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

TALAAT MOSTAFA GROUP HOLDING COMPANY
"TMG HOLDING" (S.A.E)
CONSOLIDATED INERIM FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2017
TOGETHER WITH REVIEW REPORT

Talaat Mostafa Group Holding Company "TMG Holding" (S.A.E)
Consolidated Interim Financial Statements
For The Period Ended 30 June 2017

Table of Contents

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translation of review 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 30 June 2017 and the related statements of consolidated income (profit or loss), comprehensive income, changes in equity and consolidated cash flows for the six 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 30 June 2017, and its financial performance and cash flows for the six months ended in that date in accordance with Egyptian accounting standards.

Without Qualifying our Opinion, a new primary contract was signed between Arab Company for Projects and Urban Development – subsidiary Company - and The New Urban Communities Authority on 8 November 2010 relating to Madinaty project and the in kind amount should not be less than LE 9.979 Billion, based on that, the value of the land of Madinaty project will be reconsidered upon signing the final contract of the land (note 14).

Cairo: 14 August 2017

Auditors

Amr El Shaabini
FESAA-FEST
(RAA. 9365)
(CMAR. 103)
ALLIED FOR ACCOUNTING & AUDITING
(EY)

RSM Egypt - Chartered Accountants
Magdy Hashish & Partners

Tarek Hashish
FESAA-FEST
(RAA. 9473)
(CMAR. 118)
CHARTERED ACCOUNTANTS
(RSM EGYPT)
Magdy Hashish & Co

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

CONSOLIDATED STATEMENT OF INTERIM FINANCIAL POSITION
As of 30 June 2017

	Notes	**30/6/2017 LE**	31/12/2016 LE
Assets			
Non-Current Assets			
Property and Equipment	(4)	**3,780,091,715**	3,807,610,058
Investment Property	(5)	**113,633,119**	114,471,374
Intangible Assets	(6)	**1,566,010**	682,199
Projects Under Constructions	(7)	**2,116,263,589**	1,991,985,784
Goodwill	(8)	**14,101,482,464**	14,101,482,464
Investments in Associates	(9)	**2,183,699**	1,004,311
Available for Sale Investments	(10)	**99,637,248**	100,308,338
Investments in Financial Assets Held to Maturity	(11)	**2,183,677,711**	1,978,924,530
Total Non-Current Assets		**22,398,535,555**	22,096,469,058
Current Assets			
Finished Unites		**23,108,613**	23,108,613
Development properties	(14)	**24,253,896,821**	19,896,624,611
Inventory	(15)	**63,713,711**	28,031,155
Accounts and Notes Receivable	(13)	**17,012,812,399**	15,521,833,066
Prepaid expenses and Other Debit Balances	(16)	**3,103,939,062**	2138532996
Available for Sale Investments	(10)	**9,251,335**	27491897
Investments in Financial Assets Held to Maturity	(11)	**571,023,155**	753,171,281
Financial assets at fair value through profit or loss	(12)	**85,747,520**	74,229,272
Cash on Hand and at Banks	(17)	**3,486,114,996**	3,257,758,634
Total Current Assets		**48,609,607,612**	41,720,781,525
Total Assets		**71,008,143,167**	63,817,250,583
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)	**250,250,347**	236,367,496
General Reserve	(24)	**61,735,404**	61,735,404
Net unrealized gain on available for sale investments	(25)	**51,578,174**	52,249,264
Accumulative translation adjustment		**2,560,951**	2,268,492
Retained earning		**5,932,476,328**	5,424,549,151
Net profit for the period/ year		**672,508,491**	826,545,440
TOTAL PARENT COMPANY SHAREHOLDERS EQUITY		**27,606,732,555**	27,239,338,107
Non-Controlling Interest		**917,502,581**	899,203,684
TOTAL SHAREHOLDERS' EQUITY		**28,524,235,136**	28,138,541,791

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

CONSOLIDATED STATEMENT OF INTERIM FINANCIAL POSITION (CONTINUE)

As of 30 June 2017

	Notes	30/6/2017 LE	31/12/2016 LE
Non-Current Liabilities			
Non-current Loans	(26)	**3,091,062,787**	3,022,648,591
Non-current Liabilities	(27)	**4,461,180,239**	1,792,348,851
Deferred Tax Liability	(28)	**100,184,426**	81,062,572
Total Non- Current Liabilities		**7,652,427,452**	4,896,060,014
Current Liabilities			
Banks Overdraft		**36,297,767**	12,860,992
Bank Facilities	(26)	**2,038,174,821**	945,380,894
Current Portion of Loans and Facilities	(26)	**708,824,683**	766,140,133
Creditors and Notes Payable	(18)	**3,063,323,454**	3,371,670,388
Customers Advance Payment	(19)	**22,665,544,918**	20,357,845,672
Dividends Creditors	(20)	**310,224,851**	70,168,630
Accrued income tax	(28)	**277,109,221**	379,831,696
Accrued Expense and Other Credit Balances	(21)	**5,731,980,864**	4,878,750,373
Total Current Liabilities		**34,831,480,579**	30,782,648,778
Total Liabilities		**42,483,908,031**	35,678,708,792
Total Equity and Liabilities		**71,008,143,167**	63,817,250,583

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

-The attached notes (1) to (40) are an integral part of these consolidated financial statements.
-Review report attached.

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

CONSOLIDATED STATEMENT OF INTERIM INCOME (PROFIT OR LOSS)
For the Period ended 30 June 2017

