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

TALAAT MOSTAFA GROUP HOLDING COMPANY
"TMG HOLDING" (S.A.E)
CONSOLIDATED INERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED 31 MARCH 2018
TOGETHER WITH REVIEW REPORT

Talaat Mostafa Group Holding Company "TMG Holding" (S.A.E)
Consolidated Financial Statements
For The Three Months Ended 31 March 2018

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ALLIED FOR ACCOUNTING & AUDITING
(EY)

ARAB CHARTERED ACCOUNTANTS
(RSM EGYPT)

translation of auditors' report
originally issued in Arabic

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

Introduction

We have reviewed the accompanying interim consolidated financial position of **Talaat Mostafa Group Holding Company "TMG Holding" (S.A.E)** as at 31 March 2018 and the related statements of consolidated income (profit or loss), comprehensive income, changes in equity and consolidated cash flows for the three months ended in that date, and summary of the main accounting policies and other explanatory notes. Management is responsible for the preparation and presentation of these interim consolidated financial statements in accordance with the Egyptian accounting standards, our responsibility is to express a conclusion on these interim consolidated financial statements based on our review.

Scope of review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that accompanying interim consolidated financial statements are not prepared, in all material respects for the financial position of the company as at 31 March 2018, and its financial performance and cash flows for the three months ended in that date in accordance with Egyptian accounting standards.

Cairo: 14 May 2018

RSM Egypt - Chartered Accoutants
Magdy Hashish & Partners

Auditors

متضامنون للمحاسبة والمراجعة

A Member of Ernst & Young Global

Tarek Hashish
FESAA-FEST
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CHARTERED ACCOUNTANTS
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ALLIED FOR ACCOUNTING & AUDITING
(EY)

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

STATEMENT OF CONSOLIDATED INTERIM FINANCIAL POSITION
As of 31 March 2018

	Notes	**31 March 2018** **LE**	31 December 2017 LE
Assets			
Non-current Assets			
Property and equipment	(4)	**3,930,126,347**	3,833,888,349
Investment properties	(5)	**112,375,737**	112,794,864
Intangible assets	(6)	**2,101,776**	2,305,811
Fixed assets under construction	(7)	**2,862,550,739**	2,785,342,593
Goodwill	(8)	**13,581,482,464**	13,581,482,464
Investments in associates	(9)	**2,957,396**	2,957,396
Available for sale investments	(10)	**96,875,782**	98,003,177
Investments in financial assets held to maturity	(11)	**2,516,538,497**	2,516,129,624
Total non-current assets		**23,105,008,738**	22,932,904,278
Current assets			
Finished units		**21,742,803**	21,742,803
Development properties	(14)	**26,290,843,066**	24,410,371,594
Inventory	(15)	**118,985,755**	57,974,867
Accounts and notes receivable	(13)	**20,088,197,198**	18,329,243,039
Prepaid expenses and other debit balances	(16)	**3,983,437,156**	3,460,841,996
Available for sale investments	(10)	**9,251,335**	9,251,335
Financial assets held to maturity	(11)	**390,525,829**	554,404,102
Financial assets at fair value through profit and loss	(12)	**3,245,418**	3,139,353
Cash and cash equivalents	(17)	**3,527,130,055**	3,339,565,205
Total current assets		**54,433,358,615**	50,186,534,294
Total assets		**77,538,367,353**	73,119,438,572
Equity			
Authorized capital	(22)	**30,000,000,000**	30,000,000,000
Issued and paid up capital	(22)	**20,635,622,860**	20,635,622,860
Legal reserve	(23)	**274,484,336**	250,250,347
General reserve	(24)	**61,735,404**	61,735,404
Unrealized gain on available for sale investments	(25)	**45,593,004**	46,852,929
Accumulative translation adjustment		**2,437,495**	2,437,495
Retained earnings		**6,757,959,533**	5,810,239,156
Net profit for the period / year		**309,351,158**	1,326,833,010
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT COMPANY		**28,087,183,790**	28,133,971,201
Non-controlling interests		**1,048,111,181**	1,018,951,794
TOTAL EQUITY		**29,135,294,971**	29,152,922,995

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

STATEMENT OF CONSOLIDATED INTERIM FINANCIAL POSITION (Continue)
As of 31 March 2018

Non-current liabilities			
Long-term loans	(26)	**2,914,997,602**	2,948,560,045
Non-current liabilities	(27)	**4,168,135,848**	4,169,619,381
Deferred tax liability	(28)	**110,990,232**	108,304,599
Total non-current liabilities		7,194,123,682	7,226,484,025
Current liabilities			
Banks overdraft		**9,950,628**	2,319,180
Bank facilities	(26)	**1,763,246,402**	1,726,561,168
Short-term loans	(26)	**449,031,172**	555,186,788
Creditors and notes payable	(18)	**5,101,540,864**	3,720,397,457
Advance payments from customers	(19)	**26,315,715,513**	24,117,965,626
Dividends payable	(20)	**652,987,462**	250,568,197
Accrued income tax	(28)	**503,967,315**	515,148,715
Accrued expenses and other credit balances	(21)	**6,412,509,344**	5,851,884,421
Total current liabilities		**41,208,948,700**	36,740,031,552
Total liabilities		**48,403,072,382**	43,966,515,577
Total equity and liabilities		**77,538,367,353**	73,119,438,572

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

- The attached notes (1) to (38) are an integral part of these consolidated interim financial statements
- Review' report attached.

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

STATEMENT OF CONSOLIDATED INTERIM INCOME (PROFIT OR LOSS)
For The Three Months Ended 31 March 2018

	Notes	**For the three months ended 31 March 2018**	For the three months ended 31 March 2017
		LE	LE
Real estate development revenues	(29)	**1,090,216,702**	955,745,332
Real estate development costs	(29)	**(652,218,009)**	(561,695,196)
Gross profit from real estate development		**437,998,693**	394,050,136
Hospitality and other recurring revenues	(29)	**523,120,043**	330,160,549
Cost of hospitality and other recurring revenues	(29)	**(280,388,134)**	(218,191,286)
Gross profit from hospitality and other recurring business		**242,731,909**	111,969,263
TOTAL GROSS PROFIT		**680,730,602**	506,019,399
Marketing and selling expenses		**(5,998,599)**	(9,526,169)
General and administrative expenses		**(194,499,429)**	(126,765,551)
Donations and governmental expenses		**(42,395,085)**	(15,914,363)
Credit interest	(31)	**46,558,887**	36,246,861
Interest on bonds	(31)	**4,741,663**	1,533,627
Bonds amortization	(11)	**16,215**	15,013
Income from treasury bills	(31)	**16,580,459**	18,203,542
Dividends from financial assets at fair value through profit and loss		**-**	168,000
Gain on sale of financial assets at fair value through profit and loss		**-**	4,700,255
Gain from revaluate financial assets at fair value through profit or loss	(12)	**106,065**	2,635,854
Share of income of associates		**-**	1,416,989
Other income	(30)	**34,987,060**	30,103,107
Capital gain	(4)	**(7,085)**	181,300
Board of directors allowances		**(148,250)**	(169,600)
Foreign exchange (loss)		**(4,759,111)**	(37,259)
NET PROFIT FOR THE PERIOD BEFORE IMPAIRMENTS, FINANCE COST AND DEPRECIATION		**535,913,392**	448,811,005
Depreciation and amortization	(4,5,6)	**(38,886,668)**	(34,396,468)
Expenses of factoring notes receivable without recourse		**(61,109,276)**	-
Finance cost		**(33,438,034)**	(31,559,949)
NET PROFIT FOR THE PERIOD BEFORE TAX		**402,479,414**	382,854,588
Income tax	(28)	**(59,193,016)**	(60,730,419)
Deferred tax	(28)	**(2,685,635)**	(16,895,763)
NET PROFIT FOR THE PERIOD		**340,600,763**	305,228,406
Attributable to:			
Parent company shareholders		**309,351,158**	288,543,112
Non-controlling interests		**31,249,605**	16,685,294
		340,600,763	305,228,406

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

- The attached notes (1) to (38) are an integral part of these consolidated interim financial statements

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

STATEMENT OF CONSOLIDATED INTERIM COMPREHENSIVE INCOME
For The Three Months Ended 31 March 2018

	Notes	**For the three months ended 31 March 2018**	For the three months ended 31 March 2017
		LE	LE
Net profit for the period		**309,351,158**	288,543,112
Other comprehensive income			
(Loss) of revaluation of available for sale Investments		**(1,259,925)**	(412,978)
Comprehensive income after tax		**(1,259,925)**	(412,978)
Total comprehensive income for the period		**308,091,233**	288,130,134
Attributable to:			
Parent company shareholders		**308,091,233**	288,130,134
Non-controlling interests		**31,249,605**	16,685,294
		339,340,838	304,815,428

- The attached notes (1) to (41) are an integral part of these consolidated interim financial statements

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

STATEMENT OF CONSOLIDATED INTERIM CHANGES IN EQUITY
For The Three Months Ended 31 March 2018

	Issued and paid up capital	**Legal reserve**	**General reserve**	**Unrealized gain on available for sale assets**	**Accumulated translation adjustments**	**Retained earnings**	**Net profit for the year**	**Total**	**Non-controlling Interest**	**Total**
	LE	**LE**	**LE**	**LE**	**LE**	**LE**	**LE**	**LE**	**LE**	**LE**
Balance as at 1 January 2018	20,635,622,860	250,250,347	61,735,404	46,852,929	2,437,495	5,810,239,156	1,326,833,010	28,133,971,201	1,018,951,794	29,152,922,995
Transferred to retained earnings and legal reserve	-	24,233,989	-	-	-	1,302,599,021	(1,326,833,010)	-	-	-
Total comprehensive income (loss) for the period	-	-	-	(1,259,925)	-	-	-	(1,259,925)	-	(1,259,925)
Net profit for the period	-	-	-	-	-	-	309,351,158	309,351,158	31,249,605	340,600,763
Dividends	-	-	-	-	-	(350,805,589)	-	(350,805,589)	-	(350,805,589)
Reconciliation of dividends paid to employees in subsidiaries	-	-	-	-	-	(4,073,055)	-	(4,073,055)	-	(4,073,055)
Reconciliation on non-controlling interests	-	-	-	-	-	-	-	-	(2,090,218)	(2,090,218)
Balance as at 31 March 2018	**20,635,622,860**	**274,484,336**	**61,735,404**	**45,593,004**	**2,437,495**	**6,757,959,533**	**309,351,158**	**28,087,183,790**	**1,048,111,181**	**29,135,294,971**

* Results from elimination entries among subsidiaries and dividends paid to minority shareholders in subsidiaries.

