

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

**TALAAAT MOUSTAFA GROUP HOLDING COMPANY  
"TMG HOLDING" (S.A.E)  
INTERIM SEPARATE FINANCIAL STATEMENTS  
FOR THE THREE AND NINE - MONTH PERIODS ENDED 30 SEPTEMBER 2021  
TOGETHER WITH REVIEW REPORT**

**TALAAAT MOUSTAFA GROUP HOLDING COMPANY" - TMG HOLDING "(S.A.E)**

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**Interim Separate Financial Statements  
For The Three and Nine month Periods Ended 30 September 2021**

	<b><u>Page</u></b>
<b>Table of Content</b>	
Auditors' Review Report	3
Interim Separate Statement of Financial Position	4
Interim Separate Statement of Profit or Loss	5
Interim Separate Statement of Comprehensive Income	6
Interim Separate Statement of Changes in Equity	7
Interim Separate Statement of Cash Flows	8
Notes to the Interim Separate Financial Statements	9 – 27

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

**Introduction**

We have reviewed the accompanying interim separate statement of financial position of TALAAT MOSTAFA GROUP HOLDING COMPANY "TMG HOLDING" (S.A.E) ("The company") as of 30 September 2021 as well as the related interim separate statements of profit or loss and comprehensive income for the three and nine month periods then ended, and the interim separate statements of changes in equity and cash flows for the nine month period then ended and a summary of significant accounting policies and other explanatory notes, Management is responsible for the preparation and fair presentation of these interim separate financial statements in accordance with Egyptian Accounting Standards, Our responsibility is to express a conclusion on these interim separate financial statements based on our review.

**Scope of Review**

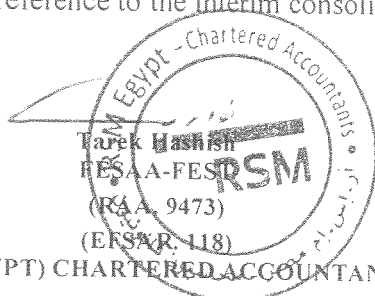
We conducted our review in accordance with the Egyptian Standards on Review Engagement no. (2410) "Review of Interim Financial Information performed by the independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for 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. Accordingly, we do not express an audit opinion on these financial statements.

**Conclusion**

Based on our review, nothing has come to our attention that cause us to believe that the accompanying interim separate financial statements do not give a true and fair view, in all material respects, of the interim separate financial position of the company as of 30 September 2021, and of its interim separate financial performance and its separate cash flows for the nine -month period then ended in accordance with Egyptian Accounting Standards.

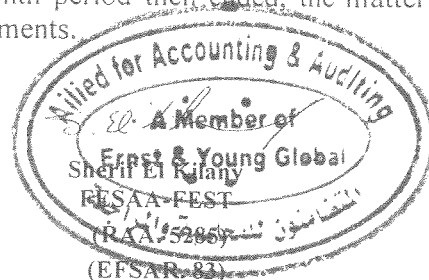
**Emphasis of a matter**

As indicated in note (4), the company has investments in subsidiaries and prepared interim consolidated financial statements as of 30 September 2021 in accordance with Egyptian Accounting standards, for better understanding of the company's financial position as of 30 September 2021 and its financial performance and its cash flows for the nine -month period then ended, the matter necessitates reference to the interim consolidated financial statements.



Auditors

(RSM EGYPT) CHARTERED ACCOUNTANTS



ALLIED FOR ACCOUNTING & AUDITING (EY)

Cairo: 15 November 2021

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

INTERIM SEPARATE STATEMENT OF FINANCIAL POSITION

As of 30 September 2021

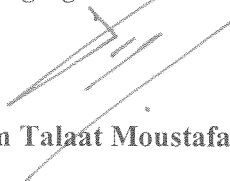
	Notes	30 September 2021	31 December 2020
		LE	LE
<b>Non-current assets</b>			
Fixed Assets	(3)	53,850,488	55,712,819
Fixed assets under construction		-	132,000
Investments in subsidiaries	(4)	17,048,466,959	17,048,466,959
Investments in associates	(5)	1,470,000	1,470,000
Available for sale investments	(6)	14,354,763	13,904,658
Deferred tax assets		1,604	1,490
<b>Total non-current Assets</b>		<b>17,118,143,814</b>	<b>17,119,687,926</b>
<b>Current assets</b>			
Financial assets at fair value through profit or loss	(7)	3,277,766	3,055,760
Notes receivable	(17)	3,125,243,349	4,202,654,249
Dividends receivable	(15)	171,997,872	454,995,068
Due from Related Parties	(17)	1,176,444,515	-
Prepaid expenses and other debit balances	(8)	2,182,742	2,158,583
Cash on hand and at banks	(9)	54,742,548	71,300,834
<b>Total current assets</b>		<b>4,533,888,791</b>	<b>4,734,164,494</b>
<b>Total assets</b>		<b>21,652,032,605</b>	<b>21,853,852,420</b>
<b>Equity and liabilities</b>			
<b>Equity</b>			
Issued and paid-up capital	(11)	20,635,622,860	20,635,622,860
Legal reserve	(12)	337,884,636	313,531,168
General reserve	(13)	61,735,404	61,735,404
Retained earning		593,775,274	775,449,408
<b>Total Equity</b>		<b>21,629,018,174</b>	<b>21,786,338,840</b>
<b>Current liabilities</b>			
Notes payable		7,916	235,618
Income tax payable	(16)	19,219,793	59,888,382
Accrued expenses and other credit balances	(10)	3,786,721	7,389,580
<b>Total current liabilities</b>		<b>23,014,431</b>	<b>67,513,580</b>
<b>Total liabilities</b>		<b>23,014,431</b>	<b>67,513,580</b>
<b>Total equity and liabilities</b>		<b>21,652,032,605</b>	<b>21,853,852,420</b>

Chairman



Tarek Talaat Moustafa

Chief Executive Officer &  
Managing Director



Hesham Talaat Moustafa

Executive Vice  
President, Financial  
Sector



Ghaleb Ahmed Fayed


- The attached notes (1) to (21) are an integral part of these interim separate financial statements.

