements, the related hypothesis adjustments reflects the impacts of this Pro-forma, adjustments of the historical financial statements as it appeared in the consolidated Pro-forma financial statements of 31 December,2007 and the related consolidated Pro-forma income statement, statement of changes in shareholders' equity and statement of cash flows for the period from 1 January 2007 to 31 December 2007.

As per our review of the consolidated pro-forma financial statements of TALAAT MOSTAFA GROUP HOLDING "TMG HOLDING(S.A.E) as of 31 December 2007, we did not note any material adjustment that should be made to the consolidated financial statements to conform to the Egyptian Accounting Standards.

Cairo:3 March 2008

Emad H. Ragheb	**Magdy Hashish**
FESAA-FEST	**Magdy Hashish & Co**
(RAA. 3678)	**(RAA. 1626)**
(RCMA 42)	**(RCMA 117)**

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

CONSOLIDATED PROFORMA BALANCE SHEET
31 December 2007

	Notes	**2007 LE**
ASSETS		
Long term assets		
Property and equipment – Net	(3-3&4)	2,555,349,521
Projects under constructions	(3-4&5)	284,578,009
Goodwill	(6)	16,579,416,128
Available for sale investments	(3-5&7)	15,707,930
Investments in associates	(3-5&8)	33,707,750
Long term notes receivables	(10)	7,832,032,472
Long term constructions work in progress	(11)	4,754,403,735
Total Long term assets		**32,055,195,545**
Current assets		
Finished units	(12)	12,382,134
Constructions work in progress	(11)	3,979,198,269
Inventory – Net	(3-6&13)	22,203,776
Short term accounts and notes receivables	(10)	1,730,606,871
Prepayments and other debit balances	(3-7&14)	716,382,809
Available for sale investments	(3-5&7)	65,853,609
Trading investments	(3-5&9)	909,614,313
Cash on hand and at banks	(3-8&15)	3,489,987,203
Total current assets		**10,926,228,958**
Current liabilities		
Provisions	(3-10&16)	5,988,201
Banks overdraft	(3-18&15)	51,836,987
Accounts and notes payable	(17)	301,849,083
Current portion of loans and facilities	(3-18&21)	357,115,674
Customers down payment	(18)	2,039,458,162
Other credit balances	(3-9&19)	1,068,771,036
Total current liabilities		**3,825,019,143**
WORKING CAPITAL		**7,101,209,815**
TOTAL INVESTMENTS		**39,156,405,360**
Financed as follows:		
Equity		
Issued and paid up capital	(20)	20,302,035,500
Share premium	(20)	158,119,298
General reserves	(25)	25,747,613
Treasury stocks		(3,009,297)
Profit for the period		1,340,979,009
TOTAL EQUITY		**21,823,872,123**
Minority interest		2,266,490,377
Long term liabilities		
Loans and facilities	(21)	1,706,925,363
Long term liabilities	(22)	13,336,806,163
Notes payable-long term	(22)	18,977,755
Deferred tax liability	(26)	3,333,579
Total long term-liabilities		**15,066,042,860**
Total finance of equity and long term Liabilities		**39,156,405,360**

Auditors		**Financial Directors**	**Chairman**
Emad Hafez Ragheb	**Magdy Hashish**	**Ghaleb A. Fayed**	**Hesham Talaat Mostafa**

- The accompanying notes from (1) to (29) are an integral part of these consolidated proforma financial statements.
- Auditor’s review report attached

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

CONSOLIDATED PROFORMA INCOME STATEMENT
For the period from 1 January 2007 to 31 December 2007

