

**ALLIED FOR ACCOUNTING & AUDITING
(EY)**

(RSM EGYPT) CHARTERED ACCOUNTANTS

**TALAAAT MOUSTAFA GROUP HOLDING COMPANY
"TMG HOLDING" (S.A.E)
INTERIM SEPARATE FINANCIAL STATEMENTS
FOR THE NINE- MONTH PERIOD ENDED 30 SEPTEMBER 2020
TOGETHER WITH REVIEW REPORT**

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

**Interim Separate Financial Statements
For The Nine-Month Period Ended 30 September 2020**

Table of Contents

	<u>Page</u>
Review Report of Interim Separate Financial Statements	2
Interim Separate Statement of Financial Position	3
Interim Separate Statement of Profit or Loss	4
Interim Separate Statement of Comprehensive Income	5
Interim Separate Statement of Changes in Equity	6 – 7
Interim Separate Statement of Cash Flows	8
Notes to the Interim Separate Financial Statements	9 – 25

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

Introduction

We have reviewed the accompanying interim separate statement of financial position of **Talaat Moustafa Group Holding Company "TMG Holding" (S.A.E)** as of 30 September 2020 as well as the related interim separate statements of profit or loss, comprehensive income, changes in equity and cash flows for the nine-month period then ended, and a summary of significant accounting policies and other explanatory notes, Management is responsible for the preparation and fair presentation of these interim separate financial statements in accordance with Egyptian Accounting Standards, Our responsibility is to express a conclusion on these interim 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. Accordingly, we do not express an audit opinion on these financial statements.

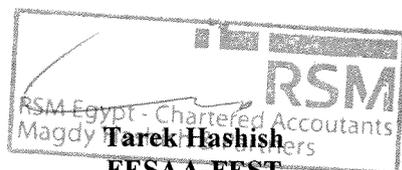
Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim separate financial statements does not give a true and fair view, in all material respects, of the separate financial position of the Company as at 30 September 2019, and of its separate financial performance and its separate cash flows for the nine-month period then ended in accordance with Egyptian Accounting Standards.

As indicated in note (4), the company has investments in subsidiaries and prepared interim consolidated financial statements as of 30 September 2020 in accordance with Egyptian Accounting Standards. For better understanding of the company's financial position as of 30 September 2020 and its financial performance and its cash flows for the nine-month period then ended, the matter necessitates reference to the consolidated financial statements.

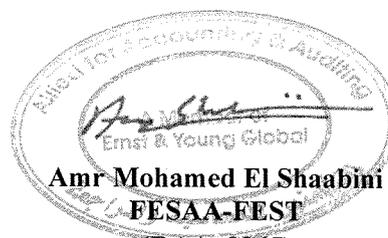
Cairo: 14 November 2020

Auditors



Tarek Hashish
FESAA-FEST
(RAA. 9473)
(CMAR. 118)

(RSM EGYPT) CHARTERED ACCOUNTANTS



Amr Mohamed El Shaabini
FESAA-FEST
(RAA. 9365)
(CMAR. 103)

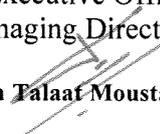
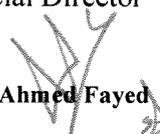
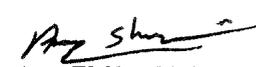
ALLIED FOR ACCOUNTING & AUDITING (EY)

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

INTERIM SEPARATE STATEMENT OF FINANCIAL POSITION

As of 30 September 2020

	Notes	30 September 2020	31 December 2019
Non-Current Assets			
Fixed Assets	(3)	56,343,851	58,276,347
Fixed assets under construction		132,000	132,000
Investments in subsidiaries	(4-A)	16,134,111,059	16,134,111,059
Investments in associates	(5)	1,470,000	1,470,000
Available for sale investments	(6)	17,382,867	20,141,472
Deferred Tax assets		1,807	-
Total Non-Current Assets		16,209,441,584	16,214,130,878
Current Assets			
Financial assets at fair value through profit or loss	(7)	2,982,181	2,756,312
Notes receivable	(17)	3,123,902,316	3,146,636,330
Payment under increase of investments in subsidiaries	(4-B)	1,003,480,380	1,003,480,380
Dividends debtors	(15)	116,799,694	1,039,488,732
Prepaid expenses and other debit balances	(8)	905,314,983	2,180,853
Cash on hand and banks	(9)	57,516,075	166,784,368
Total Current Assets		5,209,995,629	5,361,326,975
Total Assets		21,419,437,213	21,575,457,853
Equity and liabilities			
Equity			
Issued and paid up capital	(11)	20,635,622,860	20,635,622,860
Legal reserve	(12)	313,531,168	289,974,198
General reserve	(13)	61,735,404	61,735,404
Retained earning		288,380,040	29,297,575
Net profit for the period / year.		99,990,769	471,139,435
Total Equity		21,399,260,241	21,487,769,472
Noncurrent Liabilities			
Deferred tax liabilities	(16)	-	6,106
Total Noncurrent Liabilities		-	6,106
Current Liabilities			
Notes payable		250,000	38,617
Income tax payable	(16)	9,519,628	80,500,542
Accrued expenses and other credit balances	(10)	10,407,344	7,143,116
Total Current Liabilities		20,176,972	87,682,275
Total Equity and Liabilities		21,419,437,213	21,575,457,853

