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

TALAAT MOSTAFA GROUP HOLDING COMPANY
"TMG HOLDING" (S.A.E)
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020
TOGETHER WITH AUDITORS' REPORT

Talaat Mostafa Group Holding Company "TMG Holding" (S.A.E)
Consolidated Financial Statements
For The Year Ended 31 December 2020

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(RSM EGYPT)
CHARTERED ACCOUNTANTS

ALLIED FOR ACCOUNTING & AUDITING
(EY)

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 Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of **Talaat Mostafa Group Holding Company "TMG Holding" (S.A.E)**, represented in the consolidated statement of financial position as of 31 December 2020, and the related consolidated 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 Consolidated Financial Statements

These consolidated financial statements are the responsibility of the 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 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 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 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 making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

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 the company, as of 31 December 2020, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Egyptian Accounting Standards and the related applicable Egyptian laws and regulations.

Cairo: 3 March 2021

Auditors

Tarek Hashish	**Amr Mohamed El Shaabini**
FESAA-FEST	**FESAA-FEST**
(RAA. 9473)	**(RAA. 9365)**
(CMAR. 118)	**(CMAR. 103)**
(RSM EGYPT) CHARTERED ACCOUNTANTS	**ALLIED FOR ACCOUNTING & AUDITING (EY)**

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As of 31 December 2020

	Notes	**31 December 2020 LE**	31 December 2019 LE
Assets			
Non-current Assets			
Fixed Assets	(4)	**6,124,581,393**	5,714,696,534
Investment properties	(5)	**39,375,571**	114,745,004
Intangible assets	(6)	**2,433,463**	784,747
Fixed assets under construction	(7)	**5,824,104,060**	4,092,823,582
Goodwill	(8)	**12,504,761,726**	12,504,761,726
Investments in associates	(9)	**52,713,175**	3,636,822
Available for sale investments	(10)	**266,089,969**	44,843,053
Held to maturity investments	(11)	**3,698,009,727**	3,559,914,874
Total non-current assets		**28,512,069,084**	26,036,206,342
Current assets			
Development properties	(14)	**46,202,851,945**	36,480,865,818
Inventory	(15)	**1,119,398,991**	1,002,034,248
Accounts and notes receivable	(13)	**31,112,105,729**	30,772,812,679
Prepaid expenses and other debit balances	(16)	**6,403,884,294**	5,306,729,793
Held to maturity investments	(11)	**1,831,996,747**	67,717,566
Financial assets at fair value through profit and loss	(12)	**8,087,461**	3,172,475
Cash on hand and at banks	(17)	**2,705,091,404**	4,211,695,693
Total current assets		**89,383,416,571**	77,845,028,272
Total assets		**117,895,485,655**	103,881,234,614
Equity and liabilities			
Equity			
Authorized capital	(22)	**30.000.000.000**	30.000.000.000
Issued and paid up capital	(22)	**20,635,622,860**	20,635,622,860
Legal reserve	(23)	**313,531,168**	289,974,198
General reserve	(24)	**61,735,404**	61,735,404
Foreign currency translation reserve		**2,425,548**	2,425,548
Retained earnings		**11,513,122,654**	10,136,497,167
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT COMPANY		**32,526,437,634**	31,126,255,177
Non-controlling interests		1,089,845,936	1,104,689,651
TOTAL EQUITY		**33,616,283,570**	32,230,944,828

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)
As of 31 December 2020

Non-current liabilities			
Loans	(25)	**3,127,439,205**	3,018,975,585
Other Long term liabilities	(26)	**6,514,781,555**	1,867,958,516
Sukuk Ijarah	(27)	**2,000,000,000**	-
Deferred tax liabilities	(28)	**5,084,141**	4,596,022
Total non-current liabilities		**11,647,304,901**	4,891,530,123
Current liabilities			
Banks overdraft		**21,097,833**	26,812,859
Credit facilities	(25)	**1,544,486,575**	1,242,105,267
Loans and facilities - current portion	(25)	**12,522,105**	402,747,194
Creditors and notes payable	(18)	**22,363,371,331**	15,826,402,114
Customers' advance payments	(19)	**37,870,038,187**	39,115,103,716
Dividends payable	(20)	**155,774,319**	341,246,915
Income tax payable	(28)	**996,166,500**	924,806,669
Accrued expenses and other credit balances	(21)	**9,668,440,334**	8,879,534,929
Total current liabilities		**72,631,897,184**	66,758,759,663
Total liabilities		**84,279,202,085**	71,650,289,786
Total equity and liabilities		**117,895,485,655**	103,881,234,614

Chairman	**Chief Executive Officer & Managing Director**	**Financial Director**
Tarek Talaat Moustafa	**Hesham Talaat Moustafa**	**Ghalib Ahmed Fayed**

- The attached notes (1) to (36) are an integral part of these consolidated financial statements.

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

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
For The Year Ended 31 December 2020

	Notes	For the year ended 31 December 2020	For the year ended 31 December 2019
		LE	LE
Real estate development revenue	(29)	11,817,795,879	8,151,602,281
Real estate development costs	(29)	(8,178,632,633)	(5,023,344,181)
Gross profit from real estate development		**3,639,163,246**	3,128,258,100
Hospitality revenue	(29)	622,361,298	1,602,552,433
Cost of hospitality	(29)	(672,570,199)	(1,036,972,279)
Gross profit from hospitality		**(50,208,901)**	565,580,154
Recurring & services activities revenue	(29)	1,657,632,678	1,989,416,473
Cost of recurring& services activities revenue	(29)	(1,133,183,941)	(1,171,468,251)
Gross profit of Recurring& Services Activities revenue		**524,448,737**	817,948,222
TOTAL GROSS PROFIT		**4,113,403,082**	4,511,786,476
General and marketing expenses		**(654,626,272)**	(713,787,350)
Donations and governmental expenses		**(181,401,363)**	(140,802,808)
Health insurance contribution		**(228,825,327)**	(42,158,785)
Other income	(30)	**479,357,216**	429,880,799
Fixed assets disposal losses / gains	(4)	**(522,665)**	416,902
Board of directors' allowances		**(1,225,100)**	(1,017,550)
Foreign exchange differences		**17,638,095**	(147,980,055)
NET PROFIT FOR THE PERIOD BEFORE IMPAIRMENTS, FINANCE COST AND DEPRECIATION		**3,543,797,666**	3,896,337,629
Depreciation and amortization charges	(4,5,6)	**(302,262,980)**	(261,598,824)
Finance cost		**(629,708,307)**	(345,100,132)
Impairment in value of goodwill		**-**	(562,000,000)
Impairment of available for sale investments		**(4,054,237)**	(17,440,598)
NET PROFIT FOR THE PERIOD BEFORE TAX		**2,607,772,142**	2,710,198,075
Income tax	(28)	**(957,362,769)**	(762,203,831)
NET PROFIT FOR THE YEAR		**1,650,409,373**	1,947,994,244
Attributable to:			
Parent company		**1,671,973,444**	1,872,246,700
Non-controlling interests		**(21,564,071)**	75,747,544
		1,650,409,373	1,947,994,244

Chairman	**Chief Executive Officer & Managing Director**	**Financial Director**
Tarek Talaat Moustafa	**Hesham Talaat Moustafa**	**Ghalib Ahmed Fayed**

- The attached notes (1) to (36) are an integral part of these Consolidated financial statements

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For The Year Ended 31 December 2020

	For the year ended 31 December 2020	For the year ended 31 December 2019
	LE	LE
Net profit for the year	**1,671,973,444**	1,947,994,244
Other comprehensive income		
Revaluation loss of available for sale investments	-	(46,327,304)
Comprehensive income after tax	-	(46,327,304)
Total comprehensive income for the year	**1,671,973,444**	1,901,666,940
Attributable to:		
Parent company	**1,671,973,444**	1,872,246,700
Non-controlling interests	**(21,564,071)**	75,747,544
	1,650,409,373	1,947,994,244

- The attached notes (1) to (36) 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 2020

	Issued and paid up capital	Legal reserve	General reserve	Accumulated translation adjustments	Retained earnings	Total	Non-controlling Interests	Total
	LE	**LE**	**LE**	**LE**	**LE**	**LE**	**LE**	**LE**
Balance as at 1 January 2020	20,635,622,860	289,974,198	61,735,404	2,425,548	10,136,497,168	31,126,255,178	1,104,689,653	32,230,944,831
Transferred to legal reserve	-	23,556,970	-	-	(23,556,970)	-	-	-
Total comprehensive income for the year	-	-	-	-	1,671,973,444	1,671,973,444	(21,564,071)	1,650,409,373
Dividends	-	-	-	-	(188,500,000)	(188,500,000)	-	(188,500,000)
Adjustment of dividends paid to employees in subsidiaries*	-	-	-	-	(83,290,988)	(83,290,988)	-	(83,290,988)
Adjustment on non-controlling interests*	-	-	-	-		-	6,720,354	6,720,354
Balance as at 31 December 2020	**20,635,622,860**	**313,531,168**	**61,735,404**	**2,425,548**	**11,513,122,654**	**32,526,437,634**	**1,089,845,936**	**33,616,283,570**

* Resulted from elimination entries among subsidiaries and dividends paid to non- controlling interests in subsidiaries.