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


INTERIM SEPARATE STATEMENT OF PROFIT OR LOSS

For The Three and Nine -month Periods Ended 30 September 2021

	Notes	For the three months ended 30 September 2021 LE	For the three months ended 30 September 2020 LE	For the nine months ended 30 September 2021 LE	For the nine months ended 30 September 2021 LE
Dividends from subsidiaries	(15)	45,382,007	36,900,080	171,999,182	116,799,694
Finance income		1,141,830	1,772,650	3,083,473	6,622,668
Revaluation gain of financial assets at fair value through profit or loss	(7)	76,534	72,299	222,006	225,869
<b>Total revenue</b>		<b>46,600,371</b>	<b>38,745,029</b>	<b>175,304,661</b>	<b>123,648,231</b>
Impairment cancelled/(Impairment) in value of available for sale investments		624,521	(419,663)	450,105	(2,758,605)
Administrative expenses		(3,149,954)	(2,231,158)	(7,963,140)	(7,768,560)
Depreciation charges	(3)	(628,569)	(636,826)	(1,888,275)	(1,932,495)
Bank charges		(4,124)	(10,138)	(15,788)	(16,619)
Foreign currency exchange Gains / (Losses)		88,624	(1,242,926)	(115,735)	(986,649)
Board of directors' allowances		(180,000)	(182,820)	(660,000)	(682,820)
<b>NET PROFIT FOR THE PERIOD BEFORE TAX</b>		<b>43,350,869</b>	<b>34,021,497</b>	<b>165,111,829</b>	<b>109,502,483</b>
Income taxes	(16)	(4,961,356)	(2,949,130)	(16,432,494)	(9,511,713)
<b>NET PROFIT FOR THE PERIOD AFTER TAX</b>		<b>38,389,512</b>	<b>31,072,368</b>	<b>148,679,334</b>	<b>99,990,770</b>
<b>EARNINGS PER SHARE</b>	(14)	<b>0.016</b>	<b>0.012</b>	<b>0.069</b>	<b>0.046</b>

Chairman  
  
Tarek Talaat Moustafa

Chief Executive Officer &  
Managing Director  
  
Hesham Talaat Moustafa

Executive Vice  
President, Financial  
Sector  
  
Ghaleb Ahmed Fayed



- The attached notes (1) to (21) are an integral part of these interim separate financial statements.

INTERIM SEPARATE STATEMENT OF COMPREHENSIVE INCOME

For The Three and Nine -month Periods Ended 30 September 2021

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

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	<b>For the three months ended 30 September 2021 LE</b>	For the three months ended 30 September 2020 LE	<b>For the nine months ended 30 September 2021 LE</b>	For the nine months ended 30 September 2020 LE
Net profit for the period	<b>38,389,512</b>	31,072,368	<b>148,679,334</b>	99,990,770
<b>Other comprehensive income</b>	-	-	-	-
<b>Total comprehensive income for the period</b>	<b><u>38,389,512</u></b>	<u>31,072,368</u>	<b><u>148,679,334</u></b>	<u>99,990,770</u>

- The attached notes (1) to (21) are an integral part of these interim separate financial statements.

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

INTERIM SEPARATE STATEMENT OF CHANGES IN EQUITY

For The Nine -month Period Ended 30 September 2021

	Issued and paid-up capital	Legal reserve	General reserve	Retained earnings	Total
	LE	LE	LE	LE	LE
Balance at 1 January 2020	20,635,622,860	289,974,198	61,735,404	500,437,010	21,487,769,472
Transferred to legal reserve	-	23,556,970	-	(23,556,970)	-
Total comprehensive income for the period	-	-	-	99,990,770	99,990,770
Dividends	-	-	-	(188,500,000)	(188,500,000)
<b>Balance as of 30 September 2020</b>	<b><u>20,635,622,860</u></b>	<b><u>313,531,168</u></b>	<b><u>61,735,404</u></b>	<b><u>388,370,810</u></b>	<b><u>21,399,260,242</u></b>

	Issued and paid- up capital	Legal reserve	General reserve	Retained earnings	Total
	LE	LE	LE	LE	LE
Balance as at 1 January 2021	20,635,622,860	313,531,168	61,735,404	775,449,408	21,786,338,840
Transferred to legal reserve	-	24,353,468	-	(24,353,468)	-
Total comprehensive income for the period	-	-	-	148,679,334	148,679,334
Dividends	-	-	-	(306,000,000)	(306,000,000)
<b>Balance as of 30 September 2021</b>	<b><u>20,635,622,860</u></b>	<b><u>337,884,636</u></b>	<b><u>61,735,404</u></b>	<b><u>593,775,274</u></b>	<b><u>21,629,018,174</u></b>

- The attached notes (1) to (21) are an integral part of these interim separate financial statements.

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

### INTERIM SEPARATE STATEMENT OF CASH FLOWS

For The Nine -month Periods Ended 30 September 2021

	Notes	For the period ended 30 September 2021	For the period ended 30 September 2020
		LE	LE
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Net profit for the period before tax		<b>165,111,829</b>	109,502,483
Depreciation charges	(3)	<b>1,888,275</b>	1,932,495
Dividends from subsidiaries	(15)	<b>(171,999,182)</b>	(116,799,694)
Finance income		<b>(3,083,473)</b>	(6,622,668)
Revaluation gain of financial assets at fair value through profit or loss		<b>(222,006)</b>	(225,869)
(Impairment cancelled)/Impairment in value of available for sale investments	(7)	<b>(450,105)</b>	2,758,605
Foreign currency exchange losses		<b>115,735</b>	986,649
<b>Operating (loss) before changes in working capital</b>		<b>(8,638,928)</b>	(8,467,999)
Change in due from related parties	(17)	<b>(1,176,444,515)</b>	-
Change in Prepaid expenses and other debit balances	(8)	<b>107,841</b>	(903,134,130)
Change in notes receivable	(17)	<b>1,077,410,900</b>	22,734,014
Change in notes payable		<b>(227,702)</b>	211,383
Change in accrued expenses and other credit balances	(10)	<b>(3,602,858)</b>	3,264,228
Income tax paid		<b>(57,101,197)</b>	(80,500,540)
<b>Net cash flow (used in) operating activities</b>		<b>(168,496,458)</b>	(965,893,044)
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
(Payments) for the purchase of fixed assets and projects under construction		<b>(25,944)</b>	-
Dividend income received		<b>454,996,378</b>	1,039,488,732
Finance income received		<b>3,083,473</b>	6,622,668
<b>Net cash flow provided from investing activities</b>		<b>458,053,907</b>	1,046,111,400
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Dividend Paid		<b>(306,000,000)</b>	(188,500,000)
<b>Net cash flow (used in) financing activities</b>		<b>(306,000,000)</b>	(188,500,000)
Foreign currency exchange		<b>(115,735)</b>	(986,649)
<b>NET CHANGE IN CASH AND CASH EQUIVALENT DURING THE PERIOD</b>		<b>(16,558,286)</b>	(109,268,293)
Cash and cash equivalent at the beginning of period		<b>71,300,834</b>	166,784,368
<b>CASH AND CASH EQUIVALENT AT THE END OF THE PERIOD</b>	(9)	<b>54,742,548</b>	57,516,075