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

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

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

INTERIM SEPARATE STATEMENT OF PROFIT OR LOSS

For The Nine-Month Period Ended 30 September 2020

	Notes	For the nine-month period ended 30 September 2020 LE	For the nine-month period ended 30 September 2019 LE	For the three-month period ended 30 September 2020 LE	For the three-month period ended 30 September 2019 LE
Dividends from subsidiaries	(15)	116,799,694	110,700,240	36,900,080	36,900,080
Credit Interest		6,622,668	12,567,809	1,772,650	3,185,256
Revaluate gain of financial assets at fair value through profit or loss	(7)	225,869	253,670	72,299	88,695
Foreign exchange differences		(986,649)	(3,799,436)	(1,242,926)	(357,678)
Total revenue		122,661,582	119,722,283	37,502,103	39,816,353
Impairment in available for sale investments		(2,758,605)	(17,126,226)	(419,663)	(17,126,226)
Administrative expenses		(7,768,560)	(11,897,623)	(2,231,158)	(3,417,416)
Depreciation	(3)	(1,932,495)	(1,314,474)	(636,826)	(647,801)
Bank charges		(16,619)	(25,284)	(10,138)	(6,532)
Board of directors' allowances		(682,820)	(510,000)	(182,820)	(180,000)
NET PROFIT FOR THE PERIOD BEFORE TAX		109,502,483	88,848,676	34,021,497	18,438,378
Income tax	(16)	(9,511,713)	(17,586,137)	(2,949,130)	(3,434,016)
NET PROFIT FOR THE PERIOD AFTER TAX		99,990,770	71,262,539	31,072,368	15,004,362
EARNING PER SHARE	(14)	0.046	0.031	0.01	0.007

Chairman

Tarek Talaat Moustafa

Chief Executive Officer &
Managing Director

Hesham Talaat Moustafa

Financial Director

Ghaleb Ahmed Fayed

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

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

INTERIM SEPARATE STATEMENT OF COMPREHENSIVE INCOME

For The Nine-Month Period Ended 30 September 2020

	For the nine- month period ended 30 September 2020 LE	For the nine- month period ended 30 September 2019 LE	For the three- month period ended 30 September 2020 LE	For the three- month period ended 30 September 2019 LE
Profit for the year	99,990,770	71,262,539	31,072,368	15,004,362
Other Comprehensive Income				
Revaluation of available for Sale Investments	-	(46,327,304)	-	(43,782,610)
Other Comprehensive Income After Tax	-	(46,327,304)	-	(43,782,610)
Total Comprehensive Income for the period	99,990,770	24,935,235	31,072,368	(28,778,248)

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

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

INTREIM SEPARATE STATEMENT OF CHANGES IN EQUITY

For The Nine-Month Period Ended 30 September 2020

	Capital share	Legal reserve	General reserve	Retained earning	Profit for the period	Total
	LE	LE	LE	LE	LE	LE
Balance at 1 January 2020	20,635,622,860	289,974,198	61,735,404	29,297,575	471,139,435	21,487,769,472
Transferred to retained earnings and legal reserve	-	23,556,970	-	447,582,465	(471,139,435)	-
Total comprehensive income for the period	-	-	-	-	99,990,770	99,990,770
Dividends	-	-	-	(188,500,000)	-	(188,500,000)
Balance As of 30 September 2020	20,635,622,860	313,531,168	61,735,404	288,380,040	99,990,770	21,399,260,241

