ALLIED FOR ACCOUNTING & AUDITING
(EY)

ARAB CHARTERED ACCOUNTANTS
(RSM EGYPT)

TALAAT MOSTAFA GROUP HOLDING COMPANY
"TMG HOLDING" (S.A.E)
SEPARATE INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2017
TOGETHER WITH REVIEW REPORT

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

Separate Interim Financial Statements
For The Nine Months Ended 30 September 2017

Table of Contents

ALLIED FOR ACCOUNTING & AUDITING (EY) | ARAB CHARTERED ACCOUNTANTS (RSM EGYPT)

translation of review report originally issued in Arabic

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

Introduction

We have reviewed the accompanying interim separate financial position of **Talaat Mostafa Group Holding Company "TMG Holding" (S.A.E)** as at 30 September 2017and the related separate statements of income (profit or loss), comprehensive income changes in equity and cash flows for the nine months ended in that date, and summary of the main accounting policies and other explanatory notes. Management is responsible for the preparation and presentation of these interim financial statements in accordance with the Egyptian accounting standards, our responsibility is to express a conclusion on these interim separate financial statements based on our review.

Scope of review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that accompanying interim separate financial statements are not prepared, in all material respects for the separate financial position of the company at 30 September 2017, and its financial performance and cash flows for the nine 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 30 September 2017 for better understanding of the company's financial position as of 30 September 2017and its financial performance and its cash flows for the period then ended, the matter necessitates reference to the consolidated financial statements.

Cairo: 2 November 2017

Auditors

RSM Egypt - Chartered Accoutants
Magdy Hashish & Partners

Amr El Shaabini	**Tarek Hashish**
FESAA-FEST	**FESAA-FEST**
(RAA. 9365)	**(RAA. 9473)**
(CMAR. 103)	**(CMAR. 118)**
ALLIED FOR ACCOUNTING & AUDITING (EY)	**CHARTERED ACCOUNTANTS (RSM EGYPT) Magdy Hashish & Co**

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

SEPARATE STATEMENT OF INTERIM FINANCIAL POSITION
As of 30 September 2017

	Notes	30 September 2017	31 December 2016
Non-Current Assets			
Fixed Assets	(3)	**10,229,054**	10,212,263
Investments in subsidiaries	(4)	**17,742,111,059**	17,742,111,059
Amounts paid under capital increase in affiliated	(5)	**145,583,000**	145,583,000
Investments in associates	(6)	**1,470,000**	1,470,000
Available for sale investments	(8)	**86,251,796**	93,591,278
Deferred Tax Assets	(22)	**31,597**	37,371
Total Non-Current Assets		**17,985,676,506**	17,993,004,971
Current Assets			
Investments in financial assets held to maturity	(7)	**417,657,152**	439,298,615
Financial assets at fair value through profit or loss	(9)	**2,029,690**	54,033,238
Notes receivable	(23)	**2,542,066,532**	2,542,066,532
Due from subsidiaries	(23)	**22,568,816**	293,783,486
Prepaid expenses and other debit balances	(10)	**2,182,611**	2,186,035
Cash on hand and banks	(11)	**137,473,582**	68,322,559
Total Current Assets		**3,123,978,383**	3,399,690,465
Total Assets		**21,109,654,889**	21,392,695,436
Equity			
Issued and paid up capital	(13)	**20,635,622,860**	20,635,622,860
Legal reserve	(14)	**250,250,347**	236,367,496
General reserve	(15)	**61,735,404**	61,735,404
Net unrealized gain on available for sale investments	(16)	**46,462,208**	52,249,264
Retained earning		**34,431,357**	73,732,181
Net profit for the period/ year.		**48,598,970**	277,657,027
Total Equity		**21,077,101,146**	21,337,364,232
Current Liabilities			
Notes payable		**1,229,517**	31,724
Tax authority	(22)	**26,134,493**	41,180,772
Due to subsidiaries	(23)	**55,740**	-
Accrued expenses and other credit balances	(12)	**5,133,993**	14,118,708
Total Current Liabilities		**32,553,743**	55,331,204
Total Equity and Liabilities		**21,109,654,889**	21,392,695,436

Chairman	Chief Executive Officer	Financial Director	Auditors	
Tarek Talaat Mostafa	**Hisham Talaat Mostafa**	**Ghaleb Ahmed Fayed**	**Amr El Shaabini**	**Tarek Hashish**

- The attached notes (1) to (25) are an integral part of these interim separate financial statements.
- Review report attached.

