

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

**ARAB CHARTERED ACCOUNTANTS  
(RSM EGYPT)**

**TALAAAT MOSTAFA GROUP HOLDING COMPANY  
"TMG HOLDING" (S.A.E)  
CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2016  
TOGETHER WITH AUDIT REPORT**

**Talaat Mostafa Group Holding Company "TMG Holding" (S.A.E)**  
**Consolidated Financial Statements**  
**For The Year Ended 31 December 2016**

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**AUDITORS REPORT TO THE SHAREHOLDERS OF TALAAT MOSTAFA GROUP  
HOLDING COMPANY "TMG HOLDING" (S.A.E)**

**Report on the Financial Statements**

We have audited the accompanying consolidated financial statements of **TALAAT MOSTAFA GROUP HOLDING COMPANY "TMG HOLDING" (S.A.E)**, represented in the financial position as at 31 December 2016, and the related statements of consolidated income (profit or loss), comprehensive income, changes in equity and consolidated cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

*Management's Responsibility for the Financial Statements*

These consolidated financial statements are the responsibility of the Company's Management, as Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with Egyptian Accounting Standards and applicable Egyptian laws. Management responsibility includes selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

*Auditor's Responsibility*

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Egyptian Standards on Auditing and applicable Egyptian laws. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance that the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, and evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

*Opinion*

In our opinion, the consolidated financial statements referred to above, give a true and fair view, in all material respects, of the consolidated financial position of **TALAAT MOSTAFA GROUP HOLDING COMPANY "TMG HOLDING" (S.A.E)** as of 31 December 2016, and of its financial performance and its cash flows for the year then ended in accordance with Egyptian Accounting Standards and the related applicable Egyptian laws and regulations.

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 the 8000 feddans of Madinaty project and the in kind amount should not be less than LE 9.979 Billion and accordingly the value of the land of Madinaty project will be reconsidered up on the signing of the final contract of the land (note 14).

Cairo: 2 March 2017



**Auditors**



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

**CHARTERED ACCOUNTANTS  
(RSM EGYPT)**

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

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

As of 31 December 2016

	Notes	31/12/2016 LE	31/12/2015 LE
<b>Assets</b>			
<b>Non-Current Assets</b>			
Property and Equipment	(4)	3,807,610,058	3,827,280,080
Investment Property	(5)	114,471,374	112,825,132
Intangible Assets	(6)	682,199	3,005,967
Projects Under Constructions	(7)	1,991,985,784	1,553,958,615
Goodwill	(8)	14,101,482,464	14,646,653,099
Investments in Associates	(9)	1,004,311	4,823,984
Available for Sale Investments	(10)	100,308,338	47,137,342
Investments in Financial Assets Held to Maturity	(11)	1,978,924,530	1,598,493,043
<b>Total Non-Current Assets</b>		<b>22,096,469,058</b>	<b>21,794,177,262</b>
<b>Current Assets</b>			
Development properties	(14)	19,896,624,611	19,214,437,756
Inventory	(15)	28,031,155	36,406,252
Finished Unites		23,108,613	23,108,613
Accounts and Notes Receivable	(13)	15,521,833,066	15,272,825,351
Prepayments and Other Debit Balances	(16)	2,138,532,996	2,003,610,082
Available for Sale Investments	(10)	27,491,897	27,491,897
Investments in Financial Assets Held to Maturity	(11)	753,171,281	463,167,759
Financial assets at fair value through profit and loss	(12)	74,229,272	66,676,753
Cash on Hand and at Banks	(17)	3,257,758,634	1,541,478,907
<b>Total Current Assets</b>		<b>41,720,781,525</b>	<b>38,649,203,370</b>
<b>Total Assets</b>		<b>63,817,250,583</b>	<b>60,443,380,632</b>
<b>Equity</b>			
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)	236,367,496	220,633,894
General Reserve	(24)	61,735,404	61,735,404
Net unrealized gain on available for sale investments	(25)	52,249,264	11,041,742
Accumulative translation adjustment		2,268,492	363,324
Retained earning		5,424,549,151	5,062,917,270
Net profit for the year		826,545,440	762,284,397
<b>TOTAL PARENT COMPANY SHAREHOLDERS EQUITY</b>		<b>27,239,338,107</b>	<b>26,754,598,891</b>
Non-Controlling Interest		899,203,684	900,990,061
<b>TOTAL SHAREHOLDERS' EQUITY</b>		<b>28,138,541,791</b>	<b>27,655,588,952</b>

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


**CONSOLIDATED STATEMENT OF  
FINANCIAL POSITION**


As of 31 December 2016

	Notes	31/12/2016 LE	31/12/2015 LE
<b>Non-Current Liabilities</b>			
Non-current Loans	(26)	3,022,648,591	1,733,699,976
Non-current Liabilities	(27)	1,792,348,851	1,804,013,215
Deferred Tax Liability	(28)	81,062,572	69,824,319
<b>Total Non- Current Liabilities</b>		<b>4,896,060,014</b>	<b>3,607,537,510</b>
<b>Current Liabilities</b>			
Banks Overdraft		12,860,992	10,475,294
Creditors and Notes Payable	(18)	3,371,670,388	4,107,698,872
Bank Facilities	(26)	945,380,894	854,938,020
Current Portion of Loans and Facilities	(26)	766,140,133	366,469,448
Customers Advance Payment	(19)	20,357,845,672	19,317,708,695
Dividends Creditors	(20)	70,168,630	89,869,957
Accrued income tax	(28)	379,831,696	438,025,128
Accrued Expense and Other Credit Balances	(21)	4,878,750,373	3,995,068,756
<b>Total Current Liabilities</b>		<b>30,782,648,778</b>	<b>29,180,254,170</b>
<b>Total Equity and Liabilities</b>		<b>63,817,250,583</b>	<b>60,443,380,632</b>

Chairman  
  
Tarek Talaat Mostafa

Financial Director  
  
Ghaleb Ahmed Fayed

Auditors  
  
Emad H. Ragheb

Auditors  
  
Magdy Hashish

-The attached notes (1) to (39) are an integral part of these consolidated financial statements.  
-Audit report attached.


