

**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 YEAR ENDED 31 DECEMBER 2014  
TOGETHER WITH AUDITORS REPORT**

**AUDITORS REPORT TO THE SHAREHOLDERS OF TALAAT MOSTAFA GROUP  
HOLDING COMPANY "TMG HOLDING" (S.A.E)**

**Report on the Financial Statements**

We have audited the accompanying separate financial statements of **TALAAT MOSTAFA GROUP HOLDING COMPANY "TMG HOLDING" (S.A.E)**, represented in the separate balance sheet as at 31 December 2014 and the related separate statements of income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

*Management's Responsibility for the Financial Statements*

These separate financial statements are the responsibility of the Company's Management, as Management is responsible for the preparation and fair presentation of the separate financial statements in accordance with Egyptian Accounting Standards and applicable Egyptian laws. Management responsibility includes selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

*Auditor's Responsibility*

Our responsibility is to express an opinion on these separate financial statements based on our audit. We conducted our audit in accordance with Egyptian Standards on Auditing and applicable Egyptian laws. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance that the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the separate financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the separate financial statements, whether due to fraud or error. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, and evaluating the overall presentation of the separate financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

*Opinion*

In our opinion, the separate financial statements referred to above, give a true and fair view, in all material respects, of the separate financial position of **TALAAT MOSTAFA GROUP HOLDING COMPANY "TMG HOLDING" (S.A.E)** as of 31 December 2014, and of its financial performance and its cash flows for the year then ended in accordance with Egyptian Accounting Standards and the related applicable Egyptian laws and regulations.

As indicated in note (4) The company prepared consolidated financial statements for the year ended 31 December 2014, for better understanding of the company's financial position as 31 December 2014 and its financial performance and its cash flows for the year then ended, the matter necessitates reference to the consolidated financial statements.

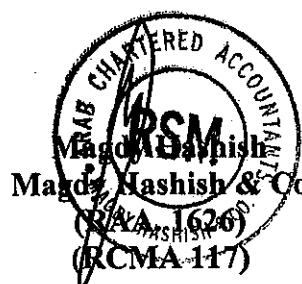
#### Report on Other Legal and Regulatory Requirements

The Company maintains proper accounting records that comply with the laws and the Company's articles of association and the financial statements agree with the Company's records.

The financial information included in the Board of Directors' Report, prepared in accordance with Law No. 159 of 1981 and its executive regulation, is in agreement with the books of the Company insofar as such information is recorded therein.

Cairo: 10 March 2015

Auditors



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

SEPARATE BALANCE SHEET

As of 31 December 2014

	Notes	31/12/2014 LE	31/12/2013 LE
<b>Non-current assets</b>			
Property and equipment	(3)	10,743,297	11,058,871
Investments in subsidiaries	(4)	18,683,113,932	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)	38,284,883	55,680,000
Deferred Tax Asset	(24)	134,109	73,296
<b>Total non-current assets</b>		<b>18,879,329,221</b>	<b>19,248,146,879</b>
<b>Current assets</b>			
Current assets held for sale	(9)	-	93,830,684
Investments in financial assets held to maturity	(6)	332,351,836	309,822,730
Financial assets at fair value through profit and loss	(10)	58,019,054	56,804,790
Notes Receivable	(25)	1,663,407,123	1,417,676,915
Prepaid expenses and other debit balances	(11)	369,474,386	460,010,644
Cash on hand and banks	(12)	31,193,524	9,594,334
<b>Total current assets</b>		<b>2,454,445,923</b>	<b>2,347,740,097</b>
<b>Current liabilities</b>			
Notes payable		3,859,965	408,127
Tax authority	(24)	16,695,367	1,069,926
Accrued expenses and other credit balances	(14)	6,323,430	5,570,434
<b>Total current liabilities</b>		<b>26,878,762</b>	<b>7,048,487</b>
<b>WORKING CAPITAL</b>		<b>2,427,567,161</b>	<b>2,340,691,610</b>
<b>TOTAL INVESTMENTS</b>		<b>21,306,896,382</b>	<b>21,588,838,489</b>
<b>Financed as follows</b>			
<b>EQUITY</b>			
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)	8,653,772	11,160,000
Retained earning		356,843,287	638,607,015
Net profit for the year		24,561,862	23,485,549
<b>TOTAL EQUITY</b>		<b>21,306,819,123</b>	<b>21,588,838,489</b>
<b>Total Equity and non-current Liabilities</b>		<b>21,306,819,123</b>	<b>21,588,838,489</b>