	Notes	**From 1/1/2017 to 30/6/2017 LE**	From 1/1/2016 to 30/6/2016 LE	**From 1/4/2017 to 30/6/2017 LE**	From 1/4/2016 to 30/6/2016 LE
Revenue	(29)	**3,263,020,715**	2,924,550,009	**1,977,114,834**	1,710,803,935
Cost of revenue	(29)	**(2,082,195,304)**	(1,989,038,783)	**(1,302,308,822)**	(1,127,300,743)
GROSS PROFIT		**1,180,825,411**	935,511,226	**674,806,012**	583,503,192
General and administrative expenses, marketing and sales expenses		**(309,014,689)**	(263,886,831)	**(156,808,606)**	(146,264,677)
Depreciation and amortization	(4,5,6)	**(72,455,505)**	(67,023,621)	**(38,059,037)**	(33,953,506)
Credit interest	(34)	**79,358,539**	35,097,481	**43,111,678**	18,606,445
Interest on bonds	(34)	**9,202,792**	1,415,867	**7,669,165**	420,618
Bonds amortization	(11)	**29,096**	947,411	**14,083**	(406,841)
Income from treasury bills	(34)	**34,271,068**	23,127,524	**16,067,526**	12,309,602
Notes receivable factoring without recourse expenses		**(104,453,177)**	(120,118,646)	**(104,453,177)**	(120,118,646)
Finance cost		**(65,389,482)**	(30,618,545)	**(33,829,533)**	(16,108,598)
(Loss) from available for sale investments	(32)	**(3,409,555)**	-	**(3,409,555)**	-
Dividends revenue from financial assets at fair value through profit or loss	(30)	**1,422,514**	2,068,101	**1,254,514**	1,442,351
(Loss) Gain on sale of financial assets at fair value through profit or loss	(31)	**11,730,011**	(2,410,871)	**7,029,756**	(1,186,297)
Gain (Loss) of revaluate financial assets at fair value through profit or loss	(12)	**1,344,017**	3,883,065	**(1,291,837)**	(1,688,236)
Share of (loss) gain of associates	(9)	**-**	(2,548,895)	**(1,416,989)**	469,718
Other income	(33)	**39,105,292**	40,627,873	**9,002,185**	11,000,776
Capital gain	(4)	**209,844**	496,526	**28,544**	308,118
Board of directors allowances		**(287,700)**	(299,800)	**(118,100)**	(101,750)
Foreign exchange gain		**40,474,589**	52,974,136	**40,511,848**	9,238,814
NET PROFIT FOR THE PERIOD BEFORE TAX		**842,963,065**	609,242,001	**460,108,477**	317,471,083
Income tax	(28)	**(127,292,359)**	(171,877,563)	**(66,561,940)**	(82,756,579)
Deferred tax	(28)	**(19,121,853)**	(5,229,447)	**(2,226,090)**	(1,972,771)
NET PROFIT FOR THE PERIOD		**696,548,853**	432,134,991	**391,320,447**	232,741,733
NET PROFIT FOR:					
Parent Company Shareholders		**672,508,491**	434,650,427	**383,965,379**	226,840,848
Non-Controlling Interest		**24,040,362**	(2,515,436)	**7,355,068**	5,900,885
		696,548,853	432,134,991	**391,320,447**	232,741,733

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

-The attached notes (1) to (40) are an integral part of these financial statements.

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

CONSOLIDATED STATEMENT OF INTERIM COMPREHENSIVE INCOME STATEMENT
For the Period ended 30 June 2017

	Notes	**From 1/1/2017 to 30/6/2017 LE**	From 1/1/2016 to 30/6/2016 LE	**From 1/4/2017 to 30/6/2017 LE**	From 1/4/2016 to 30/6/2016 LE
Net profit for the period		**672,508,491**	434,650,427	**383,965,379**	226,840,848
Other Comprehensive Income					
Forgien body translation		**292,459**	-	**292,459**	-
Revaluation of available for Sale Investments	(10)	**(671,090)**	5,420,344	**(258,112)**	-
Income tax of other comprehensive income		**-**	(1,219,577)	**-**	176,887
Comprehensive Income After Tax		**(378,631)**	4,200,767	**34,347**	176,887
Total Comprehensive Income For The Period		**672,129,860**	438,851,194	**383,999,726**	227,017,735
Total Comprehensive Income For:					
Parent Company Shareholders		**672,129,860**	438,851,194	**383,999,726**	227,017,735
Non-Controlling Interest		**24,040,362**	(2,515,436)	**7,355,068**	5,900,885
		696,170,222	436,335,758	**391,354,794**	232,918,620

-The attached notes (1) to (40) are an integral part of these financial statements.

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

CONSOLIDATED STATEMENT OF INTERIM CHANGES IN EQUITY
For the year ended 30 June 2017

	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	-	-	-	(671,090)	292,459	-	-	(378,631)	-	(378,631)
Net Profit for the period	-	-	-	-	-	-	672,508,491	672,508,491	24,040,362	696,548,853
Dividends	-	-	-	-	-	(303,075,000)	-	(303,075,000)	-	(303,075,000)
Reconciliation on retained earning	-	-	-	-	-	(1,660,412)	-	(1,660,412)	-	(1,660,412)
Reconciliation on non-controlling interest*	-	-	-	-	-	-	-	-	(5,741,465)	(5,741,465)
Balance as of 30 June 2017	**20,635,622,860**	**250,250,347**	**61,735,404**	**51,578,174**	**2,560,951**	**5,932,476,328**	**672,508,491**	**27,606,732,555**	**917,502,581**	**28,524,235,136**

* Results from the elimination entries among the subsidiaries and the dividend paid to minority interest in subsidiaries (Arab Company for Tourism and Hotel Investments)

- The attached notes (1) to (40) are an integral part of these consolidated financial statements.

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

CONSOLIDATED STATEMENT OF INTERIM CHANGES IN EQUITY
For the period ended 30 June 2017

	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 2016	20,635,622,860	220,633,894	61,735,404	11,735,024	378,125	5062917270	761,576,314	26,754,598,891	900,990,061	27,655,588,952
Transferred to retained earnings and legal reserve	-	15,733,602	-	-	-	745,842,712	(761,576,314)	-	-	-
Total Comprehensive Income For The Period	-	-	-	4,200,767	-	-	-	4,200,767	-	4,200,767
Net Profit the period	-	-	-	-	-	-	434,650,427	434,650,427	(2,515,436)	432,134,991
Dividends	-	-	-	-	-	(303,075,000)	-	(303,075,000)	-	(303,075,000)
Reconciliation on retained earning	-	-	-	-	-	(1,971,828)	-	(1,971,828)	-	(1,971,828)
Reconciliation on non-controlling interest*	-	-	-	-	-	-	-	-	(4,381,734)	(4,381,734)
Balance as of 31 March 2016	20,635,622,860	236,367,496	61,735,404	15,935,791	378,125	5,503,713,154	434,650,427	26,888,403,257	894,092,891	27,782,496,148

* Results from the elimination entries among the subsidiaries and the dividend paid to minority interest in subsidiaries (Arab Company for Tourism and Hotel Investments)

- The attached notes (1) to (40) are an integral part of these consolidated financial statements.

