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

TALAAT MOUSTAFA GROUP HOLDING COMPANY
"TMG HOLDING" (S.A.E)
SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022 TOGETHER WITH REVIEW REPORT

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

Separate Financial Statements
FOR THE YEAR ENDED 31 DECEMBER 2022

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Translation of auditors' report originally issued in Arabic

AUDITORS' REPORT

TO THESHAREHOLDERS OF TALAAT MOSTAFA GROUP HOLDING COMPANY "TMG HOLDING" (S.A.E)

Report on the Separate Financial Statements

We have audited the accompanying separate financial statements of **TALAAT MOSTAFA GROUP HOLDING COMPANY "TMG HOLDING" (S.A.E) (The Company)**, represented in the separate financial position as at 31 December 2022 and the related separate statements of profit or loss, comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the separate Financial Statements

These separate financial statements are the responsibility of the Company's management, as management is responsible for the preparation and fair presentation of the financial statements in accordance with Egyptian Accounting Standards and applicable Egyptian laws. Management responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error. This responsibility also 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 separate 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 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. In assessing these risks, the auditor takes into consideration the internal control related to the preparation of the financial statements and their fair and clear presentation, in order to design audit procedures appropriate to the circumstances, but not for the purpose of expressing an opinion on the efficiency of the internal control in the company. 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 separate financial statements.

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

AUDITORS' REPORT

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

Opinion

In our opinion, the separate financial statements referred to above, give a true and fair view, in all material respects, of the separate financial position of **The Company** as of 31 December 2022, and of its separate financial performance and its separate cash flows for the year then ended in accordance with Egyptian Accounting Standards and the related applicable Egyptian laws and regulations, and the decisions and interpretations issued by Financial Regulatory Authority (FRA).

Emphasis of a matter

As indicated in note (4) the company has investments in subsidiary companies and prepared consolidated financial statements on 31 December 2022 in accordance with the Egyptian Accounting Standards, For better understandings of the company's financial position on 31 December 2022 and its financial performance and its cash flows for the year then ended, the matter necessitates reference to the consolidated financial statements.

Report on Other Legal and Regulatory Requirements

The Company maintains proper accounting records that comply with the laws and the Company's articles of association and the financial statements agree with the Company's records.

The financial information included in the Board of Directors' Report, prepared in accordance with Law No. 159 of 1981 and its executive regulation, is in agreement with the books of the Company insofar as such information is recorded therein.

Auditors

Tarek Hashish	**Sherif El Kilany**
FESAA-FEST	**FESAA-FEST**
(RAA. 9473)	**(RAA. 5285)**
(EFSAR. 118)	**(EFSAR. 83)**
(RSM EGYPT) CHARTERED ACCOUNTANTS	**ALLIED FOR ACCOUNTING & AUDITING (EY)**

Cairo: 16 February 2023

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

SEPARATE STATEMENT OF FINANCIAL POSITION
As of 31 December 2022

	Notes	**31 December 2022**	31 December 2021
		LE	LE
Non-current assets			
Fixed Assets	(3)	**50,751,622**	53,220,757
Investments in subsidiaries	(4)	**18,016,263,260**	18,016,263,260
Investments in associates	(5)	**1,470,000**	1,470,000
Total non-current Assets		**18,068,484,882**	18,070,954,017
Current assets			
Financial assets at fair value through profit or loss	(6)	**106,319,354**	17,573,523
Notes receivable	(16)	**2,484,076,060**	2,485,584,178
Dividends receivable	(14)	**618,048,949**	455,000,000
Due from Related Parties	(16)	**1,123,472,480**	998,958,537
Prepaid expenses and other debit balances	(7)	**2,253,623**	2,189,063
Cash on hand and at banks	(8)	**2,142,974**	54,603,528
Total current assets		**4,336,313,440**	4,013,908,829
Total assets		**22,404,798,322**	22,084,862,846
Equity and liabilities			
Equity			
Issued and paid-up capital	(10)	**20,635,622,860**	20,635,622,860
Legal reserve	(11)	**364,990,669**	337,884,636
General reserve	(12)	**61,735,404**	61,735,404
Retained earning		**1,253,618,847**	985,738,968
Total Equity		**22,315,967,780**	22,020,981,868
Non-current liabilities			
Deferred tax liabilities		**6,764,222**	2,729
Total Non - current liabilities		**6,764,222**	2,729
Current liabilities			
Notes payable		**407,163**	272,596
Income tax payable	(15)	**73,060,036**	55,652,928
Accrued expenses and other credit balances	(9)	**8,599,121**	7,952,725
Total current liabilities		**82,066,320**	63,878,249
Total liabilities		**88,830,542**	63,880,978
Total equity and liabilities		**22,404,798,322**	22,084,862,846

Chairman	**Chief Executive Officer & Managing Director**	**Head Financial Sector**
Tarek Talaat Moustafa	**Hesham Talaat Moustafa**	**Tarek El Naggar**

- The attached notes (1) to (20) are an integral part of these separate financial statements.