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

SEPARATE STATEMENT OF INTERIM INCOME (PROFIT OR LOSS)
For the Nine Months Ended 30 September 2017

	Notes	**For the Nine Months ended 30 September 2017 LE**	For the Nine Months ended 30 September 2016 LE	**For the Three Months ended 30 September 2017 LE**	For the Three Months ended 30 September 2016 LE
Credit Interest	(18)	**11,223,464**	1,994,818	**7,531,223**	812,216
Treasury Bills Interest	(18)	**49,040,947**	35,210,456	**14,769,879**	12,280,930
(Loss) Gain of revaluate financial assets at fair value through profit or loss		**(17,248,226)**	6,223,944	**(17,289,379)**	3,105,650
Gain (Loss) from selling financial assets at fair value through profit or loss	(19)	**27,470,908**	(1,611,199)	**15,749,952**	799,672
Dividends from financial assets at fair value through profit or loss	(20)	**1,335,994**	547,750	**-**	45,000
Capital gain	(3)	**-**	119,225	**-**	-
Gain foreign exchange		**2,102,112**	2,723,962	**2,474,026**	-
Total revenue		**73,925,199**	45,208,956	**23,235,701**	17,043,468
Administrative expenses		**(12,313,043)**	(6,675,280)	**(7,077,716)**	(2,575,928)
Depreciation	(3)	**(47,877)**	(72,765)	**(18,246)**	(13,003)
Finance costs		**(19,087)**	(10,657)	**(7,547)**	(3,162)
Board of Directors allowances		**(192,000)**	(132,000)	**(78,000)**	(24,000)
NET PROFIT FOR THE PERIOD BEFORE TAX		**61,353,192**	38,318,254	**16,054,192**	14,427,375
Income tax	(21)	**(12,748,448)**	(9,618,129)	**(5,007,064)**	(2,713,610)
Deferred tax	(21)	**(5,774)**	(129,427)	**(2,331)**	(3,531)
NET PROFIT FOR THE PERIOD AFTER TAX		**48,598,970**	28,570,698	**11,044,797**	11,710,234
EARNING PER SHARE	(17)	**0.021**	0.012	**0.005**	0.006

Chairman	Chief Executive Officer	Financial Director
Tarek Talaat Mostafa	**Hisham Talaat Mostafa**	**Ghaleb Ahmed Fayed**

- The attached notes (1) to (25) are an integral part of these interim separate financial statements.

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

For the Nine Months Ended 30 September 2017

	Notes	**For the Nine Months ended 30 September 2017 LE**	For the Nine Months ended 30 September 2016 LE	**For the Three Months ended 30 September 2017 LE**	For the Three Months ended 30 September 2016 LE
Profit for the period		**48,598,970**	28,570,698	**11,044,797**	11,710,234
Other Comprehensive Income					
Revaluation of available for Sale Investments	(8)	**(5,787,056)**	5,420,344	**(5,115,966)**	-
Income tax of other comprehensive income		**-**	(1,219,577)	**-**	-
Comprehensive Income After Tax		**(5,787,056)**	4,200,767	**(5,115,966)**	-
Total Comprehensive Income for The Period		**42,811,914**	32,771,465	**5,928,831**	11,710,234

- The attached notes (1) to (25) are an integral part of these interim separate financial statements.

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

SEPARATE STATEMENT OF INTERIM CHANGES IN EQUITY
For the Nine Months Ended 30 September 2017

	Capital share	Legal reserve	General reserve	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 2017	20,635,622,860	236,367,496	61,735,404	52,249,264	73,732,181	277,657,027	21,337,364,232
Transferred to retained earnings and legal reserve	-	13,882,851	-	-	263,774,176	(277,657,027)	-
Total other comprehensive income for the period	-	-	-	(5,787,056)	-	-	(5,787,056)
profit for the period	-	-	-	-	-	48,598,970	48,598,970
Dividends	-	-	-	-	(303,075,000)	-	(303,075,000)
Balance As of 30 September 2017	**20,635,622,860**	**250,250,347**	**61,735,404**	**46,462,208**	**34,431,357**	**48,598,970**	**21,077,101,146**

- The attached notes (1) to (25) are an integral part of these interim separate financial statements.

