

**ALLIED FOR ACCOUNTING & AUDITING
(E&Y)**

**ARAB CHARTERED ACCOUNTANTS
(RSM INTERNATIONAL)**

**TALAAAT MOSTAFA GROUP HOLDING COMPANY
"TMG HOLDING"
(S.A.E)
SEPARATE FINANCIAL STATEMENTS
FOR THE PERIOD FROM 1 JANUARY 2014 TO 31 MARCH 2014
TOGETHER WITH REVIEW REPORT**

originally issued in Arabic

Translation of Review Report

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

Introduction

We have reviewed the accompanying interim separate balance sheet of Talaat Mostafa Group Holding Company "TMG Holding" (S.A.E) as at 31 March 2014 and the related separate statements of income, changes in equity and cash flows for the three months ended in that date, and summary of the main accounting policies and other explanatory notes. Management is responsible for the preparation and presentation of these interim financial statements in accordance with the Egyptian accounting standards, our responsibility is to express a conclusion on these interim separate financial statements based on our review.

Scope of review

We conducted our review in accordance with the Egyptian Standard on review engagement no. (2410) "Review of interim financial information performed by the independent Auditor of the entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Egyptian standards on auditing. Consequently, it does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Consequently; we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that accompanying interim separate financial statements are not prepared, in all material respects for the separate financial position of the company at 31 March 2014, and its financial performance and cash flows for the three months ended in that date in accordance with Egyptian accounting standards.

As indicated in note (4) the company has investments in subsidiaries and prepares consolidated financial statements as of 31 March 2014 for better understanding of the company's financial position as of 31 March 2014 and its financial performance and its cash flows for the period then ended, the matter necessitates reference to the consolidated financial statements.

Cairo: 14 May 2014



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



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

SEPARATE BALANCE SHEET

As of 31 March 2014

	Notes	31/3/2014 LE	31/12/2013 LE
Non-current assets			
Property and equipment	(3)	10,977,155	11,058,871
Investments in subsidiaries	(4)	19,034,281,712	19,034,281,712
Amounts paid under capital increase in affiliated	(5)	145,583,000	145,583,000
Investments in associates	(7)	1,470,000	1,470,000
Available for sale investments	(8)	55,840,000	55,680,000
Deferred Tax Asset	(23)	58,572	73,296
Total non-current assets		19,248,210,439	19,248,146,879
Current assets			
Investments in financial assets held to maturity	(6)	309,822,730	309,822,730
Non-current assets held for sale	(9)	93,830,684	93,830,684
Financial assets at fair value through profit and loss	(10)	59,820,027	56,804,790
Notes Receivable	(24)	1,417,682,015	1,417,676,915
Prepaid expenses and other debit balances	(11)	469,429,504	460,010,644
Cash on hand and banks	(12)	7,001,768	9,594,334
Total current assets		2,357,586,728	2,347,740,097
Current liabilities			
Notes payable		1,389,587	408,127
Tax authority	(23)	6,894,117	1,069,926
Dividends Creditors	(13)	304,075,000	
Accrued expenses and other credit balances	(14)	4,285,676	5,570,434
Total current liabilities		316,644,380	7,048,487
WORKING CAPITAL		2,040,942,348	2,340,691,610
TOTAL INVESTMENTS		21,289,152,787	21,588,838,489
Financed as follows			
EQUITY			
Issued and paid up capital	(15)	20,635,622,860	20,635,622,860
Legal reserve	(16)	219,401,938	218,227,661
General reserve	(17)	61,735,404	61,735,404
Net unrealized gains on available for sale investments	(18)	11,320,000	11,160,000
Retained earning		356,843,287	638,607,015
Net profit for the period / year		4,229,298	23,485,549
TOTAL EQUITY		21,289,152,787	21,588,838,489
Total Equity and non-current Liabilities		21,289,152,787	21,588,838,489

Chairman

Tarek Talaat Mostafa

Financial Director

Ghaleb Ahmed Eayed

Auditors

Emad H. Ragheb

Magdy Hashish

- The attached notes (1) to (28) are an integral part of these financial statements.
- Review report attached.