SEPARATE STATEMENT OF PROFIT OR LOSS
As of 31 December 2022

	Notes	**For the year ended 31 December 2022 LE**	For the year ended 31 December 2021 LE
Dividends from subsidiaries	(14)	**751,004,302**	626,999,658
Finance income		**312,425**	3,200,579
Revaluation gain of financial assets at fair value through profit or loss	(6)	**37,099,345**	613,105
Total revenue		**788,416,072**	630,813,343
Administrative expenses		**(24,562,698)**	(15,729,021)
Depreciation charges	(3)	**(2,520,557)**	(2,518,006)
Bank charges		**(22,357)**	(21,961)
Expected Credit losses		**(5,489,234)**	600,572
Foreign currency exchange Gains / (Losses)		**(166,325)**	(115,641)
Board of directors' allowances		**(980,000)**	(840,000)
NET PROFIT FOR THE YEAR BEFORE TAX		**754,674,901**	612,189,286
Income taxes	(15)	**(93,688,989)**	(70,068,619)
NET PROFIT FOR THE YEAR AFTER TAX		**660,985,912**	542,120,667
EARNINGS PER SHARE	(13)	**0.32**	0.26

Chairman	**Chief Executive Officer & Managing Director**	**Head Financial Sector**
Tarek Talaat Moustafa	**Hesham Talaat Moustafa**	**Tarek El Naggar**

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

SEPARATE STATEMENT OF CHANGES IN EQUITY
As of 31 December 2022

	Issued and paid-up capital LE	Legal reserve LE	General reserve LE	Retained earnings LE	Total LE
Balance as at 1 January 2021	20,635,622,860	313,531,168	61,735,404	775,449,408	21,786,338,840
The adjustments on applying EAS 49	-	-	-	(1,477,639)	(1,477,639)
The balance after applying the financial standard	20,635,622,860	313,531,168	61,735,404	773,971,769	21,784,861,201
Transferred to legal reserve	-	24,353,468	-	(24,353,468)	-
Total comprehensive income for the year	-	-	-	542,120,667	542,120,667
Dividends	-	-	-	(306,000,000)	(306,000,000)
Balance as of 31 December 2021	**20,635,622,860**	**337,884,636**	**61,735,404**	**985,738,968**	**22,020,981,868**

	Issued and paid-up capital LE	Legal reserve LE	General reserve LE	Retained earnings LE	Total LE
Balance as at 1 January 2022	20,635,622,860	337,884,636	61,735,404	985,738,968	22,020,981,868
Transferred to legal reserve	-	27,106,033	-	(27,106,033)	-
Total comprehensive income for the year	-	-	-	660,985,912	660,985,912
Dividends	-	-	-	(366,000,000)	(366,000,000)
Balance as of 31 December 2022	**20,635,622,860**	**364,990,669**	**61,735,404**	**1,253,618,847**	**22,315,967,780**

-The attached notes (1) to (20) are an integral part of these separate financial statements.

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

SEPARATE STATEMENT OF CASH FLOWS
As of 31 December 2022

	Notes	**For the Year ended 31 December 2022**	**For the Year ended 31 December 2021**
		LE	LE
CASH FLOW FROM OPERATING ACTIVITIES			
Net profit for the year before tax		**754,674,901**	612,189,286
Depreciation charges	(3)	**2,520,557**	2,518,006
Dividends from subsidiaries	(14)	**(751,004,302)**	(626,999,658)
Finance income		**(312,425)**	(3,200,580)
Expected Credit losses		**5,489,234**	(600,572)
Change in the net market value of investments	(6)	**(37,099,345)**	(613,105)
Foreign currency exchange losses		**166,325**	115,641
Operating (loss) before changes in working capital		**(25,565,055)**	(16,590,982)
Change in due from related parties		**(128,051,260)**	(998,958,537)
Change in Prepaid expenses and other debit balances	(16)	**1,508,645**	748,535,512
Change in notes receivable	(7)	**(71,038)**	(37,289)
Change in notes payable		**134,567**	36,978
Change in accrued expenses and other credit balances	(9)	**646,398**	563,145
Income tax paid	(15)	**(69,520,388)**	(74,299,854)
Net cash flow (used in) operating activities		**(220,918, 131)**	(340,751,027)
CASH FLOW FROM INVESTING ACTIVITIES			
(Payments) for the purchase of fixed assets and projects under construction	(3)	**(51,422)**	(25,944)
(Payments) Receivables from Financial assets at fair value through profit or loss		**(51,646, 486)**	-
Dividend income received		**586,009,390**	626,994,726
Finance income received		**312,425**	3,200,580
Net cash flow provided from investing activities		**534,623,907**	630,169,362
CASH FLOW FROM FINANCING ACTIVITIES			
Dividend Paid		**(366,000,000)**	(306,000,000)
Net cash flow (used in) financing activities		**(366,000,000)**	(306,000,000)
Foreign currency exchange		**(166,325)**	(115,641)
NET CHANGE IN CASH AND CASH EQUIVALENT DURING THE YEAR		**(52,460,549)**	(16,697,306)
Cash and cash equivalent at the beginning of year		**54,603,528**	71,300,834
CASH AND CASH EQUIVALENT AT THE END OF THE YEAR	(8)	**2,142,979**	54,603,528

- The attached notes (1) to (20) are an integral part of these separate financial statements.