- The attached notes (1) to (38) are an integral part of these consolidated interim financial statements

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

STATEMENT OF CONSOLIDATED INTERIM CHANGES IN EQUITY
For The Three Months Ended 31 March 2018

	Issued and Paid up Capital	Legal Reserves	General Reserves	Net unrealized gain on available for sale	Accumulative translation adjustments	Retained Earning	Net Profit for the period	Total	Non-Controlling Interest	Total
	LE	LE	LE	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**	**2,268,492**	**5,424,549,151**	**826,545,440**	**27,239,338,107**	**899,203,684**	**28,138,541,791**
Transferred to retained earnings and legal reserve	-	13,882,851	-	-	-	812,662,589	(826,545,440)	-	-	-
Total Comprehensive (Loss) For The Period	-	-	-	(412,978)	-	-	-	(412,978)	-	(412,978)
Net Profit for the period	-	-	-	-	-	-	288,543,112	288,543,112	16,685,294	305,228,406
Dividends	-	-	-	-	-	(303,075,000)	-	(303,075,000)	-	(303,075,000)
Reconciliation of dividends paid to employees in subsidiaries	-	-	-	-	-	(11,734)	-	(11,734)	-	(11,734)
Reconciliation on non-controlling interests	-	-	-	-	-	-	-	-	(7760360)	(7,760,360)
Balance as of 31 March 2017	**20,635,622,860**	**250,250,347**	**61,735,404**	**51,836,286**	**2,268,492**	**5,934,125,006**	**288,543,112**	**27,224,381,507**	**908,128,618**	**28,132,510,125**

* Results from elimination entries among the subsidiaries and dividends paid to minority shareholders in subsidiaries.

- The attached notes (1) to (38) are an integral part of these consolidated interim financial statements

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

STATEMENT OF CONSOLIDATED INTERIM CASH FLOWS
For The Three Months Ended 31 March 2018

	Notes	**For the three months ended 31 March 2018**	For the three months ended 31 March 2017
		LE	LE
CASH FLOWS FROM OPERATING ACTIVITIES			
Net profit for the period before tax and non-controlling interest		**402,479,414**	382,854,588
Adjustment to reconciliation net profit with cash flow operating			
Depreciation & amortization	(4,5,6)	**38,886,668**	34,396,468
(Discount) Financial Assets Held to Maturity Amortization	(11)	**(16,215)**	(15,013)
(Credit) interests and income from treasury bills	(31)	**(67,881,009)**	(55,984,030)
(Dividends) from fin. assets at fair value through profit and loss		**-**	(168,000)
(Gain) on sale of fin. assets at fair value through profit and loss		**-**	(4,700,255)
(Gain) from revaluation of fin. assets at fair value through profit and Loss	(12)	**(106,065)**	(2,635,854)
Share of (income) of associates	(9)	**-**	(1,416,989)
Capital loss	(4)	**7,085**	(181,300)
Foreign Exchange loss		**4,759,111**	37,259
Operating profit before changes in working capital		**378,128,989**	352,186,874
Change in Development properties	(14)	**(1,880,471,472)**	(1,058,445,798)
Change in Inventory	(15)	**(61,010,888)**	(17,090,176)
Change in Accounts and notes receivable	(13)	**(1,758,954,159)**	(331,461,419)
Change in Prepaid expenses and other debit balances	(16)	**(531,605,499)**	(315,635,458)
Change in Creditors and notes payable		**1,381,143,407**	(462,202,859)
Change in Long-term liabilities		**(1,483,533)**	12,697,201
Change in Advance payments from customers		**2,197,749,887**	1,555,313,294
Change in Dividends payable	(20)	**402,419,265**	-
Change in Financial assets at fair value through profit and loss		**-**	2,925,426
Accrued income tax paid	(28)	**(70,374,416)**	(69,071,377)
Change in other credit balances	(21)	**560,624,923**	281,901,006
Net cash flow from operating activities		**616,166,504**	(48,883,286)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property and equipment, intangible assets and payment for projects under construction	(4,6,7)	**(211,824,033)**	(90,967,656)
Proceeds from disposal of fixed assets	(4)	**107,299**	641,100
Loss from disposal of available for sale investments		**(132,530)**	-
Purchase of fin. assets held to maturity	(11)	**163,469,400**	(5,867,175)
Dividends received		**-**	168,000
Net cash flow (used in) investing activities		**(48,379,864)**	(96,025,731)
CASH FLOWS FROM FINANCING ACTIVITIES			
Credit interests and income from treasury bills received	(31)	**76,907,559**	39,494,596
Dividends paid		**(350,805,589)**	(79,494)
Payments for/ Proceeds from loans and facilities	(26)	**(103,032,825)**	264,435,831
Net cash flow (used in) from financing activities		**(376,930,855)**	303,850,933
Net foreign exchange difference		**(4,759,111)**	(37,259)
NET INCREASE IN CASH EQUIVALENTS DURING THE PERIOD		**186,096,674**	158,904,657
Cash adjustments	(32)	**(6,163,272)**	(7,772,094)
Cash and cash equivalents at the beginning of the period		**3,337,246,025**	3,244,897,642
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	(17)	**3,517,179,427**	3,396,030,205

- The attached notes (1) to (38) are an integral part of these consolidated interim financial statements

1 BACKGROUND

- Talaat Mostafa Group Holding TMG Holding S,A,E, was established on 13 February 2007 under the provisions of law 95 of 1992 and its executive regulations and registered in Egypt under Commercial Registration numbered 187398 by date 3 April 2007, and the company period is 25 years.
- The main objective of the Company is participating in the incorporation of shareholding companies or participating in the capital increase of those companies.
- The company headquarter and legal place is 36, mosadek st, Dokki – Giza – Arabic republic of Egypt,
- The financial statements for the Period ended 31 March 2018 were approved on 13 May 2018 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 Basis of consolidating the financial statements

- Eliminate all the Inter-company accounts and transactions as well as unrealized profit (loss) results from the transactions with the subsidiaries.
- The non-controlling interest is presented as a separate item in the consolidated balance sheet and the minority share in the net results of the subsidiaries is presented as a separate item in the consolidated income statement, in the case of the increase of minority share in the loss of the subsidiaries over there share in the net assets of those companies, the increase or any additional loss related to the minority to be recorded in the holding company share in the net results of those companies except the amount of loss that the minority approved before to bear it, in case of the subsidiaries achieved profit in the following periods of the above mentioned loss, the total profit to be recorded to the holding company share in results of the subsidiaries until all previously recorded loss is redeemed.
- The company treat the transactions with the minority partners the same treatment with external parties, Profit or loss from the sale of share of the company to the minority to be recorded in the income statements, and purchase share from the minority results in as goodwill due to the different between the purchase price and the share in net assets acquired and the different between the book value and the net fair value of the assets acquired to be recorded in the equity,
- The consolidated financial statements include the assets, liabilities and the results of Talaat Mostafa holding company (the company) and all its subsidiaries that stated below, The subsidiary is the company that the holding company owns direct or indirect long term investment more than 50% of the capital that give the right to vote or have control.
- The subsidiaries are included in the consolidated financial statements starting from acquisition date to the date that control is stopped.
- Purchase methods is used to account for acquiring subsidiaries and the acquisition cost is measured by the fair value or the return that the company gave from assets, equity instruments or liabilities bear it or liabilities committed to bear it on behalf of the acquire at the date of swab plus the additional costs related directly to the acquisition process , the net acquired assets including the proper liabilities are to be measured to determined its fair value at the date of acquisition despite any rights to minorities, the increase in the acquisition cost to the fair value of the company share in net assets is considered goodwill and if the cost of acquisition is less that above mentioned fair value of the nest assets the different to recoded in the consolidated income statement.

The consolidated financial statements include the subsidiaries which controlled by Talaat Mostafa Group Company "TMG Holding" as a share bigger than 50% of the subsidiaries' paid capital.

The following are the subsidiaries that are included in the consolidated financial statements:

Arab company for projects and urban development (S.A.E)	99.99%
Alexandria company for real estate investment (S.A.E)*	97.93%
San Stefano company for real estate investment (S.A.E)	72.18%
Alexandria for urban projects Company (S,A,E)***	40%

*Arab company for projects and urban development acquires 1, 66% of Alexandria company for real estate investment, and contributes in the following companies:

	Contribution
El Masria for trading services(S,A,E)	99%
El rehab for management(S,A,E)	98%
Engineering for developed systems of building (S,A,E)	82,5%
El rehab for securitization(S,A,E)	100%
El Tayseer for real estate financing (S,A,E)	90%
Arab Egyptian company for entertainment projects(S,A,E)	50%
Madinaty for electromechanically power (S,A,E)	85%
Madinaty for project management(S,A,E)	91%
Swiss Green Company- Switzerland	70%
Alexandria for coordinating and garden maintenance	93.95%

** Alexandria company for real estate investment acquires 60% of Alexandria for urban projects Company, and contributes in the following companies:

	Contribution
El rabwa for entertainment services (S,A,E)	95.5%
El masria for development and real estate projects(S,A,E)	96,51%
which contributes in Marsa el Sadied for real estate development	99.9%
Arab company for tourism and hotels investments S,A,E)and its subsidiaries as follows:	77.91%
Nova park - Cairo(S,A,E)	99.99%
Alexandria Saudi for tourism projects(S,A,E)	99.87%
San Stefano for tourism investment (S,A,E)	84.44%
El Nile for hotels (S,A,E)	100%
Luxor for urban and tourism development (S,A,E)	100%

*** The company acquires with an indirect way 27,82% of San Stefano Company for real estate investment through its subsidiary (Arab company for projects and urban development, Alexandria Company for real estate investment, Alexandria for urban projects Company), San Stefano Company for real estate investment acquired 62,5 % of the shares of Alexandria for Projects Management.