- The attached notes (1) to (21) are an integral part of these interim separate financial statements.



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

### NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS

As of 30 September 2021

#### 1 BACKGROUND

- Talaat Mostafa Group Holding TMG Holding S.A.E ("**The company**"), was established on 13 February 2007 under the provisions of law 95 of 1992 and its executive regulations.
- The company was registered with the commercial register number 187398 on April 3, 2007,
- The company has a term of 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 separate financial statements for The Nine-Month period ended 30 September 2021 were approved on 11 November 2021 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 separate financial statements have been prepared in accordance with the Egyptian Accounting Standards and the prevailing laws and local regulations.
- The separate financial statements are presented in Egyptian Pound, it is the company's functional currency.
- The separate financial statements are prepared under the historical cost basis, except for available for sale investments, and financial assets measured at fair value through the profit or losses.
- The results for the interim period ended 30 September 2021 may not be an accurate indication for the expected results for the fiscal year ended 31 December 2021.

#### 2.1 CHANGES IN ACCOUNTING POLICIES

- The accounting policies adopted in the preparation of the interim separate financial statements are consistent with those followed in the preparation of the Group's annual separate financial statements for the year ended 31 December 2020, except for the adoption of new standards effective as of 1 January 2021.
- Despite the adoption of these amendments for the first time in 2021, however they do not have a substantial impact on the retained earnings of interim separate financial statements.
- The Company elected to adopt the new standards using the modified retrospective method that requires recognising the cumulative effect of initially applying the new standards as an adjustment to the opening balance of retained earnings at 1 January 2021, and by not restating the comparative information.
- Egyptian Accounting Standard No. 48 "Revenue from Contracts with Customers"
- Egyptian Accounting Standard No. 49 "Leases"

Based on the decision of the High Committee for the Review of Egyptian Accounting Standards and Limited Inspection, it was allowed to postpone the accounting impact of the application of standard 47 financial instruments on periodic financial statements until the date of the preparation of the annual financial statements on December 31, 2021, with the inclusion of the combined accounting effect for the full year from January 1, 2021 to December 31, 2021, with companies committed to adequate disclosure.

#### **Egyptian Accounting Standard No. 48 "Revenue from Contracts with Customers"**

Egyptian Accounting Standard No. (48) supersedes Egyptian Accounting Standard No. (8) "Construction Contracts" and Egyptian Accounting Standard No. (11) "Revenues. The standard was adopted at 1 January 2021. The new standards introduced a 5-step model in which revenue is recognized when control of goods or services is transferred to a customer. The 5-step model as follows:

- 1) Identify the contracts with customers.
- 2) Identify the performance obligations in the contract.
- 3) Determine the transaction price.
- 4) Allocate the transaction price.
- 5) Recognise revenue when the performance obligations are satisfied.

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

### NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS

As of 30 September 2021

#### 2.1 CHANGES IN ACCOUNTING POLICIES (CONTINUED)

The standard requires management to make accounting estimates, considering all relevant facts and circumstances when applying each step of the model on the contracts with customers. The standard also specifies the accounting for incremental costs of obtaining a contract with customers and for the costs incurred to fulfil a contract with a customer.

The company applied the new accounting policy mentioned in disclosure (2-2) and there has been no substantial impact resulted from applying the Egyptian Accounting standard No. (48) "Revenue from contracts with customers" on the retained earnings on 1 January 2021 or the Company's revenue recognition.

On November 11, 2021, the Financial Supervisory Authority issued a circular regarding the study of the various applications of real estate development companies and of Standard 48 and other associated standards (among them the processing of notes receivables and the corresponding obligations).

According to this circular, it was agreed to allow the delay of effecting the accounting impact of applying Egyptian Accounting Standard No. 48, partially or completely, mentioned in the first paragraph until the end of December 2021, and therefore the notes receivable received from customers related to units that were not delivered to customers until the date of preparing the financial statement within the items of the company's financial position

#### **Egyptian Accounting Standard No. (49) "Leases"**

Egyptian Accounting Standard No. (49) supersedes Egyptian Accounting Standard No. (20).

**The company as a lessee:** Egyptian Accounting Standard No. (49) "Leases" requires lessees to account for all leases under a single on-balance sheet model where the lessee recognizes the assets representing the right to use the underlying assets and a liability, at the present value of the minimum lease payments. Taking into consideration that leases are not classified for the tenant as an operating lease or as a financing lease. There are optional exemptions for short-term leases and leases for low-value assets. XXXXXXXXXXXXXXXX

**The Company as a lessor:** A lessor should classify each of its leases as either an operating lease or finance lease.

leases classified a finance lease, a lessor should

recognise assets held under a finance lease in its statement of financial position and present them as a receivable at an amount equal to the net investment in the lease

leases classified a operating lease, a lessor should

recognise lease payments from operating leases as income on either a straight-line basis or another systematic basis.

The company applied the new accounting policy mentioned in disclosure (2-2) and there has been no substantial impact on the retained earnings as of 1 January 2021. The Company applied the following transitional provisions:

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

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### NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS

As of 30 September 2021

#### 2.1 CHANGES IN ACCOUNTING POLICIES (CONTINUED)

##### STANDARDS ISSUED BUT NOT EFFECTIVE

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Company's financial statements are disclosed below. The Company intends to adopt these standards, if applicable, when they become effective.