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

**CONSOLIDATED STATEMENT OF INCOME (PROFIT OR LOSS)**

For the year ended 31 December 2016

	Notes	31/12/2016 LE	31/12/2015 LE
Revenue	(29)	6,550,097,943	6,180,404,807
Cost of revenue	(29)	(4,159,774,179)	(4,051,738,027)
<b>CROSS PROFIT</b>		<b>2,390,323,764</b>	<b>2,128,666,780</b>
General and administrative expenses, marketing and sales expenses		(513,214,334)	(312,225,754)
Depreciation and amortization	(4,5,6)	(136,791,353)	(129,417,278)
Credit interest	(33)	80,077,885	61,977,726
Interest on bonds	(33)	5,996,474	14,049,058
Bonds amortization	(11)	2,234,531	870,787
Income from treasury bills	(33)	50,188,774	40,643,083
Notes receivable factoring without recourse expenses		(132,682,151)	(288,425,482)
Finance cost		(77,910,939)	(89,490,771)
Dividends revenue from financial assets at fair value through profit and loss	(30)	2,945,529	5,295,108
Gain on sale of financial assets at fair value through profit and loss	(31)	4,587,937	5,517,403
Gain (Loss) of revaluate financial assets at fair value through profit and loss	(12)	20,923,342	(12,131,623)
Share of (loss) profit of associates	(9)	(3,819,673)	1,801,288
Impairment in investments from subsidiaries	(8)	(545,170,635)	(395,832,238)
Other income	(32)	61,449,332	53,112,963
Capital gain	(4)	(166,046)	1,154,469
Board of directors allowances		(526,150)	(541,150)
Foreign exchange gain		39,237,411	23,490,309
<b>NET PROFIT FOR THE YEAR BEFORE TAX</b>		<b>1,247,683,698</b>	<b>1,108,514,678</b>
Income tax	(28)	(407,465,453)	(341,431,520)
Deferred tax	(28)	(11,238,254)	4,370,826
<b>NET PROFIT FOR THE YEAR</b>		<b>828,979,991</b>	<b>771,453,984</b>
<b>NET PROFIT FOR:</b>			
Parent Company Shareholders		826,545,440	762,284,397
Non-Controlling Interest		2,434,551	9,169,587
		<b>828,979,991</b>	<b>771,453,984</b>

Chairman  
  
Tarek Talaat Mostafa

Financial Director  
  
Ghaleb Ahmed Fayed

-The attached notes (1) to (39) are an integral part of these financial statements.

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

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME STATEMENT**

For the year ended 31 December 2016

	Notes	<b>31/12/2016</b>	31/12/2015
		<b>LE</b>	LE
Net profit for the year		<b>826,545,440</b>	762,284,397
<b>Other Comprehensive Income</b>			
Foreign body translation		<b>2,458,281</b>	65,782
Revaluation of available for Sale Investments	(10)	<b>53,170,996</b>	3,081,252
Income tax of other comprehensive income	(28)	<b>(12,516,587)</b>	(708,083)
<b>Comprehensive Income After Tax</b>		<b>43,112,690</b>	2,438,951
<b>Total Comprehensive Income For The Period</b>		<b>869,658,130</b>	<b>764,723,348</b>
Total Comprehensive Income For:			
Parent Company Shareholders		<b>869,658,130</b>	764,723,348
Non-Controlling Interest		<b>2,434,551</b>	9,169,587
		<b>872,092,681</b>	773,892,935

-The attached notes (1) to (39) are an integral part of these financial statements.



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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2016

	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 year	Total	Non- Controlling Interest	Total
	LE	LE	LE	LE	LE	LE		LE	LE	LE
<b>Balance at 1 January 2016</b>	<b>20,635,622,860</b>	<b>220,633,894</b>	<b>61,735,404</b>	<b>11,041,742</b>	<b>363,324</b>	<b>5,062,917,270</b>	<b>762,284,397</b>	<b>26,754,598,891</b>	<b>900,990,061</b>	<b>27,655,588,952</b>
Transferred to retained earnings and legal reserve	-	15,733,602	-	-	-	746,550,795	(762,284,397)	-	-	-
Total Comprehensive Income For The Period **	-	-	-	41,207,522	1,905,168	-	-	43,112,690	-	43,112,690
Net Profit	-	-	-	-	-	-	826,545,440	826,545,440	2,434,551	828,979,991
Dividends	-	-	-	-	-	(303,075,000)	-	(303,075,000)	-	(303,075,000)
Reconciliation on retained earning	-	-	-	-	-	(81,843,914)	-	(81,843,914)	-	(81,843,914)
Reconciliation on minority interest*	-	-	-	-	-	-	-	-	(4,220,928)	(4,220,928)
<b>Balance as of 31 December 2016</b>	<b>20,635,622,860</b>	<b>236,367,496</b>	<b>61,735,404</b>	<b>52,249,264</b>	<b>2,268,492</b>	<b>5,424,549,151</b>	<b>826,545,440</b>	<b>27,239,338,107</b>	<b>899,203,684</b>	<b>28,138,541,791</b>

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

\*\* Accumulative translation adjustments is due to translation of the financial statements of Swiss Green Co. as a foreign operation

- The attached notes (1) to (39) are an integral part of these consolidated financial statements.

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2015

	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 year	Total	Non- Controlling Interest	Total
	LE	LE	LE	LE	LE	LE	LE	LE	LE	LE
Balance at 1 January 2015	20,635,622,860	219,401,938	61,735,404	8,653,772	312,343	4,748,192,162	681,804,117	26,355,722,596	898,537,461	27,254,260,057
Transferred to retained earnings and legal reserve	-	1,231,956	-	-	-	680,572,161	(681,804,117)	-	-	-
Total Comprehensive Income For The Period**	-	-	-	2,387,970	50,981	-	-	2,438,951	-	2,438,951
Net Profit	-	-	-	-	-	-	762,284,397	762,284,397	9,169,587	771,453,984
Dividends	-	-	-	-	-	(303,075,000)	-	(303,075,000)	-	(303,075,000)
Reconciliation on retained earning	-	-	-	-	-	(62,772,053)	-	(62,772,053)	-	(62,772,053)
Reconciliation on minority interest*	-	-	-	-	-	-	-	-	(6,716,987)	(6,716,987)
Balance as of 31 December 2015	<u>20,635,622,860</u>	<u>220,633,894</u>	<u>61,735,404</u>	<u>11,041,742</u>	<u>363,324</u>	<u>5,062,917,270</u>	<u>762,284,397</u>	<u>26,754,598,891</u>	<u>900,990,061</u>	<u>27,655,588,952</u>

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

\*\* Accumulative translation adjustments is due to translation of the financial statements of Swiss Green Co. as a foreign operation

- The attached notes (1) to (39) are an integral part of these consolidated financial statements.