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

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

INTERIM SEPARATE STATEMENT OF CHANGES IN EQUITY

For The Nine-Month Period Ended 30 September 2020

	Capital share	Legal reserve	General reserve	Unrealized gain on available for sale investments	Retained earning	Profit for the year	Total
	LE	LE	LE	LE	LE	LE	LE
Balance at 1 January 2019	20,635,622,860	274,484,336	61,735,404	46,327,304	105,990,207	309,797,230	21,433,957,341
Transferred to retained earnings and legal reserve	-	15,489,862	-	-	294,307,368	(309,797,230)	-
Total comprehensive income for the period	-	-	-	(46,327,304)	-	71,262,539	24,935,235
Dividends	-	-	-	-	(371,000,000)	-	(371,000,000)
Balance As of 30 September 2019	20,635,622,860	289,974,198	61,735,404	-	29,297,575	71,262,539	21,087,892,576

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

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

INTERIM SEPARATE STATEMENT OF CASH FLOW

For The Nine- Month Period Ended 30 September 2020

	Notes	For the nine- month period ended 30 September 2020	For the nine- month period ended 30 September 2019
		LE	LE
CASH FLOW FROM OPERATING ACTIVITIES			
Profit for the period before tax		109,502,483	88,848,676
Depreciation	(3)	1,932,495	1,314,474
Dividends from subsidiaries	(16)	(116,799,694)	(110,700,240)
Finance Revenue		(6,622,668)	(12,567,809)
Revaluate gain of financial assets at fair value through profit or loss	(7)	(225,869)	(253,670)
impairment of available for sale financial investments		2,758,605	17,126,226
Foreign exchange difference		986,649	3,799,436
Operating (loss) before changing in working capital		(8,467,999)	(12,432,907)
Change in prepayments and other debit balances	(8)	(903,134,130)	(576,221)
Change in notes receivable	(17)	22,734,014	557,814,277
Change in notes payable		211,383	374,548
Change in due from related parties		-	(893,521,174)
Change in accrued expenses and other credit balances	(10)	3,264,227	(1,541,967)
Income tax paid	(18)	(80,500,540)	(21,067,240)
Net cash flow (used for) operating activities		(965,893,044)	(370,950,684)
CASH FLOW FROM INVESTING ACTIVITIES			
(Payment) to acquire fixed assets	(3)	-	(50,053,650)
Proceeds from available for sale investments		-	485,133
Proceeds from cash dividends		1,039,488,732	744,290,492
Finance Revenue		6,622,668	12,567,809
Net cash flow provided from investing activities		1,046,111,400	707,289,784
CASH FLOW FROM Financing ACTIVITIES			
Dividends paid		(188,500,000)	(371,000,000)
Net cash flow (used in) Financing activities		(188,500,000)	(371,000,000)
Foreign exchange difference		(986,649)	(3,799,436)
NET MOVEMENT IN CASH AND CASH EQUIVALENT DURING THE PERIOD		(109,268,293)	(38,460,336)
Cash and cash equivalent at the beginning of the period		166,784,368	202,078,222
CASH AND CASH EQUIVALENT AT THE END OF THE PERIOD	(9)	57,516,075	163,617,886

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

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

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS

As of 30 September 2020

1 BACKGROUND

- Talaat Moustafa 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 interim separate financial statements for the nine-month period ended 30 September 2020 were approved on 11 November 2020 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 interim separate financial statements of the holding company and its subsidiaries (the group) have been prepared in accordance with the Egyptian Accounting Standards and the prevailing laws and local regulations.
- The interim separate financial statements are presented in Egyptian Pound.
- The interim separate financial statements are prepared under the historical cost basis, except for available for sale investments, and financial assets measured at fair value through the profit or losses.

2-1 Summary of the significant accounting policies

Foreign currency transaction translation

The interim separate financial statements are prepared and presented in Egyptian pound, which is the company's functional currency.

Transactions in foreign currencies are initially recorded using the exchange rate prevailing on the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated using the exchange rate prevailing at the balance sheet date; all differences are recognized in the statement of income.

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

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

Fixed assets

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

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

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

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

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS

As of 30 September 2020

Significant Accounting Policies (continued)

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

The assets residual values, useful lives and methods of depreciation are reviewed at each financial year end.

The post-acquisition costs to be capitalized only to increase the future economic benefit related to the fixed assets and to be accounted for as a new asset, the book value of the replaced or renewed assets to be derecognized and all other expenditures to be recorded as expenses in the income statement.