##### **Egyptian Accounting Standard No. (47) "Financial Instruments"**

EAS 47 Financial Instruments that replaces EAS 26 Financial Instruments: Recognition and Measurement. EAS 47 is issued in April 2019 and is effective for annual periods beginning on or after 1 January 2021 in Egypt, with early application permitted. Except for hedge accounting, retrospective application is required but providing comparative information is not compulsory. For hedge accounting, the requirements are generally applied prospectively, with some limited exceptions. The Company elected not to early adopt EAS 47.

The Company's financial assets would appear to satisfy the conditions for classification as either amortized cost or fair value through other comprehensive income or fair value through profit or loss.

The new impairment model requires the recognition of impairment provisions based on expected credit losses rather than only incurred credit losses as is the case under EAS 26. It applies to financial assets classified at amortized cost, debt instruments measured at fair value through other comprehensive income, contract assets under EAS 48 Revenue from Contracts with Customers, lease receivables, loan commitments and certain financial guarantee contracts.

The new standard also introduces expanded disclosure requirements and changes in presentation. These are expected to change the nature and extent of the Company's disclosures about its financial instruments.

The new standard requires the Company to review its accounting procedures and internal controls relating to the financial instruments for which reports are being issued. These changes have not yet been finalized.

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#### 2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

##### **Foreign currencies**

The financial statements are prepared and presented in Egyptian pound that represents the functional currency of the company.

Transactions in foreign currencies are recorded at the rate prevailing at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated using the exchange rate prevailing at the financial position date. All differences are recognized in the statement of profit or loss.

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

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

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

### NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS

As of 30 September 2021

#### 2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

##### Fixed assets

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

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

	Years
Building	20
Motor Vehicles	5
Computers & software	3-8
Furniture & Fixtures	5-10
Tools and Equipment	3-5

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

The residual value of the assets, its economic useful life and its method of depreciation is revised annually by the end of each fiscal year.

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

A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized.

The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the statement of profit or loss.

##### Investments

##### Investment in subsidiaries

Investments in subsidiaries are investments in entities in which the company has control. Control is achieved when the company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Specifically, the company controls an investee if, and only if, the company has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee).
- Exposure, or rights, to variable returns from its involvement with the investee.
- The ability to use its power over the investee to affect its returns.

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the company has less than a majority of the voting or similar rights of an investee, the company considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangements with the other vote holders of the investee
- Right arising from other contractual arrangements
- The company voting rights and potential voting rights

The company re-assess whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of controls. Consolidation of a subsidiary begins when the company obtains control over the subsidiary and ceases when the company loses control of the subsidiary.

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

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Investments in subsidiaries are accounted for in the separate financial statements at cost including acquisition cost. In the event of impairment of the investment, the carrying amount is adjusted to the amount of that impairment and included in the statement of income or losses for each investment separately.

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

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### NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS

As of 30 September 2021

#### 2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

##### **Investments in associates**

Investments in associates are those companies over which the Company has a significant influence and are not subsidiaries or joint ventures, except for when the investment is classified as non-current asset held for sale according to the Egyptian accounting standards No. 32. Significant influence is assumed when the company owns directly or indirectly through its subsidiaries companies 20% or more of the voting rights in the investee, unless it can be clearly demonstrated that this ownership does not represent significant influence .

Investments in associates are accounted for, in the separate financial statements, at cost including the acquisition cost, and in case the investment is impaired, the carrying amount is adjusted by the amount of this impairment and is charged to the statement of profit or loss for each investment separately. Impairment losses are reversed in the period when occurred, and to the extent of the amount of book value that was previously reduced.

##### **Available for sale investments**

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

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

After initial measurement, available for sale investments are measured at fair value with unrealized gains or losses recognized directly in equity until the investment is derecognized, at which time the cumulative gain or loss recorded in equity is recognized in the statement of profit or loss, or determined to be impaired, at which time the cumulative loss recorded in equity is recognized in the statement of profit or loss. If the fair value of an equity instrument cannot be reliably measured, the investment is carried at cost.

a) Equity investments: where there is an evidence of impairment, the cumulative loss is removed from the equity and recognized in the statement of profit or loss. Impairment losses on equity investments are not reversed through the statement of profit or loss; increases in the fair value after impairment are recognized directly in equity.

b) Debt investments: where there is an evidence of impairment, loss is removed from the equity and recognized in the statement of profit or loss and interest continues to be accrued at original rate on the reduced carrying amount of the asset. If the fair value of the debt investment increases and the increase can be objectively related to an event occurring after the impairment loss was recognized in the statement of profit or loss, the impairment loss is reversed through the statement of profit or loss.

##### **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 from sale of investments at fair value through profit and loss is recognized in income statement.

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

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### NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS

As of 30 September 2021

#### 2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

##### **Held to maturity investments**

Held to maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the company's management has the positive intention and ability to hold to maturity.

This classification requires using high degree of professional judgment and to achieve that, the company evaluate its intention of keeping these investments till maturity date. If not, except in some rare circumstances such as selling of insignificant investments prior to maturity date then, all held to maturity investments re-classified to available for sale investments. Accordingly, Investments will be measured at fair value not amortized cost and cease any classification of investments.

Held to maturity investments are initially recognized at fair value inclusive direct attributable expenses.

After initial recognition, the held to maturity investments are measured at amortized cost using the effective interest method less impairment. Gains and losses are recognized in statement of 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 are assets in which its carrying amount will be recovered principally through a sale transaction rather than through continuing use. Those assets are measured at the lower of the book value or the fair value less the cost of disposal.

In case of impairment of non-current assets held for sale, the carrying amount is 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 was previously reduced unless the impairment loss was recognized in the previous years.

##### **Accounts receivable and other debit balances**

Accounts receivable and other debit balances are stated at book less any impairment losses.

Impairment losses are measured as the difference between the receivables carrying amount and the present value of estimated future cash flows. The impairment loss is recognized in the statement of profit or loss. Reversal of impairment is recognized in the statement of profit or loss in The Nine-Months in which it occurs.