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

**CONSOLIDATED CASH FLOW STATEMENT**

For the year ended 31 December 2016

	Notes	31/12/2016 LE	31/12/2015 LE
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Net profit for the year before tax and minority interest		<b>1,247,683,698</b>	1,108,514,678
<b>Adjustment to reconciliation net profit with cash flow operating activities:</b>			
Depreciation & Amortization	(4,5,6)	<b>136,791,353</b>	129,417,278
(Discount) Financial Assets Held to Maturity Amortization	(11)	<b>(2,234,531)</b>	(870,787)
Credit Interests and Treasury Bills revenue	(33)	<b>(136,263,133)</b>	(116,669,867)
Impairment in investments from subsidiaries		<b>545,170,635</b>	395,832,238
Dividends (revenue) of Financial Assets at Fair Value through Profit and Loss	(30)	<b>(2,945,529)</b>	(5,295,108)
(Gain) from selling Financial Assets at Fair Value through Profit and Loss	(31)	<b>(4,587,937)</b>	(5,517,403)
(Gain) Loss of reevaluate Financial Assets at Fair Value through Profit and Loss	(12)	<b>(20,923,342)</b>	12,131,623
Share of loss of Associates	(9)	<b>3,819,673</b>	(1,801,288)
Capital (Gain) Loss	(4)	<b>166,046</b>	(1,154,469)
Foreign Exchange (Gain)		<b>(39,237,411)</b>	(23,490,309)
<b>Operating profit before changes in working capital</b>		<b><u>1,727,439,522</u></b>	<b><u>1,491,096,586</u></b>
Change in Development properties	(14)	<b>(682,186,855)</b>	(2,856,509,550)
Change in Finished Unites		-	(23,108,613)
Change in Inventory	(15)	<b>8,375,097</b>	(6,776,889)
Change in Accounts and Notes Receivables	(13)	<b>(249,007,715)</b>	(88,120,732)
Change in Prepayments and Other Debit Balances	(16)	<b>(123,563,765)</b>	(383,962,657)
Change in Creditors and Notes Payable		<b>(736,028,484)</b>	2,218,241,531
Change in long term Liabilities		<b>(11,664,364)</b>	(21,518,187)
Change in Customers Advance Payment		<b>1,040,136,977</b>	347,154,946
Change in Dividends Creditors		<b>(19,701,327)</b>	70,958,411
Change in Financial Assets at Fair Value through Profit and Loss	(12,31)	<b>17,958,760</b>	16,851,228
Paid of accrued income tax	(28)	<b>(478,175,472)</b>	(434,440,222)
Change in Other Credit Balances	(21)	<b>883,681,617</b>	385,881,209
<b>Net Cash flows provided from Operating Activities</b>		<b><u>1,377,263,991</u></b>	<b><u>715,747,061</u></b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
(Payment) on Purchasing of Fixed Assets, Intangible Assets and Projects Under Construction	(4,5,6,7)	<b>(557,172,445)</b>	(249,796,746)
Proceeds from sale Fixed Assets	(4)	<b>2,535,425</b>	3,982,861
(Payment) for Financial Assets Held to Maturity	(11)	<b>(668,200,478)</b>	(234,417,100)
Proceeds from Current assets held for sale		-	(658,947)
Proceeds from Dividends revenue	(30)	<b>2,945,529</b>	5,295,108
<b>Net Cash flows (used in) provided from Investing Activities</b>		<b><u>(1,219,891,969)</u></b>	<b><u>(475,594,824)</u></b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Collected Credit Interests and Treasury Bills Revenue	(33)	<b>124,903,984</b>	110,251,696
Cash Dividends		<b>(303,075,000)</b>	(303,075,000)
Proceeds from Loans and Facilities	(26)	<b>1,779,062,174</b>	(100,554,096)
<b>Net Cash flows (used in) Financing Activities</b>		<b><u>1,600,891,158</u></b>	<b><u>(293,377,400)</u></b>
Foreign Exchange Impact		<b>39,237,411</b>	23,490,309
<b>NET CASH AND CASH EQUIVALENTS DURING THE YEAR</b>		<b>1,797,500,591</b>	(29,734,854)
Cash Adjustments*		<b>(83,606,562)</b>	(69,423,257)
Cash and Cash Equivalents at the beginning of the year		<b>1,531,003,613</b>	1,630,161,724
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	(17)	<b><u>3,244,897,642</u></b>	<b><u>1,531,003,613</u></b>

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

- The attached notes (1) to (39) are an integral part of these consolidated financial statements.

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

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2016

#### 1 BACKGROUND

- Talaat Mostafa Group Holding TMG Holding S.A.E, was established on 13 February 2007 under the provisions of law 95 of 1992 and its executive regulations and registered in Egypt under Commercial Registration numbered 187398 by date 3 April 2007, and the company period is 25 years.
- The main objective of the Company is participating in the incorporation of shareholding companies or participating in the capital increase of those companies.
- The company headquarter and legal place is 36, mosadek st, Dokki – Giza – Arabic republic of Egypt,
- The financial statements for the period ended 31 December 2016 were approved on 1 March 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.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2016

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.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2016

**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 accordance 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.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2016

**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

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

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2016

**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.



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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2016

**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.

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

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2016

**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 whether 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.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2016

**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 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

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2016

### 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.

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

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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**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 31 December 2016 based on one separate operational segment and disclose for the major segments in the accompanied notes.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2016

4 PROPERTY AND EQUIPMENT

	<b>Lands LE</b>	<b>Buildings &amp; Constructions LE</b>	<b>Motor Vehicles LE</b>	<b>Tools &amp; Equipments LE</b>	<b>Furniture &amp; Fixtures LE</b>	<b>Computers LE</b>	<b>Total LE</b>
<b>Cost</b>							
As of 1 January 2016	553,560,670	3,252,895,391	138,912,336	363,647,025	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)	(12,449,315)	(1,609,672)	(19,179,561)
<b>As of 31 December 2016</b>	<b>577,557,286</b>	<b>3,257,688,033</b>	<b>157,567,683</b>	<b>389,051,832</b>	<b>518,256,458</b>	<b>33,029,454</b>	<b>4,919,727,548</b>
<b>Accumulated depreciation</b>							
At 1 January 2016	-	(386,632,604)	(86,531,298)	(223,572,120)	(285,212,869)	(16,156,533)	(996,226,986)
Depreciation charge	-	(43,304,651)	(17,603,059)	(26,426,333)	(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
<b>As of 31 December 2016</b>	<b>-</b>	<b>(429,937,255)</b>	<b>(101,411,982)</b>	<b>(248,465,410)</b>	<b>(315,557,726)</b>	<b>(18,791,153)</b>	<b>(1,112,117,490)</b>
<b>Net book value As of 31 December 2016</b>	<b>577,557,286</b>	<b>2,827,750,778</b>	<b>56,155,701</b>	<b>140,586,422</b>	<b>202,698,732</b>	<b>14,238,301</b>	<b>3,807,610,058</b>