Chairman  
Tarek Talaat Mostafa

Financial Director  
Ghaleb Ahmed Fayed

Ezzat H, Ragheb

Auditors  
Magdy Hashish

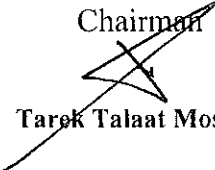
- The attached notes (1) to (29) are an integral part of these financial statements.  
- Auditors report attached.

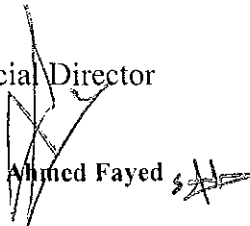
## Talaat Mostafa Group Holding Company "TMG Holding" (S.A.E)

### SEPARATE INCOME STATEMENT

For the period 1 January 2014 to 31 December 2014

	Notes	From 1/1/2014 to 31/12/2014	From 1/1/2013 to 31/12/2013
		LE	LE
Credit Interest	(23)	1,705,394	973,590
Interest from financial assets held to maturity	(23)	-	22,968,277
Treasury Bills Interest	(23)	33,281,712	4,202,759
(Discount) Financial Assets Held to Maturity amortization		-	1,209,402
Gain of reevaluate financial assets at fair value through profit and loss	(10)	6,279,113	5,328,731
Dividends from subsidiaries	(22)	359,996,098	-
Gain from selling financial assets at fair value through profit and loss	(20)	3,072,076	468,519
Dividends revenue of financial assets at fair value through profit and loss	(21)	916,612	859,525
Reversal Impairment from investments in subsidiaries	(11)	1,497,816	-
Gain (Loss) foreign exchange		4,123,361	(117,525)
<b>Total revenue</b>		<b>410,872,182</b>	<b>35,893,278</b>
Impairment in investments from subsidiaries	(4)	(351,167,780)	-
Administrative expenses		(8,734,525)	(10,325,256)
Depreciation	(3)	(327,842)	(329,077)
Finance costs		(12,746)	(21,947)
Board of directors allowances		(57,000)	(180,000)
<b>NET PROFIT FOR THE YEAR BEFORE TAX</b>		<b>50,572,289</b>	<b>25,036,998</b>
Income tax	(24)	(25,993,981)	(1,577,903)
Deferred tax Revenue	(24)	60,813	26,454
<b>NET PROFIT FOR THE YEAR AFTER TAX</b>		<b>24,639,121</b>	<b>23,485,549</b>
<b>EARNING PER SHARE</b>	(19)	<b>0.012</b>	<b>0.011</b>

Chairman  
  
Tarek Talaat Mostafa

Financial Director  
  
Ghaleb Ahmed Fayed

- The attached notes (1) to (29) 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 December 2014

	Capital share		Legal reserve		General reserve		Net unrealized Gain on available for sale		Retained earnings		Profit for the year		Total
	LE	LE	LE	LE	LE	LE	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 earnings	-	-	-	-	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	-	-	-	(2,506,228)	-	-	(2,506,228)						
Profits for the year	-	-	-	-	-	24,639,121	24,639,121						
<b>Balance As of 31 December 2014</b>	<b>20,635,622,860</b>	<b>219,401,938</b>	<b>61,735,404</b>	<b>8,653,772</b>	<b>356,843,287</b>	<b>24,639,121</b>	<b>21,306,896,382</b>						
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 earnings	-	-	-	-	27,911,437	(27,911,437)	-						
Transfer to Legal Reserve	-	1,469,023	-	-	-	(1,469,023)	-						
Net unrealized gain on available for sale investments	-	-	-	4,560,000	-	-	4,560,000						
Profits for the year	-	-	-	-	-	23,485,549	23,485,549						
<b>Balance As of 31 December 2013</b>	<b>20,635,622,860</b>	<b>218,227,661</b>	<b>61,735,404</b>	<b>11,160,000</b>	<b>638,607,015</b>	<b>23,485,549</b>	<b>21,588,838,489</b>						