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

CONSOLIDATED STATEMENT OF INTRERIM CASH FLOW
For the period ended 30 June 2017

	Notes	30/6/2017 LE	30/6/2016 LE
CASH FLOWS FROM OPERATING ACTIVITIES			
Net profit for the period before tax and non-controlling interest		**842,963,065**	609,242,001
Adjustment to reconciliation net profit with cash flow operating activities:			
Depreciation & Amortization	(4,5,6)	**72,455,505**	67,023,621
(Discount) Financial Assets Held to Maturity Amortization	(11)	**(29,096)**	(947,411)
Credit Interests and Treasury Bills (revenue)	(34)	**(122,832,399)**	(59,640,872)
Dividends (revenue) of Financial Assets at Fair Value through Profit or Loss	(30)	**(1,422,514)**	(2,068,101)
Loss from available for sale investments	(32)	**3,409,555**	-
(Gain) Loss from selling Financial Assets at Fair Value through Profit or Loss	(31)	**(11,730,011)**	2,410,871
(Gain) of revaluate Financial Assets at Fair Value through Profit or Loss	(12)	**(1,344,017)**	(3,883,065)
Share of Loss of Associates	(9)	**-**	2,548,895
Capital (Gain)	(4)	**(209,844)**	(496,526)
Foreign Exchange (Gain)		**(40,474,589)**	(52,974,136)
Operating profit before changes in working capital		**740,785,655**	561,215,277
Change in Development properties	(14)	**(4,357,272,210)**	(398,093,193)
Change in Inventory	(15)	**(35,682,556)**	4,229,097
Change in Accounts and Notes Receivables	(13)	**(1,490,979,333)**	587,897,055
Change in prepaid expenses and Other Debit Balances	(16)	**(943,025,802)**	(135,250,125)
Change in Creditors and Notes Payable		**(308,346,934)**	(810,028,450)
Change in long term Liabilities		**2,668,831,388**	662,112
Change in Customers Advance Payment		**2,307,699,246**	512,699,817
Change in Dividends Payable	(20)	**90,056,221**	(3,605,099)
Change in Financial Assets at Fair Value through Profit or Loss	(12,31)	**1,555,780**	16,207,361
Paid of accrued income tax	(28)	**(230,014,834)**	(390,065,044)
Change in Other Credit Balances	(21)	**853,230,491**	448,223,669
Net Cash flows (used in) provided from Operating Activities		**(703,162,888)**	394,092,477
CASH FLOWS FROM INVESTING ACTIVITIES			
(Payment) on Purchasing of Fixed Assets, Intangible Assets and Projects Under Construction	(4,5,6,7)	**(171,539,056)**	(180,512,433)
Proceeds from sale of Fixed Assets	(4)	**2,488,378**	709,980
(Payment) for Investments in Associates	(32)	**(1,179,388)**	-
Proceeds from sale available for sale investments		**14,831,007**	-
(Payment) for Financial Assets Held to Maturity	(11)	**(22,605,055)**	(138,844,971)
Proceeds from Dividends Revenue	(30)	**1,422,514**	2,068,101
Net Cash flows (used in) Investing Activities		**(176,581,600)**	(316,579,323)
CASH FLOWS FROM FINANCING ACTIVITIES			
Collected Credit Interests and Treasury Bills Revenue	(34)	**100,481,231**	61,081,135
Cash Dividends		**(153,075,000)**	(303,075,000)
Proceeds from Loans and Facilities	(26)	**1,103,892,673**	390,485,371
Net Cash flows provided from Financing Activities		**1,051,298,904**	148,491,506
Foreign Exchange Impact		**40,474,589**	52,974,136
NET CASH AND CASH EQUIVALENTS DURING THE PERIOD		**212,029,005**	278,978,796
Cash Adjustments*		**(7,109,418)**	(6,353,562)
Cash and Cash Equivalents at the beginning of the period		**3,244,897,642**	1,531,003,613
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	(17)	**3,449,817,229**	1,803,628,847

*The Cash Adjustments transaction represents the eliminations among subsidiaries and the foreign currency impacts for foreign bodies.

- The attached notes (1) to (40) are an integral part of these consolidated 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 30 June 2017 were approved on 13 August 2017 according to the board of directors' resolution issued on the same date.

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

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

2-1 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, 64% 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 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.

2-3 Changes in accounting policies

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

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

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

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

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

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

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

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

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

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

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

3 - 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 30 June 2017 based on one separate operational segment and disclose for the major segments in the accompanied notes.

4 PROPERTY AND EQUIPMENT - NET

	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	-	3,003,186	8,506,753	12,842,807	17,316,111	4,586,133	46,254,990
Disposals	(1,392,955)	-	(1,757,368)	(2,618,766)	(2,887,165)	(1,205,260)	(9,861,514)
As of 30 June 2017	576,164,331	3,260,691,218	164,317,069	385,852,675	532,685,407	36,410,326	4,956,121,026
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 charge	-	(21,985,615)	(10,238,540)	(15,422,392)	(20,952,299)	(2,895,954)	(71,494,800)
Disposals	-	-	1,129,897	2,570,022	2,678,940	1,204,121	7,582,980
As of 30 June 2017	-	(451,922,871)	(110,520,625)	(259,298,707)	(333,804,122)	(20,482,986)	(1,176,029,311)
Net book value As of 30 June 2017	**576,164,331**	**2,808,768,347**	**53,796,444**	**126,553,968**	**198,881,285**	**15,927,340**	**3,780,091,715**

- 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,

	LE	LE
,Proceed from sale of fixed assets		2,488,378
Cost of disposal fixed assets	(9,861,514)	
Accumulated depreciation of sold assets	7,582,980	
Net cost of fixed assets' disposal		(2,278,534)
Capital Gain		**209,844**

The depreciation are allocated to the following:	LE
Depreciation expenses at the statement of profit or loss	71,494,800