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

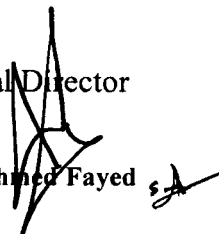
SEPARATE INCOME STATEMENT

For the period 1 January 2014 to 31 March 2014

	Notes	From 1/1/2014 to 31/3/2014	From 1/1/2013 to 31/3/2013
		LE	LE
Credit Interest	(22)	149,516	93,234
Treasury Bills Interest	(22)	8,388,490	136,422
Interest from financial assets held to maturity	(22)	-	6,583,264
(Discount) Financial Assets Held to Maturity amortization	(6)	-	342,283
Revenue (Loss) of reevaluate financial assets at fair value through profit and loss	(10)	3,199,550	(980,034)
revenue from selling financial assets at fair value through profit and loss	(21)	191,662	116,309
Dividends revenue of financial assets at fair value through profit and loss		273,936	-
(Loss) foreign exchange		(8,952)	(89,246)
Total revenue		12,194,202	6,202,232
Administrative expenses		(1,956,148)	(1,703,326)
Depreciation	(3)	(81,716)	(82,382)
Finance costs		(4,015)	(10,866)
Board of directors allowances		(84,000)	(66,000)
NET PROFIT FOR THE PERIOD BEFORE TAX		10,068,323	4,339,658
Income tax	(23)	(5,824,301)	(205,479)
Deferred tax Revenue	(23)	(14,724)	12,535
NET PROFIT FOR THE PERIOD AFTER TAX		4,229,298	4,146,714
EARNING PER SHARE	(19)	0.0018	0.0018

Chairman

Tarek Talaat Mostafa

Financial Director

Ghaleb Ahmed Fayed

- The attached notes (1) to (28) are an integral part of these financial statements,

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

SEPARATE STATEMENT OF CHANGES IN EQUITY

For the period 1 January 2014 to 31 March 2014

	Capital share	Legal reserve	General reserve	Net unrealized Gain on available for sale investments	Retained earning	Profit for the period	Total
	LE	LE	LE	LE	LE	LE	LE
Balance at 1 January 2014	20,635,622,860	218,227,661	61,735,404	11,160,000	638,607,015	23,485,549	21,588,838,489
Transfer to retained earning	-	-	-	-	22,311,272	(22,311,272)	-
Transfer to Legal Reserve	-	1,174,277	-	-	-	(1,174,277)	-
Dividends	-	-	-	-	(304,075,000)	-	(304,075,000)
Net unrealized gain on available for sale investments	-	-	-	160,000	-	-	160,000
Profit for the period	-	-	-	-	-	4,229,298	4,229,298
Balance As of 31 March 2014	20,635,622,860	219,401,938	61,735,404	11,320,000	356,843,287	4,229,298	21,289,152,787
Balance at 1 January 2013	20,635,622,860	216,758,638	61,735,404	6,600,000	610,695,578	29,380,460	21,560,792,940
Transfer to retained earning	-	-	-	-	27,911,437	(27,911,437)	-
Transfer to Legal Reserve	-	1,469,023	-	-	-	(1,469,023)	-
Net unrealized gain on available for sale investments	-	-	-	3,440,000	-	-	3,440,000
Profit for the period	-	-	-	-	-	4,146,714	4,146,714
Balance As of 31 March 2013	20,635,622,860	218,227,661	61,735,404	10,040,000	638,607,015	4,146,714	21,568,379,654

- The attached notes (1) to (28) are an integral part of these financial statements,