- The attached notes (1) to (29) 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 December 2014

	Notes	From 1/1/2014 to 31/12/2014	From 1/1/2013 to 31/12/2013
		LE	LE
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Net profit for the year before tax		50,572,289	25,036,998
Depreciation	(3)	327,842	329,077
Financial Assets Held to Maturity amortization		-	(1,209,402)
Interest revenue from T-Bill , Bonds, Time Deposits	(23)	(34,987,106)	(28,144,626)
Dividends from subsidiaries	(22)	(359,996,098)	-
Dividends revenue from financial assets at fair value through profit and loss	(21)	(916,612)	(859,525)
Impairment in investments from subsidiaries	(4)	351,167,780	-
Reversal Impairment from investments in subsidiaries	(11)	(1,497,816)	-
(Gain) of reevaluate financial assets at fair value through profit and loss	(10)	(6,279,113)	(5,328,731)
(Gain) from selling financial assets at fair value through profit and loss	(20)	(3,072,076)	(468,519)
(Gain) Loss foreign exchange		(4,123,361)	117,525
<b>Operating( loss) before changing in working capital</b>		<b>(8,804,271)</b>	<b>(10,527,203)</b>
Change in prepayments and other debit balances	(11,25)	455,627,420	8,871,978
Change in notes Receivable		(245,730,208)	(9,872,617)
Change in creditors and notes payable		3,451,838	(655,829)
Change in accrued income tax	(24)	(10,368,540)	(507,977)
Change in accrued expenses and other credit balances	(14)	752,994	2,634,825
Change in financial assets at fair value through profit and loss	(10 , 20)	8,136,925	(17,208,444)
<b>Net cash flow provided from (used in ) operating activities</b>		<b>203,066,160</b>	<b>(27,265,267)</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
(Payment) on Purchasing of Property and Equipment	(3)	(12,268)	(2,564)
Current assets held for sale	(9)	93,830,684	-
Proceeds from available for sale investments	(8)	14,888,889	-
Proceeds from selling financial assets held to maturity	(6)	(22,529,106)	4,448,517
Proceeds from T-Bill , Bonds, Time Deposits revenues	(23)	31,389,858	29,650,267
Proceeds from dividends in financial assets at fair value through profit and loss	(21)	916,612	859,525
<b>Net cash flow received from investing activities</b>		<b>118,484,669</b>	<b>34,955,745</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Dividends payment	(13)	(304,075,000)	-
<b>Net Cash flows (used in) Financing Activities</b>		<b>(304,075,000)</b>	<b>-</b>
Foreign exchange impact		4,123,361	(117,525)
<b>NET MOVEMENT IN CASH AND CASH EQUIVALENTS DURING THE YEAR</b>		<b>21,599,190</b>	<b>7,572,953</b>
<b>Cash and cash equivalent at the beginning of the year</b>		<b>9,594,334</b>	<b>2,021,381</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	(12)	<b>31,193,524</b>	<b>9,594,334</b>

- The attached notes (1) to (29) 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 December 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 December 2014 were approved on 09 March 2015 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 December 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 December 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.

##### 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).

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

---

### NOTES TO THE SEPARATE FINANCIAL STATEMENTS

31 December 2014

#### Significant Accounting Policies (continued)

##### 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.

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.

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

NOTES TO THE SEPARATE FINANCIAL STATEMENTS  
31 December 2014

### Significant Accounting Policies (continued)

#### b- Impairment of non-financial assets

The company assesses at each reporting date whether 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.