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

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

2-2 Summary of the significant accounting policies

Foreign currency translation

The group's records are maintained in Egyptian pound, Transactions in foreign currencies during the year are recorded using the exchange rates prevailing on the transaction date, At the balance sheet date, monetary assets and liabilities denominated in foreign currencies are translated to Egyptian pound using the exchange rates prevailing on that date, Translation differences are recorded in the statement of income.

Significant Accounting Policies (Continue)

Property, plant and equipment
Property, plant and equipment is stated at cost less accumulated depreciation and any impairment in value, Depreciation is calculated on a straight line basis over the estimated useful lives of the assets as follows:

	Years
Buildings & constructions	20 - 80
Motor Vehicles	5
Tools & equipments	3 - 8
Furniture and other assets	5- 10
Computers	3 - 8
Marina Equipments	2 - 10

Projects under construction are depreciated when it is ready for use in the place and the condition of operating, then to be reclassified to the fixed assets category.
Other subsequent expenditure is capitalised only when it increases future economic benefits of the related item of property, plant and equipment, all other expenditure is recognised in the consolidated income statement as the expense is incurred.

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

Goodwill
Goodwill represents the increase of the acquisition cost of the shares of the subsidiaries companies with the company share in the fair value of the net assets of those companies at the date of acquisition, Goodwill results from purchase subsidiaries is recorded as noncurrent assets and the goodwill results from purchase investments in associates recorded as investments in associates, at the end of each financial year the goodwill is tested for impairments and to be displayed at cost after deducting the impairment loss if exist.

Project under construction:
Projects under construction represent the amounts that are paid for the purpose of constructing or purchasing fixed assets until it is ready to be used in the operation, upon which it is transferred to fixed assets, Projects under construction are valued at cost.

Investment Property
Investment properties are the real estate's (Buildings, Lands or both) that are kept for renting or increase in its value; they are measured initially at cost, including transaction costs.

Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the balance sheet date, Gains or losses arising from changes in the fair values of investment properties are included in the income statement in the year in which they arise.

Investments
Investments in associates
Investments in associates are accounted for using the Equity method except for when investment are classified as available for sale according to the Egyptian accounting standards No,32 None current assets held for sale and discontinued operations, these associates companies are those companies which the company has a major influence and which are not subsidiaries or joint venture, Investments in associates are recorded in the Balance sheet with cost.

Investments in subsidiaries are accounted for at cost inclusive transaction cost in accorence to paragraph 10 from Egyptian accounting standard # (18) as an consolidated financial statements are prepared for public use 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.

Significant Accounting Policies (Continue)

Available-for-sale investments
Available-for-sale investments are recognised and derecognised, on a trade date basis, when the Company becomes, or ceases to be a party to the contractual provisions of the instrument; they are included in noncurrent assets unless management intends to dispose of the investments within 12 months of the balance sheet date.
Investments designated as available-for-sale investments are initially recorded at cost (except for non listed investments in the capital exchange market) and subsequently measured at fair value, Changes in fair value are reported as a separate component of equity, Upon elimination of investments, the previously reported as “cumulative changes in fair value” within equity is to be included in the consolidated income statement for the period, except for impairments loss, and for non listed investments is to be recorded at cost less impairment loss.
Investments in equity instruments that are not listed in an active market and cannot be reliably measured are measured at cost.

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 consolidated income statement.

Financial assets held to maturity

Investments in financial assets held to maturity with fixed or determinable payments with fixed maturity date 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 Share
Treasury shares are recorded at cost and after the initial recognition, the difference between the acquisition cost and the actual cost during the period from the acquisition date to the maturity date are amortized at fixed instalments using the effective interest rate.

Significant Accounting Policies (Continue)

Development properties
Properties acquired, constructed or in the course of construction for sale are classified as Development properties, Unsold properties are stated at the lower of cost or net sales value, Properties in the course of development for sale are stated at cost, The cost of development properties includes the cost of land and other related expenditure which are capitalized as and when activities that are necessary to get the properties ready for sale are in progress, Net sales value represents the estimated selling price less costs to be incurred in selling the property.

The property is considered to be completed when all related activities, including the infrastructure and facilities for the entire project, have been completed
Management reviews the cost of the work in progress on yearly basis.

Finished units
Finished units are stated at the lower of cost or net realizable value, the consolidated income statement includes any decreases in the net realized value to the book value.

Inventories
Inventories are stated at the lower of cost or net realizable value,
The inventory of hotels suppleness since the opening of the hotel and required for the operation to be measured in the fair value and the decrease of the fair value to be recorded in the consolidated income statements.

Accounts receivable, Debtors and notes receivable
Accounts receivable are stated at original invoice amount, All those amounts are reviewed annually to decide wither there is an indicator for impairment possibility in the assets value.

Credit Balances and accruals
Liabilities are recognised for amounts to be paid in the future for goods or services received, whether billed by the supplier or not.

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

Related party transactions
Related party transactions performed by the Company within its normal business transactions are recorded based on the conditions set by the board of directors.

Employees' Pension Plan
The company participates in the social insurance system in accordance to the social insurance laws no, 79 for the year 1975 and its amended and the company share in the social insurance cost to be charged to the consolidated income statement according to the accrual basis.

Provisions
Provisions are recognized when the Company has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made, Provisions are reviewed at the balance sheet date and adjusted to reflect the current best estimate, Where the effect of the time value of money is material, The amount of a provision should be the present value of the expected expenditures required to settle the obligation.

Legal reserve
According to the Company's article of association, 5% of the net profits of the year are to be transferred to the legal reserve until this reserve reaches 50 % of the issued capital, the reserve is used upon a decision from the general assembly meeting based on the proposal of the board of directors.

Significant Accounting Policies (Continue)

Revenue recognition
Revenues results from the sale of units are recognized upon the actual or constructive delivery of the units to the buyers, which is the point that all rewards and risks will transfer from the company to the buyers.

The company uses full contract methods in recognize revenue for the all sold units, which required to capitalize the costs under work in progress account till the salable units are completed and delivered to the customer, then revenue is recognized and match it with the related operation cost.

The revenue results from the sale of villas is recognized in the income statement according to the revenue incurred, where the selling amount of the land of the villa will be totally recognized upon choosing the client the land that will be build on it, the selling amount of the building and related construction amount of the villas will be recorded by uses full contract methods in recognize revenue upon delivering the villas to the client.

Hotels revenue is recognized according to the company shares from the profit of the hotels.

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

Share of results of the associates is recognised according to the equity methods and based on the latest approved financial statements of those associates.

Interest income of the financial instruments is recognised in the consolidated income statement by using effective interest rate methods except for the financial instruments classified as for trade or financial assets at fair value through profit or loss.

Dividend income from financial assets at fair value through profit or loss or available for sale is recorded when there is right to receive it.

Recording the operational cost
Delivery minutes with the customers of the sellable units to the customers and revenue recognized of those units are the bases to record the operational cost related to those units which includes:

The direct and indirect costs
The construction cost of the sellable units according to the payment certificates of the contractors and suppliers that approved by the technical department of the company is recoded in work in progress account and the costs to be distributed to the sold units according to the following basis:

- Unit share of the land cost and units share of the land cost which was distributed as the land area of each units to the total area of the units in the project
- The unit share from the actual and estimated costs that distributed based on the contracts and invoices of each sector from units , villas and retails in each phase
- The units share from the indirect actual and estimated costs are distributed based on the direct cost of each sector in each phase

Impairment of financial assets
The Company regularly assesses whether there is an indication that an asset could be impaired,
The impairment loss of financial assets that was measured with the amortized cost is to be measured as the different between the amortized cost of the book value and the present value of the projected cash flow by using the effective rate.
The impairment loss related to financial assets available for sale to be calculated by using the present fair value,
The remaining financial assets are estimated according to the groups level that have the same credit risk characterises,
Impairment loss is recognized in the consolidated income statement any subsequent reversal of an impairment loss is recognized in profit and loss, to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date.

Significant Accounting Policies (Continue)

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

Impairment of non-financial assets
The company assesses at each reporting date wither there is an indication that an asset may be impaired**,**
An asset's recoverable amount is higher of an asset's or cash – generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount,
In assessing value in use, the estimated future cash flows are discounted to their present value using a pre –tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset,
Impairment losses of continuing operations are recognised in the consolidated income statement in those expenses categories consistent with the function of impairment asset except for the property previously revaluated where the revaluation was taken to equity; In this case the impairment is also recognised in equity up to the amount of any previous revaluated.

Treasury stocks
The treasury shares (Company shares) are recorded with the cost and deducted from the owners' equity in the balance sheet, any profit or loss proceeds of disposing these treasury stocks are being recorded within the owners' equity.

Accounting estimates
The preparation of financial statements in accordance with Egyptian Accounting Standards requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses during the financial years, Actual results could differ from these estimates,
Those estimates are reviewed on regularly basis and any differences in the estimates in the date of examining those estimates will affect only the period under examination and if those differences will affect the current period and the coming periods those differences to be recorded in the current and future periods.

Income tax
Income tax is calculated in accordance with the Egyptian tax law,
Deferred income tax is recognized using the liability method on temporary differences between the amount attributed to an asset or liability for tax purposes (tax base) and its carrying amount in the balance sheet (accounting base) using the applicable tax rate,
Deferred tax asset is recognized when it is probable that the asset can be utilized to reduce future taxable profits and the asset is reduced by the portion that will not create future benefit.

Cash flow statement
The cash flow statement is prepared using the indirect method, for the purpose of preparing the cash flow statements , the cash and cash equivalent include cash on hand , cash at bank , short term deposits , treasury bills with maturity date three months or less deducting the bank overdraft – if any.

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

Significant Accounting Policies (Continue)

Borrowing costs
Borrowing costs are recorded in the statement of income as financing expenses except the borrowing costs directly related to the acquisition, construction or production of a qualifying assets which is included as part of the cost of the asset, the borrowing cost amount that will be capitalized is determined based on the actual borrowing cost.
Suspend capitalisation of borrowing costs during extended periods in which it suspends active development of a qualifying asset.
Cease capitalizing of the borrowing costs when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete.