1 BACKGROUND

- Talaat Mostafa Group Holding TMG Holding S.A.E **("The company")**, was established on 13 February 2007 under the provisions of law 95 of 1992 and its executive regulations.
- The company was registered with the commercial register number 187398 on April 3, 2007,
- The company has a term of 25 years.
- The main objective of the Company is participating in the incorporation of shareholding companies or participating in the capital increase of those companies.
- The company headquarter and legal place is 36, Mosadek St, Dokki – Giza – Arabic republic of Egypt,
- The separate financial statements for the year ended 31 December 2022 were approved on according to the board of directors' resolution issued on 15 February 2023

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

- The separate financial statements have been prepared according to the historical cost principle, except for investments at fair value through other comprehensive income and financial assets valued at fair value through profit or loss, which are measured at fair value.
- The separate financial statements are presented in Egyptian Pound, it is the company's functional currency.

Compliance with the Egyptian accounting standards and the instructions of the Financial Supervisory Authority:

- The independent financial statements were prepared in accordance with Egyptian accounting standards and considering the Egyptian laws and regulations in force and the instructions and interpretations of the Financial Supervisory Authority issued in January 2021 regarding notes received for non-delivered units and securitization operations.

The FRA issued a statement for some accounting treatments related to real estate development activity in January 2021, as the Supreme Committee for Accounting and Auditing Standards, taking into account the various applications of real estate development companies, decided to grant an option for a specific transitional period to authorize accounting treatment for real estate developers who were recognizing checks received from Customers before handing over the real estate subject of the contract to the customer by continuing to recognize the checks received from the customers before handing over the real estate subject of the contract to the customer on sales contracts concluded or concluded by those companies until December 31, 2021, until the delivery of those real estate to customers, under the following conditions:

- Allocating a separate account on the date of receipt of checks from customers before delivered the property within the financial assets in the financial position list "Account of notes receivable for units that have not been delivered" in exchange for recognizing financial obligations in the financial position list "Account of liabilities for checks received from customers"

- Recognizing the amounts collected by reducing the balance of checks in the account of notes receivable for units that were not delivered in exchange for the cash collected and transferring part of the obligation corresponding to the checks in the account of obligations for checks of the same value as the amounts collected to the account of advances from customers

The treatments of Articles (41) bis to (41) bis 8 of the Capital Market Law promulgated by Law No. 95 of 1992 apply to securitization treatments in the financial statements.

2.1 CHANGES IN ACCOUNTIING POLICIES

- The accounting policies used in the preparation of the standalone financial statements are similar to those followed in the preparation of the standalone financial statements for the year ending on December 31, 2021, except for the following:
  On April 27, 2022, the Prime Minister issued a decision to amend some provisions of the Egyptian accounting standards by adding Appendix B accompanying the decision to the Egyptian Accounting Standard No. (13) regarding the effects of changes in foreign exchange rates contained in the Egyptian accounting standards accompanying the decision of the Minister of Investment No. 110 of the year 2015. The appendix aims to develop a special accounting treatment to deal with the effects of the exceptional economic decision to move the exchange rate by setting an additional temporary option for Paragraph No. 28 of the amended Egyptian Accounting Standard No. 13, which requires recognition of currency differences within the income statement for the period in which these arise. Differences, and alternatively, it is allowed for the facility that has outstanding obligations in foreign currency at the date of moving the exchange rate related to fixed assets, real estate investments, intangible assets (excluding goodwill) and exploration and evaluation assets acquired during the period from the beginning of January 2020 until the date of moving the exchange rate By recognizing the debit currency differences resulting from the translation of these liabilities on the date of moving the exchange rate within the cost of these assets.

2.2 SUMMARY OF SIGNIFICANT ACCOUNTIING POLICIES

Foreign currencies

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

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

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

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

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

Fixed assets

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

2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

Fixed assets are derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognizing of the asset is included in the statement of profit or loss when the asset is derecognized.
The residual value of the assets, its economic useful life and its method of depreciation is revised annually by the end of each fiscal year.

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

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

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

Investments

Investment in subsidiaries
Investments in subsidiaries are investments in entities in which the company has control. Control is achieved when the company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.
Specifically, the company controls an investee if, and only if, the company has:
- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee).
- Exposure, or rights, to variable returns from its involvement with the investee.
- The ability to use its power over the investee to affect its returns.

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the company has less than a majority of the voting or similar rights of an investee, the company considers all relevant facts and circumstances in assessing whether it has power over an investee, including:
- The contractual arrangements with the other vote holders of the investee
- Right arising from other contractual arrangements
- The company voting rights and potential voting rights

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

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

Investments in associates

Investments in associates are those companies over which the Company has a significant influence and are not subsidiaries or join ventures, except for when the investment is classified as non-current asset held for sale according to the Egyptian

2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

accounting standards No, 32. Significant influence is assumed when the company owns directly or indirectly through its subsidiary's companies 20% or more of the voting rights in the investee, unless it can be clearly demonstrated that this ownership does not represent significant influence.