	Notes	2007 LE
Revenue	(3-11&23)	1,875,717,794
Cost of Revenue	(3-20&23)	(1,025,067,064)
GROSS PROFIT		**850,650,730**
Selling and marketing expenses	(3-20)	(139,130,991)
General and administrative expenses	(3-20)	(127,851,575)
Financing expenses		(13,715,825)
Credit interest		78,292,239
Other income		40,620,642
Investment income		627,125
Income from treasury stocks		10,599,063
Capital gain		989,331
Gain on sale of investments		573,453,970
Net fair value of holding company in share holders of associates affiliates		501,536,713
Net change in the market value for the investments		10,584,241
Foreign exchange (Losses)		(3,459,746)
PROFIT BEFORE TAX		**1,783,195,917**
Income tax		(44,431,110)
Deferred tax expense		(1,448,118)
PERIOD PROFIT AFTER TAX		**1,737,316,689**
Minority interest		(396,337,680)
NET PROFIT FOR THE PERIOD		**1,340,979,009**
Earnings per share for the period	(24)	**0,66**

Financial Directors
Ghaleb A. Fayed

Chairman
Hesham Talaat Mostafa

- The accompanying notes from (1) to (29) are an integral part of these consolidated proforma financial statements.

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

CONSOLIDATED PROFORMA STATEMENT OF CHANGES IN EQUITY
For the period from 1 January 2007 to 31 December 2007

	Share Capital	**Share premium**	**General reserves**	**Retained earnings**	**Treasury shares**	**Total**
	LE	***LE***	***LE***	***LE***	***LE***	***LE***
Opening Balance	6,000,000	-	-	-	-	**6,000,000**
Profit for the period	-	-	-	1,340,979,009	-	**1,340,979,009**
General reserves	-	-	25,747,613	-	-	**25,747,613**
Issue of share capital	20,296,035,500	-	-	-	-	**20,296,035,500**
Share Premium	-	158,119,298	-	-	-	**158,119,298**
Treasury shares	-	-	-	-	(3,009,297)	**(3,009,297)**
Balance At 31 December 2007	**20,302,035,500**	**158,119,298**	**25,747,613**	**1,341,337,055**	**(3,009,297)**	**21,823,872,123**

- The accompanying notes from (1) to (29) are an integral part of these consolidated proforma financial statements.

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

CONSOLIDATED PROFORMA CASH FLOW STATEMENT
For the period from 1 January 2007 to 31 December 2007

	Notes	2007 LE
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit for the year		1,340,979,009
Adjustments to reconcile net profit to cash flows from operating activities:		
Depreciation		58,500,067
Change in market value for investments		(10,584,241)
Income tax		45,879,228
Cash from operations before working capital changes:		**1,434,774,063**
(Increase) in finished units inventory		(12,382,134)
(Increase) in constructions work		(8,733,602,004)
(Increase) in inventory		(22,203,776)
(Increase) in short term accounts and notes receivables		(1,730,606,871)
(Increase) in long term accounts and notes receivables		(7,832,032,472)
(Increase) in prepayments and other debit balances		(716,382,809)
(Increase) in available for sale investments		(81,561,539)
(Increase) in investments in associates		(33,707,750)
(Increase) in available for trading investments		(899,030,071)
Increase in provisions		5,988,201
Increase in short term accounts and notes payable		301,849,083
Increase in long term notes payable		18,977,755
Increase in current portion of loans and facilities		357,115,674
Increase in customers down payment		2,039,458,162
Increase in other credit balances		1,022,891,807
Net cash from operating activities		**(14,880,454,681)**
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment and constructions work		(2,898,427,597)
Purchase of investments		(16,579,416,128)
Net cash (used in)investing activities		**(19,477,843,725)**
CASH FLOWS FROM FINANCING ACTIVITIES		
Cash proceeds from issuing shares		20,302,035,500
Cash proceeds from premium shares		158,119,298
Increase in minority shareholders		2,266,490,377
Purchase of treasury shares		(3,009,297)
Reserves		25,747,613
Cash received from loans and facilities		1,706,925,363
Cash received from long term liabilities		13,340,139,742
Net cash from financing activities		**37,796,448,596**
INCREASE IN CASH AND CASH EQUIVALENTS		**3,438,150,190**
Cash and cash equivalents at the beginning of the period		-
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	(15)	**3,438,150,190**

- The accompanying notes from (1) to (29) are an integral part of these consolidated proforma financial statements.