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

Cash & cash equivalent
For the purpose of preparing consolidated cash flow statement, cash and cash equivalent at banks and on hands , time deposits treasury bills maturity date within three months , checks under collection (banks checks and accepted cheeks) and banks overdraft that will be paid on demand that consider a part of the assets management system in the company.

Dividends
Dividends recognized as liability in the period in which the company General Assembly meeting decided to distribute profits.

Fair values
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.

3 - Segment information

The major segments in the company are the real estate and tourism segments, the profit and investments related to other segments are not significant and not required to be reported in accordance to that standard, the company considered all its revenues for the period ended 31 March 2018 based on one separate operational segment and disclose for the major segments in the accompanied notes.

4 PROPERTY AND EQUIPMENT - NET

	Lands LE	Buildings & Constructions LE	Motor Vehicles LE	Tools & Equipments LE	Furniture & Fixtures LE	Computers LE	Total LE
Cost							
As of 1 January 2018	607,593,430	3,264,406,828	181,770,035	397,764,003	566,337,009	44,624,345	5,062,495,650
Additions	100,762,760	2,041,450	14,010,719	6,021,814	7,641,570	4,137,574	134,615,887
Disposals	-	(160,000)	-	-	(13,366)	(27,825)	(201,191)
As of 31 March 2018	708,356,190	3,266,288,278	195,780,754	403,785,817	573,965,213	48,734,094	5,196,910,346
Accumulated depreciation							
At 1 January 2018	-	(473,617,844)	(118,770,959)	(270,032,061)	(342,337,714)	(23,848,723)	(1,228,607,301)
Depreciation for the period	-	(10,828,610)	(5,852,667)	(7,425,595)	(11,700,504)	(2,456,129)	(38,263,505)
Disposals	-	80,000	-	-	849	5,958	86,807
As of 31 March 2018	-	(484,366,454)	(124,623,626)	(277,457,656)	(354,037,369)	(26,298,894)	(1,266,783,999)
Net book value As of 31 March 2018	**708,356,190**	**2,781,921,824**	**71,157,128**	**126,328,161**	**219,927,844**	**22,435,200**	**3,930,126,347**

- First degree mortgage on the land of el Nile hotel, garden city – Cairo and all the building on it that to El Nile Co, also the garage and club land at 4 Ahmed Raghib St, garden city – Cairo
- First degree mortgage on the land and the building of four season hotel sharm el sheik in shark bay – sharm el sheik owned by Alexandria Saudi Co, for tourism investment
- First degree mortgage on the land and the building of four season hotel Nile plaza, Cairo owned by Nova Park Co, excluding the total sold or available for sale units and its share in the land.

,Proceed from sale of fixed assets		107,299
Cost of disposal fixed assets	(201,191)	
Accumulated depreciation of sold assets	86,807	
Net cost of fixed assets' disposal		(114,384)
Capital (Loss)		**(7,085)**

The depreciation are allocated to the following:	
Depreciation expenses at the statement of profit or loss	38,263,505

4-PROPERTY AND EQUIPMENT (Continue)

	Lands	Buildings & Constructions	Motor Vehicles	Tools & Equipments	Furniture & Fixtures	Computers	Total
	LE	LE	LE	LE	LE	LE	LE
Cost							
As of 1 January 2017	577,557,286	3,257,688,032	157,567,684	375,628,634	518,256,461	33,029,453	4,919,727,550
Additions	31,429,099	6,718,796	27,849,919	31,627,404	67,895,634	12,863,222	178,384,074
Disposals	(1,392,955)	-	(3,647,568)	(9,492,036)	(19,815,085)	(1,268,330)	(35,615,974)
As of 31 December 2017	607,593,430	3,264,406,828	181,770,035	397,764,002	566,337,010	44,624,345	5,062,495,650
Accumulated depreciation							
At 1 January 2017	-	(429,937,256)	(101,411,982)	(246,446,337)	(315,530,763)	(18,791,153)	(1,112,117,491)
Depreciation for the period	-	(43,680,588)	(20,268,823)	(30,054,480)	(42,489,197)	(6,322,731)	(142,815,819)
Disposals	-	-	2,909,846	6,468,756	15,682,246	1,265,161	26,326,009
As of 31 December 2017	-	(473,617,844)	(118,770,959)	(270,032,061)	(342,337,714)	(23,848,723)	(1,228,607,301)
Net book value As of 31 December 2017	607,593,430	2,790,788,984	62,999,076	127,731,941	223,999,296	20,775,622	3,833,888,349

- First degree mortgage on the land of el Nile hotel, garden city – Cairo and all the building on it that to El Nile Co, also the garage and club land at 4 Ahmed Raghib St, garden city – Cairo
- First degree mortgage on the land and the building of four season hotel sharm el sheik in shark bay – sharm el sheik owned by Alexandria Saudi Co, for tourism investment
- First degree mortgage on the land and the building of four season hotel Nile plaza, Cairo owned by Nova Park Co, excluding the total sold or available for sale units and its share in the land.

,Proceed from sale of fixed assets		7,743,652
Cost of disposal fixed assets	(35,615,974)	
Accumulated depreciation of sold assets	26,326,009	
Net cost of fixed assets' disposal		(9,289,965)
Capital (Loss)		(1,546,313)

The depreciation are allocated to the following:	
Depreciation expenses at the statement of profit or loss	142,815,819

5 – INVESTMENT PROPERTIES

	Buildings & Constructions	Furniture & Fixtures	Total
Cost	**LE**	**LE**	**LE**
As of 1 January 2018	119,282,314	13,610,293	132,892,607
As of 31 March 2018	119,282,314	13,610,293	132,892,607
Accumulated depreciation			
At 1 January 2018	(17,884,109)	(2,213,634)	(20,097,743)
Depreciation charge	(377,227)	(41,900)	(419,127)
As of 31 March 2018	(18,261,336)	(2,255,534)	(20,516,870)
Net book value As of 31 March 2018	**101,020,978**	**11,354,759**	**112,375,737**
Net book value As of 31 December 2017	101,398,205	11,396,659	112,794,864

6 – INTANGIBLE ASSETS

	31 March 2018	31 December 2017
	LE	LE
Computers and Software	**2,305,812**	682,199
Additions	**-**	1,960,978
Amortization	**(204,036)**	(337,366)
	2,101,776	2,305,811

7 – FIXED ASSETS UNDER CONSTRUCTIONS

	31 March 2018	31 December 2017
	LE	LE
Villa – Sednawy	**73,606,541**	73,606,541
Hotel Assets	**34,199,925**	21,399,123
Dubai Site	**15,852,435**	15,852,435
Luxor Project	**71,971,530**	71,928,397
Sharm El Sheik Project Extension	**2,666,920,308**	2,602,556,097
	2,862,550,739	2,785,342,593

8- GOODWILL

	31 March 2018	31 December 2017
	LE	LE
Arab Company for Projects and Urban Development	**11,538,333,222**	11,538,333,222
Alexandria Company for Real Estate Investment	**2,043,149,242**	2,043,149,242
	13,581,482,464	13,581,482,464

9- INVESTMENTS IN ASSOCIATES

	Percentage	31 March 2018 LE	31 December 2017 LE
Hill / TMG for Projects and Construction Management*	49%	**2,949,896**	2,176,199
Cairo Medical City Co,		**7,500**	7,500
Share of profits in Associates		**-**	773,697
		2,957,396	2,957,396

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

	31 March 2018 LE	31 December 2017 LE
The associates companies assets & liabilities:		
Long term assets	**-**	-
Current assets	**8,568,230**	8,568,230
Non- current liabilities	**-**	-
Current liabilities	**2,544,135**	2,544,135
The associates companies profit & losses:		
Revenues	**-**	-
Net profit /loss	**1,578,973**	1,578,973

10- AVAILABLE FOR SALE INVESTMENTS

	31 March 2018 LE	31 December 2017 LE
Available for sale investment – current		
Housing Insurance Company	**6,600,000**	6,600,000
Egyptian For Real Estate refinance Company	**2,055,560**	2,055,560
Egyptian Company for Marketing and Distribution	**500,000**	500,000
Other Companies	**95,775**	95,775
	9,251,335	9,251,335
Available for sale investment – non current		
Hermes investment fund	**85,115,122**	86,642,518
El Tameer for Real Estate Finance Company	**10,810,660**	10,810,659
Atrium Quality Contractors	**950,000**	550,000
	96,875,782	98,003,177
	106,127,117	107,254,512

Available for sale investments that have no market price and its fair value can't be properly determined due to the nature of the unpredictable future cash flows; therefore it was recorded at cost.
The available for sale investments are classified into current and non-concurrent assets based on the purpose of the investment whether the acquisition for keeping the investments.
Hermes investment fund amounted USD 4,836,086 equivalent to LE 85,115,122 as of 31 March 2018 and accounted at cost and the balance is valuated and this investment is recorded at cost and the balance in foreign currency is valuated and the valuation differences is presented in the other comprehensive income statement.

11- INVESTMENTS IN FINANCIAL ASSETS HELD TO MATURITY

Non - Current Investment

This item amounted to LE 2,516,538,497 as of 31 March 2018 consists of:-
- 2374979 bonds as follows:

No,	Face Value	Yield	Maturity
30,000	30,000,000	15%	2019
190,000	190,000,000	13%	2020
160,114	160,114,000	14%	2021
91,000	91,000,000	17%	2022
175,800	175,800,000	15%	2023
447,307	447,307,000	15%	2024
597,046	657,046,000	15%	2025
288,212	288,212,000	17%	2026
117,500	335,500,000	16%	2027
2,374,979	**2,374,979,000**		

The balance of bonds discounting issue amounted to 11,456,718 as of 31 March 2018 and it is amortized at the maturity date of the interest.

	31 March 2018	31 December 2017
	LE	LE
Historical cost	**2,374,979,000**	2,374,979,000
Bonds issue discount	**(11,456,718)**	(11,908,694)
Amortized value	**2,363,522,282**	2,363,070,306
Amortization of Bonds issue discount during the period	**16,215**	59,318
Balance of bonds	**2,363,538,497**	2,363,129,624
Suez Canal Certificates	**153,000,000**	153,000,000
	2,516,538,497	2,516,129,624

- 153000 Suez Canal Certificates maturity date is 2019 with 15.5% interest rate.