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

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

Investments

Investment in subsidiaries

Investments in subsidiaries are investments in entities which the company has control, Control is presumed to exist when the parent owns, directly or indirectly through subsidiaries more than half of the voting power of the investee, unless in exceptional circumstances, it can be clearly demonstrated that this is not the case.

Investments in subsidiaries are accounted for at cost inclusive transaction cost and in case the investment is impaired, the carrying amount is adjusted by the value of this impairment and is charged to the statement of income for each investment separately, Impairment losses to be reversed in the period when occurred, and to the extent to the amount of book value that previously reduced unless the impairment loss was recognized in the previous years.

Investments in associates

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

Investments in associates are accounted for, in the separate financial statements, at cost including the acquisition cost according to paragraph no.10, EAS no. (18), since the Company produces consolidated financial statements available for public use, and in case the investment is impaired, the carrying amount is adjusted by the amount of this impairment and is charged to the statement of profit or loss for each investment separately. Impairment losses are reversed in the period when occurred, and to the extent of the amount of book value that was previously reduced, and the income statement reflects the parent portion of the associates dividends.

Available-for-sale investments

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

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

After initial measurement, available for sale investments are measured at fair value with unrealized gains or losses recognized directly in equity until the investment is derecognized, at which time the cumulative gain or loss recorded in equity is recognized in the statement of profit or loss, or determined to be impaired, at which time the cumulative loss recorded in equity is recognized in the statement of profit or loss.

If the equity instrument does not have a quoted price in an active market and the fair value cannot be reliably measured, the investment is carried at cost.

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

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS

As of 30 September 2020

Financial assets at fair value through profit or loss

Investments at fair value through profit and loss are financial assets classified as either held for trading acquired for the purpose of selling in the near term or financial assets designated upon initial recognition at fair value through profit and loss.

Investments at fair value through profit and loss are initially recognized at fair value including the direct attributable expenses,

Investments at fair value through profit and loss are carried in the balance sheet at fair value with gains or losses recognized in the statement of income.

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

Held to maturity investments

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

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

After initial recognition, the held to maturity investments are measured at amortized cost using the effective interest method less impairment. Gains and losses are recognized in statement of profit or loss when the investments are derecognized or impaired, impairment is recovered, as well as through the amortization process.

Non-current assets held for sale

Non-current assets held for sale are assets in which its carrying amount will be recovered principally through a sale transaction rather than through continuing use. Those assets are measured at the lower of the book value or the fair value less the cost of disposal.

In case of impairment of non-current assets held for sale, the carrying amount is adjusted by the value of this impairment and are charged to the statement of income.

Impairment losses to be reversed in the period when occurred, and to the extent to the amount of book value that was previously reduced unless the impairment loss was recognized in the previous years.

Treasury Bills

Treasury bills are initially recognized at cost and the difference between acquiring cost and the realizable value during the period from acquiring date to maturity date stated by straight line method using the actual interest rate.

Debtors and Notes Receivable

Accounts receivable and other receivables are stated at original invoice amount net of any impairment losses (if it exists).

Impairment losses are measured as the difference between the receivables carrying amount and the present value of estimated future cash flows, the impairment loss is recognized in the statement of income in the period in which it occurs.

Impairment loss is recovered in the period in which it occurs to only the book value that was impaired before unless the impairment loss is recognized.

Cash and cash equivalent

For the purpose of preparing the cash flow statement, the cash and cash equivalent comprise cash on hand, current accounts with banks, and time deposits maturing and treasury bills within three months less bank overdraft balances (if-exist).

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

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS

As of 30 September 2020

Significant Accounting Policies (continued)

Credit balances and accruals

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

Separation between short- and long-term assets and liabilities

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

Provisions

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

Revenue recognition

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

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

Legal reserve

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

Accounting estimates

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

Impairment of Assets

a- Impairment of financial assets

The Company regularly assesses whether there is an indication that an asset could be impaired, The impairment loss of a financial asset that was measured with the amortized cost is to be measured as the different between the amortized cost of the book value and the present value of the projected cash flow by using the effective rate.

The impairment loss related to financial assets available for sale to be calculated by using the present fair value, Impairment test is applied to the significant financial assets to the level of each asset.

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

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS

As of 30 September 2020

Significant Accounting Policies (continued)

Impairment loss is recognized in the income statement, The remaining financial assets are estimated according to the groups level that have the same credit risk characterises, Any subsequent reversal of an impairment loss is recognized in profit and loss, to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date.