1 Background

Talaat Mostafa Group Holding S.A.E. was established on 13 February 2007 and registered in Egypt under Commercial Registration numbered 187397 by date 3 April 2007 under the provisions of law 95 of 1992 and its executive regulations

The main objective of the Company is participating in the incorporation of shareholding companies or participating in the capital increase of those companies

2 SCOPE OF THE CONSILIDATED PROFORMA FINANCIAL STATEMENTS

A) The consolidated proforma financial statements include the subsidiaries, that Talaat Mostafa group holding owns more than 50% of their issued capital, as follow:

	Shares participation
Arab company for projects and urban development	99.9%
Alexandria for real estate Company	98.6%
San Stefano for real estate Company	98.34%

The company owns indirect 27.32 % of San Stefano for real estate through its subsidiaries (Arab company for projects and urban development, Alexandria for real estate and Alexandria for urban projects

B) Proforma adjustments and the basis of preparing the consolidated proforma financial statements
Proforma adjustments- Business combination
The financial statements include assets, liabilities and the results of the company and it's subsidiaries that mentioned in note (2A) above assuming that the company acquire it.s share in the subsidiaries from January 1, 2007 , taking into consideration that the actual acquisition date was October 28, 2007

3 ACCOUNTING POLICIES

The main accounting policies that used in preparing the consolidated proforma financial statements are;

3-1 Basis of consolidating the financial statements

- The financial statements of the holding company and the subsidiaries have been prepared according to cost method except for some investments that have been evaluated with fair value in accordance to the Egyptian Accounting Standards and the prevailing laws and local regulations and note (2b) above

- Similar assets, liabilities, revenues and expenses items were consolidated in the holding company and its subsidiaries after eliminating the following:

a) The Holding Company's cost of investment in every subsidiary company against decreased it from the equity in the subsidiary company at the acquisition date and record the different between the investment cost and the holding company share in the book value of the subsidiaries equity as goodwill.
On yearly basis at the balance sheet date , goodwill is to be revaluated to decide wither to reduce the value of the goodwill in case of the decrease of the holding company fair value in the subsidiaries equity and record the decrease in the consolidated proforma income statement

b) The Inter-company transactions among the companies of the group especially:

- The current accounts among the companies.
- Notes Receivable /Payable among the companies.

c) The sales, expenditures, revenue and dividends among the companies of the group during the year

d) The unrealized profit at the consolidated balance sheet date among the companies of the group, which might appear in the assets balances in the consolidated proforma balance sheet date as inventory and fixed assets.

e) Any differences between debit and credit balances resulting from the inter-companies transactions, which were recorded in one company and not in the other company's records, were eliminated.

f) The minority interest appears as a separate caption in the consolidated proforma financial statements as a percentage calculated on the basis of the ownership of the holding company in the subsidiaries

3-2 Foreign Currency Translations

Transactions in foreign currencies are recorded at the rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange prevailing at the balance sheet date. All differences are taken to the income statement. Non monetary assets and non monetary liabilities valued at historical cost denominated in foreign currencies are retranslated at the rate of exchange ruling at the date of transaction.

3-3 Property, plant and equipment

a) Property, plant and equipment is stated at cost less accumulated depreciation and any impairment in value. Land is not depreciated.
The cost includes all direct costs related to the acquiring of the asset, regarding the built internally assets , the cost includes the cost of materials, direct labour and all other direct costs that is required until it is ready to be used and also the cost of elimination the asset and fix the construction site

b) Depreciation is calculated on a straight line basis over the estimated useful lives of the assets as follows:

Buildings & constructions	20 years
Motor Vehicles	5 years
Tools & equipments	8 years
Furniture and other assets	8-10 years
Computers	8 years

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount, being the higher of their fair value less costs to sell and their value in use.