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

Financial instruments
A financial instrument is any contract that creates a financial asset for one entity and a financial liability or equity instrument for another entity.

• Financial assets

• Initial recognition
Upon initial recognition, the financial assets are classified according to each of the company's business models for managing the financial assets, and contractual cash flow characteristics of the financial asset. The company initially measures the financial assets at fair value in addition to transaction costs if they are financial assets that are not classified at fair value through profits or losses, with the exception of customer balances, which do not include a significant financing component, which is measured by the practical means applied by the company.

• Post-measurement
For the purposes of post-measurement, financial assets are classified into four categories:
1- Financial assets at amortized cost (debt instruments)
2- Financial assets at fair value through other comprehensive income with reinvesting of accumulated profits and losses (debt instruments)
3- Financial assets classified at fair value through other comprehensive income with un-reinvesting of accumulated profits and losses on disposal (equity instruments)
4- Financial assets at fair value through profit or loss.

Business Model Evaluation
The company's management conducts an assessment of the objectives of retaining financial assets, which reflects the way the management evaluates the performance of financial investments. The information to be obtained to evaluate the business model includes the following:

- The company's investment policy, is based on achieving returns on investment in the form of interest or selling profits
- The investment period that is commensurate with the administration's need for the necessary liquidity
- Reports needed to evaluate investment performance
- The risks that affect the performance of the business model and how to manage it
- The company's previous experience in dealing with these investments, the duration of their retention, and cash flows.
- How to reward investment managers and whether it is based on the fair value of the investment, or the cash flows received

Financial assets at amortized cost (debt instruments)
The company measures financial assets at amortized cost if each of the following two conditions is met:
• The financial asset is held within a business model whose objective is to hold financial assets to collect contractual cash flows only.
• The contractual terms of the financial asset give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal amount outstanding.

2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial assets are subsequently measured at amortized cost using the effective interest rate method and are subject to impairment. Gains and losses are recognized in the statement of profit or loss when the asset is disposal, modified, or impaired.

The company's financial assets that are measured at amortized cost include customer and other debit balances and due from related parties.

Financial assets at fair value through other comprehensive income (debt instruments)

For debt instruments at fair value through other comprehensive income, interest income, foreign currency revaluation, and impairment losses or impairment losses are recognized in the statement of profit or loss and are computed in the same way for financial assets measured at amortized cost. remaining changes in fair value are recognized in other comprehensive income. On disposal, the cumulative change in fair value recognized in other comprehensive income is reinvesting to profit or loss.

Financial assets at fair value through other comprehensive income (equity instruments)

On initial recognition, the Group may elect to irrevocably classify its investment in equity instruments as equity instruments designated at fair value through other comprehensive income when it meets the definition of equity under IAS 25 Financial Instruments: Presentation, and is not held. for trading. The rating is determined on an instrument-by-tool basis. Profits and losses from these financial assets are un-reinvesting to profit or loss. Dividends are recognized as income in the statement of profit or loss when the right to payment is established, except when the Group benefits from these returns as a recovery of part of the cost of the financial asset.

Equity instruments at fair value through other comprehensive income are not subject to impairment assessment. The Group has elected to classify its fully unlisted equity investments in this category.

Financial assets at fair value through Profit or losses

Financial assets at fair value through profit or loss are included in the statement of financial position at fair value with the recognition of net changes in fair value in profit or loss.

Expected credit losses

The company recognizes the expected credit losses for the following financial assets:

- Financial assets that are measured at amortized cost
- Investments in debt instruments that are measured at fair value through comprehensive income.

The company measures the expected credit losses over the lifetime of the financial asset, except for the following financial assets, which are measured as 12-month expected credit losses:

- Debt instruments that have low credit risk at the reporting date.
- Bank balances and debt instrument whose credit risk has not changed since the first recognition.

The company assumes that an increase in the expected credit risk is associated with a delay in debt collection more than 30 days from the maturity date, that the financial asset has failed to pay when the debt is more than 90 days past due, and that it is not expected to pay the financial dues without resorting to the liquidation of the guarantee.

The expected credit losses are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the company expects to receive, discounted approximately to the original effective interest rate.

The provision for credit losses for financial assets is presented in the financial statements by deducting it from the balance of the financial asset.