If the available for sale asset is impaired, an amount comprising the difference between its cost and its fair value less any impairment loss previously recognised in the income statement is transferred from equity to income statement, Reversal in respect of equity instruments classified as available for sale is recognised directly in the equity.

b- Impairment of non-financial assets

The company assesses at each reporting date wither there is an indication that an asset may be impaired, An asset's recoverable amount is higher of an asset's or cash – generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre –tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset.

Impairment losses of continuing operations are recognised in the income statement in those expenses categories consistent with the function of impairment asset except for the property previously revaluated where the revaluation was taken to equity; In this case the impairment is also recognised in equity up to the amount of any previous revaluated.

A previously recognized impairment loss is reversed when there is a change in the recoverable amount of the asset to the extent of the previously recognized loss.

Treasury shares

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

Employees' directors' compensation and motivation

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

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

The compensation and motivation system is not effected

Income tax

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

Current income tax

The income tax assets and liabilities for the current and previous periods are evaluated according to the expected amount to be recovered from or paid to tax authority.

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

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS

As of 30 September 2020

Significant Accounting Policies (continued)

Deferred income tax

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

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

Current and deferred income tax are recorded as revenue or expense in the income statement except for the results from transaction or event in the same period or other period to be recorded in the equity.

Cash flow statement

The statement of cash flows is prepared using the indirect method; for the purpose of preparing the cash flow statement, the cash and cash equivalent comprise cash on hand, current accounts with banks, and time deposits maturing and treasury bills within three months less bank overdraft balances (if-exist).

Related party transactions

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

Employee's pension plan

The company corporate in the social insurance system for its employee under provisions of social insurance law 79 of year 1975 and this corporation incurs to the income statement according to the principal of merit.

Borrowing

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

Borrowing costs

Borrowing costs are recorded in the statement of income as financing expenses except the borrowing costs directly related to the acquisition, construction or production of a qualifying assets which is included as part of the cost of the asset, the borrowing cost amount that will be capitalized is determined based on the actual borrowing cost, Suspend capitalisation of borrowing costs during extended periods in which it suspends active development of a qualifying asset.

Cease capitalizing of the borrowing costs when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete.

Expenses

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

Dividends

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

Earnings per share

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

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

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS

As of 30 September 2020

Significant Accounting Policies (continued)

Fair values

Fair Value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between two participants in the market at the measurement date, And the fair value measurement is assumed that that the transaction will be occur in the main market of the asset or the liability or the market with the most benefit to the asset or the liability.

The fair Value measured using the assumptions that the participant in the market will use to price the asset or the liability, assuming that the participants will work for their economic benefits.

The fair value measurement of non-financial asset considers the market participant ability to generate economic benefits but using the asset to the maximum acceptable level or by selling the asset to another 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.

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

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS

As of 30 September 2020

3 PROPERTY AND EQUIPMENT

	Land LE	Building	Transportation and Motor Vehicles LE	Computers & Software LE	Furniture LE	Tools LE	Total LE
Cost							
At 1 January 2020	10,043,066	50,025,050	875,000	674,162	1,210	34,768	61,653,256
Additions for the period	-	-	-	-	-	-	-
As of 30 September, 2020	10,043,066	50,025,050	875,000	674,162	1,210	34,768	61,653,256
Accumulated depreciation							
At 1 January 2020	-	(1,875,940)	(850,849)	(626,189)	(1,210)	(22,722)	(3,376,910)
Depreciation	-	(1,875,940)	(24,149)	(26,537)	-	(5,869)	(1,932,495)
As of 30 September, 2020	-	(3,751,880)	(874,998)	(652,726)	(1,210)	(28,591)	(5,309,405)
Net Book Value As of 30 September 2020	10,043,066	46,273,170	2	21,436	-	6,177	56,343,851

- There is no mortgage on the fixed assets

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

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS

As of 30 September 2020

3 PROPERTY AND EQUIPMENT (Continue)

	Land LE	Building	Transportation and Motor Vehicles LE	Computers & Software LE	Furniture LE	Tools LE	Total LE
Cost							
At 1 January 2019	10,043,066	-	875,000	645,562	1,210	30,382	11,595,220
Additions	-	50,025,050	-	28,600	-	4,386	50,058,036
Disposals	10,043,066	50,025,050	875,000	674,162	1,210	34,768	61,653,256
As of 31 December, 2019							
Accumulated depreciation	-	-	(809,447)	(588,421)	(1,210)	(15,640)	(1,414,718)
At 1 January 2019	-	(1,875,939)	(41,402)	(37,768)	-	(7,083)	(1,962,191)
Depreciation As of 31 December, 2019	-	(1,875,939)	(850,849)	(626,189)	(1,210)	(22,723)	(3,376,909)
Net Book Value As of 31 December 2019	10,043,066	48,149,111	24,151	47,973	-	12,045	58,276,347