##### **Cash and cash equivalent**

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash in hand, bank balances, and short-term deposits and treasury bills with an original maturity of three months less bank overdraft balances (if any).

##### **Trade payables and accrued expenses**

Liabilities are recognised for amounts to be paid in the future for goods or services received, whether billed by the suppliers and contractors or not.

##### **Provisions**

Provisions are recognized when the Company has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made. Provisions are reviewed at the financial position date and adjusted to reflect the current best estimate.

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. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

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

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### NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS

As of 30 September 2021

#### 2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

##### **Revenue recognition**

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

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

##### **Legal reserve**

According to the Company's article of association, 5% of the net profits of The Nine-Months are to be transferred to the legal reserve until this reserve reaches 50 % of the issued capital, the reserve is used upon a decision from the General Assembly Meeting based on the proposal of the Board of Directors.

##### **Accounting estimates**

The preparation of financial statements in accordance with Egyptian Accounting Standards requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses during the financial years, Actual results could differ from these estimates.

##### **Leases:**

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

##### **Company as a lessee.**

The Company recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

##### **Lease liabilities**

At the commencement date of the lease, the Company recognizes lease liabilities measured at the present value of lease payments to be made over the lease term using the implicit interest rate in the lease if readily determinable, or the incremental borrowing rate. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made.

##### **Right-of-use assets**

The Company recognizes right-of-use assets at the commencement date of the lease. Right-of-use assets . The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received (if any) , in addition to an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

After the commencement date, a lessee shall measure the right-of-use asset at cost , less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

Right-of-use assets are depreciated on the lease term, if ownership of the leased asset transferred to the Company at the end of the lease term or if the Company will exercise the purchase option. Otherwise, Right-of-use assets are depreciated over the shorter of the lease term and the estimated useful lives of the assets.

The Company elected not to apply the standard for leases of 'low-value' assets.



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

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### NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS

As of 30 September 2021

#### 2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

##### **The Company as a lessor:**

The Company classifies each of its leases as either an operating lease or finance lease.

A lease is classified as a finance lease if the lease transfers substantially all the risks and rewards incidental to ownership of an underlying asset.

A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset.

**Finance lease:** the Company recognizes assets held under a finance lease in its statement of financial position and present them as a receivable at an amount equal to the net investment in the lease

The Company shall use the interest rate implicit in the lease to measure the net investment in the lease

The net investment in the lease comprise the payments for the right to use of the underlying asset during the lease term that are not received at the commencement date.

The Company shall recognise finance income over the lease term, based on a pattern reflecting a constant periodic rate of return on the lessor's net investment in the lease.

**Operating lease:** the Company shall recognise lease payments from operating leases as income on either a straight-line basis or another systematic basis. The lessor shall apply another systematic basis if that basis is more representative of the pattern in which benefit from the use of the underlying asset is diminished.

All the Company's leased are being classified as operating leases.

##### **Impairment of assets**

###### **Impairment of financial assets**

The Company assesses at each financial position date whether there is any objective evidence that a financial asset or a group of financial assets are impaired. A financial asset or a group of financial assets are deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset and has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated.

###### **Impairment of non-financial assets**

The Company assesses at each reporting date whether there is an indication that a non-financial asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating units (CGU) 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 or CGU 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 the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used.

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

##### **Treasury shares**

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

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

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### NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS

As of 30 September 2021

#### 2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

##### **Employees' / directors' compensation and motivation**

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

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

The compensation and motivation system is not affected

##### **Income tax**

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

##### **Current income tax**

Current income tax assets and liabilities for the current and prior years are measured at the amount expected to be recovered from or paid to the tax authority.

##### **Deferred income tax**

Deferred income tax is recognized using the liability method on temporary differences between the amount attributed to an asset or liability for tax purposes (tax base) and its carrying amount in the financial position (accounting base) using the applicable tax rate.

Deferred tax asset is recognized when it is probable that the asset can be utilized to reduce future taxable profits and the asset is reduced by the portion that will not create future benefit.

Current and deferred tax shall be recognized as income or an expense and included in the statement of profit or loss for The Nine-Months, except to the extent that the tax arises from a transaction or event which is recognized, in the same or a different year, directly in equity.

##### **Statement of cash flows**

The statement of cash flows is prepared using the indirect method. For the purpose of the statement of cash flows, cash and cash equivalents consist of cash in hand, bank balances, and short-term deposits and treasury bills with an original maturity of three months less bank overdraft balances (if any).

##### **Related party transactions**

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

##### **Social Insurance**

The Company makes contributions to the General Authority for Social Insurance under the provisions of social insurance law 79 of year 1975. The Company's obligations are limited to these contributions, which are expensed when due.

##### **Borrowing**

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

##### **Borrowing cost**

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale are capitalised as part of the cost of the assets. All other borrowing costs are expensed in The Three-Months in which they are incurred. The borrowings costs are represented in interest and other finance costs that company pay to obtain the funds.

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

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### NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS

As of 30 September 2021

#### 2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

##### **Expenses**

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

##### **Dividends**

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

##### **Earnings per share**

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

##### **Fair value measurement**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability or the most advantageous market for the asset or liability.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

For assets traded in an active market, fair value is determined by reference to quoted market bid prices.

The fair value of interest-bearing items is estimated based on discounted cash flows using interest rates for items with similar terms and risk characteristics.