2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Disposal
A financial asset (as applicable, part of a financial asset or part of a group of similar financial assets) is a disposal when:
• the contractual rights to the cash flows from the financial asset have expired; or
• the Company transfers its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party through a pass-through contract; And either (a) the Company has transferred substantially all of the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.
When the company transfers its rights to receive cash flows from an asset or enters into a pass-through contract, it assesses whether, and to what extent, it has retained the risks and benefits of ownership. When it neither transfers nor retains substantially all the risks and rewards of the asset, or transfers control of the asset, the Company continues to recognize the transferred asset to the extent of its continuing involvement. In this case, the company also recognizes a corresponding liability. The transferred asset and the corresponding liabilities are measured on a basis that reflects the rights and obligations that the company has retained

Financial obligations
First recognition and measurement
On initial recognition, the financial liabilities are designated at fair value through profit or loss or loans and advances, suppliers, or derivatives designated as hedging instruments in an effective hedge transaction, as applicable.
All financial liabilities are initially recognized at fair value and in the case of loans and advances and suppliers, direct transaction costs are deducted.
The Company's financial obligations include suppliers, funds raised from the Group's treasury, amounts due to related parties, and derivative financial instruments.

Post measurement
The measurement of financial liabilities depends on their classification as shown below:

Financial obligations at fair value through profit or loss
Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities classified upon initial recognition at fair value through profit or loss.

Financial obligations at amortized cost (loans)
the most relevant category to the company. After initial recognition, loans and advances are subsequently measured at amortized cost using the effective interest rate method. Gains and losses are recognized in the statement of profit or loss when the liabilities are derecognised and through the effective interest rate amortization process.
Amortized cost is calculated by considering any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortization is recognized as a finance cost in the statement of profit or loss. This category generally applies to loans and facilities.

Disposal
A financial liability is a disposal when the obligation under the obligation is discharged, cancelled, or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the related carrying amounts is recognized in the statement of profit or loss.

Accounts receivable and other debit balances

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

2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and cash equivalent

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

Trade payables and accrued expenses

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

Provisions

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

Where the effect of the time value of money is material, the amount of a provision should be the present value of the expected expenditures required to settle the obligation. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

Revenue recognition

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

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

Legal reserve

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

Leases:

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

Company as a lessee.

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

Lease liabilities

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

Right-of-use assets

The Company recognizes right-of-use assets at the commencement date of the lease. Right-of-use assets. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received (if any) , in addition to an

2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

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

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

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

Impairment of assets
Impairment of non-financial assets
The Company assesses at each reporting date whether there is an indication that a non-financial asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an assets or cash-generating units (CGU) fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used.

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

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

Employees' / directors' compensation and motivation

Employees and manager's compensation and motivation system is according to the company's articles of association and applied with proposal of the board of directors by one of the following methods**:**
- Giving the employees free shares
- Giving the employees shares with special price
- Giving promise of sale of the shares after specific period and according to certain conditions that stated in the company promise of sale

The compensation and motivation system are not affected

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

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

2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred income tax
Deferred income tax is recognized using the liability method on temporary differences between the amount attributed to an asset or liability for tax purposes (tax base) and its carrying amount in the financial position (accounting base) using the applicable tax rate.
Deferred tax asset is recognized when it is probable that the asset can be utilized to reduce future taxable profits and the asset is reduced by the portion that will not create future benefit.
Current and deferred tax shall be recognized as income or an expense and included in the statement of profit or loss for The Nine-Months, except to the extent that the tax arises from a transaction or event which is recognized, in the same or a different year, directly in equity.

Statement of cash flows

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

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

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

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

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

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

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

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

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

2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

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

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

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

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

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

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

3 FIXED ASSETS

	Land LE	Building LE	Transportation and Motor Vehicles LE	Computers & Software LE	Furniture LE	Tools LE	Total LE
Cost							
As of 1 January, 2022	10,043,066	50,025,050	875,000	663,398	16,010	25,834	61,648,358
Additions	-	-	-	51,422	-	-	51,422
Disposals	-	-	-	-	-	-	-
As of 31 December, 2022	**10,043,066**	**50,025,050**	**875,000**	**714,820**	**16,010**	**25,834**	**61,699,780**
Accumulated depreciation							
As of 1 January, 2022	-	(6,878,444)	(874,998)	(647,595)	(2,195)	(24,369)	(8,427,601)
Depreciation for the year	-	(2,501,253)	-	(9,272)	(2,961)	(1,463)	(2,514,949)
Depreciation of Disposals	-	-	-	(5,608)	-	-	(5,608)
As of 31 December, 2022	-	(9,379,697)	(874,998)	(662,475)	(5,156)	(25,832)	(10,948,158)
Net book value as of 31 December 2022	**10,043,066**	**40,645,353**	**2**	**52,345**	**10,854**	**2**	**50,751,622**