- There is no mortgage on the fixed assets

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

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS

As of 30 September 2020

4-A INVESTMENT IN SUBSIDIARIES

On October 2007 , The company acquired 99.9% of share capital of Arab company for projects and urban development, 96.9% of share capital of Alexandria for real estate investment and 71.05% of share capital of san Stefano for real estate investment and 40% of Alexandria for urban projects through share swap with the capital increase of Talaat Moustafa group holding TMG Holding, the company has been shared in capital increase in both of Alexandria Company for real estate investment in mount LE 543,768,900 and San Stefano for real estate Company in amount LE 243,000,000 and Alexandria for urban projects Company in amount LE 145,583,000

The following are the subsidiaries:

No	Company	Capital share LE	No, of shares	No, of acquired shares	Ownership percentage
1	Arab company for projects and urban development (S.A.E) *	738,009,600	7380096	7380016	99.9%
2	Alexandria company for real estate investment (S.A.E) *	925,451,950	18509039	18125500	96.92%
3	San Stefano company for real estate investment (S.A.E) **	878,000,000	8780000	6337565	72.18%
4	Alexandria for urban projects Company (S.A.E)***	133,500,000	1335000	533770	40%

*Arab company for projects and urban development acquires 1.66% of Alexandria Company for real estate investment.

** The company acquires with an indirect way 27.82% of San Stefano Company for real estate investment through its subsidiary (Arab company for projects and urban development (S.A.E), Alexandria Company for real estate investment (S.A.E), Alexandria for urban projects Company (S.A.E).

*** Alexandria company for real estate investment (S.A.E) acquires 60% of Alexandria for urban projects Company.

The total cost of the investments in the subsidiaries is amounted LE 16, 134,111,059 as follows:

	30 September 2020 LE	31 December 2019 LE
Arab company for projects and urban development (S.A.E)	12,638,174,732	12,638,174,732
Alexandria company for real estate investment (S.A.E)	2,498,432,399	2,498,432,399
San Stefano company for real estate investment (S.A.E)	933,598,687	933,598,687
Alexandria company for urban projects (S.A.E)	63,905,241	63,905,241
	16,134,111,059	16,134,111,059

4-B PAYMENT UNDER INCREASE OF INVESTMENTS IN SUBSIDIARIES

The Company participate in the capital increase of Arab Company for Projects and Urban Development with amount of LE 1,003,480,380 to support its the operation activities, the capital issuing procedures under process.

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

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS

As of 30 September 2020

5 INVESTMENT IN ASSOCIATES

	Percentage	No. of shares	30 September 2020 LE	31 December 2019 LE
Hill /TMG for Constructions and Projects Management (under liquidation) *	49%	147000	1,470,000	1,470,000
			<u>1,470,000</u>	<u>1,470,000</u>

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

6 AVAILABLE FOR SALE INVESTMENTS

Available for sale investments is amounted to LE 17,382,867 as of 30 September 2020 Investments in third Horus Fund which managed by EFG-HERMES for direct investment.

	Amount For investment at 31 December 2019 LE	Impairment at 30 September 2020 LE	Investment value at 30 September 2020 LE
Investments in EFG -HERMES Fund III	20,141,472	(2,758,605)	17,382,867
	<u>20,141,472</u>	<u>(2,758,605)</u>	<u>17,382,867</u>

7 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

The Financial assets at fair value through profit and loss are amounted to LE 2,982,181 after their valuation according to the market price at 30 September 2020 as follows:

Investments Type	No. of shares / certificates	Amount before valuation LE	Variances in 30 September 2020 LE	Market Value 30 September 2020 LE	Market Value 31 December 2019 LE
Mutual investment fund – Juman Fund	9500	2,684,013	225,869	2,982,181	2,756,312
		<u>2,684,013</u>	<u>225,869</u>	<u>2,982,181</u>	<u>2,756,312</u>