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

SEPARATE STATEMENT OF INTERIM CHANGES IN EQUITY
For the Nine Months Ended 30 September 2017

	Capital share	Legal reserve	General reserve	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 2016	20,635,622,860	220,633,894	61,735,404	11,735,024	77,175,452	314,672,049	21,321,574,683
Transferred to retained earnings and legal reserve	-	15,733,602	-	-	298,938,447	(314,672,049)	-
Total comprehensive income for the period	-	-	-	4,200,767	-	-	4,200,767
profit for the period	-	-	-	-	-	28,570,698	28,570,698
Dividends	-	-	-	-	(303,075,000)	-	(303,075,000)
Balance As of 30 September 2016	20,635,622,860	236,367,496	61,735,404	15,935,791	73,038,899	28,570,698	21,051,271,148

- The attached notes (1) to (25) are an integral part of these interim separate financial statements.

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

SEPARATE STATEMENT OF INTERIM CASH FLOW
For the Nine Months Ended 30 September 2017

	Notes	**For the Nine Months ended 30 September 2017 LE**	For the Nine Months ended 30 September 2016 LE
CASH FLOW FROM OPERATING ACTIVITIES			
Profit for the period before tax		**61,353,192**	38,318,254
Depreciation	(3)	**47,878**	72,765
Interest (revenue) from T-Bill, Time Deposits	(18)	**(60,264,411)**	(37,205,274)
Dividends (revenue) from financial assets at fair value through profit or loss	(20)	**(1,335,994)**	(547,750)
Capital (gain)	(3)	**-**	(119,225)
loss (Gain) of revaluate financial assets at fair value through profit or loss	(9)	**17,248,226**	(6,223,944)
(Gain) Loss from selling financial assets at fair value through profit or loss	(19)	**(27,470,908)**	1,611,199
(Gain) from foreign exchange		**(2,102,112)**	(2,723,962)
Operating (loss) before changing in working capital		**(12,524,129)**	(6,817,937)
Change in prepayments and other debit balances	(10)	**(29,210)**	293,767,861
Change in notes Receivable		**-**	(14,500)
Change in notes payable		**1,197,793**	55,269
Paid of accrued income tax	(21)	**(27,794,727)**	(17,486,149)
Change in related party-subsidiaries		**271,270,410**	-
Change in accrued expenses and other credit balances	(12)	**(8,984,715)**	23,654,420
Change in financial assets at fair value through profit or loss	(9,19)	**62,226,230**	519,213
Net cash flow provided from operating activities		**285,361,652**	293,678,177
CASH FLOW FROM INVESTING ACTIVITIES			
(Payment) to purchase fixed assets	(3)	**(64,669)**	(10,001)
Proceeds from sale fixed assets		**-**	119,225
Proceeds from available for sale investments		**1,552,426**	-
Proceeds (Payment) from /for financial assets held to maturity	(7)	**21,641,463**	(36,904,891)
Proceeds from T-Bills, Time Deposits revenues	(18)	**60,297,045**	43,273,549
Proceeds from dividends in financial assets at fair value through profit or loss	(20)	**1,335,994**	547,750
Net cash flow provided from investing activities		**84,762,259**	7,025,632
CASH FLOW FROM FINANCING ACTIVITIES			
Dividends		**(303,075,000)**	(303,075,000)
Net cash flow (used in) financing activities		**(303,075,000)**	(303,075,000)
Foreign exchange impact		**2,102,112**	2,723,962
NET MOVEMENT IN CASH AND CASH EQUIVALENTS DURING THE PERIOD		**69,151,023**	352,771
Cash and cash equivalents at the beginning of the period		**68,322,559**	31,973,706
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	(11)	**137,473,582**	32,326,477

- The attached notes (1) to (25) are an integral part of these financial statements.

1 BACKGROUND

- Talaat Mostafa Group Holding TMG Holding S,A,E, was established on 13 February 2007 under the provisions of law 95 of 1992 and its executive regulations and registered in Egypt under Commercial Registration numbered 187398 by date 3 April 2007, and the company period is 25 years.
- The main objective of the Company is participating in the incorporation of shareholding companies or participating in the capital increase of those companies.
- The company headquarter and legal place is 36, Mosadek St, Dokki – Giza – Arabic republic of Egypt,
- The financial statements for the year ended 30 September 2017 were approved on 1 November 2017 according to the board of directors' resolution issued on the same date.

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

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

2-1 Summary of the significant accounting policies

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.

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

Non-monetary 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

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 asset, 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 equity instrument cannot be reliably measured, the investment is carried at cost.