- The attached notes (1) to (36) 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 2020

	Issued and paid up capital	Legal reserve	General reserve	Unrealized gain on available for sale assets	Accumulated translation adjustments	Retained earnings	Total	Non-controlling Interests	Total
	LE	LE	LE	LE	LE	LE	LE	LE	LE
Balance as at 1 January 2019	20,635,622,860	274,484,336	61,735,404	46,327,304	2,425,548	8,440,150,752	29,460,746,204	1,036,732,077	30,497,478,281
Transferred to legal reserve	-	15,489,862	-	-	-	(15,489,862)	-	-	-
Total comprehensive income (loss) for the year	-	-	-	(46,327,304)	-	1,872,246,700	1,825,919,396	75,747,544	1,901,666,940
Dividends	-	-	-	-	-	(371,000,000)	(371,000,000)	-	(371,000,000)
Adjustment of dividends paid to employees in subsidiaries	-	-	-	-	-	210,589,577	210,589,577	-	210,589,577
Adjustment on non-controlling interests*	-	-	-	-	-	-	-	(7,789,970)	(7,789,970)
Balance as at 31 December 2019	**20,635,622,860**	**289,974,198**	**61,735,404**	**-**	**2,425,548**	**10,136,497,167**	**31,126,255,177**	**1,104,689,651**	**32,230,944,828**

* Resulted from elimination entries among the subsidiaries and dividends paid to non-controlling interests in subsidiaries.

- The attached notes (1) to (36) are an integral part of these Consolidated financial statements

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

CONSOLIDATED STATEMENT OF CASH FLOWS
For The Year Ended 31 December 2020

	Notes	**For year ended 31 December 2020**	**For year ended 31 December 2019**
		LE	LE
CASH FLOWS FROM OPERATING ACTIVITIES			
Net profit for the period before tax and non-controlling interest		**2,607,772,142**	2,710,198,075
Adjustment to reconcile net profit with cash flow from operating activities:			
Depreciation & amortization	(4,5,6)	**302,262,980**	261,598,824
Impairment in value of goodwill		-	562,000,000
Impairment of available for sale investment	(10)	**4,054,237**	17,440,598
Health insurance contribution and other provisions		**228,825,327**	15,916,602
Other income	(30)	**(479,357,216)**	(429,880,799)
Fixed assets disposal losses / (gains)	(4)	**522,665**	(416,902)
Foreign exchange difference		**(17,638,095)**	147,980,055
Operating profit before changes in working capital		**2,646,442,040**	3,284,836,453
Change in development properties	(14)	**(9,721,986,127)**	(3,266,707,035)
Change in inventory	(15)	**(117,364,743)**	(633,608,178)
Change in accounts and notes receivable	(13)	**(339,293,050)**	(4,247,636,109)
Change in prepaid expenses and other debit balances	(16)	**(1,097,154,501)**	(263,820,908)
Change in creditors and notes payable		**6,536,969,217**	1,166,678,169
Change in long Term Liabilities		**4,646,823,039**	(587,472,739)
Change in advance payments from customers		**(1,245,065,529)**	5,326,178,624
Change in financial assets at fair value through profit and loss	(12)	**(4,914,986)**	(740,551)
Change in other credit balances	(21)	**560,080,078**	1,777,924,945
Income tax paid	(28)	**(885,422,914)**	(518,182,646)
Net cash flow from operating activities		**979,112,524**	2,037,450,025
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment to acquire fixed assets, intangible assets and fixed assets under construction	(4,6,7)	**(2,379,865,913)**	(1,244,444,904)
Proceeds from disposal of fixed assets	(4)	**9,635,649**	3,650,572
Payments against investments in associates		**(49,076,353)**	(679,426)
Payments against available for sale investments		**(225,301,153)**	(1,139,152)
Payments against held to maturity investments	(11)	**(1,902,374,034)**	(545,761,203)
Credit interests and income from treasury bills received	(30)	**479,357,216**	301,604,396
Net cash flow (used in) investing activities		**(4,067,624,588)**	(1,486,769,717)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from Sukuk Ijarah		**2,000,000,000**	-
Change in dividends payable from Holding company	(20)	**(188,500,000)**	(371,000,000)
Dividends paid from subsidiaries to employees and non-controlling interest		**(185,472,596)**	(43,972,770)
Proceeds / (Payments) of loans and facilities	(25)	**20,619,839**	(483,912,192)
Net cash flow from/ (used in) financing activities		**1,646,647,243**	(898,884,962)
Foreign exchange difference		**17,638,095**	(147,980,055)
NET INCREASE IN CASH EQUIVALENTS DURING THE YEAR		**(1,424,226,726)**	(496,184,709)
Non Cash adjustments *		**(76,662,537)**	(190,857,041)
Cash and cash equivalent at the beginning of the year		**4,184,882,834**	4,871,924,584
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	(17)	**2,683,993,571**	4,184,882,834

* Resulted from elimination entries among the subsidiaries and dividends paid to non-controlling interest in subsidiaries.

- The attached notes (1) to (36) are an integral part of these Consolidated financial statements

1 BACKGROUND

- Talaat Mostafa Group Holding TMG Holding S,A,E, was established on 13 February 2007 under the provisions of law 95 of 1992 and its executive regulations and registered in Egypt under Commercial Registration numbered 187398 by date 3 April 2007, and the company period is 25 years.
- The main objective of the Company is participating in the incorporation of shareholding companies or participating in the capital increase of those companies.
- The company headquarter and legal place is 36, Mosadek st, Dokki – Giza – Arabic republic of Egypt.
- The consolidated financial statements for the year ended 31 December 2020 were approved on 02 March 2021 according to the board of directors' resolution issued on the same date.

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

- The consolidated financial statements have been prepared in accordance with the Egyptian Accounting Standards and the prevailing laws and local regulations.
- The consolidated financial statements are presented in Egyptian Pound, it is the company's functional currency.
- The consolidated financial statements are prepared under the historical cost basis, except for available for sale investments, and financial assets measured at fair value through the profit or losses.

2.1 CHANGES IN ACCOUNTIING POLICIES

The accounting policies adopted this year are consistent with those of the previous year.

STANDARDS ISSUED BUT NOT EFFECTIVE

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

EAS 47: Financial Instruments

EAS 47 Financial Instruments that replaces EAS 26 Financial Instruments: Recognition and Measurement. EAS 47 is issued in April 2019 and is effective for annual periods beginning on or after 1 January 2020 in Egypt, with early application permitted. Except for hedge accounting, retrospective application is required but providing comparative information is not compulsory. For hedge accounting, the requirements are generally applied prospectively, with some limited exceptions. The Company elected not to early adopt EAS 47.

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

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

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

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

STANDARDS ISSUED BUT NOT EFFECTIVE (Continued)

EAS 48: Revenue from contracts with customers

EAS 48 was issued in April 2019, and effective from 1 January 2020 in Egypt, establishes a five-step model to account for revenue arising from contracts with customers. EAS 48 establishes a comprehensive framework for determining whether, how much and when revenue is recognized. It replaces existing revenue recognition guidance, including EAS 11 Revenue, EAS 8 Construction Contracts. Under EAS 48, revenue is recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The new revenue standard will supersede all current revenue recognition requirements under EAS. A modified retrospective application is required for annual periods beginning on or after 1 January 2020. The Company elected not to early adopt the standard. The company will apply the new standard in it’s effective date using modified retrospective application.

EAS 49: Leases

EAS 49 was issued in April 2019 and effective date is 1 January 2020 in Egypt. This standard will replace EAS 20 “Accounting for finance Leases”:

EAS 49 now requires lessees to recognize a lease liability reflecting future lease payments and a ‘right-of-use asset’ for virtually all lease contracts. There is an optional exemption of certain short-term leases and leases of low-value assets.

The mandatory date for adoption for the standard is 1 January 2020, and allows early adoption. The Company elected not to early adopt EAS 49.

2.2 BASIS OF CONSOLIDATION

The consolidated financial statements comprise the financial statements of the Parent Company and its subsidiary as at and for the year ended 31 December 2018. Control is achieved when the Group 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 Group controls an investee if, and only if, the Group 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

Voting rights and potential voting rights are considered in assessing whether the group has power over a subsidiary. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary.