PROPERTY AND EQUIPMENT

	Lands	Buildings & Constructions	Motor Vehicles	Tools & Equipments	Furniture & Fixtures	Computers	Total
	LE	LE	LE	LE	LE	LE	LE
Cost							
As of 1 January 2016	553,560,670	3,252,895,391	138,912,336	350,223,827	505,027,359	22,887,485	4,823,507,068
Additions	23,996,616	4,792,642	22,104,573	27,076,155	25,678,414	11,751,641	115,400,041
Disposals	-	-	(3,449,226)	(1,671,348)	(12449,315)	(1,609,672)	(19,179,561)
As of 31 December 2016	577,557,286	3,257,688,033	157,567,683	375,628,634	518,256,458	33,029,454	4,919,727,548
Accumulated depreciation							
At 1 January 2016	-	(386,632,604)	(86,531,298)	(221,693,682)	(285,212,869)	(16,156,533)	(996,226,986)
Depreciation charge	-	(43,304,651)	(17,603,059)	(26,258,735)	(40,978,479)	(4,223,670)	(132,368,594)
Disposals	-	-	2,722,375	1,533,043	10,633,622	1,589,050	16,478,090
As of 31 December 2016	-	(429,937,255)	(101,411,982)	(246,419,374)	(315,557,726)	(18,791,153)	(1,112,117,490)
Net book value As of 31 December 2016	577,557,286	2,827,750,778	56,155,701	129,209,260	202,698,732	14,238,301	3,807,610,058

- 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,

	LE	LE
,Proceed from sale of fixed assets		2,535,425
Cost of disposal fixed assets	(19,179,561)	
Accumulated depreciation of sold assets	16,478,090	
Net cost of fixed assets' disposal		(2,701,471)
Capital (Loss)		(166,046)

The depreciation are allocated to the following:	LE
Depreciation expenses at the statement of profit or loss	132,368,594

5 – REAL ESTATE INVESTMENTS

	Buildings & Constructions	Furniture & Fixtures	Total
Cost	**LE**	**LE**	**LE**
As of 1 January 2017	119,282,314	13,610,293	132,892,607
As of 30 June 2017	119,282,314	13,610,293	132,892,607
Accumulated depreciation			
At 1 January 2017	(16,375,197)	(2,046,036)	(18,421,233)
Depreciation charge	(754,456)	(83,799)	(838,255)
As of 30 June 2017	(17,129,653)	(2,129,835)	(19,259,488)
Net book value As of 30 June 2017	**102,152,661**	**11,480,458**	**113,633,119**
Net book value As of 31 December 2016	102,907,118	11,564,256	114,471,374

6 – INTANGIBLE ASSETS

	30/6/2017	31/12/2016
	LE	LE
Computers and Software	**682,199**	3,005,967
Additions	**1,006,261**	439,012
Amortization	**(122,450)**	(2,762,780)
	1,566,010	682,199

7 - PROJECTS UNDER CONSTRUCTIONS

	30/6/2017	31/12/2016
	LE	LE
Villa – Sednawy	**73,606,541**	73,606,541
Hotel Assets	**3,567,645**	3,567,645
Dubai Site	**15,717,110**	15,098,008
Luxor Project	**71,832,964**	71,743,839
Sharm El Sheik Project Extension	**1,951,539,329**	1,827,969,751
	2,116,263,589	1,991,985,784

8- GOODWILL

	30/6/2017	31/12/2016
	LE	LE
Arab Company for Projects and Urban Development	**11,538,333,222**	11,538,333,222
Alexandria Company for Real Estate Investment	**2,563,149,242**	2,563,149,242
	14,101,482,464	14,101,482,464

9- INVESTMENTS IN ASSOCIATES

	Percentage	30/6/2017 LE	31/12/2016 LE
Hill / TMG for Projects and Construction Management*	49%	**2,176,199**	2,029,989
Alexandria for coordinating and garden maintenance	47.5%	**-**	2,786,495
Cairo Medical City Co.		**7,500**	7,500
Share of profits in Associates		**-**	(3,819,673)
		2,183,699	1,004,311

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

	30/6/2017 LE	31/12/2016 LE
The associates companies assets & liabilities:		
Long term assets	**170**	2,617,099
Current assets	**7,053,772**	27,963,015
Non- current liabilities	**-**	26,332
Current liabilities	**2,612,720**	29,173,718
The associates companies profit & losses:		
Revenues	-	6,001,566
Net profit /loss	**298,387**	(6,354,976)

10- AVAILABLE FOR SALE INVESTMENTS

	30/6/2017 LE	31/12/2016 LE
Available for sale investment – current		
Housing Insurance Company	**6,600,000**	6,600,000
Sahara North Marine Company	**-**	18,240,562
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	27,491,897
Available for sale investment – non current		
Hermes investment fund	**92,920,188**	93,591,278
El Tameer for Real Estate Finance Company	**6,717,060**	6,717,060
	99,637,248	100,308,338
	108,888,583	127,800,235

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 5,162,232 equivalent to LE 92,920,188 as of 30 June 2017 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- FINANCIAL ASSETS HELD TO MATURITY

Non - Current Investment

This item amounted to LE 2,183,677,711 as of 30 June 2017 consists of:-
- 2044479 bonds as follows:

No.	**Face Value**	**Yield**	**Maturity**
45,000	45,000,000	15%	2018
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	597,046,000	15%	2025
288,212	288,212,000	17%	2026
20,000	20,000,000	18%	2027
2,044,479	**2,044,479,000**		

The balance of bonds discounting issue amounted to 13,801,289 as of 30 June 2017 and it is amortized at the maturity date of the interest,

	30/6/2017	31/12/2016
	LE	LE
Historical cost	**2,044,479,000**	1,838,479,000
Bonds issue discount	**(13,830,385)**	(14,730,082)
Amortized value	**2,030,648,615**	1,823,748,918
Amortization of Bonds issue discount during the period	**29,096**	2,175,612
Balance of bonds	**2,030,677,711**	1,825,924,530

- 153000 Suez Canal Certificates amounted to LE 153,000,000 and maturity date is 2019 with 15.5% interest rate.

Current Investment

This item amounted to LE 571,023,155 as of 30 June 2017 as follows:
- Treasury Bills are 20,351 T-Bills with nominal value LE 25000 per T-Bill and maturity date in 2017 and 4,104 maturity date in 2018 .