3-4 Expenditure incurred to replace a component of an item of property, plant and equipment that is accounted for separately is capitalised and the carrying amount of the component that is replaced is written off. 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 income statement as the expense is incurred.

3-5 Reclassify the real estate investments

Real estates that built for future use is recorded as real estate investments under fixed assets class till it is finished, and then re-measure its fair value, recognising any profit or loss in the income statement.

The real estate that transferred from real estate occupied by the company to real estate investments to be re-measured with the fair value and reclassified as real estate investments.
The profit results from the re-measurement to be recognised in the equity and any loss to be recognised in the income statement

3-6 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.

3-7 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 income statement reflect its share in the result of associates companies.

These investment include company’s share in the profit of subsidiaries according to their financial statements which ratified by their auditors and these investments are diluted by company share form the dividends declared according to investee's General Assembly Meeting decisions.

The losses or revenues results from the transactions between the company and its affiliates are eliminated in the range of the company’s share in the affiliated 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 non current 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 income statement for the period, except for impairments loss , and for non listed investments is to be recorded at cost less impairment loss

Financial investments held for trading

Financial investments are classified as held for trading if they are acquired for the purpose of selling in the near term. They are measured at fair value, any gains or losses on investments held for trading are recognized in profit and loss.

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 amortized cost. Investment in bonds is classified as non current assets except for the bonds that due in the next financial period which will be classified as current assets

3-8 Inventories

Inventories are stated at the lower of cost or net realizable value. Cost is determined as follows:
Raw materials, spare parts, supplies and packaging materials: at cost using the weighted average method.
Work in Progress and Finished goods Inventory – supplies direct cost and wages addition to indirect expenses according to Normal activate level.
Net excepted value to be determined based on the estimated sales price less additional expected cost it is built or sold

3-9 Accounts receivable

Accounts receivable are stated at original invoice amount less a provision for any uncollectible amounts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off when there is no possibility of recovery.

3-10 Accounts payable 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.

3-11 Cash and Cash Equivalents

Cash and cash equivalents consist of cash in hand, bank balances, and short-term deposits with an original maturity of three months or less, net of outstanding bank overdrafts if any.

3-12 Provisions

Provisions are recognised when the Company has an obligation (legal or constructive) arising from a past event, and the costs to settle the obligation are both probable and able to be reliably measured. Provisions are evaluated in each balance sheet date and adjusted to provide the most reasonable estimate.

3-13 Revenue recognition

Revenue from sales is recognised when the significant risks and rewards of ownership have passed to the buyer and the amount of revenue can be measured reliably.

The revenue from services provided recorded when estimated the result transaction from completion transaction percentage in Balance Sheet date.

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

3-14 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

3-15 Impairment and uncollectability of financial assets

The Company regularly assesses whether there is an indication that an asset could be impaired. If any such indication exists, the recoverable amount of the asset is compared with its carrying amount, and when the carrying amount of the asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

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.

3-16 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

3-17 Income tax

Taxation is provided in accordance with Egyptian fiscal regulations.

Deferred income tax is provided, using the liability method, on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on laws that have been enacted at the balance sheet date. Deferred income tax assets are recognised for all deductible temporary differences and carry-forward of unused tax assets and unused tax losses to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax assets and unused tax losses can be utilised.

3-18 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 over draft – if any

3-19 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.

3-20 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

3-21 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.

3-22 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.