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

CASH FLOW SEPARATE STATEMENT

For the period 1 January 2014 to 31 March 2014

	Notes	31/3/2014 LE	31/3/2013 LE
CASH FLOW FROM OPERATING ACTIVITIES			
Net Profit for the period before tax		10,068,323	4,339,658
Interest revenue from T-Bill , Bonds, Time Deposits	(22)	(8,538,006)	(6,812,920)
Dividends revenue		(273,936)	-
(Loss) Revenue of reevaluate financial assets at fair value through profit and loss	(10)	(3,199,550)	980,034
(Revenue) from selling financial assets at fair value through profit and loss		(191,662)	(116,309)
Depreciation	(3)	81,716	82,382
(Discount) Financial Assets Held to Maturity amortization		-	(342,283)
Loss foreign exchange		8,952	89,246
Operating(loss) before changing in working capital		(2,044,163)	(1,780,192)
Change in prepayments and other debit balances	(11)	(1,042,234)	(845,921)
Change in creditors and notes payable		981,460	9,101
Change in notes Receivable		(5,100)	-
Change in accrued income tax	(23)	(110)	(163,860)
Change in accrued expenses and other credit balances	(14)	(1,284,758)	(1,328,673)
Change in financial assets at fair value through profit and loss	(10)	375,975	4,020,135
Net cash flow (used in) operating activities		(3,018,930)	(89,410)
CASH FLOW FROM INVESTING ACTIVITIES			
Proceeds from selling financial assets held to maturity		-	3,466,551
Proceeds from T-Bill , Bonds, Time Deposits revenues	(22)	161,380	765,424
Proceeds from dividends in financial assets at fair value through profit and loss	(21)	273,936	116,309
Net cash flow received from investing activities		435,316	4,348,284
Foreign exchange impact		(8,952)	(89,246)
NET MOVEMENT IN CASH AND CASH EQUIVALENTS DURING THE PERIOD		(2,592,566)	4,169,628
Cash and cash equivalents at the beginning of the period		9,594,334	2,021,381
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	(12)	7,001,768	6,191,009

*A Non-cash transaction has been excluded ,which represents in excluding the change of dividends creditors item in opposite of dividends revenue amounted to LE 304,075,000

- The attached notes (1) to (28) are an integral part of these financial statements.

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

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

31 March 2014

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 31 March 2014 were approved on 13 May 2014 according to the board of directors' resolution issued on the same date.

2 SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

The financial statements have been prepared under the going concern assumption on a historical cost basis, except for investment property and available for sale financial assets that have been measured at fair value.

Statement of compliance

The financial statements of the company have been prepared in accordance with the Egyptian accounting standards and the applicable laws and regulations.

Foreign currency transaction translation

The financial statements are prepared and presented in Egyptian pound, which is the company's functional currency,

Transactions in foreign currencies are initially recorded using the exchange rate prevailing on the date of the transaction

Monetary assets and liabilities denominated in foreign currencies are retranslated using the exchange rate prevailing at the balance sheet date; all differences are recognized in the statement of income,

Nonmonetary items that are measured at historical cost in foreign currency are translated using the exchange rates prevailing at the dates of the initial recognition.

Nonmonetary items measured at fair value in a foreign currency are translated using the exchange rates prevailing at the date when the fair value is determined.

Property, plant and equipment

Property, plant and equipment are stated at historical cost net of accumulated depreciation and accumulated impairment losses, Such cost includes the cost of replacing part of the plant and equipment when that cost is incurred, if the recognition criteria are met, Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied, All other repair and maintenance costs are recognized in statement of income as incurred.

Depreciation of an asset begins when it is in the location and condition necessary for it to be capable of operating in the manner intended by management , and is computed using the straight-line method according to the estimated useful life of the asset as follows:

	Years
Motor Vehicles	5
Computers & software	3-8
Furniture	5-10
Tools	3-5

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

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

31 March 2014

Significant Accounting Policies (continued)

Fixed assets are derecognized upon disposal or when no future economic benefits are expected from its use or disposal, any gain or loss arising on derecognizing of the asset is included in the statement of income when the asset is derecognized.

The assets residual values, useful lives and methods of depreciation are reviewed at each financial year end.

The post acquisition costs to be capitalized only to increase the future economic benefit related to the fixed assets and to be accounted for as a new assets, the book value of the replaced or renewed assets to be derecognized and all other expenditures to be recorded as expenses in the income statement.

The Company assesses at each balance sheet date whether there is an indication that fixed assets may be impaired, Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount, Impairment losses are recognized in the statement of income.

A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized, The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years, Such reversal is recognized in the statement of income.

Investments

Investment in subsidiaries

Investments in subsidiaries are investments in entities which the company has control, Control is presumed to exist when the parent owns, directly or indirectly through subsidiaries more than half of the voting power of the investee, unless, in exceptional circumstances, it can be clearly demonstrated that this is not the case.