For unquoted assets, fair value is determined by reference to the market value of a similar asset or is based on the expected discounted cash flows.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the separate financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 – Fair value measurements are those derived from quoted prices in an active market (that are unadjusted) for identical assets or liabilities.
- Level 2 – Fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 – Fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

For assets and liabilities that are recognised in the separate financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation at the end of each reporting period.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

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

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS

As of 30 September 2021

**3 FIXED ASSETS**

	Land LE	Building LE	Transportation and Motor Vehicles LE	Computers & Software LE	Furniture LE	Tools LE	Total LE
<b>Cost</b>							
As of 1 January, 2021	10,043,066	50,025,050	875,000	674,162	1,210	34,768	61,653,256
Additions	-	-	-	11,144	14,800	-	25,944
Disposals	-	-	-	(21,911)	-	(8,935)	(30,846)
<b>As of 30 September, 2021</b>	<b>10,043,066</b>	<b>50,025,050</b>	<b>875,000</b>	<b>663,395</b>	<b>16,010</b>	<b>25,833</b>	<b>61,648,354</b>
<b>Accumulated depreciation</b>							
As of 1 January, 2021	-	(4,377,192)	(874,998)	(657,028)	(1,209)	(30,010)	(5,940,437)
Depreciation for the period	-	(1,875,940)	-	(9,165)	(246)	(2,924)	(1,888,275)
Depreciation of Disposals	-	-	-	21,911	-	8,935	30,846
<b>As of 30 September, 2021</b>	<b>-</b>	<b>(6,253,132)</b>	<b>(874,998)</b>	<b>(644,282)</b>	<b>(1,455)</b>	<b>(23,999)</b>	<b>(7,797,866)</b>
<b>Net book value as of 30 September 2021</b>	<b>10,043,066</b>	<b>43,771,918</b>	<b>2</b>	<b>19,113</b>	<b>14,555</b>	<b>1,834</b>	<b>53,850,488</b>

- There is no collaterals on the fixed assets

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

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS

As of 30 September 2021

**3 FIXED ASSETS (CONTINUED)**

	Land LE	Building LE	Transportation and Motor Vehicles LE	Computers & Software LE	Furniture LE	Tools LE	Total LE
<b>Cost</b>							
As of 1 January, 2020	<u>10,043,066</u>	<u>50,025,050</u>	<u>875,000</u>	<u>674,162</u>	<u>1,210</u>	<u>34,768</u>	<u>61,653,256</u>
<b>As of 31 December, 2020</b>	<b><u>10,043,066</u></b>	<b><u>50,025,050</u></b>	<b><u>875,000</u></b>	<b><u>674,162</u></b>	<b><u>1,210</u></b>	<b><u>34,768</u></b>	<b><u>61,653,256</u></b>
<b>Accumulated depreciation</b>							
As of 1 January, 2020	-	(1,875,940)	(850,849)	(626,189)	(1,210)	(22,721)	(3,376,909)
Depreciation for the period	-	(2,501,253)	(24,149)	(30,839)	-	(7,287)	(2,563,528)
<b>As of 31 December, 2020</b>	-	<b>(4,377,193)</b>	<b>(874,998)</b>	<b>(657,028)</b>	<b>(1,210)</b>	<b>(30,008)</b>	<b>(5,940,437)</b>
<b>Net book value as of 31 December 2020</b>	<b><u>10,043,066</u></b>	<b><u>45,647,857</u></b>	<b><u>2</u></b>	<b><u>17,134</u></b>	<b><u>-</u></b>	<b><u>4,760</u></b>	<b><u>55,712,819</u></b>

- There is no collaterals on the fixed assets

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

### NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS

As of 30 September 2021

#### 4- INVESTMENT IN SUBSIDIARIES

In October 2007 , The company acquired 99.9% of share capital of Arab Company For Projects And Urban Development, 96.9% of share capital of Alexandria for Real Estate Investment, 71.05% of share capital of San Stefano for Real Estate Investment, and 40% of Alexandria for Urban Projects through shares swap against the capital increase of Talaat Moustafa Group Holding "TMG Holding", the company participated in the capital increase of Alexandria Company for Real Estate Investment by LE 543,768,900, San Stefano for Real Estate Company by LE 243,000,000 and Alexandria for Urban Projects Company by LE 145,583,000

The following are the subsidiaries:

No	Company	Capital share LE	No, of issued shares	No, of acquired shares	Ownership percentage
1	Arab Company For Projects And Urban Development (S.A.E) *	1,652,365,900	16,523,659	16,523,575	99.9%
2	Alexandria Company For Real Estate Investment (S.A.E) *	925,451,950	18,509,039	18125500	96.92%
3	San Stefano Company For Real Estate Investment (S.A.E) **	878,000,000	8,780,000	6337565	72.18%
4	Alexandria For Urban Projects Company (S.A.E)***	133,500,000	1,335,000	533770	40%

\*Arab Company For Projects And Urban Development owns 1.66% of Alexandria Company For Real Estate Investment.

\*\* The company indirectly owns 27.82% of San Stefano Company For Real Estate Investment through its subsidiary (Arab Company For Projects And Urban Development (S.A.E), Alexandria Company For Real Estate Investment (S.A.E), Alexandria For Urban Projects Company (S.A.E).

\*\*\* Alexandria Company For Real Estate Investment (S.A.E) owns 60% of Alexandria For Urban Projects Company.

The total cost of the investments in the subsidiaries amounted to LE 17, 048,466,959 as follows:

	30 September 2021 LE	31 December 2020 LE
Arab Company for Projects And Urban Development (S.A.E)	13,552,530,632	13,552,530,632
Alexandria Company for Real Estate Investment (S.A.E)	2,498,432,399	2,498,432,399
San Stefano Company for Real Estate Investment (S.A.E)	933,598,687	933,598,687
Alexandria Company for Urban Projects (S.A.E)	63,905,241	63,905,241
	<b>17,048,466,959</b>	<b>17,048,466,959</b>

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

### NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS

As of 30 September 2021

#### 5 INVESTMENT IN ASSOCIATES

	Percentage	No. of shares	30 September 2021	31 December 2020
			LE	LE
Hill /TMG for Constructions and Projects Management (under liquidation) *	49%	147000	<b>1,470,000</b>	1,470,000
			<b><u>1,470,000</u></b>	<u>1,470,000</u>

\* The Board of Directors agreed on the liquidation of Hill /TMG for Constructions and Projects Management. The liquidation process is still under progress.

#### 6 AVAILABLE FOR SALE INVESTMENTS

Available for sale investments amounted to LE 14,354,763 as of 30 September 2021 represents Investments in EFG Hermes Fund III which is managed by EFG-HERMES for Direct Investment.