4 PROPERTY AND EQUIPMENT -NET

	Buildings & Constructions LE	*Motor Vehicles LE*	*Tools & Equipments LE*	*Furniture & Fixtures LE*	*Marine Equipment LE*	*Computers LE*	*Total LE*
Cost							
At 1 January 2007	1,220,698,732	34,502,987	13,359,977	318,249,704	4,799,199	5,150,612	1,596,761,211
Additions	1,058,197,671	8,190,433	3,689,051	85,112,057	201,340	3,170,694	1,158,561,246
Disposals	(66,090)	(1,301,460)	-	(379,660)	-	-	(1,747,210)
At 31 December 2007	**2,278,830,313**	**41,391,960**	**17,049,028**	**402,982,101**	**5,000,539**	**8,321,306**	**2,753,575,247**
Accumulated depreciation							
At 1 January 2007	(50,428,842)	(15,251,299)	(2,905,045)	(69,944,647)	(537,911)	(1,788,266)	(140,856,010)
Depreciation charge	(21,618,379)	(6,796,085)	(1,360,050)	(27,302,904)	(606,769)	(815,880)	(58,500,067)
Disposals	13,548	1,054,924	-	61,879	-	-	1,130,351
At 31 December 2007	**(72,033,673)**	**(20,992,460)**	**(4,265,095)**	**(97,185,672)**	**(1,144,680)**	**(2,604,146)**	**(198,225,726)**
Net carrying amount							
At 31 December 2007	**2,206,796,640**	**20,399,500**	**12,783,933**	**305,796,429**	**3,855,859**	**5,717,160**	**2,555,349,521**

5 PROJECTS UNDER CONSTRUCTIONS

	31/12/2007 LE
Tahran building	15,315,724
Computers and software	3,883,703
Villa (Al rehab)	3,130,245
Fixtures	2,373,015
Al Nile hotel	259,875,322
	284,578,009

6- Goodwall

	31/12/2007 LE
Arab Company for Projects and Urban Development	**12,838,863,316**
Alexandria for Real Estate investment	**3,213,291,698**
San Stefano for Real Estate Investment	**479,535,364**
Alexandria for Urban Projects	**47,725,750**
	16,579,418,128

7- AVAILABLE FOR SALE INVESTMENTS

	31/12/2007 LE
Current Investments	
Free Zone Industry Area East Port Saied	16,287
Egyptian International Medical Insurance	250,000
Egyptian Company for Marketing and Distribution	500,000
Suez Cement	581,700
Arab African Bank Bonds	623,222
Alexandria for Mineral Oil	659,439
Al Delta for Sugar	1,621,971
Housing and Development Bank	1,903,043
Sinaa Cement	2,451,865
Canal Maritime agency	2,610,000
Mobinil	2,868,180
Misr El Gedida for Housing and Development	2,969,928
CIB	3,074,295
Faisal Islamic Bank	3,282,904
Orascom Telecom	3,334,640
Elnaeem for Holding Investments	4,489,189
Orascom for Constructions	5,578,950
Financial Group Hermes	6,860,880
6 of October Company for Development and Investments	10,927,116
El Tayseer for Real Estate Finance Company	11,250,000
Non-Current Investments	
Housing Development Bank Securities	57,930
El Tameer for Real Estate Finance Company	6,650,000
Other Investments	9,000,000
Total	**81,561,539**
Current Investments	**(65,853,609)**
Long Term Investments	**15,707,930**

8- INVESTMENTS IN ASSOCIATES

	Shares participation	31/12/2007
		LE
Arab Egyptian for entertainment projects	50%	125,000
Alexandria for projects management	32.5%	1,027,000
Nile Besfour Company	31.77%	10,028,072
Alexandria for tourism projects	24.25%	477,678
Areez arab limited company	50%	22,050,000
		33,707,750

9- TRADING INVESTMENTS

	31/12/2007
	LE
Investments fund	13,000,048
Huros investments fund	16,950,000
Themar investments fund	674,553,037
Export development bank investment fund	49,999,932
Dune grosses overseas	80,094,663
Antalis business corp	75,000,000
Egyptians cables investments company	16,633
	909,614,313

10- ACCOUNTS AND NOTES RECEIVABLES

	Short term	Long term	Total 31/12/2007 LE
Notes receivable	1,528,943,355	7,832,032,472	9,360,975,827
Accounts receivable	201,663,516	-	201,663,516
	1,730,606,871	**7,832,032,472**	**9,562,639,343**