Investments in subsidiaries are accounted for at cost inclusive transaction cost and in case the investment is impaired, the carrying amount is adjusted by the value of this impairment and is charged to the statement of income for each investment separately, 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.

Investments in associates

Investments in associates are investments in entities which the company has significant influence and that is neither a subsidiary nor an interest in a joint venture, except for the investment that reclassified as non-current asset held for sales according to Egyptian accounting standard No.(32), Significant influence is presumed to exist when the company holds, directly or indirectly through subsidiaries 20 % or more of the voting power of the investee, unless it can be clearly demonstrated that this is not the case.

Investments in associates are recorded in cost according paragraph G from article 13 from Egyptian accounting standard (18) when public use consolidated financial statements are prepared, in case the investment is impaired, the carrying amount to be adjusted by the value of this impairment and is charged to the statement of income for each investment separately.

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.

Available-for-sale investments

Available for sale investments are those non-derivative financial assets that are designated as available for sale or are not classified as loans and receivables, held to maturity investments or investments at fair value through profit or loss.

Available for sale investments are initially recognized at fair value inclusive direct attributable expenses.

After initial measurement, available for sale investments are measured at fair value with unrealized gains or losses recognized directly in equity until the investment is derecognized, at which time the cumulative gain or loss recorded in equity is to be recognized in 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.

If the fair value of an equity instrument cannot be reliably measured, the investment is carried at cost.

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

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

31 March 2014

Significant Accounting Policies (continued)

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.

Treasury Bills

Treasury bills are initially recognized at cost and the difference between acquiring cost and the realizable value during the period from acquiring date to maturity date stated by strait line method using the actual interest rate.

Debtors and Notes Receivable

Accounts receivable and other receivables are stated at original invoice amount net of any impairment losses (if it exists).

Impairment losses are measured as the difference between the receivables carrying amount and the present value of estimated future cash flows, the impairment loss is recognized in the statement of income in the period in which it occurs.

Impairment loss is recovered in the period in which it occurs to only the book value that was impaired before unless the impairment loss is recognized.

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

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

31 March 2014

Significant Accounting Policies (continued)

Cash and cash equivalents

For the purpose of preparing the cash flow statement, the cash and cash equivalent comprise cash on hand, current accounts with banks, and time deposits maturing and treasury bills within three months less bank overdraft balances (if-exist).

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 between short and long term assets and liabilities

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

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 financial position date and adjusted to reflect the current best estimate.

Revenue recognition

Revenue from the share of results in the subsidiaries to be recognised to the extent of the company's share of dividend of the investees after the acquisition date and from the date of declaring dividend by the general assembly of those companies.

The interest income of the financial instruments is recorded by the effective rate methods except for the financial instruments classified as trade investments or at fair value through profit and loss.

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.

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.

Impairment of Assets

a- Impairment of financial assets

The Company regularly assesses whether there is an indication that an asset could be impaired. The impairment loss of a financial asset 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, Impairment test is applied to the significant financial assets to the level of each asset.

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

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

31 March 2014

Significant Accounting Policies (continued)

Impairment loss is recognized in the income statement, The remaining financial assets are estimated according to the groups level that have the same credit risk characterises, Any subsequent reversal of an impairment loss is recognized in profit and loss, to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date.

If the available for sale asset is impaired, an amount comprising the difference between its cost and its fair value, less any impairment loss previously recognised in the income statement, is transferred from equity to income statement, Reversal in respect of equity instruments classified as available for sale are recognised directly in the equity.

b- 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 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.

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.

Treasury stocks

Treasury stocks (company stocks) are recorded with the acquisition cost and deducted from the owners' equity in the balance sheet; any gain or loss proceeds of buying or selling these treasury shares are being recorded in the owner's equity.

Employees' directors' compensation and motivation

Employees and managers compensation and motivation system is according to the company's articles of association and applied with proposal of the board of directors by one of the following methods:

- Giving the employees free shares
- Giving the employees shares with special price
- Giving promise of sale of the shares after specific period and according to certain conditions that stated in the company promise of sale

Income tax

Income tax is calculated in accordance with the Egyptian tax law.

Current income tax

The income tax assets and liabilities for the current and previous periods are evaluated according to the expected amount to be recovered from or paid to tax authority.