### 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.

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

---

### NOTES TO THE SEPARATE FINANCIAL STATEMENTS

31 December 2014

#### **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 December 2014

#### 3 PROPERTY AND EQUIPMENT

	Land LE	Motor Vehicles LE	Computers & Software LE	furniture LE	Tools LE	Total LE
<b>Cost</b>						
At 1 January 2014	10,043,066	1,060,250	508,325	1,125,025	8,938	12,745,604
Additions	-	-	12,268	-	-	12,268
<b>As of 31 December 2014</b>	<b>10,043,066</b>	<b>1,060,250</b>	<b>520,593</b>	<b>1,125,025</b>	<b>8,938</b>	<b>12,757,872</b>
<b>Accumulated depreciation</b>						
At 1 January 2014	-	(609,288)	(507,141)	(563,116)	(7,188)	(1,686,733)
Depreciation charge	-	(212,050)	(2,312)	(112,383)	(1,097)	(327,842)
<b>As of 31 December 2014</b>	<b>-</b>	<b>(821,338)</b>	<b>(509,453)</b>	<b>(674,289)</b>	<b>(8,285)</b>	<b>(2,014,575)</b>
<b>Net Book Value As of 31 December 2014</b>	<b>10,043,066</b>	<b>238,912</b>	<b>11,140</b>	<b>449,526</b>	<b>653</b>	<b>10,743,297</b>
31 December 2013	10,043,066	450,962	1,184	561,909	1,750	11,058,871

- 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 mount 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 December 2014

The total cost of the investments in the subsidiaries is amounted LE 18,683,113,932 as follows:

	31/12/2014 LE	31/12/2013 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)	3,262,454,940	3,447,454,940
San Stefano company for real estate investment (S,A,E)	933,598,687	1,029,936,482
Alexandria company for urban projects (S,A,E)	63,905,241	133,735,226
	<u>18,683,113,932</u>	<u>19,034,281,712</u>

Management made impairment test for its investments and there is a decrease in some of its value amounted to 351,167,780 LE.

	31/12/2014 LE	31/12/2013 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	-
	<u>351,167,780</u>	<u>-</u>

#### 5 AMOUNTS PAID UNDER CAPITAL INCREASE IN AFFILIATED

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

	31/12/2014 LE	31/12/2013 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 332,351,836 as of 31 December 2014 represents Treasury Bills are 14,835 T-Bills with nominal value LE 25000 per T-Bill and maturity date in 2015.

#### 7 INVESTMENT IN ASSOCIATIONS

	Percentage	No, of shares	31/12/2014 LE	31/12/2013 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 December 2014

### 8 AVAILABLE FOR SALE INVESTMENTS

Available for sale investments is amounted to LE 5,339,593 \$ that equivalent to LE 38,284,883 as of 31 December 2014 against LE 55.680.000 as of 31 December 2013 and during the year investments were sold for LE 14.888.889 with a profit due to the revaluation of sold investment recognised in equity, of LE 2.506.228 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 CURRENT ASSETS HELD FOR SALE

Abdication of Current assets held for sale had been executed in April 2014 to Arab company for projects and urban development which represents the company share of 50% in issued and paid capital of Thabat for real estate development company which is 25000000 share of 100 SR par value and the company share of 1% in issued and paid capital of areez Arabian limited company share of 405000 share of 100 SR

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

### 10 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS

The Financial assets at fair value through profit and loss are amounted to LE 58,019,054 after their valuation according to the market price at 31 December 2014as follows:

Investments Type	No, of shares / certificates	Amount before valuation LE	Variances in 31/12/2014 LE	Market Value 31/12/2014 LE	Market Value 31/12/2013 LE
Investment Fund- Hermes*	3199846	33,703,128	4.829.883	<b>38,533,011</b>	29,113,879
Mutual investment fund –Juman Fund	120500	18,036,813	1,449,230	<b>19,486,043</b>	26,775,912
Mutual investment fund – Tharwa Fund	-	-	-	-	914,999
<b>Balance as of 31 December 2014</b>		<u>51,739,941</u>	<u>6,279,113</u>	<u><b>58,019,054</b></u>	<u>56,804,790</u>

\* Investments in 31 December 2014 include 3199846 shares of different companies listed in the Egyptian capital market.