- There is no collaterals on the fixed assets

3 FIXED ASSETS (CONTINUED)

	Land LE	Building LE	Transportation and Motor Vehicles LE	Computers & Software LE	Furniture LE	Tools LE	Total LE
Cost							
As of 1 January, 2021	10,043,066	50,025,050	875,000	674,162	1,210	34,768	61,653,256
Additions	-	-	-	11,150	14,800	-	25,950
Disposals	-	-	-	(21,918)	-	(8,934)	(30,848)
As of 31 December, 2021	**10,043,066**	**50,025,050**	**875,000**	**663,398**	**16,010**	**25,834**	**61,648,358**
Accumulated depreciation							
As of 1 January, 2021	-	(4,377,192)	(874,998)	(657,028)	(1,209)	(30,010)	(5,940,437)
Depreciation for the year	-	(2,501,252)	-	(12,478)	(987)	(3,290)	(2,518,006)
Depreciation of Disposals	-	-	-	21,911	-	8,931	30,842
As of 31 December, 2021	-	(6,878,444)	(874,998)	(647,595)	(2,196)	(24,369)	(8,427,601)
Net book value as of 31 December 2021	**10,043,066**	**43,146,606**	**2**	**15,803**	**13,814**	**1,465**	**53,220,757**

- There is no collaterals on the fixed assets

4- INVESTMENT IN SUBSIDIARIES

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

The following are the subsidiaries:

No	Company	Capital share LE	No, of issued shares	No, of acquired shares	Ownership percentage
1	Arab Company For Projects And Urban Development (S.A.E) *	2,620,162,400	26201624	26201538	99.9%
2	Alexandria Company For Real Estate Investment (S.A.E) *	925,451,950	18,509,039	18125500	96.92%
3	San Stefano Company For Real Estate Investment (S.A.E) **	878,000,000	8,780,000	6337565	72.18%
4	Alexandria For Urban Projects Company (S.A.E)***	133,500,000	1,335,000	533770	40%

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

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

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

The total cost of the investments in the subsidiaries amounted to LE 18,016,263,260 as follows:

	31 December 2022 LE	31 December 2021 LE
Arab Company for Projects And Urban Development (S.A.E)	**14,520,326,933**	14,520,326,933
Alexandria Company for Real Estate Investment (S.A.E)	**2,498,432,399**	2,498,432,399
San Stefano Company for Real Estate Investment (S.A.E)	**933,598,687**	933,598,687
Alexandria Company for Urban Projects (S.A.E)	**63,905,241**	63,905,241
	18,016,263,260	18,016,263,260

The company contributed to increasing the capital of the Arab Company for Projects and Urban Development by an amount of 967,796,300 EGP in support of operational activities, and the commercial register was registered on December 31, 2022.

5 INVESTMENT IN ASSOCIATES

	Percentage	No. of shares	**31 December 2022**	31 December 2021
			LE	LE
Hill /TMG for Constructions and Projects Management (under liquidation) *	49%	147000	**1,470,000**	1,470,000
			1,470,000	1,470,000

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

6 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

Financial assets at fair value through profit or loss are amounted to LE 106,319,354 reflecting the market price as of 31 December 2022 as follows:

Investments Type	Number of shares	Value before Valuation	Net change on 31 December 2022	Investment Return 31 December 2022	**Fair value 31 December 2022**	Fair value 31 December 2021
		LE	LE	LE	**LE**	LE
Ups Fund		52,282,686	30,250,909	-	**82,533,595**	-
Investments in EFG HERMES Fund III		14,218,340	6,498,904	(636,200)	**20,081,044**	14,218,340
Mutual investment fund –Juman Fund	9500	3,355,183	349,532	-	**3,704,715**	3,355,183
		69,856,209	37,099,345	(636,200)	**106,319,354**	17,573,523

7 PREPAID EXPENSES AND OTHER DEBIT BALANCES

	31 December 2022	31 December 2021
	LE	LE
Deposit with Others - Financial Regulatory Authority	**2,063,562**	2,063,562
Prepaid expenses	**56,279**	34,601
Other debit balances	**140,267**	97,708
ECL For debit balances	**(6,485)**	(6,808)
	2,253,623	2,189,063

8 CASH ON HANDS AND AT BANKS

	31 December 2022	31 December 2021
	LE	LE
A- Local Currency		
Cash on hand	**1,294**	397
Banks - current accounts	**1,454,554**	2,282,359
Time deposits	**30,000**	30,000
	1,485,848	2,312,756
B- Foreign Currency		
Banks current accounts	**657,131**	52,290,772
	2,142,979	54,603,528
Expected Credit losses	**(5)**	-
	2,142,974	54,603,528

9 ACCRUED EXPENSES AND OTHER CREDIT BALANCES

	31 December 2022	31 December 2021
	LE	LE
Accrued expenses	**7,557,517**	3,149,766
Vendors – services	**663,588**	4,519,879
Other credit balances	**378,016**	283,080
	8,599,121	7,952,725

10 CAPITAL

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

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

According to the Extraordinary General Assembly Meeting dated on 28 October 2007, the company's issued and paid up capital was increased through a public and private placement to become LE 20,302,035,500 divided over 2,030,203,550 shares.
The increased amount of LE 2,150,000,000 was paid with a premium share amounted to LE 1,6 per share by total premium amount of LE 344,000,000, recorded in the commercial register on November 25, 2007.