The Group re-assess whether or not it controls an investee if facts and circumstances indicates that there are changes to one or more of the three elements of controls. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

BASIS OF CONSOLIDATION (CONTINUED)

Transactions with Non-controlling interest
Transactions with non-controlling interests that do not result in the loss of control by the Parent company are treated as transactions with the equity owners of the group. If a non-controlling interest is purchased, any difference between the amount paid and this non-controlling interest is recorded in equity, and any profits or losses resulting from the disposal of non-controlling interests are also recorded in the equity.

Business combination
Accounting for business combination under EAS 29 only applies if it is considered that a business has been acquired. For acquisitions meeting the definition of a business, the acquisition method of accounting is used to account for the acquisition of subsidiaries by the Parent Company. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any Non-controlling interest. The excess of the cost of acquisition over the fair value of the Group’s share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognized directly in the consolidated statement of profit or loss.

The following steps are followed in preparing the consolidated financial statements:

a- Eliminate the carrying amount of the Parent Company investment in each subsidiary and the Parent Company share of equity of each subsidiary.
b- Identify the non-controlling interest in the profit or loss of the consolidated subsidiaries for the reporting period.
c- Identify the non-controlling interests in the net assets of consolidated subsidiaries and presented in the consolidated financial statement separately from the Parent ownership interests. Non-controlling interests in the net assets consist of:
   (1) The amount of non-controlling interests as of the original date of combination.
   (2) The non-controlling interests’ share of changes in equity since the date of the combination.
d- Intergroup balances and transactions, revenues and expenses are eliminated.

- The separate financial statements of the Parent Company and its subsidiaries used in the preparation of the consolidated financial statements are prepared as of the same date.
- The separate financial statements of the Parent Company and its subsidiaries used in the preparation of the consolidated financial statements are prepared using uniform accounting policies for similar transactions and other events with similar circumstances.
- Non-controlling interests are presented in the consolidated financial position within equity, separately from the equity of the owners of the Parent Company, and the non-controlling interests share in the group profit or loss is presented separately.

BASIS OF CONSOLIDATION (CONTINUED)

The Consolidated financial statements include the subsidiaries which are controlled by Talaat Mostafa Group Company "TMG Holding". 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 1.66% of Alexandria company for real estate investment. and contributes in the following companies:

	Contribution
El rehab for management(S.A.E)	98%
Engineering for developed systems of building (S.A.E)	83.36%
El rehab for securitization(S.A.E)	100%
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 for coordinating and garden maintenance	93.95%
Atrium for contracting	100%

** 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:	83.30%
Nova park - Cairo(S.A.E)	99.99%
Alexandria Saudi for tourism projects (S.A.E)	99.88%
San Stefano for tourism investment (S.A.E)	94.33%
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%

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Foreign currencies
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.

The financial statements of the subsidiaries denominated in foreign currency are translated to the Parent company’s functional currency which is the Egyptian pound as follows:

A) Assets and liabilities for each Financial position presented are translated at the closing rate at the date of that Financial position.
B) Income and expenses for each statement of profit or loss presented are translated at exchange rates at the dates of the transactions or using average rate for the period when more practical.
C) All resulting exchange differences are included in the owner’s equity as a separate line item as foreign currency translation differences.

The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognized in consolidated statement of other comprehensive income (“OCI”) or profit or loss are also recognized in consolidated statement of OCI or consolidated statement of profit or loss, respectively).

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

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

	Years
Buildings & constructions	20-80
Motor Vehicles	5
Tools & equipment	3 - 8
Furniture and other assets	5- 10
Computers	3 - 8
Marina Equipment’s	2 - 10

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 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.

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

Intangible assets
Intangible assets acquired separately are measured on initial recognition at cost.
After initial recognition, intangible assets are carried at cost less any accumulated amortization and any accumulated impairment losses.
Internally generated intangible assets are not capitalized and expenditure is reflected in the statement of profit or loss in the period in which the expenditure is incurred.
The useful lives of intangible assets are assessed as either finite or indefinite.
Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. Useful lives and the amortization method for an intangible asset with a finite useful life are reviewed at least at each financial year end.
Intangible assets represent the computer programs and the related licenses and are amortized using the straight-line method over their estimated useful lives.

Goodwill
Goodwill is recognized as an asset at the acquisition date of a business combination. Goodwill is initially measured at cost, which represents the excess of the consideration transferred in the business combination over the Company's interest in the fair value of the assets, liabilities and contingent liabilities recognized.
After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Goodwill is tested for impairment annually and when circumstances indicate that the carrying value may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

Fixed assets under construction
Fixed assets 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. Fixed assets under construction are valued at cost net of impairment loss (if any).

Investment properties
Investment properties are land and buildings which are held to earn rental or for capital appreciation or both. Investments properties are measured at cost including acquisition cost or construction cost or any other related direct cost. After initial recognition Investment properties are measured at cost less accumulated depreciation and any accumulated impairment value depreciation is completed using the straight line method according to the estimated useful life of the assets

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

Investments in associates are accounted for, in the separate financial statements, at equity method. At the initial recognition, the investment is recognized at cost and to be adjusted in the subsequent periods with the change of the group's share in the net assets of the associate company. The group's profit or loss includes its share of the associates' results, and the group's comprehensive income includes its share of the associate company comprehensive income

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Available for sale investments

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

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

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

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

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

Financial assets at fair value through profit or loss

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

Investments are designated at fair value through profit and loss when the criteria in the Egyptian standard no. 26 are met and this does not apply to the non- current financial investments for which fair value cannot be measured reliably.

After initial measurement , these investments are carried at fair value and any gain or loss is recognized in the Consolidated statement of profit or loss .

Held to maturity investments

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

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

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

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

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Non-current assets held for sale

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

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

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

Development Properties

Properties acquired, constructed in the course of construction for sale are classified as development properties. Unsold properties are stated at the lower of cost or net realizable value.

The cost of development properties includes the cost of land and other related expenditure which are capitalized when activities that are necessary to get the properties ready for sale are in progress. Net realizable value represents the estimated selling price less costs to be incurred in selling the property.

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 and other debit balances

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

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

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.

Related party transactions
Related parties represent in 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.

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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.

Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue and costs, if applicable, can be measured reliably.
Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes and duty.
The specific recognition criteria described below must also be met before revenue is recognized.

Revenue of sale of completed development property
The Company recognises revenue of sale of property when the risks and rewards of ownership of the property have been transferred to the buyer which occurs when the units are delivered either actually or implied.

Revenue of sale of land
The Company recognises revenue of sale of property when the risks and rewards of ownership of the property have been transferred to the buyer which occurs when the units are actually delivered, provided the completion of utilities’ work.

Hospitality revenue
Hotels revenue is recognized according to the company’ shares from the profit of the hotels.

Dividends
Revenue from share dividend recorded when there is right to receive it.

Finance income
Finance income is recognised as it accrues using the effective interest rate (EIR) method. EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or liability.

Customers’ charges
Income arising from providing utilities (water and electricity) to customers is recognised when rendered. Customer charges revenues are included in other income in the Statement of Profit or Loss.

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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:

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 assets

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

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

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

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

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accounting estimates

The preparation of consolidated 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.
Estimates are reviewed on regularly basis and any differences in the estimates in the date of examining those estimates will affect only the audited period and if those differences will affect the current period and the coming periods those differences are to be recorded in the current and future periods.

Income tax

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

Current income tax

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

Deferred income tax

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

Deferred tax asset is recognized when it is probable that the asset can be utilized to reduce future taxable profits and the asset is reduced by the portion that will not create future benefit.
Current and deferred tax shall be recognized as income or an expense and included in the statement of profit or loss for the year, 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.

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.