Deferred income tax

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.

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

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

31 March 2014

Significant Accounting Policies (continued)

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.

Current and deferred income tax are recorded as revenue or expense in the income statement except for the results from transaction or event in the same period or other period to be recorded in the equity.

Cash flow statement

The statement of cash flows is prepared using the indirect method, for the purpose of preparing the cash flow statement, the cash and cash equivalent comprise cash on hand, current accounts with banks, and time deposits maturing and treasury bills within three months less bank overdraft balances (if-exist).

Related party transactions

Related parties represent associated companies, major shareholders, directors and key management personnel of the Company, and entities controlled, jointly controlled or significantly influenced by such parties, pricing policies and terms of these transactions are approved by the boards of directors.

Employee's pension plan

The company corporate in the social insurance system for its employee under provisions of social insurance law 79 of year 1975 and this corporation incurs to the income statement according to the principal of merit.

Borrowing

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

Borrowing costs

Borrowing costs are recorded in the statement of income as financing expenses except the borrowing costs directly related to the acquisition, construction or production of a qualifying assets which is included as part of the cost of the asset, the borrowing cost amount that will be capitalized is determined based on the actual borrowing cost, Suspend capitalisation of borrowing costs during extended periods in which it suspends active development of a qualifying asset.

Cease capitalizing of the borrowing costs when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete.

Expenses

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

Dividends

Dividends are recognized as an obligation for the period when the general assembly issues the decision.

Earnings per share

Basic earnings per share amounts are calculated by dividing net profit for the period attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the period (if it exist).

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.

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

NOTES TO THE SEPARATE FINANCIAL STATEMENTS 31 March 2014

3 PROPERTY AND EQUIPMENT

	Land LE	Motor Vehicles LE	Computers & Software LE	furniture LE	Tools LE	Total LE
Cost						
At 1 January 2014	10,043,066	1,060,250	508,325	1,125,025	8,938	12,745,604
Additions	-	-	-	-	-	-
As of 31 March 2014	<u>10,043,066</u>	<u>1,060,250</u>	<u>508,325</u>	<u>1,125,025</u>	<u>8,938</u>	<u>12,745,604</u>
Accumulated depreciation						
At 1 January 2014	-	(609,288)	(507,141)	(563,116)	(7,188)	(1,686,733)
Depreciation charge	-	(53,012)	(250)	(28,096)	(358)	(81,716)
As of 31 March 2014	-	<u>(662,300)</u>	<u>(507,391)</u>	<u>(591,212)</u>	<u>(546)</u>	<u>(1,768,449)</u>
Net Book Value As of 31 March 2014	<u>10,043,066</u>	<u>397,950</u>	<u>934</u>	<u>533,813</u>	<u>392</u>	<u>10,977,155</u>
31 December 2013	<u>10,043,066</u>	<u>450,962</u>	<u>1,184</u>	<u>561,909</u>	<u>750</u>	<u>11,058,871</u>

- There is no mortgage on the fixed assets

4 INVESTMENT IN SUBSIDIARIES

The company on October 2007 acquired 99.9% of capital share Arab company for projects and urban development, 96.9% of capital share of Alexandria for real estate investment and 71.05% of capital share of san Stefano for real estate investment and 40% of Alexandria for urban projects through share swap with the capital increase of Talaat Mostafa group holding TMG Holding. The company has been shared in capital increase in both of Alexandria Company for real estate investment in amount LE 543,768,900 and San Stefano for real estate Company in amount LE 243, 000,000 and Alexandria for urban projects Company in amount LE 145,583,000. The following are the subsidiaries:

No	Company	Capital share LE	No, of shares	No. of acquired shares	Ownership percentage
1	Arab company for projects and urban development (S.A.E)	738,009,600	7380096	7380016	99.9%
2	Alexandria company for real estate investment (S.A.E)*	925,451,950	18509039	18125500	96.93%
3	San Stefano company for real estate investment (S.A.E)**	878,000,000	878000	7337565	72.18%
4	Alexandria for urban projects Company (S.A.E)***	133,500,000	1335000	533770	40%

*Arab company for projects and urban development acquires 1.64% of Alexandria Company for real estate investment.