Current Investment

This item amounted to LE 390,525,829 as of 31 March 2018 as follows:
- Treasury Bills are 15240 T-Bills with nominal value LE 25,000 per T-Bill and maturity date in 2018.

	31 March 2018	31 December 2017
	LE	LE
Treasury Bills	**345,651,782**	509,581,320
Governmental Bonds- historical cost	**45,000,000**	45,000,000
Amortization of Bonds issue discount	**(125,953)**	(177,218)
	390,525,829	554,404,102

12- FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	31 March 2018 LE	31 December 2017 LE
Certificate of Deposit and Investment Funds	**3,234,995**	3,129,702
Egyptian Cables Company	**10,423**	9,651
	3,245,418	3,139,353

Market value	31 March 2018 LE	31 March 2017 LE
Book value of marketable securities before revaluation	**(3,139,353)**	(76,004,101)
Market value	**3,245,418**	78,639,955
Differences as in income statement	**106,065**	2,635,854

13- ACCOUNTS AND NOTES RECEIVABLE

	31 March 2018 LE	31 December 2017 LE
Accounts Receivables	**322,429,440**	270,443,953
Notes Receivables	**19,768,744,894**	18,061,776,225
Provision for general Risk	**(2,977,139)**	(2,977,139)
	20,088,197,198	18,329,243,039

The accounts and notes receivable are due at 31 March 2018 the ageing analysis:

	Balance	year	More than a year	More than two years	More than three years	More than four years	More than five years
31 March 2018	20,088,197,198	6,063,443,988	3,756,050,337	3,915,803,113	2,329,600,760	1,550,957,468	2,472,341,532
31 December 2017	18,329,243,039	4,824,040,522	3,656,125,122	3,623,507,353	2,308,645,387	1,454,142,888	2,462,781,767

The general risk provision is determined according to the authorized percentages determined by the Egyptian Financial supervisory Authority.

General Risk provision as follow:

	31 March 2018 LE	31 December 2017 LE
Beginning balance for the Period	**2,977,139**	2,624,447
Additions during the Period	**-**	442,794
Used during the Period	**-**	(90,102)
Ending balance for the Period	**2,977,139**	2,977,139

14- DEVELOPMENT PROPERTIES

	31 March 2018 LE	31 December 2017 LE
Beginning Balance	**24,410,371,594**	19,896,624,611
Additions for the period	**2,062,832,046**	8,618,393,875
Capitalized costs during the Period	**436,511,014**	380,883,271
Costs of delivered unites that accounted to the income statement	**(618,871,588)**	(4,485,530,163)
	26,290,843,066	24,410,371,594

14- DEVELOPMENT PROPERTIES (Continue)

It presents the real estates that purchased, built or in the construction process to be sold in the ordinary business of the group and to be classified as real estates development and includes the following components:

- Land.
- Amounts paid to contractors including the cost of infra structures.
- Capitalized interests, designs, planning, site preparation, legal expenses and any indirect costs.
- The cost of the infra structures are disterputed to the projects and present part of the estimates cost to complete the project, this estimated costs is used to determine the cost of the recorded revenue.
- The duration of the projects is more than 10 years.

	31 March 2018	31 December 2017
	LE	LE
Land	**10,326,629,880**	10,218,588,864
Consultations and Designs	**309,801,160**	251,180,127
Construction Work	**13,006,599,150**	11,464,416,618
Indirect Cost	**2,647,812,876**	2,476,185,985
	26,290,843,066	24,410,371,594

- According to the contract with the new urban communities' authority, Arab company for projects and urban development received 8,000 Fadden to build Madinaty project on several phases against 7% of the total built up area of the apartments' buildings of the land project.

- The company recognizes the cost of the land as an asset against the obligations due to the new urban communities' authority in accordance to the estimated cost calculated according to the expected delivered units related to the phase that work started in it.

- In 2010 a verdict was issued for the case raised against the new urban communities' authority to cancel the contract of selling the land of Madinaty, A committee was formed by a resolution from the prime minster to adjust the legal situation of the land of Madinaty , the committee reached to a decision to resell the land of Madinaty to Arab company for projects and urban development with a new contract dated 8 November 2010 and the in kind amount should not be less than LE 9,9 billion, based on that the value of the land of Madinaty recorded above , will be considered up on signing the final contract of the land and in accordance to the actual cost that will be bearded due to the execution of the new contract, the project includes six phases and it is required to have the approval of the new urban communities' authority before start any phase and therefore the cost of the first phase of LE 3 billion is recorded and the estimated cost of the remaining phases will be recorded up on the approval of the new urban communities' authority and start the execution of that phase.

- A verdict was issued to accept the requests of the case no, 15777 for the year 65 J to accept the form and the subject to recognize the contract dated 8/11/2010 between the new urban communities' authority and the Arab Company for projects and urban development, and the court stated that the high committee for valuation in the general authority for governmental services to reevaluate the area that not yet booked and sold to the others.

- The Arab company for projects and urban development (one of subsidiaries) signed on 25 February 2015 the agreement with the New Urban Communities Authority (NUCA), and the adoption of the Cabinet to this agreement, Under this agreement, all disputes related to interpretation of mechanism, implementation, and determination of the 7% of the total built up area has been resolved, which present in-kind payment - the in kind amount should not be less than LE 9,979 Billion- due to NUCA for the value of Madinaty land based on the contract concluded with NUCA in 2010 (all terms and conditions remain the same and unchanged), The 7% is calculated at 3,195 million sq,, m of fully finished apartments that is currently under delivery and the remaining to be delivered over the life time of the project based on Madinaty land contract mentioned above, It was agreed also to pay a premium for the privilege of increasing the percentage of the regional services area while keeping the remaining components of the project the same, the amount to be paid is LE 1,122 Billion on installments for ten years.

15- INVENTORY

	31 March 2018 LE	31 December 2017 LE
Hotels Operating Equipments & Supplies	**6,524,629**	7,982,642
Goods Stock	**112,781,950**	51,450,238
	119,306,579	59,432,880
Amortized Hotel Inventory	**(320,824)**	(1,458,013)
	118,985,755	57,974,867

16 – PREPAID EXPENSES AND OTHER DEBIT BALANCES

	31 March 2018 LE	31 December 2017 LE
Advance Payment and Storage - Contractors and Accounts Payable	**2,275,532,163**	2,171,106,789
Contractors – Tashwinat	**420,890,762**	411,602,658
Hotels Current Accounts	**556,931,848**	454,213,878
Withholding taxes	**11,289,272**	9,991,666
Deposit with Others	**76,720,795**	59,369,063
Claim Debtors Water & Electricity	**61,583,584**	124,170,979
Other Debit Balances	**264,868,651**	29,169,667
Letter of credit	**23,068,138**	952,482
Loans to Employees	**298,820**	5,514,782
Other Debtors	**154,916,451**	5,590,743
Prepaid expenses	**29,186,484**	60,973,246
Amounts paid for investments in companies under incorporation	**4,796,980**	33,843,170
	3,880,083,948	3,366,499,123
Accrued Revenue	**103,353,208**	94,342,873
	3,983,437,156	3,460,841,996

17 - CASH ON HAND AND AT BANKS

	Local Currency LE	Foreign Currency LE	31 March 2018 LE	31 December 2017 LE
Time Deposits	301,282,040	2,219,450,828	**2,520,732,868**	2,607,935,904
Banks Current Accounts	452,067,648	464,941,141	**917,008,789**	692,481,151
Cash on Hand	54,688,859	26,383,168	**81,072,027**	27,933,967
Treasury Bills	1,276,371	7,040,000	**8,316,371**	11,214,183
	809,314,918	2,717,815,137	**3,527,130,055**	3,339,565,205

The foreign cash balances at banks are valuated as follow:

	31 March 2018 LE	31 December 2017 LE
Egyptian pound	**809,314,918**	627,881,263
American Dollar	**2,711,978,468**	2,705,604,343
Sterling pound	**248,484**	246,114
Euro	**1,654,135**	1,889,665
Saudi Rayal	**4,543**	7,821
Swiss frank	**3,907,600**	3,913,715
Emirate dirham	**17,179**	17,363
Australian Dollar	**4,728**	4,921
	3,527,130,055	3,339,565,205

17 - CASH ON HAND AND AT BANKS (Continue)

-Time deposits established within three months.
-Cheques under collection represent banks cheques and accepted cheques.

For the purpose of preparing cash flow statement, the cash and cash equivalents consists of:

	31 March 2018	31 March 2017
	LE	LE
Cash on Hand and at Banks	**3,527,130,055**	3,409,055,292
Banks Overdraft	**(9,950,628)**	(13,025,087)
Cash and Cash Equivalents	**3,517,179,427**	3,396,030,205

18- CREDITORS AND NOTES PAYABLE

	31 March 2018	31 December 2017
	LE	LE
Contractors and Suppliers	**1,224,820,759**	1,070,283,353
Notes Payables	**3,876,720,105**	2,650,155,944
	5,101,540,864	3,720,439,297

19- CUSTOMERS ADVANCE PAYMENT

	31 March 2018	31 December 2017
	LE	LE
Customers down payment (Al Rehab Project)	**1,816,221,553**	1,482,383,754
Customers down payment (Al Rehab 2 Project)	**5,519,534,214**	4,843,576,688
Customers down payment (Madinaty Project)	**18,840,392,632**	17,581,123,091
Customers down payment (Al Rabwa Project)	**139,080,814**	210,395,793
Customers down payment (San Stefano Project)	**486,300**	486,300
	26,315,715,513	24,117,965,626

20- DIVIDEND PAYABLE

	31 March 2018	31 December 2017
	LE	LE
Shareholders share	**351,289,411**	483,822
Board of directors share	**298,062,521**	249,448,845
Employees share	**3,635,530**	635,530
	652,987,462	250,568,197

21- ACCRUED EXPENSES AND OTHER CREDIT BALANCES

	31 March 2018	31 December 2017
	LE	LE
Retentions	**1,063,241,087**	954,959,237
Other Credit Balances	**317,784,764**	330,751,960
Accrued Expenses and Creditors	**95,186,534**	66,940,533
Insurance for Other	**34,818,915**	7,394,761
Due to Customers	**4,165,787**	6,198,752
Contribution to the establishment - renew the club	**55,610,041**	55,610,041
Club Subscriptions	**545,052,273**	525,218,936
Insured units	**4,296,649,943**	3,904,810,201
	6,412,509,344	5,851,884,421

22 – CAPITAL

The company's authorized capital amounted to LE 50,000,000 and the issued and paid up capital LE 6,000,000 divided over 600000 share of LE 10 par value each in 3 April 2007,
According to the extra ordinary general assembly meeting dated 6 October 2007, the company's authorized capital was increased by LE 29,950,000,000 to become LE 30,000,000,000 and the issued and paid capital was amended to be LE 18,152, 035,500 divided over 1,815,203,550 share of LE 10 par value each through share swap with the subsidiaries companies.