	Amount For investment on 31 December 2020	Net Movement on 30 September 2021	Investment value on 30 September 2021
	LE		LE
Investments in EFG HERMES Fund III	13,904,658	450,105	14,354,763
	<b><u>13,904,658</u></b>	<b><u>450,105</u></b>	<b><u>14,354,763</u></b>

#### 7 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

Financial assets at fair value through profit or loss are amounted to LE 3,277,766 reflecting the market price as of 30 September 2021 as follows:

Investments Type	No. of certificates	Amount	Net change on 30 September 2021	Fair value 30 September 2021	Fair value 31 December 2020
		LE	LE	LE	LE
Mutual investment fund – Juman Fund	9500	3,055,760	222,006	3,277,766	3,055,760
		<b><u>3,055,760</u></b>	<b><u>222,006</u></b>	<b><u>3,277,766</u></b>	<u>3,055,760</u>

#### 8 PREPAID EXPENSES AND OTHER DEBIT BALANCES

	30 September 2021	31 December 2020
	LE	LE
Deposit with Others - Financial Regulatory Authority	<b>2,063,562</b>	2,063,562
Prepaid expenses	<b>27,211</b>	28,293
Other debit balances	<b>91,968</b>	66,728
	<b><u>2,182,741</u></b>	<u>2,158,583</u>

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

### NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS

As of 30 September 2021

#### 9 CASH ON HANDS AND AT BANKS

	<b>30 September 2021</b>	31 December 2020
	<b>LE</b>	LE
<b>A- Local Currency</b>		
Cash on hand	<b>4,853</b>	214
Banks - current accounts	<b>2,417,150</b>	16,696,334
Time deposits	<b>30,000</b>	30,000
	<b><u>2,452,003</u></b>	<u>16,726,548</u>
<b>B- Foreign Currency</b>		
Banks current accounts	<b><u>52,290,545</u></b>	<u>54,574,286</u>
	<b><u>52,290,545</u></b>	<u>54,574,286</u>
	<b><u>54,742,548</u></b>	<u>71,300,834</u>

#### 10 ACCRUED EXPENSES AND OTHER CREDIT BALANCES

	<b>30 September 2021</b>	31 December 2020
	<b>LE</b>	LE
Vendors – services	<b>3,468,278</b>	1,516,504
Accrued expenses	<b>116,125</b>	5,746,912
Other credit balances	<b>202,319</b>	126,164
	<b><u>3,786,722</u></b>	<u>7,389,580</u>

#### 11 CAPITAL

The company's authorized capital amounted to LE 50,000,000 (Fifty million Egyptian pound) and the issued and paid-up capital amounted to LE 6,000,000 (Six million Egyptian pound) of LE 10 (Ten Egyptian Pound) par value each.

According to the Extraordinary General Assembly Meeting dated on 6 October 2007, the Company's authorized capital was increased to be LE 30,000,000,000 and the issued and paid-up capital was increased to become LE 18,152,035,500 divided over 1,815,203,550 shares of LE 10 par value each, through shares swap with the subsidiaries. It was recorded in the commercial register on 28 October 2007.

According to the Extraordinary General Assembly Meeting dated on 28 October 2007, the company's issued and paid up capital was increased through a public and private placement to become LE 20,302,035,500 divided over 2,030,203,550 shares.

The increased amount of LE 2,150,000,000 was paid with a premium share amounted to LE 1,6 per share by total premium amount of LE 344,000,000, recorded in the commercial register on November 25, 2007.

According to the Extraordinary General Assembly Meeting dated on 24 March 2010, the issued capital was reduced by the treasury stocks amounted of LE 169,720,520-par value, and 1 year has elapsed since its acquisition. Issued capital becomes LE 20,132,314,980 (Twenty billion and one hundred and thirty-two million and fourteen thousand and nine hundred and eighty pound) distributed over 2,013,231,498 shares. It was recorded in the commercial register on 18 May 2010.



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

### NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS

As of 30 September 2021

#### 11 CAPITAL (CONTINUED)

The Extraordinary General Assembly Meeting dated 30 June 2011 approved to increase the issued and paid-up capital through issuing bonus shares, deducted from the retained earnings, to be LE 20,635,622,860- dividend over 2,063,562,286 shares through issuing free shares deducted from the retained earnings. It was recorded in the commercial register on 24 May 2011.

#### 12 LEGAL RESERVE

Legal reserve amounted to LE 337,884,636 as of 30 September 2021 represents the transferred amount of the shares Premium amounted to LE 344,000,000, and LE 1.6 per share, part of the premium amounted to LE 185,880,702 was used to cover the IPO expenses, the remaining balance of LE 158,119,298 was transferred to the legal reserve, as well 5% of the net profit of the retained earnings of the prior years was also transferred to the legal reserve, this in accordance with law no 159 of 1981.

#### 13 GENERAL RESERVES

The general reserve balance amounted to LE 61,735,404 as of 30 September 2021 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.

#### 14 EARNINGS PER SHARE

Earnings per share for The Nine-Months are EGP 0.069 the basic earnings per share is calculated by dividing the net profit of the period on the total number of outstanding shares during the period as follows:

	<b>30 September 2021</b>	30 September 2020
	<b>LE</b>	LE
Net profit for the period before deducting employees' dividends share and boards of directors' remuneration	<b>148,679,334</b>	99,990,770
employees' dividends share and Boards of directors' remuneration (estimated)	<b>(6,000,000)</b>	(6,000,000)
Net profit for the period, excluding employees' dividends share and Boards of directors' remuneration	<b>142,679,334</b>	93,990,770
Weighted average of outstanding shares	<b>2,063,562,286</b>	2,063,562,286
Earnings per share (L.E./share)	<b>0.069</b>	0,046

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

### NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS

As of 30 September 2020

#### 15 DIVIDENDS RECEIVABLE

The balance of dividends from subsidiaries on 30 September 2021 amounted to EGP 171,999,182, which is represented in the dividends from *Arab Company for Projects and Urban Development* that is paid in accordance with the decision of the General Assembly meeting of *Arab Company for Projects and Urban Development* during 2021. Below is a reconciliation of the dividends during the period:

	<b>30 September 2021</b>	30 September 2020
	LE	LE
Dividend declared	<b>171,999,182</b>	116,799,694
Beginning balance	<b>454,995,068</b>	1,039,488,732
Dividends paid during the period	<b>(454,996,378)</b>	(1,039,488,732)
Ending balance	<b>171,997,872</b>	116,799,694