- 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		LE
,Proceed from sale of fixed assets		2,535,425	The depreciation are allocated to the following:	
Cost of disposal fixed assets	(19,179,561)		Depreciation expenses at the statement of profit or loss	132.368.594
Accumulated depreciation of sold assets	16,478,090			
Net cost of fixed assets' disposal		(2,701,471)		
Capital (loss)		<b>166,046</b>		

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2016

PROPERTY AND EQUIPMENT

	<b>Lands</b>	<b>Buildings &amp; Constructions</b>	<b>Motor Vehicles</b>	<b>Tools &amp; Equipments</b>	<b>Furniture &amp; Fixtures</b>	<b>Computers</b>	<b>Total</b>
	<b>LE</b>	<b>LE</b>	<b>LE</b>	<b>LE</b>	<b>LE</b>	<b>LE</b>	<b>LE</b>
<b>Cost</b>							
As of 1 January 2015	569,349,679	3,222,144,470	111,786,934	346,697,015	474,088,736	21,178,536	4,745,245,370
Additions	14,425,470	15,419,256	33,962,931	21,544,150	30,754,523	4,265,486	120,371,816
Disposals	-	-	(6,837,529)	(4,556,600)	(11,464,327)	(2,556,538)	(25,414,994)
<b>As of 31 December 2015</b>	<b>583,775,149</b>	<b>3,237,563,726</b>	<b>138,912,336</b>	<b>363,684,565</b>	<b>493,378,932</b>	<b>22,887,484</b>	<b>4,840,202,192</b>
<b>Accumulated depreciation</b>							
At 1 January 2015	-	(357,149,003)	(78,273,099)	(201,585,352)	(256,384,872)	(15,927,897)	(909,320,223)
Depreciation charge	-	(44,366,416)	(14,798,536)	(26,427,477)	(37,816,587)	(2,779,475)	(126,188,491)
Disposals	-	-	6,540,337	4,440,709	9,054,717	2,550,839	22,586,602
<b>As of 31 December 2015</b>	<b>-</b>	<b>(401,515,419)</b>	<b>(86,531,298)</b>	<b>(223,572,120)</b>	<b>(285,146,742)</b>	<b>(16,156,533)</b>	<b>(1,012,922,112)</b>
<b>Net book value As of 31 December 2015</b>	<b>583,775,149</b>	<b>2,836,048,307</b>	<b>52,381,038</b>	<b>140,112,445</b>	<b>208,232,190</b>	<b>6,730,951</b>	<b>3,827,280,080</b>

- 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 Raghieb 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		3,982,861	The depreciation are allocated to the following:
Cost of disposal fixed assets	(25,414,994)		Depreciation expenses at the statement of profit or loss
Accumulated depreciation of sold assets	22,586,602		126,188,491
Net cost of fixed assets' disposal		(2,828,392)	
Capital Gain		<b>1,154,469</b>	

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5 – INTANGIBLE ASSETS

	Buildings & Constructions	Furniture & Fixtures	Total
	LE	LE	LE
<b>Cost</b>			
As of 1 January 2016	115,976,092	13,610,293	129,586,385
Additions	3,306,222	-	3,306,222
Disposals	-	-	-
<b>As of 31 December 2016</b>	<b>119,282,314</b>	<b>13,610,293</b>	<b>132,892,607</b>
<b>Accumulated depreciation</b>			
At 1 January 2016	(14,882,815)	(1,878,439)	(16,761,254)
Depreciation charge	(1,492,381)	(167,598)	(1,659,979)
Disposals	-	-	-
<b>As of 31 December 2016</b>	<b>(16,375,196)</b>	<b>(2,046,037)</b>	<b>(18,421,233)</b>
<b>Net book value As of 31 December 2016</b>	<b>102,907,118</b>	<b>11,564,256</b>	<b>114,471,374</b>
Net book value As of 31 December 2015	101,093,277	11,731,855	112,825,132

6 – INTANGIBLE ASSETS

	31/12/2016	31/12/2015
	LE	LE
Computers and Software	3,005,967	5,784,691
Additions	439,012	450,063
Amortization	(2,762,780)	(3,228,787)
	<b>682,199</b>	<b>3,005,967</b>

7 - PROJECTS UNDER CONSTRUCTIONS

	31/12/2016	31/12/2015
	LE	LE
Villa – Sednawy	73,606,541	73,606,541
Hotel Assets	3,567,645	5,033,984
Dubai Site	15,098,008	15,034,576
Luxor Project	71,743,839	71,313,738
Sharm El Sheik Project Extension	1,827,969,751	1,388,969,776
	<b>1,991,985,784</b>	<b>1,553,958,615</b>

8- GOODWILL

	31/12/2016	31/12/2015
	LE	LE
Arab Company for Projects and Urban Development	11,538,333,222	12,083,503,857
Alexandria Company for Real Estate Investment	2,563,149,242	2,563,149,242
	<b>14,101,482,464</b>	<b>14,646,653,099</b>

Goodwill is tested on yearly basis to ensure if there is any decrease in its book value and the management found the investment in the subsidiaries are declined with the amount of LE 545,170,635 and affect the balance of the goodwill with this impairment as follow:

	31/12/2016	31/12/2015
	LE	LE
Arab Company for Projects and Urban Development	545,170,635	151,809,696
Alexandria Company for Real Estate Investment	-	244,022,542
	<b>545,170,635</b>	<b>395,832,238</b>



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9- INVESTMENTS IN ASSOCIATES

	Percentage	31/12/2016 LE	31/12/2015 LE
Hill / TMG for Projects and Construction Management*	49%	2,029,989	2,029,989
Alexandria for coordinating and garden maintenance	47,5%	2,786,495	985,207
Cairo Medical City Co,		7,500	7,500
Share of profits in Associates		(3,819,673)	1,801,288
		<u>1,004,311</u>	<u>4,823,984</u>

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

9- INVESTMENTS IN ASSOCIATES (CONTINUE)

	31/12/2016 LE	31/12/2015 LE
<b>The associates companies assets &amp; liabilities:</b>		
Long term assets	1,773,713	2,027,490
Current assets	47,447,523	44,867,824
Non- current liabilities	6,546	-
Current liabilities	39,205,760	40,678,570
<b>The associates companies profit &amp; losses:</b>		
Revenues	25,287,152	8,935,292
Net loss / profit	3,712,226	(87,678)