8 PREPPAID EXPENSES AND OTHER DEBIT BALANCES

	30 September 2020 LE	31 December 2019 LE
Insurance with others - the Egyptian Financial Supervisory Authority	2,063,562	2,063,562
Prepaid expenses	161,828	52,283
Due from affiliated companies note (18)	900,323,494	-
Other debit balances	2,766,099	65,008
	<u>905,314,983</u>	<u>2,180,853</u>

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

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

As of 30 September 2020

9 CASH ON HANDS AND AT BANKS

	30 September 2020	31 December 2019
	LE	LE
A- Local Currency		
Cash on hand	45	4,661
Banks current accounts	4,997,460	112,193,592
Time deposits	30,000	30,000
	<u>5,027,505</u>	<u>112,228,253</u>
B- Foreign Currency		
Cash on hand	-	16
Banks current accounts	52,488,570	54,556,099
	<u>52,488,570</u>	<u>54,556,115</u>
	<u>57,516,075</u>	<u>166,784,368</u>

10 ACCRUED EXPENSES AND OTHER CREDIT BALANCES

	30 September	31 December
	2020	2019
	LE	LE
Accrued expenses	1,672,088	3,122,054
Vendors – services	8,595,451	3,957,871
Other credit balances	139,805	63,191
	<u>10,407,344</u>	<u>7,143,116</u>

11 CAPITAL SHARES

The company's authorized capital amounted to LE 50,000,000 (fifty million Egyptian pound) and the issued and paid up capital LE 6,000,000 (six million Egyptian pound) LE 10-par value.

According to the extra ordinary general assembly meeting dated 6 October 2007, the company's authorized capital was increased to become LE 30,000,000,000 (thirty billion) and the issued and paid capital was amended to be LE 18,152,035,500 divided over 1815203550 shares of LE 10 par value each through share swap with the subsidiaries companies in 28 october2007.

According to the extra ordinary general assembly meeting dated 28 October 2007, the company issued, and paid capital was increased to be LE 20,302,035,500 divided over 2030203550 shares recorded in the commercial register on 25 November 2007.

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

According to the extra ordinary general assembly resolution dated 24 March 2010, the issued capital was reduced by the treasury bills amounted to LE 169,720,520 par value as more than one year passed from the date of purchase and the issued capital is LE 20,132,314,980 (Twenty billion and one hundred and thirty-two million and fourteen thousand and nine hundred and eighty pound) Distributed to 2013231498 shares, recorded in the commercial register on 18 May 2010.

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

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS

As of 30 September 2020

11 CAPITAL SHARES (Continued)

The extra ordinary general assembly resolution dated 30 June 2011 consent on increase the issued capital by issuing bonus shares deducted from the retained earnings to be LE 20,635,622,860-par value LE 10 per share divided over 2063562286 shares, recorded in the commercial register on 24 May 2011.

12 LEGAL RESERVE

Legal reserve amounted to LE 313,531,168 as of 30 September 2020 represents the transferred amount of the shares Premium amounted to LE 344,000,000, and LE 1.6 per share, part of the premium amounted to LE 185,880,702 was used to cover the IPO expenses, the remaining balance of LE 158,119,298 was transferred to the legal reserve, as well 5% of the net profit of the retained earnings of the prior years was also transferred to the legal reserve, this in accordance with law no 159 of 1981.

13 GENERAL RESERVES

The general reserve balance amounted to LE 61,735,404 as of 30 September 2020 includes amount of LE 25,747,613 represents the different results from shares swap of the company with the subsidiaries amounted according to the Extra Ordinary General Assembly Meeting dated 6 October 2007 to transfer the different to general reserve.

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

14 EARNINGS PER SHARE

Earnings per share for the Year are LE 0.03 the basic earnings per share is calculated by dividing the net profit of the Year to the number of the ordinary outstanding shares during the Year (with taking into consideration any future dividends for employees or the Board of directors related to the Year ended in 30 September 2020, according to the following:

	30 September 2020	30 September 2019
	LE	LE
Net profit for the Year before deducting Shares of employees and BOD	99,990,770	71,262,539
Shares of employees and BOD (estimated)	(6,000,000)	(7,126,254)
Net profit for the Year less the shares of employees and BOD	93,990,770	64,136,285
Weighted average number of shares	2063562286	2063562286
Earnings per share (L.E/share)	0.046	0.031