NOTES TO THE CONSOLIDATED PROFORMA FINANCIAL STATEMENTS
31 December 2007

11 CONSTRUCTIONS WORK IN PROGRESS

Project	LAND LE	Consultations and designs LE	Construction work LE	Contribution of Alexandria governorate LE	Technical management and supervision costs LE	Financing costs LE	Licenses and other governments fees LE	Indirect costs LE	Current portion LE	Non current portion LE	TOTAL LE
Arab for projects and urban development	2,164,282,270	171,500,090	1,211,189,577	-	30,527,533	-	75,719,378	1,129,698,835	79,482,687	4,703,434,996	**4,782,917,683**
San Stefano For Real Estate investment	139,430,939	88,506,440	916,277,154	5,506,726	-	261,565,870	2,785,862	185,211,848	1,599,284,840	-	**1,599,284,839**
Alexandria For Real Estate investment	584,197,060	124,051,241	1,286,627,403	-	-	186,835,493	-	169,688,285	2,300,430,742	50,968,739	**2,351,399,482**
	2,887,910,269	**384,057,771**	**3,414,094,134**	**5,506,726**	**30,527,533**	**448,401,363**	**78,505,240**	**1,484,598,968**	**3,979,198,269**	**4,754,403,735**	**8,733,602,004**

12- FINISHED UNITS:

Balance for this item is LE 12,382,134 represent in the finished units which return to the clients and available for sale.

13- INVENTORY – NET

	31/12/2007
	LE
Equipment	37,462,140
Furniture	8,053,890
(Loss) Utilize the hotel Inventory	(23,312,254)
	22,203,776

14- PREPAYMENT AND OTHER DEBIT BALANCES

	31/12/2007
	LE
Contractors and accounts payable- down payment and tashwenat	237,347,701
Received from abroad	10,609,524
Transfers – cheques	23,690,941
Accrued revenue	18,878,797
Current accounts - Hotels	83,727,591
Related parties (Note 27)	54,658,456
Receivables –sale of investments	255,911,977
Other debit balances	31,557,822
	716,382,809

15- CASH AND CASH EQUIVALENTS

	Local currency	**Foreign currency**	**TOTAL 31/12/2007 LE**
Time deposits	810,862,599	200,632,862	1,011,495,461
Banks current accounts	50,521,660	151,467	50,673,153
Cash on hand	10,058,382	-	10,058,382
Treasury bills	2,410,334,761	-	2,410,334,761
Cheques under collection	7,425,446	-	7,425,446
	3,289,202,848	**200,784,329**	**3,489,987,177**

For cash flow preparation, cash and cash equivalents consist of

	31/12/2007
	LE
Cash on hand and at banks	3,489,987,177
Banks over draft	(51,836,987)
	3,438,150,190

CURRENT LIABILITIES

16- PROVISIONS

	31/12/2007
	LE
Beginning Balance	**5,988,201**
Used during the year	**-**
Ended Balance	**5,988,201**

17- ACCOUNTS AND NOTS PAYABLES

	31/12/2007
	LE
Accounts payable and contractors	210,956,744
Related parties (Note 27)	17,528,531
Notes payable	73,363,808
	301,849,083

18- CUSTOMERS DOWN PAYMENT

	31/12/2007
	LE
Customers down payment (Al Rehab Project)	346,641,269
Customers down payment (Nile Plaza Project)	118,905,307
Customers down payment (Sharm El Sheikh Project)	4,719,942
Customers down payment (San Stefano Project)	1,229,678,655
Customers down payment (Al Rabowa Project)	339,512,989
	2,039,458,162

19- OTHER CREDIT BALANCES

	31/12/2007
	LE
Dividend Payable	5,032,556
Retentions Payable	157,394,623
Accrued Salaries and Expenses	3,348,400
New Urban Authority	4,726,851
Subscription of the club	175,493,905
Accrued Consultant Fees	16,343,983
Club contribution for annual subscription renewal	16,678,071
Other Creditors	488,851,138
Treasury Stocks - Due to employees	37,600,000
Hotels Current Account – Renewal and Replacement	12,646,487
Units Insurance	150,655,022
	1,068,771,036

20- Share 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.