	30/6/2017	31/12/2016
	LE	LE
Treasury Bills	**571,023,155**	726,174,264
Governmental Bonds- historical cost	**-**	27,000,000
Amortization of Bonds issue discount	**-**	(61,902)
Amortized value	**571,023,155**	753,112,362
Amortization of Bonds issue discount during the period	**-**	58,919
	571,023,155	753,171,281

12- FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS

	30/6/2017	31/12/2016
	LE	LE
Certificate of Deposit and Investment Funds	**22,595,041**	22,016,786
Financial Portfolios*	**63,144,592**	52,202,945
Egyptian Cables Company	**7,887**	9,541
	85,747,520	74,229,272

Market value	**30/6/2017**	30/6/2016
	LE	LE
Book value of marketable securities before revaluation	**(84,403,503)**	(48,058,521)
Market value	**85,747,520**	51,941,586
Differences as in income statement	**1,344,017**	3,883,065

* Managed by of Hermes for Assets Management, the portfolios has several stocks for companies listed in Egyptian capital market

13- ACCOUNTS AND NOTES RECEIVABLE

	31/12/2017	31/12/2016
	LE	LE
Accounts Receivables	**225,674,373**	234,840,780
Notes Receivables	**16,789,750,721**	15,289,616,733
Provision for general Risk	**(2,612,695)**	(2,624,447)
	17,012,812,399	15,521,833,066

The accounts and notes receivable are due at 30 June 2017 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
30 June 2017	17,012,812,399	4,594,191,087	4,050,960,542	2,986,162,245	1,807,390,746	1,350,902,733	2,223,205,046
31 December 2016	15,521,833,066	4,595,016,815	2,791,167,660	2,353,232,220	1,866,095,056	1,298,147,571	2,618,173,744

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

General Risk provision as follow:

	30/6/2017	31/12/2016
	LE	LE
Beginning balance for the period/year	**2,624,447**	2,709,608
Used during the period / year	**(11,652)**	(85,161)
Ending balance for the period/year	**2,612,795**	2,624,447

14- DEVELOPMENT PROPERTIES

	30/6/2017	31/12/2016
	LE	LE
Beginning Balance	**19,896,624.611**	19,214,437,756
Additions for the period	**6,082,134,913**	3,643,233,449
Capitalized costs during the year	**15,572,902**	395,732,877
Costs of delivered unites that accounted to the income statement	**(1,740,435,605)**	(3,356,779,471)
	24,253,896,821	19,896,624,611

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.

	30/6/2017	31/12/2016
	LE	LE
Land	**10,687,864,877**	6,522,016,331
Consultations and Designs	**173,941,154**	174,614,900
Construction Work	**9,032,491,876**	9,334,310,002
Indirect Cost	**4,359,598,914**	3,865,683,378
	24,253,896,821	19,896,624,611

- 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, The Arab Company for Projects and Urban Development has challenged New Urban Communities Authority (NUCA) in the Economical Court to reduce the applied interest rate on the due amounts, as it is higher than interest rates applied on the governmental transactions; the Economical Court transferred the case to the specialized administrative court.

15- INVENTORY

	30/6/2017	31/12/2016
	LE	LE
Hotels Operating Equipments & Supplies	**7,982,642**	9,766,467
Goods Stock	**56,496,802**	20,048,513
	64,479,444	29,814,980
Amortized Hotel Inventory	**(765,733)**	(1,783,825)
	63,713,711	28,031,155

16 – PREPAID EXPENSES AND OTHER DEBIT BALANCES

	30/6/2017	31/12/2016
	LE	LE
Advance Payment and Storage - Contractors and Accounts Payable	**1,982,238,715**	1,181,448,119
Contractors – Tashwinat	**348,403,336**	253,827,344
Hotels Current Accounts	**414,224,851**	400,284,212
Withholding taxes	**16,002,499**	12,980,105
Deposit with Others	**86,061,219**	85,338,708
Other Debit Balances	**69,514,112**	37,335,366
Letter of credit	**2,758,737**	18,255,209
Loans to Employees	**291,415**	464,598
Other Debtors	**89,408,860**	68,363,959
Prepaid expenses	**6,608,889**	14,232,340
Amounts paid for investments in companies under incorporation	**4,706,538**	4,634,313
	3,020,219,171	2,077,164,273
Accrued Revenue	**83,719,891**	61,368,723
	3,103,939,062	2,138,532,996

17 - CASH ON HAND AND AT BANKS

	Local Currency	Foreign Currency	**30/6/2017**	31/12/2016
	LE	LE	**LE**	LE
Time Deposits	326,969,351	2,579,335,423	**2,906,304,774**	2,707,004,106
Banks Current Accounts	396,220,442	133,801,379	**530,021,821**	482,629,436
Cash on Hand	25,218,166	30,726	**25,248,892**	25,550,998
Treasury Bills	15,539,509	9,000,000	**24,539,509**	42,574,094
	763,947,468	2,722,167,528	**3,486,114,996**	3,257,758,634

The foreign cash balances at banks are valuated as follow:

	30/6/2017	31/12/2016
	LE	LE
Egyptian pound	**763,947,468**	544,188,290
American Dollar	**2,717,277,071**	2,709,305,738
Sterling pound	**10,451**	52,309
Euro	**821,703**	669,824
Saudi Rayal	**748**	953
Swiss frank	**4,046,760**	3,535,735
Emirate dirham	**5,592**	5,785
Australian Dollar	**5,203**	-
	3,486,114,996	3,257,758,634

17 - CASH ON HAND AND AT BANKS

-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:

	30/6/2017	30/6/2016
	LE	LE
Cash on Hand and at Banks	**3,486,114,996**	1,813,105,891
Banks Overdraft	**(36,297,767)**	(9,477,044)
Cash and Cash Equivalents	**3,449,817,229**	1,803,628,847

18- CREDITORS AND NOTES PAYABLE

	30/6/2017	31/12/2016
	LE	LE
Contractors and Suppliers	**630,174,146**	663,349,152
Notes Payables	**2,433,149,308**	2,708,321,236
	3,063,323,454	3,371,670,388

19- CUSTOMERS ADVANCE PAYMENT

	30/6/2017	31/12/2016
	LE	LE
Customers down payment (Al Rehab Project)	**1,432,261,085**	1,509,872,251
Customers down payment (Al Rehab 2 Project)	**5,099,577,937**	6,016,396,273
Customers down payment (Madinaty Project)	**15,728,945,772**	12,312,458,533
Customers down payment (Al Rabwa Project)	**3,816,300**	510,253,175
Customers down payment (San Stefano Project)	**400,943,824**	8,865,440
	22,665,544,918	20,357,845,672

20- DIVIDEND PAYABLE

	30/6/2017	31/12/2016
	LE	LE
Employees share	**150,483,822**	6,700,336
Board of directors share	**159,105,499**	62,832,764
Shareholders share	**635,530**	635,530
	310,224,851	70,168,630