15 DIVIDENDS FROM SUBSIDIARIES

	30 September 2020	30 September 2019
	LE	LE
Dividend declared	116,799,694	110,700,240
Beginning balance	1,039,488,732	854.990.732
Payments within the year	(1,039,488,732)	(854.990.732)
Ending balance	116,799,694	110,700,240

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

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS

As of 30 September 2020

16 INCOME TAX AND DEFERRED TAX

	30 September 2020	30 September 2019
	LE	LE
Net book profit before tax	109,502,483	88,848,676
Adjustments to the net book profit to reach the net tax profit	(93,148,521)	(65,682,387)
Net tax profit	16,353,962	23,166,289
Income tax with rate 22.5%	3,679,641	5,212,415
Dividends tax with rate 5%	5,839,985	5,535,012
Variance from salary tax Inspection	-	6,807,668
Total	9,519,626	17,555,095

	30 September 2020	30 September 2019
	LE	LE
Current period income tax	9,519,626	17,555,095
Differed income tax	(7,913)	31,042
	9,511,713	17,586,137

The accrued income tax movement throughout the year are:

	30 September 2020	31 December 2019
	LE	LE
Beginning balance	80,500,542	14,259,572
Additions	9,519,626	92,843,222
Payments	(80,500,540)	(26,602,252)
Ending balance	9,519,628	80,500,542

Deferred tax assets in 30 September amounted to LE 1,807 represents the difference between accounting basis and tax basis and its calculation as follow:

	30 September 2020	31 December 2019
	LE	LE
Accounting basis (note 3)	46,432,786	48,365,282
Tax Basis	46,440,818	48,338,145
Temporary taxes differences	8,032	27,136
Tax rate	22.5%	22.5%
Deferred tax asset/Liability	1,807	6,106
Deferred tax Liability –at the beginning of the period/year	6,106	(22,344)
Deferred tax – statement of profit or loss	(7,913)	(28,450)

17 RELATED PARTY TRANSACTIONS

- To accomplish the company's objectives, the company deals with some related companies with the same terms of the other parties, it may as well pay on behalf or settle some balances on behalf of them or provide consultation services, these transactions balances appeared in the Assets and Liabilities in the Balance Sheet.
- Short term benefits paid from the parent company amounted to LE 2,132,825 in 30 September 2020 as salaries and rewards according to paragraph no, 17 of EAS no.15.

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

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS

As of 30 September 2020

17 RELATED PARTY TRANSACTIONS(Continued)

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

	Notes receivable 30 September 2020	Notes receivable 31 December 2019
Arab company for projects and urban development	638,956,524	661,690,025
Alexandria company for real estate investment	1,715,094,972	1,715,094,971
San Stefano for real estate investment	352,393,276	352,393,276
Alexandria for urban projects	417,457,543	417,457,543
	<u>3,123,902,316</u>	<u>3,146,635,817</u>

	Debit Balances 30 September 2020	Debit Balances 31 December 2019	Nature of transaction
Arab company for projects and urban development	897,796,390	-	Current account
Alex for Real estate investment company and subsidiaries.	2,527,104	-	Current account
	<u>900,323,494</u>	<u>-</u>	

TMG Company for Real Estate and Tourism Investment (a company with shareholders who are also board of directors of TMG Holding) owns approximately 43.16 % of the shares of Talaat Moustafa Group Holding Company.

18 TAX SITUATIONS

a. Corporate tax

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

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 and inspection has carried out till year 2011, the inspections of the following years is currently undergoing.

c. Stamp tax

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

19 CONTINGENT LIABILITY

There are no contingent liabilities or contractual commitments that are not included in the financial statements

20 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

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

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

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

The Company's senior management are responsible for developing and monitoring the risk management policies and report regularly to the Parent Company on their activities.

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

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS

As of 30 September 2020

20 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

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

A- Credit Risk

Credit risk represents the risk of default of the customers from not paying the amounts due, this risk is limited due to that the main objective of the company is acquisition of companies.

B- Market risk

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

Exposure to foreign currency risk

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

Exposure to interest rate risk

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

C- Liquidity risk

The cash flows, funding requirements and liquidity of the Company are monitored by company management. The Company's objective is to maintain a balance between continuity of funding and flexibility.

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

21 MAJOR EVENTS

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

These events did not negatively affect the financial statements of the company as on 30 September 2020 but may affect the financial statements for future financial periods. It is difficult to quantify this effect for now; this effect will appear in future financial statements. The magnitude of the impact varies according to the expected extent, the period during which those events are expected to end and their impact.