Cash and cash equivalent

For the purpose of preparing the consolidated cash flow statement, cash and cash equivalent consist of cash at banks and cash in hand, ,time deposits and treasury bills that will due within three months and cheques less bank overdraft balances that due upon request which considered a part of the company's assets management system

Dividends

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

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

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

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

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

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

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

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

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

3 - Segment information

The major segments in the company are the real estate and tourism sectors, the profit and investments related to other segments are currently insignificant and not required to be reported in accordance to accounting standard No. 41 and are not disclose separately in the financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of 31 December 2020

4 PROPERTY AND EQUIPMENT - NET

	Lands	Buildings & Constructions	Motor Vehicles	Tools & Equipment	Furniture & Fixtures	Computers	Total
	LE	LE	LE	LE	LE	LE	LE
Cost							
As of 1 January 2020	1,087,171,370	4,611,988,347	300,381,353	537,821,849	715,421,876	84,737,253	**7,337,522,048**
Additions	-	398,290,047	53,724,149	126,763,256	93,409,658	32,914,358	**705,101,468**
Transfer from assets under construction	-	12,923,475	-	-	-	-	**12,923,475**
Disposals	(498,624)	(5,656,898)	(5,451,081)	(22,812,654)	(18,165,496)	5,943,392	**(46,641,361)**
As of 31 December 2020	1,086,672,746	5,017,544,971	348,654,421	641,772,451	790,666,038	123,595,003	**8,008,905,630**
Accumulated depreciation							
As of 1 January 2020	-	(624,066,229)	(177,305,473)	(338,284,849)	(427,275,472)	(55,893,490)	**(1,622,825,514)**
Depreciation for the period	-	(121,127,168)	(42,472,614)	(44,398,357)	(61,996,205)	(27,987,427)	**(297,981,772)**
Disposals	-	542,119	4,765,158	9,874,690	17,178,883	4,122,197	**36,483,048**
As of 31 December 2020	-	(744,651,278)	(215,012,929)	(372,808,516)	(472,092,794)	(79,758,720)	**(1,884,324,237)**
Net book value As of 31 December 2020	1,086,672,746	4,272,893,693	133,641,492	268,963,935	318,573,244	43,836,280	**6,124,581,393**

- Cost of Finance Leased assets on 31 December 2020 is EGP 185,129,131
- Cost of assets leased to other (Including Finance Leased assets) on 31 December 2020 is EGP 981,780,991

  Lien assets:
- 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 Company for Tourism Investment.
- First degree mortgage on the land and the building of Four Season Hotel Nile Plaza, Cairo owned by Nova Park Company, excluding the total sold or available for sale units and its share in the land.
- First degree mortgage on the land of the Nile Hotel owned by Nile Hotels Company, located at 12 Ahmed Ragheb Street - Garden City - Nile Palace - Cairo and the land of the garage and the Club Kempinski attached to the hotel and located at 4 Ahmed Ragheb Street - Garden City - Nile Palace - Cairo and on the hotel buildings, club and garage attached to it.

	LE	LE
Proceed from sale of fixed assets		9,635,648
Cost of disposed fixed assets	(45,159,587)	
Accumulated depreciation of sold assets	36,483,048	
Net book value of fixed assets' disposed		(10,158,313)
Fixed Assets Disposal Gain		(522,665)

	LE
The depreciation are allocated to the following:	
Depreciation expenses at the statement of profit or loss	297,981,772

4-PROPERTY AND EQUIPMENT (Continued)

	Lands	Buildings & Constructions	Motor Vehicles	Tools & Equipment	Furniture & Fixtures	Computers	Total
	LE	**LE**	**LE**	**LE**	**LE**	**LE**	**LE**
Cost							
As of 1 January 2019	820,472,346	3,426,564,696	249,762,813	483,152,520	630,621,707	64,565,040	5,675,139,122
Non cash adjustments	65,863,027	685,801,689	-	-	-	-	751,664,716
Additions	-	72,552,385	54,848,516	68,063,989	102,620,232	20,422,674	318,507,795
Transfer from investment properties item	200,835,997	427,070,808	-	(4,679,076)	-	(159,461)	623,068,268
Disposals	-	(1,231)	(4,229,976)	(8,715,584)	(17,820,063)	(91,000)	(30,857,853)
As of 31 December 2019	**1,087,171,370**	**4,611,988,347**	**300,381,353**	**537,821,849**	**715,421,876**	**84,737,253**	**7,337,522,048**
Accumulated depreciation							
At 1 January 2019	-	(517,195,364)	(144,534,455)	(303,114,426)	(387,127,412)	(39,547,814)	(1,391,519,471)
Depreciation for the period	-	(107,223,864)	(36,833,957)	(43,271,069)	(55,222,004)	(16,379,331)	(258,930,225)
Disposals	-	352,999	4,062,939	8,100,645	15,073,944	33,655	27,624,183
As of 31 December 2019	**-**	**(624,066,229)**	**(177,305,473)**	**(338,284,850)**	**(427,275,472)**	**(55,893,490)**	**(1,622,825,514)**
Net book value As of 31 December 2019	**1,087,171,370**	**3,987,922,118**	**123,075,880**	**199,536,999**	**288,146,404**	**28,843,763**	**5,714,696,534**

- Cost of Finance Leased assets on 31 December 2020 is EGP 1,648,220,095.
- Cost of assets leased to other (Including Finance Leased assets) on 31 December 2020 is EGP 1,157,630,978.
  Lien assets:
- 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 Company 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.
- First degree mortgage on the land of the Nile Hotel owned by Nile Hotels Company, located at 12 Ahmed Ragheb Street - Garden City - Nile Palace - Cairo and the land of the garage and the Club Kempinski attached to the hotel and located at 4 Ahmed Ragheb Street - Garden City - Nile Palace - Cairo and on the hotel buildings, club and garage attached to it.

	LE	LE
Proceed from sale of fixed assets		3,650,572
Cost of disposed fixed assets	(30,857,853)	
Accumulated depreciation of sold assets	27,624,183	
Net book value of fixed assets' disposal		(3,233,670)
Fixed Assets Disposal Gain		416,902

	LE
The depreciation are allocated to the following:	
Depreciation expenses at the statement of profit or loss	258,930,225

5 – INVESTMENT PROPERTIES

	Land	Buildings & Constructions	**Total**
Cost	**LE**	**LE**	**LE**
As of 1 January 2020	30,214,479	108,145,301	138,359,780
Additions	-	4,718,425	4,718,425
Disposal	(23,550,257)	(67,560,727)	(91,110,984)
As of 31 December 2020	**6,664,222**	**45,302,999**	**51,967,221**
Accumulated depreciation			
At 1 January 2020	-	(23,614,776)	(23,614,776)
Depreciation charge	-	(917,789)	(917,789)
Disposal	-	11,940,915	11,940,915
As of 31 December 2020	-	(12,591,650)	(12,591,650)
Net book value As of 31 December 2020	**6,664,222**	**32,711,349**	**39,375,571**
Net book value As of 31 December 2019	103,683,541	11,061,463	114,745,004

6 – INTANGIBLE ASSETS

	31 December 2020 **LE**	31 December 2019 LE
Computers and Software	**22,806,576**	7,160,512
Additions	**1,030,960**	-
Accumulated amortization at the beginning of year	**(18,040,655)**	(5,493,018)
Amortization charge	**(3,363,418)**	(882,747)
Balance at the end of year	**2,433,463**	784,747

7 – FIXED ASSETS UNDER CONSTRUCTIONS

	31 December 2020 **LE**	31 December 2019 LE
Sharm El Sheik Project Extension	**4,348,885,340**	3,350,639,132
Porto Venice Project	**293,765,787**	227,078,439
Hotel Assets	**651,614,242**	357,167,900
Villa – (Sednawy)	**73,606,541**	73,606,541
Luxor Project	**41,351,269**	72,533,460
Administration Office	**72,855,330**	11,798,110
Administration Space at Four season Nile plaza	**333,044,953**	-
Other assets	**8,980,598**	-
	5,824,104,060	4,092,823,582

8- GOODWILL

	31 December 2020 **LE**	31 December 2019 LE
Arab Company for Projects and Urban Development	**10,461,612,484**	10,461,612,484
Alexandria Company for Real Estate Investment	**2,043,149,242**	2,043,149,242
	12,504,761,726	12,504,761,726

Goodwill is tested annually for impairment. The impairment test study resulted in no impairment in the value of goodwill resulted from the acquisition of the subseries.

9- INVESTMENTS IN ASSOCIATES

	Percentage	**31 December 2020 LE**	31 December 2019 LE
Hill / TMG for Projects and Construction Management*	49%	**2,705,675**	2,929,322
Cairo Medical City Co.	10%	**7,500**	7,500
Bedaya Home Finnace	33,3%	**50,000,000**	-
Atrium for Advanced Buildings Systems	1,50%	**-**	700,000
		52,713,175	3,636,822

*The Board of directors approved on the liquidation of Hill /TMG for Constructions and Projects Management. Liquidation process still in progress.