According to the extra ordinary general assembly meeting dated 28 October 2007, the company's issued and paid capital was increased to be LE 20,302,035,500 divided over 2,030,203,550 shares recorded in the commercial register on 25 November 2007.
The amount increased amounted to 2,150,000,000 was paid with a premium share amounted to LE 1, 6 per share by total amount LE 344,000,000.
According to the extra ordinary general assembly resolution dated 24 March 2010, The issued capital was reduced by the treasury stocks amounted of LE 169,720,520 par value as more than one year passed from the date of purchase and the issued capital is LE 20,132,314,980 (Twenty milliard and one hundred and thirty two million and fourteen thousand and nine hundred and eighty pound) Distributed to 2013231498 shares, recorded in the commercial register on 18 May 2010.

The extra ordinary general assembly resolution dated 31 March 2011concent on increase the issued capital by issuing bonus shares deducted from the retained earnings to be LE 20,635,622,860 par value LE 10 per share dividend to 2,063,562,286 shares, recorded in the commercial register on 24 May 2011.

23 – LEGAL RESERVE

Legal reserve amounted to 274,484,336 as of 31 March 2018 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.

24- GENERAL RESERVES

The general reserve balance amounted LE 61,735,404 as of 31 March 2018 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.

25- UNREALIZED GAIN ON AVAILABLE FOR SALE INVESTMENTS

The revaluation of available for sale investments balance amounted LE 45,593,004 as of 31 March 2018 represents the foreign exchange impact due valuation of the foreign available for sale investments as follows:

	31 March 2018	31 December 2017
	LE	LE
Net unrealized gain on available for sale investment	**45,593,004**	46,852,929
	45,593,004	46,852,929

26- LOANS AND FACILITIES

	Short Term	Long Term	**31 March 2018**	31 December 2017
	LE	LE	**LE**	LE
Banks Facilities	1,763,246,402	-	**1,763,246,402**	1,726,561,168
Loans *	449,031,172	2,914,997,602	**3,364,028,774**	3,503,746,833
	2,212,277,574	2,914,997,602	**5,127,275,176**	5,230,308,001

The loans and bank facilities are:

	Bank facilities	Loans	Amount in original currency
	LE	LE	
Bank Audi	247,675,522	-	-
Arab African international	-	81,370,192	-
Arab bank	-	-	-
Cairo bank	-	-	-
Feisal Islamic bank	-	41,666,654	-
Abou Dhabi Islamic bank	76,970,000	-	-
Qatar national bank	377,085,200	-	-
National bank of Egypt	30,964,410	-	-
Misr Iran bank	15,147,607	-	-
Arab bank	192,208,328	-	-
Emirates Dubai national bank	135,657,977	-	-
Kuwait national bank	249,226,446	-	-
Arab investment bank	189,385,296	-	-
Export development bank	26,313,513	-	-
Bank Misr	222,612,103	-	-
Al Ahly united bank – Euro	-	216,700,000	10,000,000 €
Al Ahly united bank – Dollar	-	3,024,291,928	171,834,769$
	1,763,246,402	3,364,028,774	

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

- First degree mortgage on the land of san Stefano project – Alexandria at 339 El gheish road, - san Stefano- el raaml , Alexandria and all the building on it that owned by both san Stefano for real estate investment and san Stefano for tourism investments.
- First degree mortgage on the land of el Nile hotel, garden city – Cairo and all the building on it that to El Nile Co, also the garage and club land at 4 Ahmed Raghib St, garden city – Cairo.
- First degree mortgage on the land and the building of four season hotel sharm el sheik in shark bay – sharm el sheik owned by Alexandria Saudi Co, for tourism investment.
- First degree mortgage on the land and the building of four season hotel Nile plaza, Cairo owned by Nova Park Co, excluding the total sold or available for sale units and its share in the land.

27- NON -CURRENT LIABILITIES

	31 March 2018	31 December 2017
	LE	LE
New Urban Communities Authority	**4,168,135,848**	4,169,619,381
	4,168,135,848	4,169,619,381

28- INCOME TAX AND DEFERRED TAX LIABILITY

The income tax was calculated as follows:

	31 March 2018 LE	31 March 2017 LE
Net book profit before tax	**402,479,414**	382,854,588
Adjustments to the net book profit to reach the net tax profit	**(139,399,343)**	(112,941,615)
Net taxable profit	**263,080,071**	269,912,973
Income Tax with rate 22.5%	**59,193,016**	60,730,419
Income Tax of other comprehensive income	**-**	-
Income tax for the period	**59,193,016**	60,730,419

Accrued income tax movement during the Period:

	31 March 2018 LE	31 December 2017 LE
Balance at the beginning of the Period	**515,148,715**	379,831,696
Additions during the Period	**59,193,016**	383,098,437
Paid amounts	**(70,374,416)**	(247,781,418)
Balance at the end of the Period	**503,967,315**	515,148,715

The balance of deferred tax liabilities in 31 March 2018 is LE 110,990,232 which represents the different between accounting basis and tax basis and it's calculation as follow:

	31 March 2018 LE	31 December 2017 LE
Balance at the beginning of the Period	**(108,304,598)**	(81,062,572)
Deferred tax current	**(2,685,634)**	(27,242,027)
Balance at the end of the Period	**(110,990,232)**	(108,304,599)

29- REVENUE AND COST OF REVENUE

	31 March 2018 LE	31 March 2017 LE
-Revenue from Sold Units	**1,090,216,702**	955,745,332
-Revenue from Hotels Operation	**395,490,239**	237,310,493
-Services Revenues	**127,629,804**	92,850,056
Total Revenues *	**1,613,336,745**	1,285,905,881
-Cost of Sold Units	**652,218,009**	561,695,196
-Cost of Hotels Operation	**213,662,434**	154,418,028
-Cost of Sold Services	**66,725,700**	63,773,258
Total Cost **	**932,606,143**	779,886,482

* The supervision revenue has been eliminated in amount LE 2,592,800

** The supervision cost has been eliminated in amount LE 63,513,362

29- REVENUE AND COST OF REVENUE (Continue)

Herein under the sectors analysis:

	Real Estate	Tourism & other recurring revenues	General	**31 March 2018**	31 December 2017
	LE	LE	LE	**LE**	LE
Revenue	1,090,216,702	523,120,043	-	**1,613,336,745**	8,534,597,188
Cost of goods sold	652,218,009	280,388,134	-	**932,606,143**	5,414,857,306
Gross Profit	437,998,693	242,731,909	-	**680,730,602**	3,119,739,882
Depreciation	15,699,584	23,187,084	-	**38,886,668**	144,829,694
Credit Interest	-	-	-	**46,558,887**	188,286,732
Investments Revenue	-	-	46,558,887	**21,444,402**	103,564,712
Other Revenue	-	-	21,444,402	**30,220,863**	45,352,699
Income Tax	-	-	30,220,863	**61,878,651**	(410,512,427)
Total Profits	158,627,627	142,968,075	61,878,651	**340,600,761**	1,383,711,292
Assets	53,960,206,740	5,977,311,071	39,005,060	**59,937,517,811**	43,055,743,124
Financial Investment	-	-	3,019,394,255	**3,019,394,255**	2,294,788,366
Unallocated Assets	-	-	14,581,482,464	**14,581,482,464**	15,609,759,010
Total Assets	53,960,206,740	5,977,311,071	17,600,876,719	**77,538,394,529**	60,960,290,500
Liabilities	43,197,398,556	3,966,718,160	-	**47,164,116,716**	43,819,118,076
Unallocated Liabilities	-	-	1,238,982,844	**1,238,982,844**	138,356,900
Total Liabilities	43,197,398,556	3,966,718,160	1,238,982,844	**48,403,099,560**	43,957,474,976

30- OTHER INCOME

	31 March 2018 LE	31 March 2017 LE
Net revenue from El Rehab Club and Madinaty Club operation	**-**	11,574,740
British school	**-**	3,150,000
Rents from rental units and usufruct	**29,536,625**	10,814,940
Other	**5,450,435**	4,563,427
	34,987,060	30,103,107

31-CREDIT INTEREST, BONDS, T-BILLS REVENUES

	31 March 2018 LE	31 March 2017 LE
Credit interest	**46,558,887**	36,246,861
Bonds	**4,741,663**	1,533,627
Treasury Bills	**16,580,459**	18,203,542
	67,881,009	55,984,030
Change in accrued revenues (note 16)	**9,010,335**	(16,489,434)
Bonds amortization	**16,215**	-
	76,907,559	39,494,596

32- Cash Adjustments

Net non-cash adjustments reached EGP 6,163,272 representing elimination of transactions between subsidiaries, employee income appropriations, as well as changes in non-controlling interests, as follows:

- Employee appropriations and adjustments in Alexandria company for real estate investment and its subsidiaries amounting to EGP 6,163,272.

33-TAX SITUATION

Talaat Mostafa Group Holding company

a. Corporate tax
- Tax returns were presented on time and no tax inspection was carried out yet.

b. Salary tax
- The company deducts and settles income tax on employee salaries on monthly basis and the quarterly income tax returns are submitted to the tax authority in a timely manner.

c. Stamp tax
- The company pays stamp tax on time to the tax authority, specifically the stamp tax on advertising expenses.