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.

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.

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 is 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 manager's 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.

Significant Accounting Policies (continued)

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.

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).

Significant Accounting Policies (continued)

Fair values

Fair Value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between two participants in the market at the measurement date, And the fair value measurement is assumed that that the transaction will be occur in the main market of the asset or the liability or the market with the most benefit to the asset or the liability.
The fair Value measured using the assumptions that the participant in the market will use to price the asset or the liability, assuming that the participants will work for their economic benefits.
The fair value measurement of non-financial asset considers the market participant ability to generate economic benefits but using the asset to the maximum acceptable level or by selling the asset to anther market participant who will use the asset with its maximum power.

For the current assets in an active market, the fair value is measured base on the quoted market 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.
The company uses the appropriate valuation methods, in accordance to the related circumstances, in which sufficient information available to measure the fair value, therefore use the related inputs that can be considered and minimise the use of the inputs that cannot be considered.
The assets and liabilities that are measured at fair value or that disclosed in the financial statements in major categories are classified as all:

- Level one: using the quoted prices of the assets and liabilities in active markets,
- Level two: using the inputs that can be considered directly (quoted price) or indirectly (extract from the prices) to the asset or the liability.
- Level three: using the valuation methods that use inputs not based on the market information,

Regarding The assets and liabilities that will be recognize in the financial statement on regularly basis, the company determine wither there is a transfer from one level to another that occurs due to the reclassification of those items at the end of reporting period.
For fair value disclosures, the company classified its assets and liabilities based on their nature, characterise and related risks and to the above displayed levels.

2-3 Changes in accounting policies

The accounting policies applied are the same accounting policies applied last year, except the changes results from the implementation of the new Egyptian accounting standards issued in 2015 and have become effective since 1/1/2016, and herein under are the significant changes that applied to the company and its effect on the financial statements – if any:

Revised Egyptian accounting standard (1) Financial Statements presentation: required to disclose all profits and expenses of the period in two separate statements, the first statement presents the components of the profit & losses(Income statement), the second statement starts with the net Profit or losses, then the components of the other comprehensive income (Comprehensive income statement), the standard requires additional statement to the financial position statement including the comparative figures of the beginning period in case of there is a retroactive implementation of an accounting policy or reclassifications of the component of the financial statement, the standard no longer requires to the display the working capital in the financial position statement.

The company prepared the comprehensive income statement and presents the financial statements in accordance to the adjusted presentation rules, and no required retroactive changes in the financial position that includes the beginning balances of the comparative figures.

Revised Egyptian accounting standard (10) Fixed assets and its depreciations: The standard canceled the alternative treatment of remeasuring the fixed assets using the revaluation model**, the** revised standard requires to treat the major spare parts and substitute equipment as a fixed asset when the company expected to use it for more than one period, and there was no affect due to this adjustment on the financial statements of the company.

Revised Egyptian accounting standard (14) Borrowing costs: The standard canceled the previous standard treatment of recognizing the borrowing costs direct to the income statement**, the** revised standard requires capitalizing the borrowing costs to its qualified assets, and there was no affect due to this adjustment on the financial statements of the company.

Revised Egyptian accounting standard (23) Intangible assets: The standard canceled the alternative treatment of remeasuring the fixed assets using the revaluation mode**,** and there was no affect due to this adjustment on the financial statements of the company.

Revised Egyptian accounting standard (34) Investment properties: The standard canceled the alternative treatment of measuring the investment properties using the fair value and the fair value measurement to be used for disclosure purposes only**,** and there was no affect due to this adjustment on the financial statements of the company.

Revised Egyptian accounting standard (38) Employees benefits: The standard required to immediately recognize the cumulative actuarial profit or loss due to determined benefit plans and to be recorded in the other comprehensive income, the standard required also to record the cost of previous services to the nearest date of; a) when the plan adjusted or reduced or b) the company execute a plan for major restructuring of its activities and recognize the cost of restructuring which includes end of services payment.

Revised Egyptian accounting standard (40) Financial Instruments (Disclosures): A new Egyptian standard is issued to include all disclosures required for the financial instruments.

Revised Egyptian accounting standard (41) Operational segments: The Egyptian accounting standard (33) segment reports is replaced with the standard (41) Operational segments, accordingly the segments reports systems that required disclosure is depending basically on the information on the segments in accordance to methods used by operational decision maker and as explain in notes 3 the company has still three segments.