According to the Extraordinary General Assembly Meeting dated 6, October 2007, the company’s authorized capital was amended to be LE 30,000,000,000 and the issued and paid capital was amended to be LE 18,152, 035,500 divided over 1815203550 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 up capital was increased to be LE 20,302,035,500 divided over 2,030,203,550 shares.

The increase was paid and amounted to LE 2,150,000,000 and the premium share amounted to LE 1.6 per share by total amount LE 344,000,000

- **Share premium**

Premium share amounted to LE 1.6 per share by total amount LE 344,000,000 and an amount of LE 185,880,702 was used to cover the IPO expenses. Accordingly the net balance of the share premium is LE 158,119,298

21- LOANS AND FACILITIES

The balance as of the financial statement date Amounted to LE 2,064,041,037 comprised as follow :

	Short term	**Long term**	**TOTAL 31/12/2007 LE**
Facilities *	98,625,259	35,600,000	134,225,259
Loans *	258,490,415	1,671,325,363	1,929,815,778
	357,115,674	**1,706,925,363**	**2,064,041,037**

* Facilities and loan’s maturity instalments within a year from issuing financial statements were recorded as a part of current liabilities noting that it is secured by commercial and securities.

22- LONG TERM LIABILITIES

	31/12/2007 LE
Long term notes payable	18,977,755
	18,977,755
Customer down payment (Madinaty Project)	8,264,992,594
Customer down payment (Al Rehab Project)	1,700,877,729
Customer down payment (Al Rehab Extension Project)	1,238,086,236
Urban authority	2,132,849,604
	13,336,806,163
	13,355,783,918

23- SALES AND COST OF SALES

	31/12/2007
	LE
- Revenue from sold units	1,598,606,173
- Net revenue from hotel operation	228,624,500
- Services revenues	48,487,121
	1,875,717,794
- Operation Cost	
- Cost of Sold Units	**997,858,624**
- Cost of Sold Services	**27,208,440**
	1,025,067,064

24- EARNINGS PER SHARE

Earnings per share are LE .66 according to the following:

	31/12/2007
	LE
Net profit for the period	**1,340,979,009**
Weighted average number of shares	**2,030,203,550**
Earnings per share	**,66**

25- RESREVES

GENERAL RESERVE:

According to the Extra ordinary General Assembly Meeting dated 6, October 2007, the different results from shares swap of the company with the subsidiaries amounted LE 25,747,613 was transferred to general reserve

26- DEFERRED TAX LIABILITY

Deferred tax liability as of 31 December 2007 amounted to LE 1,448,118 represents the depreciation for fixed assets and related to difference between tax depreciation and accounting depreciation as follows

	31/12/2007
	LE
Fixed assets	**3,333,579**
	3,333,579

27- RELATED PARTY TRANSACTIONS:

To accomplish the company's objectives, the company deals with some related companies with the same terms of the related parties. It delegates some assignments in El Rehab City's project to them. 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 after the approval of the General Assembly of the Company.

Alexandria Company for construction is the primary contractor for the companies' projects under the contracts signed by the companies.
Al Basatin Company for Gardening and Landscaping performs the job of gardening and landscape for the Rehab project under the contract signed with the company.

	Prepayments (debit)	Credit balances	Transaction type
Alexandria for Constructions Company	53,649,352	16,764,035	Contractor
Al-Basatin Company for Gardening and Landscaping	1,009,104	764,496	Contractor
	54,658,456	**17,528,531**	

28-TAX SITUATION

The company is subject to Tax Law 91 for 2005, because the Company started it's activity in April 2007, the tax returns not yet submitted.

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29-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

A. 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 in flows, 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