10- AVAILABLE FOR SALE INVESTMENTS

	31 December 2020 LE	31 December 2019 LE
Hermes Investment Fund “third fund”	**13,904,658**	20,141,470
El Tameer for Real Estate Finance Company	**12,565,100**	12,565,100
Arabia Company for International Investment	**229,875,934**	-
Housing Insurance Company	**6,600,000**	6,600,000
Egyptian Mortgage Refinance Company	**1,762,500**	1,762,500
Egyptian Company for Marketing and Distribution	**500,000**	500,000
Engineering Company for Advanced Building Systems	**700,000**	-
Orion for Utilities and Services Management	**112,500**	112,500
Other Companies	**69,277**	3,161,483
	266,089,969	44,843,053

Available for sale investments that have no market price and its fair value cannot be reasonably determined due to the nature of the unpredictable future cash flows; are recorded at cost.
Hermes Investment Fund amounted LE 13,904,658 as of 31 December 2020, measured at fair value and impairment charge amounted to L.E 4,054,237 was taken to statement of profits or loss, net of a recovery amounted to L.E 2,182,577.

11- INVESTMENTS IN FINANCIAL ASSETS HELD TO MATURITY

Current Investment

This item amounted to LE 1,831,996,747 as of 31 December 2020 consists of treasury bills with a maturity date by December 2021:-

	31 December 2020 LE	31 December 2019 LE
Treasury Bills	**1,831,996,747**	67,717,566
	1,831,996,747	67,717,566

- Available cash was used to purchase short-term investments

11- INVESTMENTS IN FINANCIAL ASSETS HELD TO MATURITY (Continued)

Non - Current Investment

This item amounted to LE 3,708,265,000 as of 31 December 2020 consists of governmental bonds as follows:

No.	Face Value	Yield	Maturity
91000	91000000	17%	2022
210800	210800000	17%	2023
447307	447307000	15%	2024
1098046	1098046000	14%-15%	2025
461212	461212000	17%	2026
507500	507500000	16%	2027
359000	359000000	16%	2028
493400	493400000	14%	2029
400000	40000000	14%	2030
3,708,265	**3,708,265,000**		

The balance of bonds discount amounted to 12,617,202 as of 31 December 2020 and it is amortized at the coupon maturity date.

	31 December 2020 **LE**	31 December 2019 LE
Cost	**3,708,256,000**	3,570,932,000
Bonds discount	**(12,617,202)**	(13,217,536)
Amortizable value	**3,695,647,798**	3,557,714,464
Amortization of bonds discount during the period	**2,361,929**	2,200,410
Bonds balance	**3,698,009,727**	3,559,914,874

Held to maturity investments

	31 December 2020 **LE**	31 December 2019 LE
Short Term Investments	**1,831,996,747**	67,717,566
Long Term Investments	**3,698,009,727**	3,559,914,874
	5,530,006,474	3,627,632,440

12- FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	31 December 2020 **LE**	31 December 2019 LE
Investment Funds - Juman	**3,055,760**	3,157,863
Investment Fund – Charity Education	**5,000,000**	-
Egyptian Cables Company	**31,701**	14,612
	8,087,461	3,172,475

13- ACCOUNTS AND NOTES RECEIVABLE

	31 December 2020 LE	31 December 2019 LE
Accounts Receivables	**2,721,681,924**	631,799,459
Notes Receivables	**28,390,423,805**	30,141,013,220
	31,112,105,729	30,772,812,679

14- DEVELOPMENT PROPERTIES

	31 December 2020 LE	31 December 2019 LE
Beginning balance	**36,480,865,818**	33,830,088,112
Additions and adjustments during the year	**16,629,353,594**	8,272,122,064
Capitalized borrowing costs during the year	**1,612,928,275**	627,020,310
Realized costs of delivered units charged on statement of profit or loss	**(8,245,131,815)**	(5,621,344,358)
Realized costs of recurring activities returns charged on statement of profit or loss	**(77,392,383)**	-
Transfer to Fixed Assets right of use assets (Finance Lease)	**(197,771,545)**	(627,020,310)
Ending balance for the year	**46,202,851,944**	36,480,865,818

It presents the real estates purchased, developed or in the construction process to for the purpose of selling within the group's ordinary course of business and classified as Development properties. It includes the following components:

- Land.
- Amounts paid to contractors, including infra-structure costs.
- Capitalized borrowing costs, designs, planning, site preparation, professional legal fees indirect and other costs.

Infra-structure costs are allocated on the projects and represent portion of the project's estimated cost to complete, to determine the cost of the recorded revenue. The duration of the projects' construction and development estimated at more than 10 years.

According to the contract with the ***"New Urban Communities Authority"***, *Arab Company for Projects and Urban Development "subsidiary"* received 8*,000 feddans* to develop the project of *"Madinaty"* that is constructed on several phases in return of 7% of the total built up area of the apartments' buildings of the project.
The company recognizes the cost of land within the assets side, and the obligations due to ***"New Urban Communities Authority"***, in accordance to the calculated estimated cost of developing the units to be delivered to the authority.

A verdict was issued for the case raised against the ***"Urban Communities Authority"*** to cancel the contract of selling the land of *"Madinaty"*. A committee was formed by a resolution of the Prime Minster to adjust the legal situation of the land of *"Madinaty"* . The committee approved on reselling the land of *"Madinaty"* to "*Arab Company for Projects and Urban Development"* with a new contract dated 8 November 2010, and settlement should not be be less than LE 9.979 billion,

Accordingly, the recorded value of the land of "Madinaty" will be re-considered, at the signing the final contract of the land, and in light of, actual cost that will be incurred for the execution of the new contract. Due to the nature of the project that is divided into 6 phases, and the necessity of obtaining the approval of the ***"New Urban Communities Authority"*** prior to the initiation of any phase, hence the cost of land related to phase 1 amounted to LE 4.2 billion was recorded and the estimated cost of the remaining phases will be recorded when the authority's approval is obtained and the commencement of the phases execution.

A verdict was issued accepting the requests of the case no, 15777 for the year 65 J and accepting the form of the lawsuit and the subject of the laswsuit to recognize the contract dated 8 November 2010 between the new urban communities' authority and the Arab Company for projects and urban development, and the vertict 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.

14- DEVELOPMENT PROPERTIES “Continued”

“Arab Company for Projects and Urban Development” (subsidiary) entered into a final agreement with the *“New Urban Communities Authority”* and approved by the Cabinet on 25 February 2015. According to this agreement, , all disputes related to the interpretation of the mechanism of application and implementation of the 7% of the total built up area have been resolved, and the settlement due to the authority should not be less than LE 9,979 billion of the value of the land of “Madinaty” based on the contract entered into with ***“New Urban Communities Authority”*** in 2010 (all terms and conditions remain unchanged). The 7% is calculated at 3,195 million square meters of fully finished buildings which is currently under delivery over the life time of the project based on the contract entered into in 2010, in which it was agreed to pay a premium against the privilege of increasing the percentage of the regional services area and to keep the remaining approved components of the project unchanged . The premium amount to be paid is LE 1,122 Billion on installments for ten years.

15- INVENTORY

	31 December 2020	31 December 2019
	LE	LE
Inventory of units	**1,115,733,027**	853,985,989
Hotels’ operating Equipment and Supplies	**4,462,103**	149,022,307
	1,120,195,130	1,003,008,296
Amortization of Hotels’ inventory	**(796,139)**	(974,048)
	1,119,398,991	1,002,034,248

16 – PREPAID EXPENSES AND OTHER DEBIT BALANCES

	31 December 2020	31 December 2019
	LE	LE
Advance Payment - Contractors and Accounts Payable	**2,943,280,936**	2,923,344,505
Contractors “Storage”	**975,876,700**	362,831,709
Hotels - Current Accounts	**336,441,764**	603,325,070
Withholding taxes	**152,855,247**	292,024,550
Deposit with Others	**604,006,267**	613,751,299
Debtors – Maintenance, Water and Electricity	**117,049,195**	147,144,716
Other debit balances	**253,280,384**	5,651,362
Letter of credit	**69,986,528**	5,989,052
Other Debtors	**430,279,604**	161,131,123
Prepaid expenses	**161,806,310**	39,041,325
Amounts paid against “Investments Of Companies Under Incorporation”	**86,437,014**	8,544,324
Accrued revenue	**272,584,345**	143,950,758
	6,403,884,294	5,306,729,793

17 - CASH ON HAND AND AT BANKS

	Local Currency LE	Foreign Currency LE	**31 December 2020 LE**	31 December 2019 LE
Time deposits	**47,228,029**	1,827,018,026	**1,874,246,055**	2,199,210,565
Banks - current accounts	**543,010,633**	246,068,442	**789,079,075**	1,958,807,511
Cash on Hand	**28,563,107**	12,591,567	**41,154,674**	48,602,237
Cheques under collections	**40,000**	571,600	**611,600**	4,084,481
T-Bills	**-**	-	**-**	990,899
	618,841,769	2,086,249,635	**2,705,091,404**	4,211,695,693

- Time deposits mature within three months.
- Cheques under collection represent banks cheques and accepted cheques.