#### 16 INCOME TAX AND DEFFERED TAX

	<b>30 September 2021</b>	30 September 2020
	LE	LE
Net Profits for the period before tax	<b>165,111,829</b>	109,502,483
Adjustments on the profits to reach to taxable profits	<b>(156,136,101)</b>	(93,148,521)
<b>Net taxable profit</b>	<b>8,975,728</b>	16,353,962
Income tax at 22,5%	<b>2,019,539</b>	3,679,641
Tax on dividends 5% / 10%	<b>17,199,918</b>	5,839,985
Adjustment on Tax return	<b>(2,786,849)</b>	-
<b>Current income tax</b>	<b>16,432,608</b>	9,519,626

The accrued income tax movement throughout the period:

	<b>30 September 2021</b>	30 September 2020
	LE	LE
Balance at the beginning of the period	<b>59,888,382</b>	80.500.542
Additions during the period	<b>16,432,608</b>	9,519,626
Tax paid	<b>(57,101,197)</b>	(80.500.540)
Balance at the end of the period	<b>19,219,793</b>	9,519,628

Deferred tax assets on 30 September 2021, amounted to LE (7,122) represented in the difference between accounting basis and tax basis and is calculated as follow:

	<b>30 September 2021</b>	30 September 2020
	LE	LE
Accounting basis (note 3)	<b>43,807,428</b>	46,432,786
Tax Basis	<b>43,814,550</b>	46,440,818
Temporary taxes differences	<b>(7,122)</b>	(8,032)
Tax rate	<b>22,5%</b>	22,5%
Deferred tax (asset)/ liability	<b>(1,604)</b>	(1,807)
Deferred tax liability/(asset) –at the beginning of the period	<b>1,490</b>	(6,106)
Deferred tax – as per statement of profit or loss	<b>(114)</b>	(7,913)

	<b>30 September 2021</b>	30 September 2020
	LE	LE
Current income tax	<b>(16,432,608)</b>	(9,519,626)
Deferred income tax	<b>114</b>	7,913
	<b>(16,432,494)</b>	(9,511,713)

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

### NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS

As of 30 September 2021

#### 17 RELATED PARTY TRANSACTIONS

- To accomplish the company's objectives, the company deals with the related parties at the same terms with the other parties. The related parties' transactions represent paying on behalf or settling some balances between those parties, in addition to providing consulting services. These transactions balances appeared on the Assets and Liabilities sections of the statement of financial position.

Short term benefits paid, as salaries and rewards according to paragraph no, 17 of EAS no.15, amounted to EGP 3,992,373 on 30 September 2021.

Related parties' transactions included with the statement of financial positions as follows:

	<b>Debit Balances 30 September 2021</b>	Debit Balances 31 December 2020	<b>Nature of the transaction</b>
Arab Company for Projects and Urban Development	<b>1,176,306,671</b>	-	Under the account of the capital increase of the Arab Projects Company Current Accounts
Alexandria Company for Real Estate Investment	<b>137,844</b>	-	
	<b><u>1,176,444,515</u></b>	<u>-</u>	

	<b>Notes receivable 30 September 2021</b>	Notes receivable 31 December 2020
Arab Company for Projects and Urban Development	<b>638,956,525</b>	1,716,367,426
Alexandria Company for Real Estate Investment	<b>1,716,436,004</b>	1,716,436,003
San Stefano for Real Estate Investment	<b>352,393,276</b>	352,393,276
Alexandria for Urban Projects	<b>417,457,544</b>	417,457,544
	<b><u>3,125,243,349</u></b>	<u>4,202,654,249</u>

	<b>Notes payable 30 September 2021</b>	Notes payable 31 December 2020
Alexandria Company for Real Estate Investment	-	127,022
	<u>-</u>	<u>127,022</u>

*TMG Company For Real Estate and Tourism Investment* – a company owned by some of the *Board Members* of *Talaat Mostafa Group Holding* - owns 43.16% of *Talaat Mostafa Group Holding*

#### 18 TAX SITUATIONS

##### a. Corporate tax

The tax return is presented on time , A tax inspection has been carried out till year 2012. The inspection of the following years is currently undergoing.

##### b. Salary tax

The company delivers the deducted payroll tax on a monthly basis and the quarterly income tax returns are files on time . a Tax inspection has been carried out till year 2011. The inspection of the following years is currently undergoing.

##### c. Stamp tax

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

#### 19 CONTINGENT LIABILITY

There are no contingent liabilities nor contractual commitments that are not included in the financial statements

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

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### NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS

As of 30 September 2021

#### 20 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

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

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

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

The Company's senior management is responsible for setting and monitoring the risk management policies and reporting regularly to the Parent Company on their activities.

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

##### **A- Credit Risk**

Credit risk represents the risk of default of the customers of not paying their due amounts. This risk is limited as the main objective of the company is to acquire companies.

##### **B- Market risk**

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

##### **Exposure to foreign currency risk**

The risk of changes in the exchange rate of foreign currencies, which affects payments and receipts in foreign currencies, as well as the revaluation of assets and liabilities in foreign currencies. Given that most of the company's transactions are in local currency, this risk is considered low.

##### **Exposure to interest rate risk**

Since the company does not have currently loans and facilities, hence this risk does not exist.

##### **C- Liquidity risk**

The cash flows, funding requirements and liquidity of the Company are monitored by company management. The Company's objective is to maintain a balance between continuity of funding and flexibility. The Company currently has sufficient cash on demand to meet expected operational expenses, including the servicing of financial obligations.

#### 21 MAJOR EVENTS

Some major global events occurred, which included the Arab Republic of Egypt, where an outbreak of COVID19 occurred, and the World Health Organization "WHO" announced that the outbreak of the virus can be described as a global epidemic, and the government has introduced various measures to combat disease outbreaks, including travel restrictions and quarantine, business closures, and other locations, these government responses and their corresponding impacts are still evolving and which are expected to affect the economic climate and that, in turn, could expose the company to various risks, including a significant reduction in Revenues, and evaluation / impairment of assets and other risks.

These events did not negatively affect the financial statements of the company as on 30 September 2021 but may affect the financial statements for future financial periods. It is difficult to quantify this effect for now; this effect will appear in future financial statements. The magnitude of the impact varies according to the expected extent, the period during which those events are expected to end and their impact.