21- ACCRUED EXPENSES AND OTHER CREDIT BALANCES

	30/6/2017	31/12/2016
	LE	LE
Retentions	**857,580,611**	682,456,179
Other Credit Balances	**276,371,626**	274,709,021
Accrued Expenses and Creditors	**358,877,893**	230,756,500
Insurance for Other	**77,763,271**	72,218,637
Due to Customers	**5,824,057**	6,000,332
Contribution to the establishment - renew the club	**48,980,672**	45,754,510
Club Subscriptions	**726,517,757**	674,982,137
Units Insurance	**3,380,064,977**	2,891,873,057
	5,731,980,864	4,878,750,373

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 250,250,347 as of 30 June 2017 represents the transferred amount of the shares Premium amounted to LE 344,000,000, and LE 1, 6 per share, part of the premium amounted to LE 185,880,702 was used to cover the IPO expenses, the remaining balance of LE 158,119,298 was transferred to the legal reserve, as well 5% of the net profit of the retained earnings of the prior years was also transferred to the legal reserve,

24- GENERAL RESERVES

The general reserve balance amounted LE 61,735,404 as of 30 June 2017 includes amount of LE 25,747,613 represents the different results from shares swap of the company with the subsidiaries amounted according to the Extra Ordinary General Assembly Meeting dated 6 October 2007 to transfer the different to general reserve,

In addition to amount of LE 35,987,791 represent the difference between the par value and the book value of the treasury stocks that were redeemed according to the extraordinary general assembly resolution dated 24 March 2010,

25- NET UNREALIZED GAIN ON AVAILABLE FOR SALE INVESTMENTS

The revaluation of available for sale investments balance amounted LE 51,578,174 as of 30 June 2017 represents the foreign exchange impact due valuation of the foreign available for sale investments as follows:

	30/6/2017	31/12/2016
	LE	LE
	51,578,174	52,249,264
Net unrealized gain on available for sale investment	**51,578,174**	52,249,264

26- LOANS AND FACILITIES

	Short Term LE	Long Term LE	**30/6/2017 LE**	31/12/2016 LE
Banks Facilities	2,038,174,821	-	**2,038,174,821**	945,380,894
Loans *	708,824,683	3,091,062,787	**3,799,887,470**	3,788,788,724
	2,746,999,504	3,091,062,787	**5,838,062,291**	4,734,169,618

The loans and bank facilities are:

	Bank facilities LE	Loans LE	Amount in original currency
Bank Audi	150,427,766		-
Arab African international	-	325,321,051	-
Arab bank	-	72,794,624	-
Cairo bank	28,111,614	-	-
Feisal Islamic bank	-	120,825,660	-
Abou Dhabi Islamic bank	201,577,891	-	-
Qatar national bank	398,563,047	-	-
National bank of Egypt	41,723,863	-	-
Misr Iran bank	40,441,666	-	-
Arab bank	371,653,089	-	-
Emirates Dubai national bank	180,975,480	-	-
Kuwait national bank	194,202,162	-	-
Arab investment bank	184,719,100	-	-
Export development bank	84,170,926	-	-
Bank Misr	161,608,217	-	-
Al Ahly united bank	-	3,280,946,135	170,852,563$
	2,038,174,821	3,799,887,470	170,852,563$

* 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

	30/6/2017 LE	31/12/2016 LE
New Urban Communities Authority	**4,461,180,239**	1,785,247,224
General authority for tourism development	**-**	7,101,627
	4,461,180,239	1,792,348,851

28- INCOME TAX AND DEFERRED TAX LIABILITY

The income tax was calculated as follows:

	30/6/2017	30/6/2016
	LE	LE
Net book profit before tax	**842,963,065**	609,242,001
Adjustments to the net book profit to reach the net tax profit	**(277,219,247)**	154,658,279
Net taxable profit	**565,743,818**	763,900,280
Income Tax with rate 22.5%	**127,292,359**	171,877,563
Income Tax of other comprehensive income	**-**	1,219,577
Income tax for the period	**127,292,359**	173,097,140

Accrued income tax movement during the period:

	30/6/2017	31/12/2016
	LE	LE
Balance at the beginning of the period / year	**379,831,696**	438,025,128
Additions during the period / year	**127,292,359**	419,982,040
Paid amounts	**(230,014,834)**	(478,175,472)
Balance at the end of the period / year	**277,109,221**	379,831,696

The balance of deferred tax liabilities in 30 June 2017 is LE 100,184,426 which represents the different between accounting basis and tax basis and it's calculation as follow:

	30/6/2017	31/12/2016
	LE	LE
Balance at the beginning of the period	**(81,062,572)**	(69,824,319)
Deferred tax current	**(19,121,854)**	(11,238,253)
Balance at the end of the period	**(100,184,426)**	(81,062,572)

29- REVENUE AND COST OF REVENUE

	30/6/2017	31/3/2016
	LE	LE
-Revenue from Sold Units	**2,564,542,444**	2,329,812,681
-Revenue from Hotels Operation	**493,444,873**	349,833,369
-Services Revenues	**205,033,398**	244,903,959
Total Revenues *	**3,263,020,715**	2,924,550,009
-Cost of Sold Units	**1,618,635,060**	1,571,354,893
-Cost of Hotels Operation	**317,807,942**	211,077,007
-Cost of Sold Services	**145,752,302**	206,606,883
Total Cost **	**2,082,195,304**	1,989,038,783

***** The supervision revenue has been eliminated in amount LE 4,342,909

** The supervision cost has been eliminated in amount LE 146,690,939

29- REVENUE AND COST OF REVENUE (Continue)

Herein under the sectors analysis:

	Real Estate & Services	Tourism	General	**30/6/2017**	31/12/2016
	LE	LE	LE	**LE**	LE
Revenue	2,763,935,742	499,084,973	-	**3,263,020,715**	1,213,746,074
Cost of goods sold	1,759,675,966	322,519,338	-	**2,082,195,304**	861,738,040
Gross Profit	1,004,259,776	176,565,635	-	**1,180,825,411**	352,008,034
Depreciation	25,065,764	47,389,741	-	**72,455,505**	33,070,116
Credit Interest	6,093,998	-	73,264,541	**79,358,539**	16,491,036
Investments Revenue	-	-	53,196,525	**53,196,525**	18,139,900
Other Revenue	-	-	38,817,592	**38,817,592**	29,815,506
Income Tax	-	-	146,414,212	**146,414,212**	92,377,660
Total Profits	606,394,479	129,175,894	(63,032,787)	**672,537,586**	207,809,579
Assets	48,901,512,199	5,053,661,764		**53,955,173,963**	43,055,743,124
Financial Investment	-	-	2,951,520,668	**2,951,520,668**	2,294,788,366
Unallocated Assets	-	-	14,101,482,464	**14,101,482,464**	15,609,759,010
Total Assets	48,901,512,199	5,053,661,764	17,053,003,132	**71,008,177,095**	60,960,290,500
Liabilities	37,748,888,355	4,726,202,458	-	**42,475,090,813**	33,318,418,365
Unallocated Liabilities	-	-	8,851,146	**8,851,146**	96,633,274
Total Liabilities	37,748,888,355	4,726,202,458	8,851,146	**42,483,941,959**	33,415,051,639