For the purpose of preparing cash flow statement, the cash and cash equivalent consists of:

	31 December 2020 LE	31 December 2019 LE
Cash on hand and at banks	**2,705,091,404**	4,211,695,693
Banks overdraft	**(21,097,833)**	(26,812,859)
Cash and cash equivalents	**2,683,993,571**	4,184,882,834

Treasury bills purchased during 2020 mature during the year 2021. The balance of the T.bills amounted to L.E 1,831,996,747 (note 11), and this should be taken into consideration when cash and cash equivalent the figures are compared between 2020 and 2019.

18- CREDITORS AND NOTES PAYABLE

	31 December 2020 LE	31 December 2019 LE
Contractors and suppliers	**2,694,685,244**	2,336,682,336
Notes Payables	**19,668,686,087**	13,489,719,778
	22,363,371,331	15,826,402,114

19- CUSTOMERS ADVANCE PAYMENT

	31 December 2020 LE	31 December 2019 LE
Customers advance payment (Al Rehab Project)	**1,092,840,625**	1,466,899,799
Customers advance payment (Al Rehab extension Project)	**4,263,464,760**	3,903,737,959
Customers advance payment (Madinaty Project)	**21,767,836,297**	22,765,555,305
Customers advance payment (Celia Project)	**10,729,122,095**	10,953,360,678
Customers advance payment (Al Rabwa Project)	**16,774,410**	20,193,975
Customers advance payment (San Stefano Project)	**-**	5,356,000
	37,870,038,187	39,115,103,716

The decrease of "customers' advance payment" balance in 2020 compared to 2019 is due to the impact of diminishing apportion of the customers' advance payment by L.E 1,557,876,637 by *"Checks owed by customers"* that were not collected at their due dates, as a result of the impact of the Pandemic. Nevertheless, an amount of LE 1,225,876,637 has been collected. In January and February 2021. The remaining will be collected in March 2021, leading ultimately to the increase of the collection rate up to 99%.

20- DIVIDEND PAYABLE

	31 December 2020 LE	31 December 2019 LE
Dividends payable to shareholders	**1,149,337**	1,149,337
Dividends payable to employees	**154,610,207**	340,082,803
Board of directors remuneration	**14,775**	14,775
	155,774,319	341,246,915

21- ACCRUED EXPENSES AND OTHER CREDIT BALANCES

	31 December 2020 LE	31 December 2019 LE
Customers' units Deposits	**5,976,522,957**	6,543,119,971
Retention guarantees	**2,395,388,318**	1,574,313,679
Other credit balances	**363,183,940**	479,032,701
Accrued expenses and creditors	**31,125,110**	33,034,892
Deposits to others	**7,910,202**	131,949,452
Customers – credit balances	**775,501,505**	26,128,199
Clubs' subscription	**118,808,302**	91,956,035
	9,668,440,334	8,879,534,929

22 – 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, on 3 April 2007.

According to the Extraordinary General Assembly Meeting dated on 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-up capital was increased to become LE 18,152,035,500 divided over 1,815,203,550 share 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 September 2011 approved to increase the issued and paid up capital through issuing bonus shares, deducted from the retained earnings, to become LE 20,635,622,860 par value, LE 10 per share dividend over 2,063,562,286 shares. It was recorded in the commercial register on 24 May 2011.

23 – LEGAL RESERVE

Legal reserve amounted to 313,531,168 as of 31 December 2020 represents the transferred amount of the shares Premium amounted to LE 344,000,000, and with LE 1,6 share premium 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 2020 represents the amount of LE 25,747,613 of the different results from shares swap of the company shares with its subsidiaries amounted in accordance to the Extra Ordinary General Assembly Meeting dated 6 October 2007 to transfer the different to general reserve.
In addition to the amount of LE 35,987,791, represents 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- LOANS AND FACILITIES

	Short Term	Long Term	**31 December 2020**	31 December 2019
	LE	LE	**LE**	LE
Banks facilities	1,544,486,575	-	**1,544,486,575**	1,242,105,267
Loans *	12,522,105	3,127,439,205	**3,139,961,310**	3,421,722,779
	1,557,008,680	3,127,439,205	**4,684,447,885**	4,663,828,046

The loans and bank facilities are:

	Bank facilities	Loans	Amount in original currency
	LE	LE	
Bank Audi – Egyptian Pound	275,728,246	-	-
Qatar National Bank– Egyptian Pound	183,754	-	-
National Bank of Egypt– Egyptian Pound	174,149,872	-	-
Arab Bank– Egyptian Pound	5,006,419	-	-
Emirates National Bank of Dubai – Egyptian Pound	1,990,844	-	-
Arab Investment Bank– Egyptian Pound	1,036,730	-	-
Export Development Bank– Egyptian Pound	358,083,793	-	-
Banque Misr – Egyptian Pound	294,035,410	-	-
Misr Iran Bank– Egyptian Pound	63,005,421	-	-
Faisal Islamic Bank - Egyptian Pound	300,000,000	-	-
Abu Dhabi Islamic Bank – Egyptian Pound	71,266,086	12,522,105	-
Ahly United Bank – Euro	-	200,025,466	**10,450,651 €**
Ahly United Bank – US Dollar	-	2,927,413,739	**186,222,248 $**
	1,544,486,575	**3,139,961,310**	

*The instalments of loans and bank facilities which are due within a year from the date of issuing the financial statements are recorded in the current liabilities and those loans are granted with commercial papers and financial securities in addition to fixed assets as follows:

- First degree mortgage property on the land of the Nile Hotel owned by Nile Hotels Company, located at 12 Ahmed Ragheb Street - Garden City - Nile Palace - Cairo and the land of the garage and the Club Kempinski attached to the hotel and located at 4 Ahmed Ragheb Street - Garden City - Nile Palace - Cairo and on the hotel buildings, club and garage attached to it.
- 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 Company 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.

26- OTHER NON -CURRENT LIABILITIES

	31 December 2020	31 December 2019
	LE	LE
New Urban Communities Authority	**6,514,781,555**	1,867,958,516
	6,514,781,555	1,867,958,516

27- IJARA INSTRUMENTS

The *"Arab Company for Projects and Urban Development"* (subsidiary) has issued Islamic sukuk leasing instruments that comply with Islamic sharia law and are non-transferable to shares, worth 2 billion Egyptian pounds, and the nominal value of the instrument: is LE 100 (one hundred Egyptian pound). The number of issued sukuk is 20,000.000 (twenty million) instruments, its duration is 57 months starting from the date of issuance of April 2020 and an amount of EGP 250 million will mature in 2022, an amount EGP 350 million mature in 2023, and EGP 1,400 million mature on 31 December 2024. Those instruments have a variable return in Egyptian pounds calculated based on the net average rate of return on treasury bills for six months, net if tax.

28- INCOME TAX AND DEFERRED TAX LIABILITY

The income tax was calculated as follows:

	31 December 2020 **LE**	31 December 2019 LE
Profits before tax	**2,607,772,142**	**2,710,198,075**
Adjustments on the profits to reach to taxable profits	**1,644,595,614**	**720,320,005**
Net taxable profit	**4,252,367,756**	3,430,518,080
Income tax at 22,5%	**956,782,745**	**771,866,568**
Income tax within other comprehensive income	**-**	**-**
Income tax for the period	**956,782,745**	**771,866,568**

Accrued income tax movement during the year:

	31 December 2020 **LE**	31 December 2019 LE
Balance at the beginning of the year	**924,806,669**	671,122,747
Additions during the year	**956,782,744**	771,866,568
Tax paid	**(885,422,912)**	(518,182,646)
Balance at the end of the year	**996,166,501**	924,806,669

The balance of deferred tax liabilities in 31 December 2020 is LE 5,084,141 which represents the difference between the fixed assets accounting basis and fixed assets tax basis. It is calculated as follow:

	31 December 2020 **LE**	31 December 2019 LE
Balance at the beginning of the year	**(4,596,022)**	(120,083,542)
Impact of adoption of EAS 49	**91,906**	105,824,783
Deferred tax revenue during the year	**72,792,000**	51,787,154
Deferred tax expense during the year	**(73,372,025)**	(42,124,417)
Balance at the end of the year	**(5,084,141)**	(4,596,022)

	31 December 2020 **LE**	31 December 2019 LE
Current income tax	**(956,782,744)**	(771,866,568)
Deferred income tax	**(580,025)**	9,662,737
	(957,362,769)	(762,203,831)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of 31 December 2020