33-TAX SITUATION (Continued)

Arab Company for Projects and Urban Development

a. Corporate tax

- The company submits its tax returns regularly and in a timely manner sanctioned by the law. Inspection for the years until 2002 was carried out and the company received form (9-a) and settled the due amounts while appealing the form's assessment for year 1996 (period before incorporation).
- Inspection was carried out for years 2003-2006 and the company has been notified about tax claims and appealed the decision.
- For years 2007-2013 the company received tax form (19) and the file was transferred to internal tax committee.
- Inspection for years 2014-2015 was not yet carried out.
- According to the court appeal no 4233 dated 25 July 2004, the company's project is tax exempted beginning 1 January 1997 for the phase I, beginning 1 January 1998 for the phase II and phase III, for a period of ten years while phases IV and V are also exempted.

b. Salary tax

- The company settles income tax deducted from employee salaries on a regular basis. And tax returns were submitted and settled in a timely manner sanctioned by the law.
- The company's records until 2004 were inspected and claims until this date were settled.
- Tax returns for years 2010-2013 were submitted and amounts due were paid in a timely manner sanctioned by the law.
- Inspection of records for years 2014-2015 was not yet carried out.

c. Stamp tax

- Tax inspection of the company's records for years until 2010 was carried out and all tax claims were settled; the company pays stamp tax due on monthly basis according to law no. 11 for the year 1980, amended by law no. 143 for the year 2006.

San Stefano Company for real estate investments

a. Corporate tax

- Inspection of the company's records until 2004 was carried out and tax claims until that date were settled.
- Inspection of a sample of the company's records for year 2005 was suspended as per circular no. 3 for the year 2011 issued by the Tax Authority.
- Inspection of the company's records until 2006 was carried out, the claims were issued and appealed by company.
- Tax arbitration committee issued a decision regarding appeal for the year 2006 and legal proceedings pertaining to this decision are underway.
- Inspection of the company's records for years 2007-2014 is being carried out by the Large Taxpayer Office.
- The company submits its tax returns regularly and in a timely manner sanctioned by the law.

b. Salary tax

- Inspection of the company's records until 2005 was carried out and claims until year 2005 have been settled.
- Salary tax fir years 2006-2007 was calculated, tax claim was received and appealed. New inspection for years 2006 and 2007 is underway.
- Inspection of the company's records for years 2008-2013 is being carried out by the Large Taxpayer Office.
- The company submits its tax returns regularly and in a timely manner sanctioned by the law.

c. Stamp tax

- Inspection of the company's records until year 2013 was carried out and tax claims were received and settled.
- Inspection of the company's records for years 2014-2016 is being carried out by the Large Taxpayer Office.

33-TAX SITUATION (Continued)

Alexandria Company for Real Estate Investments

a. Corporate tax

- The company submits its tax returns regularly and in a timely manner sanctioned by the law.
- Inspection of the company's records since inception until 31 December 2004 was carried out and tax claims were settled.
- Inspection of the company's records for years 2005-2011 was carried out and settlement of tax claims is underway.
- Inspection of the company's records for years 2012-2013 was carried out and settlement of tax claims is underway.
- Inspection of the company's records for years 2014-2016 has not yet been carried out.

b. Salary tax

- Inspection of the company's records since inception until year 2007 was carried out and tax claims were settled.
- Inspection of the company's records for years 2009-2016 has not yet been carried out.

c. Stamp tax

- Inspection of the company's records until 30 April 2006 was carried out and tax claims were settled.
- Inspection of the company's records for the period from 1 May 2006 until 31 December 2016 has not yet been carried out.

Arab Company for Hotels and Tourism Investments

a. Corporate tax

- The company submits its tax returns before the end of April of each year, as sanctioned by the Corporate Tax Law no. 91 of 2005 and settles tax claims on operating results annually.
- Inspection of the company's records has not yet been completed by the Tax Authority. Tax claims for years 2010-2012 were estimated by the Tax Authority and appealed by the company within a legal timeline, the appeal was accepted and inspection of the company's records for years 2010-2012 is underway.

b. Salary tax

- The company deducts income tax on employee salaries on monthly basis and settles the amounts before the 15th day of each month in which the tax is incurred as per forms approved by the Tax Authority and submits its annual tax returns accompanied by payroll records and adjustments. The company received tax form no. (38) for years 2005-2010 and appealed the form within legal timeline, the appeal was accepted and inspection of the company's records for years 2005-2010 is underway.

c. Stamp tax

- The company settles stamp tax in accordance with law no. 111 of 1980 and its amendments. Tax claims for the period 2006-2010 were estimated by the Tax Authority and appealed by the company, the appeal was accepted and inspection of the company's records for years 2006-2014 was carried out and the tax claims were settled.

Alexandria for Urban Projects

a. Corporate tax

- The company submits its tax returns regularly and in a timely manner sanctioned by the law.
- Inspection of the company's records until 2007 was carried out and tax claims were settled.

33-TAX SITUATION (Continued)

b. Salary tax

- The company deducts income tax on employee salaries in a timely manner sanctioned by the law.

c. Sales tax

- Inspection of the company's records until 31 December 2012 was carried out and tax claims until that date have been settled.

Al Rabwa for Entertainment Services

a. Corporate tax

- The company submits its tax returns regularly and in a timely manner sanctioned by the law.
- Inspection of the company's records until 2004 was carried out.
- The company enjoys a tax holiday under the New Urban Communities law.

b. Salary tax

- The company deducts income tax on employee salaries in a timely manner sanctioned by the law.
- Inspection of the company's records until 2006 was carried out and tax claims were settled.

c. Stamp tax

- No tax inspection was carried out until 2007.
- The company's records until 2001 were inspected and tax claims were settled.

d. Sales tax

- The company submits its tax returns and settles claims regularly and in a timely manner sanctioned by the law.

Al Masria for Development and Real Estate Projects

a. Corporate tax

- The company submits its tax returns regularly and in a timely manner sanctioned by the law.
- The company submits its tax returns before the end of April of each year, as sanctioned by the Corporate Tax Law no. 91 of 2005 and settles tax claims on operating results annually.
- The company received tax form no. (19) for year 2010 and appealed the form within legal timeline, the appeal was accepted and inspection of the company's records for years 2010-2014 is underway.

b. Salary tax

- The company deducts income tax on employee salaries on monthly basis and settles the amounts before the 15th day of each month in which the tax is incurred as per forms approved by the Tax Authority and submits its annual tax returns accompanied by payroll records and adjustments. The company received tax form no. (38) for years 2005-2011 and appealed the form within legal timeline, the appeal was accepted and inspection of the company's records for years 2005-2011 is underway.

c. Stamp tax

- The company settles stamp tax in accordance with law no. 111 of 1980 and its amendments and inspection of the company's records until 2005 was carried out and the company has not yet been notified of its results.

d. VAT

- The company is not subject to Value Added Tax (VAT), formerly sales tax.

33-TAX SITUATION (Continued)

El Nile for Hotels company

a. Corporate tax

- The company submits its tax returns before the end of April of each year, as sanctioned by the Corporate Tax Law no. 91 of 2005 and settles tax claims on operating results annually.
- The company received tax form no. (19) for years 2010-2012 and appealed the form within legal timeline.

b. Salary tax

- The company deducts income tax on employee salaries on monthly basis and settles the amounts before the 15th day of each month in which the tax is incurred as per forms approved by the Tax Authority and submits its annual tax returns accompanied by payroll records and adjustments. Inspection of the company's records until 2011 was carried out and tax claims have been settled.

c. Stamp tax

- The company settles stamp tax in accordance with law no. 111 of 1980 and its amendments and inspection of the company's records until 2010 was carried out and tax claims have been settled.

d. VAT

- The company is subject to Value Added Tax (VAT), formerly sales tax, and submits relevant tax forms monthly.

San Stefano for Tourism Investment

a. Corporate tax

- The company submits its tax returns before the end of April of each year, as sanctioned by the Corporate Tax Law no. 91 of 2005 and settles tax claims on operating results annually.
- Inspection of the company's records until 2011 was carried out and the company has not yet been notified of its results.

b. Salary tax

- The company deducts income tax on employee salaries on monthly basis and settles the amounts before the 15th day of each month in which the tax is incurred as per forms approved by the Tax Authority and submits its annual tax returns accompanied by payroll records and adjustments.

c. Stamp tax

- The company settles stamp tax in accordance with law no. 111 of 1980 and its amendments. The company received tax form no. (19) for years 2011-2015 and appealed the form within legal timeline.

d. VAT

- The company is subject to Value Added Tax (VAT), formerly sales tax, and submits relevant tax forms monthly. Inspection of the company's records until 2010 was carried out and tax claims were settled while inspection of records until 2015 is underway.

33-TAX SITUATION (Continued)

Nova Park Cairo company

a. Corporate tax

- The company submits its tax returns before the end of April of each year, as sanctioned by the Corporate Tax Law no. 91 of 2005 and settles tax claims on operating results annually.
- Inspection of the company's records until 2010 was carried out and the company has not yet been notified of its results.

b. Salary tax

- The company deducts income tax on employee salaries on monthly basis and settles the amounts before the 15^{th} day of each month in which the tax is incurred as per forms approved by the Tax Authority and submits its annual tax returns accompanied by payroll records and adjustments. Inspection of the company's records until 2013 was carried out and the company has not yet been notified of its results.

c. Stamp tax

- The company settles stamp tax in accordance with law no. 111 of 1980 and its amendments. Inspection of the company's records until 2013 was carried out and the company has not yet been notified of its results.

d. VAT

- The company is subject to Value Added Tax (VAT), formerly sales tax, and submits relevant tax forms monthly. Inspection of the company's records until 2015 and the company appealed the authority's estimates.

Alexandria Saudi Company for Tourism Projects

a. Corporate tax

- The company submits its tax returns before the end of April of each year, as sanctioned by the Corporate Tax Law no. 91 of 2005 and settles tax claims on operating results annually.
- Inspection of the company's records until 2014 was carried out and the company has not yet been notified of its results.

b. Salary tax

- The company deducts income tax on employee salaries on monthly basis and settles the amounts before the 15^{th} day of each month in which the tax is incurred as per forms approved by the Tax Authority and submits its annual tax returns accompanied by payroll records and adjustments.
- Inspection of the company's records until 2013 was carried out and the company has not yet been notified of its results.

c. Stamp tax

- The company settles stamp tax in accordance with law no. 111 of 1980 and its amendments. Inspection of the company's records until 2014 was carried out and tax claims have been settled.

d. VAT

- The company is subject to Value Added Tax (VAT), formerly sales tax, and submits relevant tax forms monthly. Inspection of the company's records until 2014 and the company appealed the authority's estimates.