Revised Egyptian accounting standard (45) Fair Value Measurement: A new Egyptian standard is issued and is implemented to all other accounting standards that allow or use the fair value measurement, and the standard aims to define the fair value and put a frame to measure the fair value in one standard and to determine the required disclosures to measure the fair value, and the company disclosed the necessary disclosures in according to the standards.

3 FIXED ASSETS

	Land LE	Transportation and Motor Vehicles LE	Computers & Software LE	Furniture LE	Tools LE	Total LE
Cost						
At 1 January 2017	10,043,066	1,088,000	550,168	1,210	11,287	11,693,731
Additions	**-**	**-**	**64,668**	**-**	**-**	**64,668**
As of 30 September 2017	**10,043,066**	**1,088,000**	**614,836**	**1,210**	**11,287**	**11,758,399**
Accumulated depreciation						
At 1 January 2017	-	(939,647)	(531,612)	(1,210)	(8,999)	(1,481,468)
Depreciation	-	(31,050)	(16,240)	-	(587)	(47,877)
As of 30 September 2017	-	(970,697)	(547,852)	(1,210)	(9,586)	(1,529,345)
Net Book Value As of 30 September 2017	**10,043,066**	**117,303**	**66,984**	**-**	**1,701**	**10,229,054**

- There is no mortgage on the fixed assets

3 FIXED ASSETS (Continue)

	Land LE	Transportation and Motor Vehicles LE	Computers & Software LE	Furniture LE	Tools LE	Total LE
Cost						
At 1 January 2016	10,043,066	1,267,250	540,167	1,210	8,938	11,860,631
Additions	-	-	10,001	-	2,349	12,350
Disposals	-	(179,250)	-	-	-	(179,250)
As of 31 December 2016	10,043,066	1,088,000	550,168	1,210	11,287	11,693,731
Accumulated depreciation						
At 1 January 2016	-	(1,044,098)	(518,858)	(1,210)	(8,718)	(1,572,884)
Depreciation	-	(74,799)	(12,754)	-	(281)	(87,834)
Disposals	-	179,250	-	-	-	179,250
As of 31 December 2016	-	(939,647)	(531,612)	(1,210)	(8,999)	(1,481,468)
Net Book Value As of 31 December 2016	10,043,066	148,353	18,556	-	2,288	10,212,263

- There is no mortgage on the fixed assets

Proceed from sale of fixed assets		119,225
Cost of sold fixed assets	(179,250)	
Accumulated depreciation of sold assets	179,250	
Capital Gain		119,225

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	6337565	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 1,66% 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.

The total cost of the investments in the subsidiaries is amounted LE 17,742,111,059 as follows:

	30 September 2017 LE	31 December 2016 LE
Arab company for projects and urban development (S.A.E)	**13,726,174,732**	13,726,174,732
Alexandria company for real estate investment (S.A.E)	**3,018,432,399**	3,018,432,399
San Stefano company for real estate investment (S.A.E)	**933,598,687**	933,598,687
Alexandria company for urban projects (S.A.E)	**63,905,241**	63,905,241
	17,742,111,059	17,742,111,059

5 AMOUNTS PAID UNDER CAPITAL INCREASE IN AFFILIATED

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

	30 September 2017 LE	31 December 2016 LE
Alexandria company for urban projects	**145,583,000**	145,583,000
	145,583,000	145,583,000

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 ASSOCIATES

	Percentage	No. of shares	**30 September 2017 LE**	31 December 2016 LE
Hill /TMG for Constructions and Projects Management (under liquidation)	49%	147000	**1,470,000**	1,470,000
			1,470,000	1,470,000

* The Board of directors agreed for the liquidation of Hill /TMG for Constructions and Projects Management and the liquidation procedures under process.

7 INVESTMENT IN FINNACIAL ASSETS HELD TO MATURITY

- **Short Term Investments**

This item amounted to LE 417,657,152 as of 30 September 2017 represents 18040 T-Bills with nominal value LE 25000 per T-Bill and maturity date in 2018.

8 AVAILABLE FOR SALE INVESTMENTS

Available for sale investments is amounted to USD 4,884,020 that equivalent to LE 86,251,796 as of 30 September 2017 Investments in Horus third Fund which managed by EFG-HERMAS,
As this investment does not have an active market, the fair value of this equity instrument cannot be reliably measured, the investment is carried at cost.
The balance in foreign currency to be evaluated and record the valuation results in the statement of comprehensive Income.