** 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 (S.A.E), Alexandria Company for real estate investment (S.A.E), Alexandria for urban projects Company (S.A.E).

*** Alexandria company for real estate investment (S.A.E) acquires 60% of Alexandria for urban projects Company.

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

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

31 March 2014

The total cost of the investments in the subsidiaries is amounted LE 19,034,281,712 as follows:

	31/3/2014	31/12/2013
	LE	LE
Arab company for projects and urban development (S,A,E)	14,423,155,064	14,423,155,064
Alexandria company for real estate investment (S,A,E)	3,447,454,940	3,447,454,940
San Stefano company for real estate investment (S,A,E)	1,029,936,482	1,029,936,482
Alexandria company for urban projects (S,A,E)	133,735,226	133,735,226
	<u>19,034,281,712</u>	<u>19,034,281,712</u>

5 AMOUNTS PAID UNDER CAPITAL INCREASE IN AFFILIATED

The balance includes the amount paid under investments increase in subsidiaries as follows:

	31/3/2014	31/12/2013
	LE	LE
Alexandria company for urban projects	145,583,000	145,583,000
	<u>145,583,000</u>	<u>145,583,000</u>

The Board of directors reapproved the contribution in the capital increase till the final approval received from the Egyptian Financial supervisory Authority

6 INVESTMENT IN FINNACIAL ASSETS HELD TO MATURITY

This item amount LE 309,822,730 as of 31 March 2014 represents Treasury Bills 13580 T-Bills with nominal value LE 25000 per T-Bill and maturity date in 2014.

7 INVESTMENT IN ASSOCIATIONS

	Percentage	No, of shares	31/3/2014	31/12/2013
			LE	LE
Hill /TMG for constructions and projects management (under liquidation)	49%	147000	1,470,000	1,470,000
			<u>1,470,000</u>	<u>1,470,000</u>

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

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

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

31 March 2014

8 AVAILABLE FOR SALE INVESTMENTS

Available for sale investments is amounted to 8,000,000 \$ that equivalent to LE 55,280,000 as of 31 March 2014 includes Investments in Horus Fund the third which managed by EFG-HERMAS, the Fund period is 4 years and is accounted for by the cost method and the balance in foreign currency to be evaluated and record the valuation results in the shareholders equity.

9 NON- CURRENT ASSETS HELD FOR SALE

Non-current assets held for sale are amounted to LE 93,830,684 in 31 March 2014 represent the company share in issued and paid capital of thabat for real estate development company with 25000000 shares represent 50% of the issued capital and areez Arabian limited company with 405000 shares represent 1% of the issued capital, Due to the intention of the company to sell its share in capital of those companies, these investments have been reclassified as a non-current assets held for sale in accordance to Egyptian accounting standard No (32) and the transaction is expected to be executed in 2014.

	Percentage	No, of shares	31/3/2014 LE	31/12/2013 LE
Thabat for Real Estate Development	50%	25000000	89,375,000	89,375,000
Areez Arab Limited Company	1%	4050	4,455,684	4,455,684
			93,830,684	93,830,684

10 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS

The Financial assets at fair value through profit and loss are amounted to LE 59,820,027 after their valuation according to the market price at 31 March 2014 as follows:

Investments Type	No, of shares / certificates	Amount before valuation LE	Variances in 31/3/2014 LE	Market Value 31/3/2014 LE	Market Value 31/12/2013 LE
*Investment Fund- Hermes	3,128,964	31,922,766	2.,698,874	34,621,640	29,113,879
Mutual investment fund – Juman Fund	165,000	24,697,711	500,676	25,198,387	26,775,912
Mutual investment fund – Tharwa Fund	-	-	-	-	914,999
		<u>56,620,477</u>	<u>3,199,550</u>	<u>59,820,027</u>	<u>56,804,790</u>

* Investments in 31 March 2014 include 3,128,964 shares of different companies listed in the Egyptian capital market.