According to the Extraordinary General Assembly Meeting dated on 24 March 2010, the issued capital was reduced by the treasury stocks amounted of LE 169,720,520-par value, and 1 year has elapsed since its acquisition. Issued capital becomes LE 20,132,314,980 (Twenty billion and one hundred and thirty-two million and fourteen thousand and nine hundred and eighty pound) distributed over 2,013,231,498 shares. It was recorded in the commercial register on 18 May 2010.
The Extraordinary General Assembly Meeting dated 30 June 2011 approved to increase the issued and paid-up capital through issuing bonus shares, deducted from the retained earnings, to be LE 20,635,622,860- dividend over 2,063,562,286 shares through issuing free shares deducted from the retained earnings. It was recorded in the commercial register on 24 May 2011.

11 LEGAL RESERVE

Legal reserve amounted to LE 364,990,669 as of 31 December 2022 represents the transferred amount of the shares Premium amounted to LE 344,000,000, and LE 1.6 per share, part of the premium amounted to LE 185,880,702 was used to cover the IPO expenses, the remaining balance of LE 158,119,298 was transferred to the legal reserve, as well 5% of the net profit of the retained earnings of the prior years was also transferred to the legal reserve, this in accordance with law no 159 of 1981.

12 GENERAL RESERVES

The general reserve balance amounted to LE 61,735,404 as of 31 December 2022 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.

13 EARNINGS PER SHARE

Earnings per share for The Nine-Months are EGP *0.32* the basic earnings per share is calculated by dividing the net profit of the year on the total number of outstanding shares during the year as follows:

	31 December 2022 **LE**	31 December 2021 LE
Net profit for the year before deducting employees' dividends share and boards of directors' remuneration	660,985,912	542,120,667
employees' dividends share and Boards of directors' remuneration (estimated)	(6,000,000)	(6,000,000)
Net profit for the year, excluding employees' dividends share and Boards of directors' remuneration	654,985,912	536,120,667
Weighted average of outstanding shares	**2,063,562,286**	2,063,562,286
Earnings per share (L.E/share)	**0.32**	0.26

* The earnings per share has been calculated assuming the distribution of profits to employees and members of the Board of Directors in an discretionary manner in accordance with the company's Articles of Association.

* As there are no dilutive instruments outstanding, basic, and diluted earnings per share are identical.

14 DIVIDENDS RECEIVABLE

The balance of dividends from subsidiaries on 31 December 2022 amounted to EGP 618,048,949, which is represented in the dividends from *Arab Company for Projects and Urban Development* that is paid in accordance with the decision of the General Assembly meeting of *Arab Company for Projects and Urban Development* during 2022. Below is a reconciliation of the dividends during the year:

	31 December 2022 **LE**	31 December 2021 LE
Dividend declared	**751,004,302**	626,999,658
Beginning balance	**455,000,000**	454,995,068
Dividends paid during the year	**(587,955,353)**	(626,994,726)
Ending balance	**618,048,949**	455,000,000

15 INCOME TAX AND DEFFERED TAX

	31 December 2022 **LE**	31 December 2021 LE
Net Profits for the year before tax	**754,674,901**	610,987,946
Adjustments on the profits to reach to taxable profits	**(705,521,256)**	(565,863,823)
Net taxable profit	**49,153,645**	45,124,123
Income tax at 22,5%	**11,059,570**	10,152,928
Tax on dividends 5% / 10%	**75,100,453**	62,699,966
Adjustment on Tax return	**767,473**	(2,788,494)
Current income tax	**86,927,496**	70,064,400

The accrued income tax movement throughout the year:

	31 December 2022 **LE**	31 December 2021 LE
Balance at the beginning of the year	**55,652,928**	59,888,382
Additions during the year	**86,927,496**	70,064,400
Tax paid	**(69,520,388)**	(74,299,854)
Balance at the end of the year	**73,060,036**	55,652,928

15 INCOME TAX AND DEFFERED TAX (CONTINUED)

Deferred tax assets on 31 December 2022, amounted to LE 6,764,222 represented in the difference between accounting basis and tax basis and is calculated as follow:

	31 December 2022	31 December 2021
	LE	LE
Accounting basis (note 3&6)	**123,047,935**	43,177,690
Tax Basis	**92,984,725**	43,165,562
Temporary taxes differences	**30,063,210**	12,128
Tax rate	**22,5%**	22,5%
Deferred tax (asset)/ liability	**6,764,222**	2729
Deferred tax liability/(asset) –at the beginning of the year	**2,729**	1,490
Deferred tax – as per statement of profit or loss	**(6,761,493)**	4219

	31 December 2022	31 December 2021
	LE	LE
Current income tax	**(86,927,496)**	(70,064,400)
Deferred income tax	**(6,761,493)**	(4,219)
	(93,688,989)	(70,068,619)

16 RELATED PARTY TRANSACTIONS

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

Short term benefits paid, as salaries and rewards according to paragraph no, 17 of EAS no.15, amounted to EGP 12,102,311on 31 December 2022.