9 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

The Financial assets at fair value through profit and loss are amounted to LE 2,029,690 after their valuation according to the market price at 30 September 2017 as follows:

Investments Type	No. of shares / certificates	Amount before valuation LE	Variances in 30 September 2017 LE	**Market Value 30 September 2017 LE**	Market Value 31 December 2016 LE
Investment Fund- Hermes	-	-	-	**-**	52,202,945
Mutual investment fund –Juman Fund	9500	1,830,293	199,397	**2,029,690**	1,830,293
		1,830,293	199,397	**2,029,690**	54,033,238

10 PREPPAID EXPENSES AND OTHER DEBIT BALANCES

	30 September 2017 LE	31 December 2016 LE
Insurance with others - the Egyptian Financial Supervisory Authority	**2,063,562**	2,063,562
Prepaid expenses	**25,437**	31,737
Other debit balances	**93,123**	57,613
	2,182,122	2,152,912
Accrued revenue	**489**	33,123
	2,182,611	2,186,035

11 CASH ON HANDS AND AT BANKS

	30 September 2017 LE	31 December 2016 LE
A- Local Currency		
Cash on hand	**9,236**	13,402
Banks current accounts	**225,402**	369,611
Time deposits	**81,531,417**	15,286,946
	81,766,055	15,669,959
B- Foreign Currency		
Cash on hand	**25,374**	637,832
Banks current accounts	**55,682,153**	52,014,768
	55,707,527	52,652,600
	137,473,582	68,322,559

12 ACCRUED EXPENSES AND OTHER CREDIT BALANCES

	30 September 2017 LE	31 December 2016 LE
Accrued expenses	**-**	1,439,554
Vendors – services	**4,890,789**	12,444,981
Other credit balances	**243,204**	234,173
	5,133,993	14,118,708

13 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 to become LE 30,000,000,000 (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 bills amounted to 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 30 June 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.

14 LEGAL RESERVE

Legal reserve amounted to LE 250,250,347 as of 30 September 2017 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.

15 GENERAL RESERVES

The general reserve balance amounted to LE 61,735,404 as of 30 September 2017 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.

16 UNREALIZED GAIN ON AVAILABLE FOR SALE INVESTMENTS

The revaluation of available for sale investments resulted to unrealized gain amounted to LE 46,462,208 as of 30 September 2017represented in the variation between the foreign exchange impact and the cost of the available for sale investments as follows:

	30 September 2017	31 December 2016
	LE	LE
	46,462,208	52,249,264
Unrealized gain on available for sale investment	**46,462,208**	52,249,264

17 EARNINGS PER SHARE

Earnings per share for the period are LE 0.021 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 period (with taking into consideration any future dividends for employees or the Board of directors related to the period ended in 30 September 2017, according to the following:

	For the Nine Months ended 30 September 2017 LE	For the Nine Months ended 30 September 2016 LE
Net profit for the period	**48,598,970**	28,570,698
Shares of employees and BOD (estimated)	**(4,859,897)**	(2,857,070)
Net profit for the period less the shares of employees and BOD	**43,739,073**	25,713,628
Weighted average number of shares	**2063562286**	2063562286
Earnings per share (L.E/share)	**0.021**	0.012

18 T-BILLS, TIME DEPOSIT REVENUE

	For the Nine Months ended 30 September 2017 LE	For the Nine Months ended 30 September 2016 LE
Credit interest	**11,223,464**	1,994,818
Treasury bills revenue	**49,040,947**	35,210,456
	60,264,411	37,205,274
Change in accrued revenue (Note 10)	**32,634**	6,068,275
	60,297,045	43,273,549

19 GAIN (LOSS) FROM SELLING FINANACIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	For the Nine Months ended 30 September 2017 LE	For the Nine Months ended 30 September 2016 LE
Financial securities selling price	**100,701,587**	15,275,735
Financial securities book value	**(73,230,679)**	(16,886,934)
	27,470,908	(1,611,199)

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

	For the Nine Months ended 30 September 2017 LE	For the Nine Months ended 30 September 2016 LE
Commercial international bank CIB	**65,000**	101,250
Telecom Egypt Co.	**-**	112,500
Palm Hills Co.	**-**	105,000
Nasr city Housing Co.	**67,894**	-
Orascom Media Co.	**80,000**	-
EL Swedy Electric Co.	**168,000**	-
Sidi Krir Co.	**-**	105,000
EFG-Hermes Holding Co.	**687,500**	-
Oriental Weavers Co.	**140,000**	-
Other Companies	**127,600**	124,000
	1,335,994	542,750