30- DIVIDENDS FROM FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	30/6/2017	30/6/2016
	LE	LE
Sahara North Al Baharia	**-**	476,666
CIB Bank	**65,000**	101,250
Escan for Insurance	**-**	445,500
EL Swedy Electric	**168,000**	55,000
EL Tameer For Real Estate refinance Co.	**86,520**	579,914
Palm Hills Co.	-	105,000
Sidi Krir Co.	-	105,000
EFG-Hermes Co.	**687,500**	-
Other companies	**415,494**	199,771
	1,422,514	2,068,101

31- REVENUE (LOSS) FROM SALE FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	30/6/2017	30/6/2016
	LE	LE
Sale price of financial investments	**38,634,723**	10,906,156
Book value of sold financial investments	**(26,904,712)**	(13,317,027)
	11,730,011	(2,410,871)

32- (LOSS) FROM SALE AVAILABLE FOR SALE INVESTMENTS

	30/6/2017	30/6/2016
	LE	LE
Sale price of financial investments	**14,831,007**	-
Book value of sold financial investments	**(18,240,562)**	-
	(3,409,555)	-

33- OTHER REVENUE

	30/6/2017	30/6/2016
	LE	LE
Net revenue from El Rehab Club and Madinaty Club operation	**10,222,049**	5,514,845
British school	**3,150,000**	1,200,000
Rents from rental units and usufruct	**16,715,319**	22,402,938
Other	**9,017,924**	11,510,090
	39,105,292	40,627,873

34-CREDIT INTEREST, BONDS, T-BILLS REVENUES

	30/6/2017	30/6/2016
	LE	LE
Credit interest	**79,358,539**	35,097,481
Bonds	**9,202,792**	2,363,278
Treasury Bills	**34,271,068**	23,127,524
	122,832,399	60,588,283
Bonds Amortization	**(29,096)**	(947,411)
Change in accrued revenues (note 16)	**(22,351,168)**	1,440,263
	100,452,135	61,081,135

35-TAX SITUATION

Talaat Mostafa group holding company

a. **Corporate tax**
The tax return was presented on time and no tax inspection yet,

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

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

Arab company for projects and urban development

a. Corporate tax

- The company presents its tax returns regularly and according to the legal times, the years till 2002 were examined and form no, (9-a) are received and the company paid the amounts due taking into consideration.
- That the company protest against what is stated in those forms regarding year 1996 (period before incorporation).
- For years 2003-2006 the company examined and the company has been informed and protested against it.
- For years 2007-2013 the company informed with tax form #19 and the file transferred to internal tax committee.

35-TAX SITUATION (CONTINUE)

- The years from 2014-2015 not yet examined.
- 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 ten years also the phase IV and Phase V are exempted.

b. Salary tax

- The company pays the deducted income tax of the employees on regularly basis, The Company’s records were inspected till 2004 and settlement is done to that date.
- The Company’s records were inspected for the years 2005 till 2009 and paid the amount due.
- For the years 2010 till 2013 the tax returns are presented and amounts due are paid within the legal dates.
- The years from 2014-2015 not yet examined.

c. Stamp tax

- Tax inspection took place for the Company’s records for the years till 2010 and all tax due were paid; the company pays the stamp tax due on monthly basis according to law no, 11 for the year 1980 and adjusted by law no, 143 for the year 2006.

San Stefano Company for real estate investments

a. Corporate tax

- The Company’s records were inspected till 2006 and paid the amount due; the tax returns are submitted within the legal dates.

b. Salary tax

- The Company’s records were inspected till 2005 and paid the amount due, the following years are under inspection.
- The company presents the tax returns and pays the amounts due within the legal dates.

c. Stamp tax

- Tax inspection took place for the Company’s records for the years till 2007 and all tax due were paid.

Alexandria Company for real estate investments

a. Corporate tax

- The company submits the tax returns within the legal dates,
- The Company’s records were inspected till 2005 and paid the amount due,

b. Salary tax

- The Company’s records were inspected till 2007 and paid the amount due.
- The company pays the tax due on regularly basis to the tax authority.

c. Stamp tax

- The Company’s records were inspected and settled till 2006 and the tax due was paid.
- No tax inspection took place for the years 2006 till 2011.

35-TAX SITUATION (CONTINUE)

Arab company for hotels and tourism investments

a. Corporate tax

- No tax inspection took place till 2008 and the company submits the annual tax return according to form (28) within the legal dates and paid the amounts due accordingly.

b. Salary tax

- The Company’s records were inspected and settled till 2004 and the tax due was paid,
- The company submits the tax returns within the legal dates.

c. Stamp tax

–No tax inspection took place for the years 2005 till 2016.

Alexandria for Urban projects

a. Corporate tax

- The company submits the tax returns within the legal dates.
- The Company’s records were inspected and settled till 2006 and the tax due was paid; the company enjoy a tax holiday under the new urban societies law.

b. Salary tax

- The company pays the deducted income tax of the employees on regularly basis within the legal dates and the tax return was presented according to law no, 91 for the year 2005.

Al rabwa for entertainment services

a. Corporate tax

- The company submits the tax returns within the legal dates.
- The Company’s records were inspected and settled till 2004.
- The company enjoy a tax holiday under the new urban societies law.

b. Salary tax

- The company pays the deducted income tax of the employees on regularly basis within the legal dates,
- The Company’s records were inspected and settled till 2006 and the tax due was paid,

c. Stamp tax

- No tax inspection took place till 2007,
- The Company’s records were inspected and settled till 2001 and the tax due was paid,

d. Sales tax

- The company submits the sales tax returns within the legal dates.