### 11 PREPPAID EXPENSES AND OTHER DEBIT BALANCES

	31/12/2014 LE	31/12/2013 LE
Other debtors (Note 25)	<b>360,024,507</b>	454,162,562
Deposits by others - the Egyptian Financial supervisory Authority	<b>2,063,562</b>	2,063,562
Prepaid expenses	<b>29,377</b>	22,351
Other debit balances	<b>8,600</b>	11,077
	<u><b>362,126,046</b></u>	<u>456,259,552</u>
Accrued revenue	<b>7,348,340</b>	3,751,092
	<u><b>369,474,386</b></u>	<u>460,010,644</u>



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

### NOTES TO THE SEPARATE FINANCIAL STATEMENTS

31 December 2014

As a result from the abdication of current assets held for sale had been executed in April 2014 to Arab company for projects and urban development other debit balances amounted to LE.454, 134,153 had been transferred from Areez Arabian limited company and Thabat for real estate development, In addition to reversal of impairment loss which had been previously recorded in year 2010 amounted to LE 1,497,816.

#### 12 CASH ON HANDS AND AT BANKS

	31/12/2014	31/12/2013
	LE	LE
<b>A- Local Currency</b>		
Cash on hand	11,242	849
Banks current accounts	8,802,262	9,201,053
Time deposits	<u>3,194,401</u>	<u>191,284</u>
	<u>12,007,905</u>	<u>9,393,186</u>
<b>B- Foreign Currency</b>		
Banks current accounts	19,185,619	201,148
	<u>31,193,524</u>	<u>9,594,334</u>

#### 13 CASH DIVIDENDS

According to the general assembly dated in 23 March 2014, the meeting has approved cash dividends of LE 304,075,000 from retained earnings.

#### 14 ACCRUED EXPENSES AND OTHER CREDIT BALANCES

	31/12/2014	31/12/2013
	LE	LE
Accrued expenses	1,439,554	1,335,054
Vendors	1,901,109	3,696,700
Other Credit balances	<u>2,982,767</u>	<u>538,680</u>
	<u>6,323,430</u>	<u>5,570,434</u>

#### 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 shares 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 LE 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.

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

### NOTES TO THE SEPARATE FINANCIAL STATEMENTS

31 December 2014

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.

#### 16 LEGAL RESERVE

Legal reserve amounted LE to 219,401,938 as of 31 December 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 2014 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 8,653,772 as of 31 December 2014 represented in the variation between the foreign exchange impact and the cost of the available for sale investments 31 December 2014.

#### 19 EARNINGS PER SHARE

Earnings per share for the year is LE 0.012 the basic earnings per share is calculated by dividing the net profits of the year 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 period ended in 31 December 2014. according to the following:

	<b>From 1 /1/2014 to 31/12/2014</b>	From 1 /1/2013 to 31/12/2013
	LE	LE
Net profits for the year	<b>24,639,121</b>	23,485,549
Estimated shares of employees and BOD	<b>(2,463,912)</b>	(2,348,555)
Net (losses) profits for the period less the shares of employees and BOD	<b>22,175,209</b>	21,136,994
Weighted average number of shares	<b>2,063,562,286</b>	2,063,562,286
Earnings per share (LE/share)	<b>0,012</b>	0,011

#### 20 REVENUE FROM SELLING FINNACIAL SECURITIES

	<b>From 1 /1/2014 to 31/12/2014</b>	From 1 /1/2013 to 31/12/2013
	LE	LE
Financial securities selling price	<b>16,173,652</b>	15,855,907
Financial securities Book value	<b>(13,101,576)</b>	(15,387,388)
	<b>3,072,076</b>	468,519

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

### NOTES TO THE SEPARATE FINANCIAL STATEMENTS

31 December 2014

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

	From 1 /1/2014 to 31/12/2014	From 1 /1/2013 to 31/12/2013
	LE	LE
Dividends from CIB	273,936	203,953
Dividends from Orascom Media Co.	-	239,093
Dividends from Orascom Telecom Co.	156,844	-
Dividends from Telecom Egypt Co.	56,026	164,897
Dividends from Sidi Krir Co.	202,642	121,982
Other companies	175,350	129,600
	<u>916,612</u>	<u>859,525</u>