21 INCOME TAX AND DEFFERED TAX

	For the Nine Months ended 30 September 2017	For the Nine Months ended 30 September 2016
	LE	LE
Net book profit before tax	**61,353,192**	38,318,254
Adjustments to the net book profit to reach the net tax profit	**(10,325,175)**	5,072,086
Net tax profit	**51,028,017**	43,390,340
Income tax with rate 22.5%	**12,614,849**	8,543,263
Dividends tax with rate 10%	**133,599**	54,775
Variance from the previous income tax return	**-**	1,020,091
Comprehensive income tax with rate 22.5%	**-**	1,219,577
Accrued income tax	**12,748,448**	10,837,706

Accrued income tax movement during the period:

	For the Nine Months ended 30 September 2017	For the Nine Months ended 30 September 2016
	LE	LE
Balance at the beginning of the period / year	**41,180,772**	12,494,537
Additions during the period / year	**12,748,448**	74,658,260
Paid amounts during the period / year	**(27,794,727)**	(45,972,025)
Balance at the end of the period / year	**26,134,493**	41,180,772

Deferred tax assets in 30 September 2017 amounted to LE 31,597 represents the difference between accounting basis and tax basis and it's calculation as follow:

	30 September 2017	31 December 2016
	LE	LE
Accounting basis (note 3)	**(185,988)**	(169,197)
Tax Basis	**326,419**	335,290
Taxes differences	**140,431**	166,093
Tax rate	**22.5%**	22.5%
Deferred tax assets – 30 September 2017	**31,597**	37,371
Deferred tax assets – 31 December 2016	**37,371**	170,156
Deferred tax – 30 September 2017	**(5,774)**	(132,785)

22 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 5,821,430 as salaries and rewards according to paragraph no, 16 of EAS no.15 in 30 September 2017.

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

	Transactions 30 September 2017	Transactions 31 December 2016	Nature of transactions
Arab company for projects and urban development	**22,568,816**	359,570,010	Dividends
Alexandria company for real estate investment	**55,740**	293,783,486	Dividends
San Stefano for real estate investment		50,916,695	
	Debit Balances 30 September 2017	Debit Balances 31 December 2016	
Arab company for projects and urban development	**22,568,816**	-	
Alexandria company for real estate investment	**-**	293,783,486	
Hill /TMG for constructions and projects management	**28,409**	28,409	
	Credit Balances 30 September 2017	Credit Balances 31 December 2016	
Alexandria company for real estate investment	**55,740**	-	
	Notes receivables 30 September 2017	Notes receivables 31 December 2016	
Alexandria company for real estate investment	**308,579,870**	308,579,870	
Arab company for projects and urban development	**1,899,895,069**	1,899,895,069	
San Stefano for real estate investment	**290,242,293**	290,242,293	
Alexandria for urban projects	**43,349,300**	43,349,300	
	2,542,066,532	2,542,066,532	

TMG Company for Real Estate and Investments owns approximately 43.15 % of the shares of Talaat Mostafa Group Holding Company.

23 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.

d. Real Estate tax
The company has not any submission for the real estate tax as, there is no any properties the company owns in that regard.

24 CONTINGENT LIABILITY

There are no contingent liabilities or contingent capital commitments.

25 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Company has exposure to the following risks from its use of financial instruments:

a) Credit risk.
b) Market risk.
c) Liquidity risk.

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital.

The Board of Directors of the Parent Company has overall responsibility for the establishment and oversight of the Company's risk management framework, The Company's senior management are responsible for developing and monitoring the risk management policies and report regularly to the Parent Company on their activities.

The Company's current financial risk management framework is a combination of formally documented risk management policies in certain areas and informal risk management policies in other areas**.**

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 establishing companies.

B- Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices, such as currency risk and interest rate risk, which will affect the Company's income, Financial instruments affected by market risk include interest-bearing loans and borrowings, and deposits, The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return, The Company does not hold or issue derivative financial instruments.

Exposure to interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates, The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's obligations with floating interest rates and interest bearing time deposits.
Interest on financial instruments having floating rates is re-priced at intervals of less than one year.

Since the interest rate on the loans and financial obligations is an inflating interest rate, the effect of the change in the interest rate will display in the financial statements of the company.

C- 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.