35-TAX SITUATION (CONTINUE)

Al Masria for development and real estate projects

a. Corporate tax

- The company submits the tax returns within the legal dates,
- The Company’s records were inspected till 2004 and the tax assessment is not yet received,
- Tax inspection took place for 2005.

b. Salary tax

- The Company’s records were inspected till 2000 and paid the amount due,
- The Company’s records were inspected for the years 2001 till 2004 and the tax assessment is not yet received,
- No tax inspection took place from 2005,

c. Stamp tax

- The Company’s records were inspected and settled till 2004 and the tax due was paid,
- No tax inspection took place for the years till 2009,

El Nile for hotels

- The company submits the tax returns within the legal dates and the tax due is paid if exists,

San Stefano For tourism investment

- The company enjoy a tax holiday for 5 years from operation date and No tax inspection took place,
- The company submits the tax returns within the legal dates,

Nova Park –Cairo Company

a. Corporate tax

- The Company’s records were inspected and settled till 2004 and the tax due was paid,
- The company submits the tax returns within the legal dates and paid the amounts due accordingly,

b. Salary tax

- The Company’s records were inspected and settled till 2004 and the tax due was paid,
- The company pays the deducted income tax of the employees on regularly basis within the legal dates; the company submits the quarterly salary tax return within the legal dates,

c. Stamp tax

- The Company’s records were inspected and settled till 2004 and the tax due was paid,
- The company pays the stamp tax on time specially the stamp tax due to the advertising expenses,

Alexandria Saudi Company for tourism projects

a. Corporate tax

- The Company’s records were inspected and settled till 2004 and the tax due was paid,
- The company submits the tax returns within the legal dates and paid the amounts due accordingly,
- The company enjoy a tax holiday for 10 years ended in 31 December 2011.

35-TAX SITUATION (CONTINUE)

b. Salary tax

- The Company's records were inspected and settled till 2004 and the tax due was paid,
- The company pays the deducted income tax of the employees on regularly basis within the legal dates; the company submits the quarterly salary tax return within the legal dates.

c. Stamp tax

- The Company's records were inspected and settled till 2006 and the tax due was paid,
- The company pays the stamp tax on time specially the stamp tax due to the advertising expenses,

Mayfair Company for entertainment services

a. Corporate tax
- The company starts operation in 2005 and no tax inspection took place till the date of issuing the financial statements and the company enjoy a tax holiday under the new urban societies, law,

b. Salary tax
- The company pays the deducted income tax of the employees on regularly basis within the legal dates,

c. Stamp tax
- No tax inspection took place till to the date of issuing the financial statements,

d. Sales tax
- The company submits and pays the sales tax returns on monthly basis,

Port Venice for tourism development

a. Corporate tax
- The company does not start its activities yet and enjoy a tax holiday under the investments guarantees and bonus law but the company submits the annual tax return according to the income tax law no,91 for the year 2005.

b. Salary tax
- There is no amount subject to income tax for the salaries as the company does not start its activities yet and no tax inspection took place yet,

c. Stamp tax
- No tax inspection took place till to the date of issuing the financial statements,

d. Sales tax
- The company is not subject to sales tax law,

36- 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.

36- RELATED PARTY TRANSACTIONS (CONTINUE)

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

	30/6/2017	31/12/2016
	Notes payable	Notes payable
Alexandria for Constructions Company	**6,805,000**	31,638,179
Alexandria for landscaping and maintenance	**-**	1,364,583
	Debit balance	Debit balance
Alexandria for Constructions Company	**2,505,157**	3,041,742
	Credit balance	Credit balance
Alexandria for Constructions Company	**11,811,634**	205,846,245
Alexandria for landscaping and maintenance	**-**	9,343

37- CONTINGENT AND OTHER OBLIGATION CONTRACTED

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

38-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.

38-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.

	30 June 2017		31 December 2016	
	Change in rate	**Effect on profit before tax EGP**	Change in rate	Effect on profit before tax EGP
Financial asset	**+1%**	**29,063,048**	+1%	27,070,041
	- 1%	**(29,063,048)**	- 1%	(27,070,041)
Financial liability	**+1%**	**(58,380,623)**	+1%	(47,341,696)
	- 1%	**58,380,623**	- 1%	47,341,696

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.

38-FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUE)

	30 June 2017		31 December 2016	
	Change in rate	**Effect on profit before tax EGP**	Change in rate	Effect on profit before tax EGP
USD	**+10%**	**271,727,707**	+10%	270,930,574
	-10%	**(271,727,707)**	-10%	(270,930,574)
EUR	**+10%**	**82,170**	+10%	66,982
	-10%	**(82,170)**	-10%	(66,982)
GBP	**+10%**	**1,039**	+10%	5,231
	-10%	**(1,039)**	-10%	(5,231)
SAR	**+10%**	**75**	+10%	95
	-10%	**(75)**	-10%	(95)
SF	**+10%**	**404,676**	+10%	353,574
	-10%	**(404,676)**	-10%	(353,574)
AED	**+10%**	**559**	+10%	579
	-10%	**(559)**	-10%	(579)
AUD	**+10%**	**520**	+10%	-
	-10%	**(520)**	-10%	-

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 30 June 2017					
Bank Facilities	2,038,174,821	-	-	-	2,038,174,821
Loans	166,366,766	542,457,917	2,177,827,642	913,235,145	3,799,887,470
Creditors and Notes Payable	416,129,336	2,015,908,575	277,822,905	353,462,638	3,063,323,454
Retentions	127,414	850,746,766	6,701,244	5,187	857,580,611
Accrued Expense and Other Credit Balances	200,640,616	375,410,836	918,992,288	3,379,356,513	4,874,400,253
Income tax payable	-	276,667,419	441,802	-	277,109,221
	2,821,438,953	**4,061,191,513**	**3,381,785,881**	**4,646,059,483**	**14,910,475,830**

38-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 2016					
Bank Facilities	945,380,894	-	-	-	945,380,894
Loans	320,188,636	445,951,497	2,440,298,000	582,350,591	3,788,788,724
Creditors and Notes Payable	441,167,089	983,238,766	1,395,541,710	551,722,823	3,371,670,388
Retentions	-	682,456,1789	-	-	682,456,179
Accrued Expense and Other Credit Balances	40,423,091	320,943,978	943,054,068	2,891,873,057	4,196,294,194
Income tax payable	379,831,696	-	-	-	379,831,696
	2,126,991,406	2,432,590,420	4,778,893,778	4,025,946,471	13,364,422,075

39-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.

40-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.