29- REVENUE AND COST OF REVENUE

	31 December 2020 LE	31 December 2019 LE
- Revenue from sold units	**11,817,795,879**	8,151,602,281
- Revenue from Hotels' operation	**622,361,298**	1,602,552,433
- Recurring & services activities revenues	**1,657,632,678**	1,989,416,473
Total Revenues *	**14,097,789,855**	11,743,571,187
- Cost of sold Units	**8,178,632,633**	5,023,344,181
- Cost of Hotels' Operation	**672,570,199**	1,036,972,279
- Cost of recurring & services activities	**1,133,183,941**	1,171,468,251
Total Cost *	**9,984,386,773**	7,231,784,711

Hereunder the sectors' analysis:

	Real Estate& other recurring revenues LE	Tourism LE	General LE	31 December 2020 LE	31 December 2019 LE
Revenue	13,475,428,557	622,361,298	-	**14,097,789,855**	11,743,571,187
Cost of goods sold	9,311,816,574	672,570,199	-	**9,984,386,773**	7,231,784,711
Gross Profit	4,163,611,983	(50,208,901)	-	**4,113,403,082**	4,511,786,476
Depreciation	191,877,994	107,821,458	2,563,528	**302,262,980**	261,598,824
Other Revenue and fixed assets gain	-	-	474,780,315	**474,780,315**	430,297,702
Income Tax	-	-	(957,362,769)	**(957,362,769)**	(762,203,831)
Profits	1,894,842,910	(138,144,071)	(84,725,395)	**1,671,973,444**	1,872,246,700
Assets	79,227,369,946	10,416,857,408	-	**89,644,227,354**	87,180,876,842
Financial Investment	-	-	15,746,496,576	**15,746,496,576**	3,679,284,790
Unallocated Assets	-	-	12,504,761,726	**12,504,761,726**	13,021,072,981
Total Assets	79,227,369,946	10,416,857,408	28,251,258,302	**117,895,485,655**	103,881,234,613
Liabilities	80,776,267,276	3,435,421,229	-	**84,211,688,505**	71,557,741,446
Unallocated Liabilities	-	-	67,513,580	**67,513,580**	92,548,340
Total Liabilities	80,776,267,276	3,435,421,229	67,513,580	**84,279,202,085**	71,650,289,786

30- OTHER INCOME

	31 December 2020 LE	31 December 2019 LE
Finance Income	**169,966,243**	339,894,097
Revenue from financial assets held to maturity	**238,865,279**	56,875,427
Other operating revenue, rental units and usufruct	**69,280,197**	16,386,404
Dividends	**820,671**	10,238,132
Revenue of financial assets at fair value through profit or loss	**648,474**	280,648
The company's share in investments in associate companies	**(223,647)**	159,650
Others	-	6,046,441
	479,357,217	429,880,799

31-TAX SITUATION

Talaat Mostafa Group Holding Company

a. Corporate tax

The tax return was presented on time and inspection has carried out till year 2012.
, the following years are still under tax inspection.

b. Salary tax

The company pays the deducted income tax of the employees on a monthly basis and the quarterly income tax returns are presented to the tax authority on time and inspection has carried out till year 2011.
the following years are still under tax inspection.

Stamp tax

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

The company has no the real estate tax dues .

Arab Company for Projects and Urban Development

a. Corporate tax

- The company submits its tax returns regularly and in a timely manner, Inspection for the years until 2002 was carried out and the company received form (9-a) and settled the due amounts while appealing the form's assessment for year 1996 (period before incorporation).
- Inspection was carried out for years 2003-2006 and the company has been notified about tax claims and appealed the decision.
- For years 2007-2013 the company received tax form (19) and the file was transferred to internal tax committee.
- Inspection for years 2014-2017 was not yet carried out.
- 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 a period of ten years while phases IV and V are also exempted.

b. Salary tax

- The company settles income tax deducted from employee salaries on a regular basis, And tax returns were submitted and settled in a timely manner .
- The company's records until 2004 were inspected and claims until this date were settled.
- Tax returns for years 2013-2015 were submitted and the company didn't receive any notification from the tax authority.
- Inspection of records for years 2016-2017 was not yet carried out.

c. Stamp tax

- Tax inspection of the company's records for years until 2013 was carried out and all tax claims were settled.
- Tax returns for years 2014-2015 were submitted and the company didn't receive any notification from the tax authority.
- Inspection of records for years 2016-2017 was not yet carried out.

San Stefano Company for real estate investments

a. Corporate tax

- Inspection of the company's records until 2004 was carried out and tax claims until that date were settled.
- Inspection of the company's records for year 2005 as a samplewas suspended as per circular no. 3 for the year 2011 issued by the Tax Authority.
- Inspection of the company's records until 2006 was carried out, the claims were issued and appealed by company.
- Tax arbitration committee issued a decision regarding appeal for the year 2006 and legal proceedings pertaining to this decision are underway.
- Estimated tax expenses for the years 2007 & 2008 has been transferred tax arbitration committee that issued a decision for collecting the due amounts and the company tooks the legal proceedings pertaining to this decision.
- Inspection of the company's records for years 2009-2014 is being carried out by the Large Taxpayer Office.
- The company submits its tax returns regularly and in a timely manner .

31-TAX SITUATION (Continued)

b. Salary tax

- Inspection of the company’s records until 2005 was carried out and claims until year 2005 have been settled.
- Salary tax for years 2006-2007 was calculated, tax claim was received and appealed, New inspection for years 2006 and 2007 is underway.
- Inspection of the company’s records for years 2008-2018 is being carried out by the Large Taxpayer Office.
- The company submits its tax returns regularly and in a timely manner .

c. Stamp tax

- Inspection of the company’s records until year 2014 was carried out and tax claims were received and settled.
- Inspection of the company’s records for years 2015-2016 is being carried out by the Large Taxpayer Office.

Alexandria for Projects Management

a. Corporate tax

- Inspection of the company’s records until 2009 was carried out and tax claims until that date were settled.

b. Salary tax

- Inspection of the company’s records until 2014 was carried out and tax claims until that date were settled.

Alexandria Company for Real Estate Investments

a. Corporate tax

- The company submits its tax returns regularly and in a timely manner .
- Inspection of the company’s until 2011 was carried out and tax claims were settled.
- Inspection of the company’s records for years 2012-2013 was carried out and settlement of tax claims is underway.
- Inspection of the company’s records for years 2014-2016 has not yet been carried out.

b. Salary tax

- Inspection of the company’s records since inception until year 2007 was carried out and tax claims were settled.
- Inspection of the company’s records for years 2008-2016 has not yet been carried out.

c. Stamp tax

- Inspection of the company’s records until 30 April 2006 was carried out and tax claims were settled.
- Inspection of the company’s records for the period from 1 May 2006 until 31 December 2016 has not yet been carried out.

Arab Company for Hotels and Tourism Investments

a. Corporate tax

- The company submits its tax returns before the end of April of each year, as sanctioned by the Corporate Tax Law no. 91 of 2005 and tax expenses are annually paid based on the company results.
- Inspection of the company’s until 2011 was carried out and payment of tax claims is underway.

b. Salary tax

- The company deducts income tax on employee salaries on monthly basis and settles the amounts before the 15th day of each month in which the tax is incurred as per forms approved by the Tax Authority and submits its annual tax returns accompanied by payroll records and adjustments, The company received tax form no. (38) For years 2005-2010 and appealed the form within legal timeline, the appeal was accepted and inspection of the company’s records for years 2005-2010 is underway.

31-TAX SITUATION (Continued)

c. Stamp tax

- The company settles stamp tax in accordance with law no. 111 of 1980 and its amendments.
- Inspection of the company's records until year 2016 was carried out and the tax claims were settled.

Alexandria for Urban Projects

a. Corporate tax

- The company submits its tax returns regularly and in a timely manner .
- Inspection of the company's records until 2007 was carried out and tax claims were settled.

b. Salary tax

- The company deducts income tax on employee salaries in a timely manner .

c. Sales tax

- Inspection of the company's records until 31 December 2012 was carried out and tax claims until that date have been settled.

Al Rabwa for Entertainment Services

a. Corporate tax

- The company submits its tax returns regularly and in a timely manner .
- Inspection of the company's records until 2004 was carried out.
- The company enjoys a tax holiday under the New Urban Communities law.

b. Salary tax

- The company deducts income tax on employee salaries in a timely manner .
- Inspection of the company's records until 2006 was carried out and tax claims were settled.

c. Stamp tax

- No tax inspection was carried out until 2007.
- The company's records until 2001 were inspected and tax claims were settled.

d. Sales tax

- The company submits its tax returns and settles claims regularly and in a timely manner .

e- VAT

- The company is not subject to Value Added Tax (VAT), formerly sales tax.