10- AVAILABLE FOR SALE INVESTMENTS

	31/12/2016 LE	31/12/2015 LE
<b>Available for sale investment – current</b>		
Housing Insurance Company	6,600,000	6,600,000
Sahara North Marine Company	18,240,562	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
	<u>27,491,897</u>	<u>27,491,897</u>
<b>Available for sale investment – non current</b>		
Hermes investment fund	93,591,278	40,420,282
El Tameer for Real Estate Finance Company	6,717,060	6,717,060
	<u>100,308,338</u>	<u>47,137,342</u>
	<u>127,800,235</u>	<u>74,629,239</u>

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 5,162,232 \$ equivalent to LE 93,591,278 as of 31 December 2016 and accounted at cost and the balance is valued and this investment is recorded at cost and the balance in foreign currency is valued and the valuation deference is presented in the financial position in equity side,

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**11- FINANCIAL ASSETS HELD TO MATURITY**

**Non - Current Investment**

This item amounted to LE 1,869,861,964 as of 31 December 2016 consists of:-

- 1729225 bonds as follows:

<b>No,</b>	<b>Face Value</b>	<b>Yield</b>	<b>Maturity</b>
45000	45,000,000	15%	2018
30000	30,000,000	15%	2019
190000	190,000,000	13%	2020
160114	160,114,000	14%	2021
91000	91,000,000	17%	2022
140800	140,800,000	15%	2023
444307	444,307,000	15%	2024
597046	597,046,000	15%	2025
137212	137,212,000	17%	2026
<b>1838479</b>	<b>1,838,479,000</b>		

The balance of bonds discounting issue amounted to 12,554,470 as of 31 December 2016 and it is amortized at the maturity date of the interest,

	<b>31/12/2016</b>	31/12/2015
	<b>LE</b>	LE
Historical cost	<b>1,838,479,000</b>	1,457,044,000
Bonds issue discount	<b>(14,730,082)</b>	(12,409,013)
Amortized value	<b>1,823,748,918</b>	1,444,634,987
Amortization of Bonds issue discount during the period	<b>2,175,612</b>	858,056
Balance of bonds	<b>1,825,924,530</b>	1,445,493,043

- 153000 Suez Canal Certificates amounted to LE 153,000,000 and maturity date is 2019 with 12% interest rate,

**Current Investment**

This item amounted to LE 726,174,264 as of 31 December 2016 as follows:

- Treasury Bills are 34,309 T-Bills with nominal value LE 25000 per T-Bill and maturity date in 2017.

	<b>31/12/2016</b>	31/12/2015
	<b>LE</b>	LE
Treasury Bills	<b>726,174,264</b>	419,171,530
Governmental Bonds- historical cost	<b>27,000,000</b>	44,000,000
Amortization of Bonds issue discount	<b>(61,902)</b>	(16,502)
Amortized value	<b>753,112,362</b>	753,155,028
Amortization of Bonds issue discount during the period\year	<b>58,919</b>	12,731
	<b>753,171,281</b>	463,167,759

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**12- FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS**

	<b>31/12/2016</b>	31/12/2015
	<b>LE</b>	LE
Certificate of Deposit and Investment Funds	<b>22,016,786</b>	32,835,603
Financial Portfolios*	<b>52,202,945</b>	33,832,160
Egyptian Cables Company	<b>9,541</b>	8,990
	<u><b>74,229,272</b></u>	<u>66,676,753</u>
<b>Market value</b>	<b>31/12/2016</b>	31/12/2015
	<b>LE</b>	LE
Book value of marketable securities before revaluation	<b>(53,305,930)</b>	(78,808,376)
Market value	<b>74,229,272</b>	66,676,753
Differences as in income statement	<u><b>20,923,342</b></u>	<u>(13,131,623)</u>

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

**13- ACCOUNTS AND NOTES RECEIVABLE**

	<b>31/12/2016</b>	31/12/2015
	<b>LE</b>	LE
Accounts Receivables	<b>234,840,780</b>	201,611,375
Notes Receivables	<b>15,289,616,733</b>	15,073,923,584
Provision for general Risk	<b>(2,624,447)</b>	(2,709,608)
	<u><b>15,521,833,066</b></u>	<u>15,272,825,351</u>

The accounts and notes receivable are due at 31 December 2016 the ageing analysis:

	Balance	year	More than a year	More than two years	More than three years	More than four years	More than five years
31 December 2016	15,521,833,066	4,595,015,815	2,791,167,660	2,035,232,220	1,866,095,056	1,298,147,571	2,618,173,744
31 December 2015	15,272,825,351	4,782,799,606	2,641,850,667	2,094,195,737	1,669,388,869	1,250,074,957	2,834,515,515

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

**General Risk provision as follow:**

	<b>31/12/2016</b>	31/12/2015
	<b>LE</b>	LE
Balance 1/1/2016	<b>2,709,608</b>	2,721,033
Used during the year	<b>(85,161)</b>	(11,425)
Balance 31/12/2016	<u><b>2,624,447</b></u>	<u>2,709,608</u>

**14- DEVELOPMENT PROPERTIES**

	<b>31/12/2016</b>	<b>31/12/2015</b>
	<b>LE</b>	<b>LE</b>
As of 1 January 2016	<b>19,214,437,756</b>	17,201,391,008
Additions	<b>3,643,233,449</b>	6,192,500,315
Capitalized costs during the year	<b>395,732,877</b>	177,655,364
Costs of delivered unites that accounted to the income statement	<b>(3,356,779,471)</b>	(4,357,108,931)
<b>As of 31 December 2016</b>	<u><b>19,896,624,611</b></u>	<u>19,214,437,756</u>

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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 diterputed 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.