11 PREPPAID EXPENSES AND OTHER DEBIT BALANCES

	31/3/2014 LE	31/12/2013 LE
Other debtors (Note no. 24)	455,006,653	454,162,562
Deposits by others - the Egyptian Financial supervisory Authority	2,063,562	2,063,562
Prepaid expenses	2,021	22,351
Other debit balances	229,550	11,077
	<u>457,301,786</u>	<u>456,259,552</u>
Accrued revenue	12,127,718	3,751,092
	<u>469,429,504</u>	<u>460,010,644</u>

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

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

31 March 2014

12 CASH ON HANDS AND AT BANKS

	31/3/2014	31/12/2013
	LE	LE
A- Local Currency		
Cash on hand	29,757	849
Banks current accounts	466,262	9,201,053
Time deposits	6,321,607	191,284
	6,817,626	9,393,186
B- Foreign Currency		
Banks current accounts	184,142	201,148
	7,001,768	9,594,334

13 DIVIDENDS CREDITORS

	31/3/2014	31/12/2013
	LE	LE
Shareholder's Dividends	300,000,000	-
Board of directors share	4,000,000	-
Employees share	75,000	-
	304,075,000	-

14 ACCRUED EXPENSES AND OTHER CREDIT BALANCES

	31/3/2014	31/12/2013
	LE	LE
Creditors (Note no. 24)	8,510	-
Accrued expenses	25,000	1,335,054
Other Credit balances	4,252,166	4,235,380
	4,285,676	5,570,434

15 CAPITAL SHARE

The company's authorized capital amounted to LE 50,000,000 (fifty million Egyptian pound) and the issued and paid up capital LE 6,000,000 (six million Egyptian pound) LE 10 par value.

According to the extra ordinary general assembly meeting dated 6 October 2007, the company's authorized capital was increased by LE 29,500,000 to become LE 30 billion (thirty billion) 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 in 28 october2007.

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 2030203550 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 and it was recorded in commercial register in 25 November 2007.

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 2011 consent on increase the issued capital by issuing bonus shares deducted from the retained earnings to be LE 20,635,622,860 par value LE 10 per share divided over 2063562286 shares, recorded in the commercial register on 24 May 2011.

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

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

31 March 2014

16 LEGAL RESERVE

Legal reserve amounted to 219,401,938 as of 31 March 2014 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, this in accordance with law no 159 of 1981.

17 GENERAL RESERVES

The general reserve balance amounted LE 61,735,404 as of 31 December 2013 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.

18 NET UNREALIZED GAIN ON AVAILABLE FOR SALE

The revaluation of available for sale investments resulted to unrealized gain amounted to LE 11,320,000 as of 31 March 2014 represented in the variation between the foreign exchange impact and the cost of the available for sale investments 31 March 2014.

19 EARNINGS PER SHARE

Earnings per share for the year is LE 0.0018 the basic earnings per share is calculated by dividing the net profit of the period to the number of the ordinary outstanding shares during the year (without taking into consideration any future dividends for employees or the Board of directors related to the year ended in 31 March 2014. according to the following:

	From 1 /1/2014 to 31/3/2014	From 1 /1/2013 to 31/12/2013
	LE	LE
Net profit for the period	4,229,298	4,146,714
Estimated shares of employees and BOD	(422,930)	(414,671)
Net profit for the period less the shares of employees and BOD	3,806,368	3,732,043
Weighted average number of shares	2,063,562,286	2,063,562,286
Earnings per share (L.E./share)	0.0018	0.0018

20 REVENUE FROM SELLING FINNACIAL SECUIRITIES

	From 1 /1/2014 to 31/3/2014	From 1 /1/2013 to 31/3/2013
	LE	LE
Financial securities selling price	3,392,226	5,650,678
Financial securities Book value	(3,200,564)	(5,534,369)
	191,662	116,309

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

NOTES TO THE SEPARATE FINANCIAL STATEMENTS
31 March 2014

21 DIVIDENDS FROM FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS

	From 1 /1/2014 to 31/3/2014	From 1 /1/2013 to 31/3/2013
	LE	LE
Dividends from CIB	<u>273,936</u>	-
	<u>273,936</u>	<u>-</u>

22 T-BILL, BONDS, TIME DEPOSIT REVENUE

	From 1 /1/2014 to 31/3/2014	From 1 /1/2013 to 31/3/2013
	LE	LE
Credit interest.	149,516	93,234
Bonds	-	6,583,264
Treasury Bills	<u>8,388,490</u>	136,422
	<u>8,538,006</u>	6,812,920
Change in accrued revenue (Note 11)	<u>(8,376,626)</u>	(6,047,496)
	<u>161,380</u>	<u>765,424</u>