#### 22 DIVIDENDS FROM SUBSIDIARIES

	From 1 /1/2014 to 31/12/2014	From 1 /1/2013 to 31/12/2013
	LE	LE
Arab company for projects and urban development (S.A.E)	359,996,098	-
	<u>359,996,098</u>	<u>-</u>

#### 23 T-BILL, BONDS & TIME DEPOSIT REVENUE

	From 1 /1/2014 to 31/12/2014	From 1 /1/2013 to 31/12/2013
	LE	LE
Credit interest.	1,705,394	973,590
Bonds	-	22,968,277
Treasury Bills	33,281,712	4,202,759
	<u>34,987,106</u>	<u>28,144,626</u>
Bonds amortization	-	1,209,402
Change in accrued revenue (Note 11)	(3,597,248)	296,239
	<u>31,389,858</u>	<u>29,650,267</u>

#### 24 INCOME TAX AND DEFERRED TAX

Income tax calculated as followed:

	From 1 /1/2014 to 31/12/2014	From 1 /1/2013 to 31/12/2013
	LE	LE
Net book profits before tax	50,572,289	25,036,998
Adjustments to the net book profits to reach the net tax profit	19,033,242	(18,725,386)
Net tax profits	69,605,531	6,311,612
Income Tax with rate 25%	17,401,383	1,577,903
Income Tax with rate 10%	1,822,540	-
Income Tax with rate 5% for remainder balance after 1 million deduction	3,430,277	-
Adjustments according to the tax report 2013	3,339,782	-
Income tax for the period	<u>25,993,682</u>	<u>1,577,903</u>

\*New Wealth tax ( 5%) applied for the net tax profit over one million pound for period of 3 years .

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

### NOTES TO THE SEPARATE FINANCIAL STATEMENTS 31 December 2014

Accrued income tax movement during the period:

	31/12/2014	31/12/2013
	LE	LE
Balance at the beginning of the year	1,069,926	-
Additions during the year	25,996,096	1,577,903
Paid amounts during the year	(10,368,318)	-
Paid amounts through withholding tax system	(220)	(507,977)
Balance at the end of the year	<u>16,695,367</u>	<u>1,069,926</u>

Deferred tax assets in 31 December 2014 amounted to LE 134,109 represents the difference between accounting basis and tax basis and it's calculation as follow:

	From 1 /1/2014 to 31/12/2014	From 1 /1/2013 to 31/12/2013
	LE	LE
Accounting basis	(700,231)	(11,015,805)
Tax Basis	1,236,667	1,308,989
Taxes differences	536,436	293,184
Tax rate	25%	25%
Deferred tax assets – 31 December 2014	<u>134,109</u>	<u>73,296</u>
Deferred tax assets – 31 Dec 2013	<u>73,296</u>	<u>46,842</u>
Deferred tax – 31 December 2014	<u>60,813</u>	<u>26,454</u>

## 25 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 2,193,705 as salaries and rewards according to paragraph no. 16 of EAS no.15 in 31 December 2014.

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

	31/12/2014	31/12/2013	Nature of transactions
	Transactions	Transactions	
Alexandria company for real estate investment	-	18,807	Debit balances
Arab company for projects and urban development	359,996,089	1,008,117	Debit balances
	<b>Debit balances</b>	Debit balances	Nature of transactions
Arez Arab Limited Company	-	402,841,425	Debit balances
Hill /TMG for constructions and projects management	28,408	28,408	Debit balances
Thabat for Real Estate Improvement Company	-	51,292,728	Debit balances
	<b>Notes receivables</b>	Notes receivables	
Alexandria company for real estate investment	100,326,349	100,405,015	
Arab company for projects and urban development	1,363,171,349	1,117,362,475	
San Stefano for real estate	199,909,425	199,909,425	

TMG Company for Real Estate and Investments owns approximately 44.6% of the shares of Talaat Mostafa Group Holding Company.

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

---

### NOTES TO THE SEPARATE FINANCIAL STATEMENTS

31 December 2014

#### 26 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.

#### 27 CONTINGENT LIABILITY

There are no contingent liabilities or contingent capital commitments.

#### 28 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.

#### 29 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.