	<b>31/12/2016</b>	31/12/2015
	<b>LE</b>	LE
Land	<b>6,522,016,331</b>	6,920,458,007
Consultations and Designs	<b>174,614,900</b>	434,167,654
Construction Work	<b>9,334,310,002</b>	8,154,542,484
Indirect Cost	<b><u>3,865,683,378</u></b>	<u>3,705,269,611</u>
	<b><u>19,896,624,611</u></b>	<u>19,214,437,756</u>

- 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,

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**15- INVENTORY**

	<b>31/12/2016</b>	31/12/2015
	<b>LE</b>	LE
Hotels Operating Equipments & Supplies	<b>9,766,467</b>	11,108,023
Goods Stock	<b>20,048,513</b>	26,639,785
Additions during the period	-	745,755
	<b>29,814,980</b>	38,493,563
Amortized Hotel Inventory	<b>(1,783,825)</b>	(2,087,311)
	<b>28,031,155</b>	36,406,252

**16 – PREPAID EXPENSES AND OTHER DEBIT BALANCES**

	<b>31/12/2016</b>	31/12/2015
	<b>LE</b>	LE
Advance Payment and Storage - Contractors and Accounts Payable	<b>1,181,448,119</b>	1,109,632,994
Contractors – Tashwinat	<b>253,827,344</b>	183,723,330
Hotels Current Accounts	<b>400,284,212</b>	104,905,380
Withholding taxes	<b>15,980,105</b>	13,153,265
Deposit with Others	<b>85,338,708</b>	29,408,543
Other Debit Balances	<b>37,335,366</b>	258,095,572
Letter of credit	<b>18,255,209</b>	92,020,457
Loans to Employees	<b>464,598</b>	387,589
Other Debtors	<b>68,363,959</b>	157,396,942
Prepaid expenses	<b>14,232,340</b>	3,144,669
Amounts paid for investments in companies under incorporation	<b>4,634,313</b>	1,731,767
	<b>2,077,164,273</b>	1,953,600,508
Accrued Revenue	<b>61,368,723</b>	50,009,574
	<b>2,138,532,996</b>	2,003,610,082

**17 - CASH AND CASH EQUIVALENTS**

	Local Currency	Foreign Currency	<b>31/12/2016</b>	31/12/2015
	LE	LE	<b>LE</b>	LE
Time Deposits	138,052,175	2,568,951,931	<b>2,707,004,106</b>	1,273,265,805
Banks Current Accounts	380,347,855	102,281,581	<b>482,629,436</b>	230,948,795
Cash on Hand	24,913,166	637,832	<b>25,550,998</b>	15,242,337
Treasury Bills	-	-	-	5,015,244
Cheques Under Collection	875,094	41,699,000	<b>42,574,094</b>	17,006,726
	<b>544,188,290</b>	<b>2,713,570,344</b>	<b>3,257,758,634</b>	1,541,478,907

The foreign cash balances at banks are valued as follow:

	<b>31/12/2016</b>	31/12/2015
	<b>LE</b>	LE
Egyptian pound	<b>544,188,290</b>	375,597,163
American Dollars	<b>2,709,305,738</b>	1,162,601,994
Sterling pound	<b>52,309</b>	446,350
Euro	<b>669,824</b>	535,650
Saudi Rayal	<b>953</b>	359,713
Swiss frank	<b>3,535,735</b>	1,935,353
Emirate dirham	<b>5,785</b>	2,684
	<b>3,257,758,634</b>	1,541,478,907

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- 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:

	<b>31/12/2016</b>	31/12/2015
	<b>LE</b>	LE
Cash on Hand and at Banks	<b>3,257,758,634</b>	1,541,478,907
Banks Overdraft	<b>(12,860,992)</b>	(10,475,294)
Cash and Cash Equivalents	<b><u>3,244,897,642</u></b>	<u>1,531,003,613</u>

**18- CREDITORS AND NOTES PAYABLE**

	<b>31/12/2016</b>	31/12/2015
	<b>LE</b>	LE
Contractors and Suppliers	<b>663,349,152</b>	424,794,771
Notes Payables	<b>2,708,321,236</b>	3,682,904,101
	<b><u>3,371,670,388</u></b>	<u>4,107,698,872</u>

**19- CUSTOMERS ADVANCE PAYMENT**

	<b>31/12/2016</b>	31/12/2015
	<b>LE</b>	LE
Customers down payment ( Al Rehab Project )	<b>1,509,872,251</b>	1,136,886,181
Customers down payment ( Al Rehab 2 Project )	<b>6,016,396,273</b>	5,947,124,954
Customers down payment ( Madinaty Project )	<b>12,312,458,533</b>	11,645,272,125
Customers down payment ( Al Rabwa Project )	<b>510,253,175</b>	588,425,435
Customers down payment ( San Stefano Project )	<b>8,865,440</b>	-
	<b><u>20,357,845,672</u></b>	<u>19,317,708,695</u>

**20- DIVIDEND CREDITORS**

	<b>31/12/2016</b>	31/12/2015
	<b>LE</b>	LE
Employees share	<b>6,700,336</b>	1,721,682
Board of directors share	<b>62,832,764</b>	87,512,745
Shareholders share	<b>635,530</b>	635,530
	<b><u>70,168,630</u></b>	<u>89,869,957</u>

**21- ACCRUED EXPENSES AND OTHER CREDIT BALANCES**

	<b>31/12/2016</b>	31/12/2015
	<b>LE</b>	LE
Retentions	<b>682,456,179</b>	587,015,760
Other Credit Balances	<b>274,709,021</b>	414,426,106
Accrued Expenses and Creditors	<b>230,756,500</b>	188,196,869
Insurance for Other	<b>72,218,637</b>	64,866,108
Due to Customers	<b>6,000,332</b>	10,749,659
Contribution to the establishment - renew the club	<b>45,754,510</b>	41,327,405
Club Subscriptions	<b>674,982,137</b>	574,482,335
Units Insurance	<b>2,891,873,057</b>	2,114,004,514
	<b><u>4,878,750,373</u></b>	<u>3,995,068,756</u>

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**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 2011 concent 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 236,367,496 as of 31 December 2016 represents the transferred amount of the shares Premium amounted to LE 344,000,000, and LE 1, 6 per share, part of the premium amounted to LE 185,880,702 was used to cover the IPO expenses, the remaining balance of LE 158,119,298 was transferred to the legal reserve, as well 5% of the net profit of the retained earnings of the prior years was also transferred to the legal reserve,

**24- GENERAL RESERVES**

The general reserve balance amounted LE 61,735,404 as of 31 December 2016 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 52,249,264 as of 31 December 2016 represents the foreign exchange impact due valuation of the foreign available for sale investments as follows:

	<u>31/12/2016</u>	<u>31/12/2015</u>
	<u>LE</u>	<u>LE</u>
Net unrealized gain on available for sale investment	<u>52,249,264</u>	<u>11,735,024</u>

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**26- LOANS AND FACILITIES**

	Short Term LE	Long Term LE	31/12/2016 LE	31/12/2015 LE
Banks Facilities	945,380,894	-	<b>945,380,894</b>	854,938,020
Loans *	<u>766,140,133</u>	3,022,648,591	<u><b>3,788,788,724</b></u>	<u>2,100,169,424</u>
	<u><b>1,711,521,027</b></u>	3,022,648,591	<u><b>4,734,169,618</b></u>	<u>2,955,107,444</u>

The loans and bank facilities are:

	Bank facilities LE	Loans LE	Loans \$	Amount in original currency
Bank Audi	19,852,187	-	-	-
Arab African international	-	109,636,577	-	-
Arab bank	-	99,585,465	-	-
Cairo bank	46,417,543	-	-	-
Feisal Islamic bank	-	195,827,664	-	-
Abou Dhabi Islamic bank	42,600,000	-	-	-
Qatar national bank	174,207,111	-	-	-
National bank of Egypt	56,424,876	-	-	-
Misr Iran bank	13,906,054	-	-	-
Arab bank	266,487,255	-	-	-
Emirates Dubai national bank	115,265,124	-	-	-
Kuwait national bank	161,098,208	-	-	-
Arab investment bank	38,198,306	-	-	-
Bank Misr	10,924,230	-	-	-
Al Ahly united bank	-	-	3,383,739,018	186,637,563\$
	<u>945,380,894</u>	<u>405,049,706</u>	<u>3,383,739,018</u>	<u>186,637,563\$</u>

\* 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 Raghieb St, garden city – Cairo
- First degree mortgage on the land and the building of four season hotel sharm el sheik in shark bay – sharm el sheik owned by Alexandria Saudi Co, for tourism investment
- First degree mortgage on the land and the building of four season hotel Nile plaza, Cairo owned by Nova Park Co, excluding the total sold or available for sale units and its share in the land,

**27- NON -CURRENT LIABILITIES**

	31/12/2016 LE	31/12/2015 LE
New Urban Communities Authority	<b>1,785,247,224</b>	1,804,013,215
General authority for tourism development	<u><b>7,101,627</b></u>	-
	<u><b>1,792,348,851</b></u>	<u>1,804,013,215</u>



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

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**28- INCOME TAX AND DEFERRED TAX LIABILITY**

The income tax was calculated as follows:

	<b>31/12/2016</b>	30/9/2015
	<b>LE</b>	LE
Net book profit before tax	<b>1,247,683,698</b>	1,108,514,678
Adjustments to the net book profit to reach the net tax profit	<b>618,903,148</b>	412,105,780
Net taxable profit	<b>1,866,586,846</b>	1,520,620,458
Income Tax with rate 22,5%	<b>407,465,453</b>	341,431,520
Income Tax of other comprehensive income	<b>12,516,587</b>	708,083
Income tax for the period	<b>419,982,040</b>	342,139,603

Accrued income tax movement during the period:

	<b>31/12/2016</b>	31/12/2015
	<b>LE</b>	LE
Balance at the beginning of the period / year	<b>438,025,128</b>	530,325,747
Additions during the period / year	<b>419,982,040</b>	342,139,603
Paid amounts	<b>(478,175,472)</b>	(434,440,222)
Balance at the end of the period / year	<b>379,831,696</b>	438,025,128

The balance of deferred tax liabilities in 31 December 2016 is LE 81,062,572 which represents the different between accounting basis and tax basis and it's calculation as follow:

	<b>31/12/2016</b>	31/12/2015
	<b>LE</b>	LE
Balance at the beginning of the period / year	<b>(69,824,319)</b>	(74,195,145)
Deferred tax current	<b>(11,238,253)</b>	4,370,826
Balance at the end of the period / year	<b>(81,062,572)</b>	(69,824,319)

**29- REVENUE AND COST OF REVENUE**

	<b>31/12/2016</b>	31/12/2015
	<b>LE</b>	LE
-Revenue from Sold Units	<b>5,280,328,811</b>	5,090,699,301
-Revenue from Hotels Operation	<b>740,777,056</b>	695,540,772
-Services Revenues	<b>528,992,076</b>	394,164,734
<b>Total Revenues *</b>	<b>6,550,097,943</b>	6,180,404,807
-Cost of Sold Units	<b>3,356,779,471</b>	3,301,396,771
-Cost of Hotels Operation	<b>364,217,518</b>	435,209,781
-Cost of Sold Services	<b>438,777,190</b>	315,131,475
<b>Total Cost **</b>	<b>4,159,774,179</b>	4,051,738,027

\* The supervision revenue has been eliminated in amount LE 150,048,823

\*\* The supervision cost has been eliminated in amount LE 306,719,428

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Herein under the sectors analysis:

	Real Estate & Services	Tourism	General	31/12/2016	31/12/2015
	LE	LE	LE	LE	LE
Revenue	5,802,959,120	747,138,823	-	<b>6,550,097,943</b>	6,180,404,807
Cost of goods sold	(3,788,220,122)	(371,554,057)	-	<b>(4,159,774,179)</b>	(4,051,738,027)
<b>Gross Profit</b>	<b>2,014,738,998</b>	<b>375,584,766</b>	-	<b>2,390,323,764</b>	2,128,666,780
Depreciation	(44,497,112)	(92,294,241)	-	<b>(136,791,353)</b>	(129,417,278)
Credit Interest	-	-	80,077,885	<b>80,077,885</b>	61,977,726
Investments Revenue	-	-	83,056,914	<b>83,056,914</b>	56,045,104
Other Revenue	-	-	61,449,332	61,449,332	53,112,963
Income Tax	-	-	(418,703,707)	(418,703,707)	(337,060,694)
<b>Total Profits</b>	<b>839,371,955</b>	<b>283,290,525</b>	(296,117,040)	<b>826,545,440</b>	762,284,397
Assets	39,749,026,181	7,719,502,487	-	<b>47,468,528,668</b>	41,432,394,438
Financial Investment	-	-	2,550,360,995	<b>2,550,360,995</b>	2,207,790,778
Unallocated Assets	-	-	13,798,360,920	<b>13,798,360,920</b>	16,803,195,416
<b>Total Assets</b>	<b>39,749,026,181</b>	<b>7,719,502,487</b>	16,348,721,915	<b>63,817,250,583</b>	60,443,380,632
Liabilities	30,908,598,112	4,764,138,276	-	<b>35,672,736,388</b>	32,721,946,797
Unallocated Liabilities	-	-	5,972,404	5,972,404	65,844,883
<b>Total Liabilities</b>	<b>30,908,598,112</b>	<b>4,764,138,276</b>	5,972,404	<b>35,678,708,792</b>	32,787,791,680

30- Dividends from financial investment

	31/12/2016	31/12/2015
	LE	LE
Sahara North Al Baharia	<b>476,666</b>	4,202,033
CIB Bank	<b>101,250</b>	264,000
Escan for Insurance	<b>1,039,500</b>	-
EL Swedy Electric	<b>145,000</b>	-
EL Tameer For Real Estate refinance Co, Palm Hills Co,	<b>579,913</b>	496,499
Sidi Krir Co,	<b>105,000</b>	-
Telecom Egypt Co,	<b>112,500</b>	46,000
Eastern Co,	<b>120,000</b>	80,000
Other companies	<b>160,700</b>	-
	<b>2,945,529</b>	5,295,108