23 INCOME TAX AND DEFERRED TAX

Income tax calculated as followed:

	From 1 /1/2014 to 31/3/2014	From 1 /1/2013 to 31/12/2013
	LE	LE
Net book profit before tax	10,068,323	4,339,658
Adjustments to the net book profit to reach the net tax profit	<u>(130,247)</u>	(3,312,264)
Net tax profit	<u>9,938,076</u>	1,027,394
Tax rate	25%	20%
Income tax for the period	<u>2,484,519</u>	<u>205,479</u>

Accrued income tax movement during the period:

	31/3/2014	31/12/2013
	LE	LE
Balance at the beginning of the period	1,069,926	-
Additions during the period	2,484,519	1,577,903
Tax report reconciliations	3,339,782	-
Paid amounts	<u>110</u>	(507,977)
Balance at the end of the period/year	<u>6,894,117</u>	<u>1,069,926</u>

Deferred tax assets in 31 March 2014 amounted to LE 58,572 represents the difference between accounting basis and tax basis and it's calculation as follow:

	From 1 /1/2014 to 31/3/2014	From 1 /1/2013 to 31 /3/2013
	LE	LE
Accounting basis	(934,089)	(1,259,936)
Tax Basis	<u>1,168,377</u>	1,556,822
Taxes differences	<u>234,288</u>	296,886
Tax rate	25%	20%
Deferred tax assets – 31 March 2013	<u>58,572</u>	59,377
Deferred tax assets – 31 Dec 2012	<u>73,296</u>	46,842
Deferred tax – 31 March 2013	<u>(14,724)</u>	<u>12,535</u>

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

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

31 March 2013

24 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 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.
- Short term fringe benefits for the personnel amounted to LE 443,342 as salaries and rewards according to paragraph no. 16 of EAS no.15 in 31 March 2014.

The transactions with related parties that includes in the financial statements are:

	31/3/2014	31/12/2013	Nature of transactions
Alexandria company for real estate investment	8,510	18,807	Debit balances
Arab company for projects and urban development	844,091	1,008,117	Debit balances
	Debit balances	Debit balances	Nature of transactions
Areez Arab Limited Company	402,824,070	402,841,425	Debit balances
Arab company for projects and urban development	844,091	-	Debit balances
Hill /TMG for constructions and projects management	28,408	28,408	Debit balances
Thabat for Real Estate Improvement Company	51,292,728	51,292,728	Debit balances
	Credit balances	Credit balances	Nature of transactions
Alexandria company for real estate investment	8,510	-	Credit balances
	Notes receivables	Notes receivables	
Alexandria company for real estate investment	100,405,015	100,405,015	
Arab company for projects and urban development	1,117,362,475	1,117,362,475	
San Stefano for real estate	199,909,425	199,909,425	
Total notes receivable	<u>1,417,676,915</u>	<u>1,417,676,915</u>	

TMG Company for Real Estate and Investments owns approximately 47% of the shares of Talaat Mostafa Group Holding Company.

25 TAX SITUATION

a. Corporate tax

The tax return was presented on time and no tax inspection yet.

b. Salary tax

The company pays the deducted income tax of the employees on monthly basis and the quarterly income tax returns are presented to the tax authority on time.

c. Stamp tax

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

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

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

31 March 2014

26 CONTINGENT LIABILITY

There are no contingent liabilities or contingent capital commitments.

27 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, investments, debtors and debit balances, the financial liabilities include creditors, the significant accounting policies applied for the recognition and measurement of the above mentioned financial assets and liabilities and related income and expenses.

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; the main objective of the company is establish companies.

B, 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.

C, Interest Rate Risk

The company mitigates the impact of the interest rate changes on its operational results this risk is considered low as the company has no loans.

D, Liquidity risk

Liquidity risk is the risk of the deficit in cash to pay the short term liabilities and this risk is considered limited due to continues plans prepared by the company to find the financial alternative to reduce the risk.

28 IMPORTANT EVENTS

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