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

	Debit Balances 31 December 2022	Debit Balances 31 December 2021	**Nature of the transaction**
Arab Company for Projects and Urban Development	**1,126,987,830**	998,958,537	Under the account of the capital increase of the Arab Projects Company
Alexandria Company for Real Estate Investment	**26,355**	-	
Expected Credit Loss	**(3,541,705)**	-	
	1,123,472,480	998,958,537	

	Notes receivable 31 December 2022	Notes receivable 31 December 2021
Alexandria Company for Real Estate Investment	**1,715,094,971**	1,716,603,619
San Stefano for Real Estate Investment	**352,393,276**	352,393,276
Alexandria for Urban Projects	**417,457,544**	417,457,544
Accumulated ECL For Notes Receivables	**(869,731)**	(870,259)
	2,484,076,060	2,485,584,178

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

17 TAX SITUATIONS

a. Corporate tax
The tax return is presented on time , A tax inspection has been carried out till year 2014. The inspection of the following years is currently undergoing.

b. Salary tax
The company delivers the deducted payroll tax on a monthly basis and the quarterly income tax returns are files on time. A tax inspection has been carried out and settled till year 2020.

c. Stamp tax
The company pays the stamp tax on time to the tax authority including the stamp tax due to the advertising. A tax inspection has been carried out and settled till year 2017
.

18 CONTINGENT LIABILITY

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

19 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

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

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

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

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

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

A- Credit Risk
They are financial losses incurred by the company if the customer or the counterparty fails to fulfill its obligations regulated by the financial instrument contract, and then the company is exposed to credit risks mainly from notes receivable, prepaid expenses, various debtors, other debit balances, due from related parties, as well as from its financial activities. Including deposits with banks and financial institutions. This risk is limited because the main activity of the company is the acquisition of companies.

Notes Receivables balances
Credit risk arises based on the company's policy, procedures and control systems related to risk management. The customer's credit strength is measured, and the credit limit is determined based on this assessment. Outstanding balances of notes receivable are constantly monitored. The company conducts an impairment study in each financial year.

Other financial assets and cash deposits
With respect to credit risk arising from the company's other financial assets, which include bank balances, cash, and financial assets at amortized cost, the enterprise is exposed to credit risk because of counterparty default up to a maximum amount equal to the book value of these assets.

The financial sector of the local company, with the support of the Board of Directors, manages credit risks arising from balances with banks and financial institutions. The company limits its exposure to credit risk by depositing balances with international banks only or with reputable local banks. The management does not expect, according to the information available to the company about the bankers it deals with, that any counterparty will fail to fulfill its obligations

19 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

Due from related parties

Due from related parties for transactions arising in the normal course of business are associated 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 might affect the Company's income. Financial instruments affected by market risk include interest-bearing loans and borrowings, and interest-bearing deposits, The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return, The Company does not hold or issue derivative financial instruments.

Exposure to foreign currency risk

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

Exposure to interest rate risk

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

C- Liquidity risk

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

20 MAJOR EVENTS

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

These events did not negatively affect the financial statements of the company as on 31 December 2022 but may affect the financial statements for future financial periods. It is difficult to quantify this effect for now; this effect will appear in future financial statements. The magnitude of the impact varies according to the expected extent, the period during which those events are expected to end and their impact.

Since the beginning of the crisis, the executive management of the group has been keen to take a set of measures and procedures, which had a positive impact in mitigating the severity of the effects of the crisis, and the group's tolerance for any potential fluctuations in the various activities resulting from that pandemic.

• On March 21, 2022, the Central Bank of Egypt decided to increase the overnight deposit and lending rates and the price of the main operation of the central bank by 100 basis points, to reach 9.25%, 10.25, and 9.75%, respectively. The credit and discount rate were also raised by 100 basis points, to reach 9.75%. The company is studying the impact on the subsequent financial statements.

20 MAJOR EVENTS (CONTINUED)

• On May 19, 2022, the Central Bank of Egypt decided to increase the overnight deposit and lending rates and the price of the main operation of the central bank by 200 basis points, to reach 11.25%, 12.25%, and 11.75%, respectively. The credit and discount rate were also raised by 200 basis points, to reach 11.75%. The company is studying the impact on the subsequent financial statements.

• On October 27, 2022, the Central Bank of Egypt decided to increase the overnight deposit and lending rates and the price of the central bank's main operation by 200 basis points, to reach 13.25%, 14.25%, and 15.75%, respectively. The credit and discount rate were also raised by 200 basis points, to reach 13.75%. The company is studying the impact on the subsequent financial statements.

• On December 22, 2022, the Central Bank of Egypt decided to increase the rates of deposit and lending for one night and the price of the main operation of the central bank by 300 basis points, to reach 16.25%, 17.25% and 18.75%, respectively. The credit and discount rate was also raised by 200 basis points, to reach 17.75%. The company is studying the impact on the subsequent financial statements.

On October 27, 2022, the Central Bank of Egypt floated the exchange rate of the Egyptian pound against other foreign currencies, which led to a decrease in the value of the Egyptian pound against other currencies.

• The exchange rates of the Egyptian pound declined against the dollar and some other currencies in the period following the date of the financial statements. The company is studying the impact on the subsequent financial statements.