31- REVENUE FROM SALE FINANCIAL INVESTMENTS

	31/12/2016	31/12/2015
	LE	LE
Sale price of financial investments	<b>41,842,417</b>	66,724,021
Book value of sold financial investments	<b>(37,254,480)</b>	(61,206,618)
	<b>(4,587,937)</b>	5,517,403

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**32- OTHER INCOME**

	<b>31/12/2016</b>	31/12/2015
	<b>LE</b>	LE
Net revenue from El Rehab Club and Madinaty Club operation	<b>7,935,800</b>	-
Rents from rental units and usufruct	<b>2,400,000</b>	3,150,000
Other revenue	<b>35,592,388</b>	39,112,863
British school	<b>15,521,144</b>	10,850,100
	<b>61,449,332</b>	53,112,963

**33-CREDIT INTEREST, BONDS, T-BILL REVENUES**

	<b>31/12/2016</b>	31/12/2015
	<b>LE</b>	LE
Credit interest	<b>80,077,885</b>	<b>61,977,726</b>
Bonds	<b>5,996,474</b>	<b>14,049,058</b>
Treasury Bills	<b>50,188,774</b>	<b>40,643,083</b>
	<b>136,263,133</b>	<b>116,669,867</b>
Change in accrued revenues (note 16)	<b>(11,359,149)</b>	<b>(6,418,171)</b>
	<b>124,903,984</b>	<b>110,251,696</b>

**34-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 2003-2008 the company informed with tax form #19 and the file transferred to internal tax committee.
- The years from 2009 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 for the years 1996 till 2000 and settlement is done to that date,
- The Company's records were inspected for the years 2005 till 2008 and paid the amount due,
- For the years 2009 till 2014 the tax returns are presented and amounts due are paid within the legal dates,

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

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**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,

**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,

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

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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**34-TAX SITUATION (CONTINUE)**

**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,

**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,

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

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2016

**33-TAX SITUATION (CONTINUE)**

**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,

**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.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2016

**33-TAX SITUATION (CONTINUE)**

**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,

**35- 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,

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

	<b>31/12/2016</b>	31/12/2015
	<b>Notes payable</b>	Notes payable
Alexandria for Constructions Company	<b>31,638,179</b>	2,527,965
Alexandria for landscaping and maintenance	<b>1,364,583</b>	-
	<b>Debit balance</b>	Debit balance
Alexandria for Constructions Company	<b>3,041,742</b>	3,917,003
	<b>Credit balance</b>	Credit balance
Alexandria for Constructions Company	<b>205,846,245</b>	18,877,201
Alexandria for landscaping and maintenance	<b>9,343</b>	-

**36- CONTINGENT AND OTHER OBLIGATION CONTRACTED**

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

**37-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, and
- c) Liquidity risk.

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

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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**37-FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)**

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.

**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.



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

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31 December 2016

**37-FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)**

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

	31 December 2016		31 December 2015	
	Change in rate	Effect on profit before tax EGP	Change in rate	Effect on profit before tax EGP
Financial asset	+1%	27.070.041	+1%	12.732.658
	- 1%	(27.070.041)	- 1%	(12.732.658)
Financial liability	+1%	(37.887.887)	+1%	(21.001.694)
	- 1%	37.887.887	- 1%	21.001.694

**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.

	31 March 2016		31 March 2015	
	Change in rate	Effect on profit before tax EGP	Change in rate	Effect on profit before tax EGP
USD	+10%	270.930.574	+10%	116.260.199
	-10%	(270.930.574)	-10%	(116.260.199)
EUR	+10%	66.982	+10%	55.565
	-10%	(66.982)	-10%	(55.565)
GBP	+10%	5.231	+10%	44.635
	-10%	(5.231)	-10%	(44.635)
SAR	+10%	95	+10%	35.971
	-10%	(95)	-10%	(35.971)
SF	+10%	353.574	+10%	193.535
	-10%	(353.574)	-10%	(193.535)
AED	-10%	579	-10%	268
	+10%	(579)	+10%	(268)

**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.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2016

**37-FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)**

**Financial liabilities**

	<b>Less than 3 Months</b>	<b>3 to 12 months</b>	<b>1 to 5 years</b>	<b>Over 5 years</b>	<b>Total</b>
<b>As at 31 December 2016</b>					
Retentions	-	682,456,179	-	-	282,456,179
Other credit balances	33,515,018	125,780,347	115,413,656	-	274,709,021
Accrued Expenses and Creditors	6,908,073	122,944,944	100,903,433	-	230,756,500
Insurance for Other	-	72,218,637	-	-	72,218,637
Due to Customers	-	-	6,000,332	-	6,000,332
Contribution to the establishment - renew the club	-	-	45,754,510	-	45,754,510
Club Subscriptions	-	-	674,982,137	-	67,4982,137
Units Insurance	-	-	-	2,891,873,057	2,891,873,057
Income tax payable	379,831,696	-	-	-	379,831,696
<b>Total undiscounted financial liabilities</b>	<u>420,254,787</u>	<u>1,003,400,157</u>	<u>943,054,068</u>	<u>2,891,873,057</u>	<u>5,258,582,069</u>

	<b>Less than 3 Months</b>	<b>3 to 12 months</b>	<b>1 to 5 years</b>	<b>Over 5 years</b>	<b>Total</b>
<b>As at 31 December 2015</b>					
Retentions	-	587015760	-	-	587015760
Other credit balances	187,016,221	214,805,072	12,604,813	-	414,426,106
Accrued Expenses and Creditors	1,491,054	942,366,245	92,469,570	-	188,196,869
Insurance for Other	-	64,866,108	-	-	64,866,108
Due to Customers	-	-	10,749,659	-	10,749,659
Contribution to the establishment - renew the club	-	-	41,327,405	-	41,327,405
Club Subscriptions	-	4,667,897	569,814,438	-	574,482,335
Units Insurance	-	-	-	2,114,004,514	2,114,004,514
Income tax payable	-	-	-	-	438,025,128
<b>Total undiscounted financial liabilities</b>	<u>626,532,403</u>	<u>965,591,082</u>	<u>726,965,885</u>	<u>2,114,004,514</u>	<u>4,433,093,884</u>

**38-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 substantially differed from the recorded book value unless it is mentioned

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

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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**39-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,