33-TAX SITUATION (Continued)

Luxor for Urban and Touristic Development company

a. Corporate tax

- The company submits its tax returns before the end of April of each year, as sanctioned by the Corporate Tax Law no. 91 of 2005 and settles tax claims on operating results annually.
- Inspection of the company's records has not yet been carried out by the Investment Tax Authority.

b. Salary tax

- The company deducts income tax on employee salaries on monthly basis and settles the amounts before the 15th day of each month in which the tax is incurred as per forms approved by the Tax Authority and submits its annual tax returns accompanied by payroll records and adjustments. The company received tax form no. (38) for years 2011-2014 and appealed the form within legal timeline.

c. Stamp tax

- The company settles stamp tax in accordance with law no. 111 of 1980 and its amendments. Inspection of the company's records until 2014 was carried out and tax claims have been settled.

d. VAT

- The company is not subject to Value Added Tax (VAT), formerly sales tax.

Mayfair Company for Entertainment Services

a. Corporate tax
- The company commenced operations in 2005 and no tax inspection was carried out until now. The company enjoys a tax holiday under the New Urban Communities law.

b. Salary tax
- The company settles income tax deducted from employee salaries in a timely manner sanctioned by the law and now inspection of the company's records has been carried out to date.

c. Stamp tax
- No tax inspection was carried out to date of issuing the financial statements.

d. Sales tax
- The company submits its tax returns and settles claims regularly and in a timely manner sanctioned by the law.

Port Venice for Tourism Development

a. Corporate tax
- The company has not yet commenced operations and enjoys a tax holiday under the provisions of Investments Guarantees and Incentives Law but the company submits annual tax returns in accordance to the income tax law no. 91 of 2005.

b. Salary tax
- There is no amounts subject to income tax on salaries as the company is inactive and no tax inspection was carried out yet.

c. Sales tax

- The company is not subject to sales tax.

d. Stamp tax

- No tax inspection was carried out to date of issuing the financial statements.

34- RELATED PARTY TRANSACTIONS

To accomplish the company's objectives, the company deals with some related companies with the same terms of the other parties, it delegates some assignments in El Rehab City's project to them, and it may as well
Pay off or settle some balances on behalf of them, these transactions balances appeared in the Assets and Liabilities in the Balance Sheet.

Alexandria Company for construction S.A.E is the main contractor for the companies' projects under the contracts signed by the companies.

TMG Company for real estate and tourism investment - some of the board members participate in it – owns 44.6% of Talaat Mostafa Group Holding.

34- RELATED PARTY TRANSACTIONS (Continue)

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

	For the Year Ended 31 March 2018	For the Year Ended 31 December 2016
	Notes payable	Notes payable
Alexandria for Constructions Company	**2,601,215**	3,442,215
	Debit balance	Debit balance
Alexandria for Constructions Company	**1,932,237**	2,257,064
	Credit balance	Credit balance
Alexandria for Constructions Company	**-**	509,402

35- CONTINGENT AND OTHER OBLIGATION CONTRACTED

There's no any contingent obligations unrecorded in the financial statements,

36-FINANCIAL RISK MANAGEMENT POLICIES AND OBJECTIVES

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 is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, The Company is exposed to credit risk principally from its receivables from customers, due from related parties, other receivables and from its financing activities, including deposits with banks and financial institutions.

Trade and notes receivables

The Company has entered into contracts for the sale of residential and commercial units on an instalment basis, The instalments are specified in the contracts, The Company is exposed to credit risk in respect of instalments due, However, the legal ownership of residential and commercial units is transferred to the buyer only after all the instalments are recovered, In addition, instalment dues are monitored on an ongoing basis with the result that the Company's exposure to bad debts is not significant.

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer, The demographics of the Company's customer base, including the default risk of the industry and country, in which customers operate, has less influence on credit risk, The Company earns its revenues from a large number of customers.

36-FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continue)

Other financial assets and cash deposits

With respect to credit risk arising from the other financial assets of the Company, which comprise bank balances and cash, financial assets at amortised cost, the Company's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these assets.

Credit risk from balances with banks and financial institutions is managed by local Company's treasury supported by the Parent Company, The Company limits its exposure to credit risk by only placing balances with international banks and local banks of good repute, Given the profile of its bankers, management does not expect any counterparty to fail to meet its obligations.

Due from related parties

Due from related parties relates to transactions arising in the normal course of business with minimal credit risk, with a maximum exposure equal to the carrying amount of these balances.

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 optimising 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 imfloating interest rate, the effect of the change in the interest rate will display in the financial statmenets of the company.

	31 March 2018		31 December 2017	
	Change in rate	**Effect on profit before tax EGP**	Change in rate	Effect on profit before tax EGP
Financial asset	**+1%**	**25,207,329**	+1%	26,079,359
	- 1%	**(25,207,329)**	- 1%	(26,079,359)
Financial liability	**+1%**	**(51,272,752)**	+1%	(52,727,230)
	- 1%	**51,272,752**	- 1%	52,727,230

Exposure to foreign currency risk

The company exposed to the foreign currency risk mainly for the long term loans in us dollars, the following tables demonstrate the sensitivity to a reasonably possible change in USD, EUR, GBP, SAR and AED exchange rates, with all other variables held constant, The company's exposure to foreign currency changes for all other currencies is not material.

36-FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continue)

	31 March 2018 Change in rate	Effect on profit before tax EGP	31 December 2017 Change in rate	Effect on profit before tax EGP
USD	**+10%**	**271,197,847**	+10%	270,560,434
	-10%	**(271,197,847)**	-10%	(270,560,434)
EUR	**+10%**	**165,414**	+10%	188,967
	-10%	**(165,414)**	-10%	(188,967)
GBP	**+10%**	**24,848**	+10%	24,611
	-10%	**(24,848)**	-10%	(24,611)
SAR	**+10%**	**454**	+10%	782
	-10%	**(454)**	-10%	(782)
SF	**+10%**	**390,760**	+10%	391,372
	-10%	**(390,760)**	-10%	(391,372)
AED	**+10%**	**1,718**	+10%	1,736
	-10%	**(1,718)**	-10%	(1,736)
AUD	**+10%**	**473**	+10%	492
	-10%	**(473)**	-10%	(492)

c) Liquidity risk

The cash flows, funding requirements and liquidity of the Company are monitored by local company management supported by the Parent Company, The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of bank borrowings, The Company manages liquidity risk by maintaining adequate reserves and borrowing facilities, by continuously monitoring forecasted and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The Company currently has sufficient cash on demand to meet expected operational expenses, including the servicing of financial obligations.

The table below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments.

Financial liabilities

	Less than 3 Months	**3 to 12 months**	**1 to 5 years**	**Over 5 years**	**Total**
As at 31 March 2018					
Bank Facilities	1,763,246,402	-	-	-	1,763,246,402
Loans	59,535,645	389,631,172	2,031,062,368	883,799,589	3,364,028,774
Creditors and Notes Payable	300,052,847	4,004,958,215	634,441,634	162,088,166	5,101,540,862
Retentions	43,175	1,055,967,628	7,224,798	5,486	1,063,241,087
Accrued Expense and Other Credit Balances	1,021,437,158	747,126,116	751,754,137	26,553,135	1,052,618,314
Insured units	-	-	-	4,296,649,943	4,296,649,943
Income tax payable	-	500,268,284	3,699,031	-	503,967,315
	3,144,315,227	**5,203,699,183**	**3,428,181,968**	**5,369,096,319**	**17,145,292,697**

36-FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continue)

	Less than 3 Months	3 to 12 months	1 to 5 years	Over 5 years	Total
As at 31 December 2017					
Bank Facilities	1,726,561,168	-	-	-	1,726,561,168
Loans	47,898,000	507,288,788	2,034,807,009	913,753,036	3,503,746,833
Creditors and Notes Payable	702,370,010	2,360,041,520	365,262,246	292,723,681	3,720,397,457
Retentions	127,414	947,683,895	7,142,442	5,486	954,959,237
Accrued Expense and Other Credit Balances	208,073,963	571,022,436	-	23,109,202	992,114,984
Insured units	-	-	-	3,904,810,201	3,904,810,201
Income tax payable	-	511,449,684	3,699,031	-	515,148,715
	2,685,030,555	4,897,486,323	2,600,820,111	5,134,401,606	15,317,738,595

37-FAIR VALUE OF THE FINANCIAL INSTRUMENTS

The financial instruments are represented in financial assets and financial liabilities, the financial assets include cash on hand and at banks, account receivable, debtors and other debit balances, the financial liabilities include banks overdrafts, accounts payable, creditors and other credit balances.
The fair value of the financial assets and financial liabilities are not substaintialy differed from the recorded book value unless it is mentioned.

38-LEGAL STATUS

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

- Appeal #6913 for the law year 58 from Arab company for projects and urban development in the case # 5087,15777/65 Administration Cairo rose regarding the validate of madinaty land contract dated 8/11/2011 and the reprice the unused part of the land , and the case is suspended till receive the supreme court decision regarding the legibility of the law.
- Appeal # 41817/66 administrative Cairo rose from Mr, Ahmed Abdel baseir against Arab company for projects and urban development and ready for justification.
- Case #66/5324 rose from Hamdy Al Fakharany to cancel the resolution of the contract dated 8/11/2010 between the new urban communities' authority and the Arab company for projects and urban development, is booked for the report and the case is not yet rescheduled.
- Case # 314/2011 from the governor of south Sinai against the Egyptian company for development and real estate projects.
- Appeal # 838/83 rose from Soliman salman salim against the Egyptian company for development and real estate projects.
- Case #25/107 rose from Mostafa Kamal Abdel Rehim against government of south Sinai at the court of sharm el sheikh.
- Case # 30/25 rose the Egyptian company for development and real estate projects against the governor of south sauna.
- Appeal # 2015/54 rose from Alexandria Saudi Company for tourism projects against the government of south Sinai at the court of el tour.