Al Masria for Development and Real Estate Projects

a. Corporate tax

- The company submits its tax returns regularly and in a timely manner .
- The company submits its tax returns before the end of April of each year, as sanctioned by the Corporate Tax Law no. 91 of 2005 and tax expenses are due and paid annually based on the company operating results. The company received tax form no. (19) for year 2010 and appealed the form within legal timeline, the appeal was accepted and inspection of the company's records for years 2010-2014 is underway.

b. Salary tax

- The company deducts income tax on employee salaries on monthly basis and settles the amounts before the 15th day of each month in which the tax is incurred as per forms approved by the Tax Authority and submits its annual tax returns accompanied by payroll records and adjustments, The company received tax form no. (38) for years 2005-2011 and appealed the form within legal timeline, the appeal was accepted and inspection of the company's records for years 2005-2011 is underway.

c. Stamp tax

- The company settles stamp tax in accordance with law no. 111 of 1980 and its amendments.
- Inspection of the company's records until 2014 was carried out and settled.

31-TAX SITUATION (Continued)

El Nile for Hotels company

a. Corporate tax

- The company submits its tax returns before the end of April of each year, as sanctioned by the Corporate Tax Law no. 91 of 2005 and
- tax expenses are annually paid based on the company results.
-
- The company received tax form no. (19) for years 2010-2012 and appealed the form within legal timeline.

b. Salary tax

- The company deducts income tax on employee salaries on monthly basis and settles the amounts before the 15th day of each month in which the tax is incurred as per forms approved by the Tax Authority and submits its annual tax returns accompanied by payroll records and adjustments, Inspection of the company's records until 2011 was carried out and tax claims have been settled.

c. Stamp tax

- The company settles stamp tax in accordance with law no. 111 of 1980 and its amendments and inspection of the company's records until 2010 was carried out and tax claims have been settled.

d. VAT

- The company is subject to Value Added Tax (VAT), formerly sales tax, and submits relevant tax forms monthly.

San Stefano for Tourism Investment

a. Corporate tax

- The company submits its tax returns before the end of April of each year, as sanctioned by the Corporate Tax Law no. 91 of 2005 and
- tax expenses are annually paid based on the company results.
- .
- Inspection of the company's records until 2011 was carried out and the company has not yet been notified of its results.

b. Salary tax

- The company deducts income tax on employee salaries on monthly basis and settles the amounts before the 15th day of each month in which the tax is incurred as per forms approved by the Tax Authority and submits its annual tax returns accompanied by payroll records and adjustments.
- Inspection of the company's records until 2011 was carried out and company appealed against the tax authority estimiates.

c. Stamp tax

- The company settles stamp tax in accordance with law no. 111 of 1980 and its amendments, The company received tax form no. (19) for years 2011-2015 and appealed the form within legal timeline.

d. VAT

- The company is subject to Value Added Tax (VAT), formerly sales tax, and submits relevant tax forms monthly, Inspection of the company's records until 2015 was carried out and tax claims were settled.

Nova Park Cairo company

a. **Corporate tax**

- The company submits its tax returns before the end of April of each year, as sanctioned by the Corporate Tax Law no. 91 of 2005 and
- tax expenses are annually paid based on the company results.
- Inspection of the company's records until 2010 was carried out and the company has not yet been notified of its results.

31-TAX SITUATION (Continued)

b. **Salary tax**

- The company deducts income tax on employee salaries on monthly basis and settles the amounts before the 15th day of each month in which the tax is incurred as per forms approved by the Tax Authority and submits its annual tax returns accompanied by payroll records and adjustments, Inspection of the company's records until 2013 was carried out and the company has not yet been notified of its results.

c. **Stamp tax**

- The company settles stamp tax in accordance with law no. 111 of 1980 and its amendments, Inspection of the company's records until 2013 was carried out and the company has not yet been notified of its results.

d. **VAT**

- The company is subject to Value Added Tax (VAT), formerly sales tax, and submits relevant tax forms monthly, Inspection of the company's records until 2014 and the company appealed the authority's estimates.

Alexandria Saudi Company for Tourism Projects

a. Corporate tax

- The company submits its tax returns before the end of April of each year, as sanctioned by the Corporate Tax Law no. 91 of 2005 and
- tax expenses are annually paid based on the company results.
- Inspection of the company's records until 2014 was carried out and the company has appealed against the tax authority.

b. Salary tax

- The company deducts income tax on employee salaries on monthly basis and settles the amounts before the 15th day of each month in which the tax is incurred as per forms approved by the Tax Authority and submits its annual tax returns accompanied by payroll records and adjustments.
- Inspection of the company's records until 2013 was carried out and the company has not yet been notified of its results.

c. Stamp tax

- The company settles stamp tax in accordance with law no. 111 of 1980 and its amendments, Inspection of the company's records until 2014 was carried out and tax claims have been settled.

d. VAT

- The company is subject to Value Added Tax (VAT), formerly sales tax, and submits relevant tax forms monthly, Inspection of the company's records until 2015 and the company appealed the authority's estimates.

Luxor for Urban and Touristic Development Company

a. Corporate tax

- The company submits its tax returns before the end of April of each year, as sanctioned by the Corporate Tax Law no. 91 of 2005 and settles tax claims on operating results annually.
- Inspection of the company's records has not yet been carried out by the Investment Tax Authority.

31-TAX SITUATION (Continued)

b. Salary tax

- The company deducts income tax on employee salaries on monthly basis and settles the amounts before the 15th day of each month in which the tax is incurred as per forms approved by the Tax Authority and submits its annual tax returns accompanied by payroll records and adjustments, The company received tax form no. (38) for years 2011-2014 and appealed the form within legal timeline.

c. Stamp tax

- The company settles stamp tax in accordance with law no. 111 of 1980 and its amendments. Inspection of the company's records until 2014 was carried out and tax claims have been settled.

d. VAT

- The company is not subject to Value Added Tax (VAT).

Mayfair Company for Entertainment Services

a. Corporate tax

- The company commenced operations in 2005 and no tax inspection was carried out until now. The company enjoys a tax holiday under the New Urban Communities law.

b. Salary tax

- The company settles income tax deducted from employee salaries in a timely manner and now inspection of the company's records has been carried out to date.

c. Stamp tax

- No tax inspection was carried out to date of issuing the financial statements.

d. Sales tax

- The company submits its tax returns and settles claims regularly and in a timely manner .

Port Venice for Tourism Development

a. Corporate tax

- The company has not yet commenced operations and enjoys a tax holiday under the provisions of Investments Guarantees and Incentives Law but the company submits annual tax returns in accordance to the income tax law no. 91 of 2005.

b. Salary tax

- There is no amounts subject to income tax on salaries as the company is inactive, and no tax inspection was carried out yet.

c. Sales tax

- The company is not subject to sales tax.

d. Stamp tax

- No tax inspection was carried out to date of issuing the financial statements.

32- 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 financial position.
Alexandria Company for construction S.A.E is the main contractor for the companies' projects under the contracts signed with the companies.

Short term benefits paid from the holding company amounted to LE 4,432,565 in 31 December 2020 as salaries and rewards according to paragraph no. 17 of EAS no.15.

TMG Company for real estate and tourism investment –some of the board members participate in it – owns 43.16% of Talaat Mostafa Group Holding.

The most significant related party transactions that is included in the Financial Position statement:

	Contractors	**Guaranties**	**Contractors ”Storage“**	**Advance payments**	Notes payable	**Due from**
	LE	***LE***	***LE***	***LE***	***LE***	***LE***
Alexandria for construction company as of 31 December 2020	**1,062,701,089**	**1,720,049,770**	**478,901,496**	**1,800,790,005**		**98,173,143**
	Contractors	Guaranties	Contractors ”Storage“	Advance payments	Notes payable	Due from
	LE	***LE***	***LE***	***LE***	***LE***	***LE***
Alexandria for construction company as of 31 December 2019	936,741,690	1,324,054,505	297,120,541	1,773,650,954	68,585,089	98,173,143

33-FINANCIAL RISK MANAGEMENT POLICIES AND OBJECTIVES

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

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

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

The Board of Directors of the Parent Company has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's senior management are responsible for developing and monitoring the risk management policies and report regularly to the Parent Company on their activities.

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

a) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Company is exposed to credit risk principally from its receivables from customers, due from related parties, other receivables and from its financing activities, including deposits with banks and financial institutions.

Trade and notes receivables
The Company has entered into contracts for the sale of residential and commercial units on an instalment basis. The instalments are specified in the contracts. The Company is exposed to credit risk in respect of instalments due. However, the legal ownership of residential and commercial units is transferred to the buyer only after all the instalments are recovered. In addition, instalment dues are monitored on an ongoing basis with the result that the Company's exposure to bad debts is not significant.

33-FINANCIAL RISK MANAGEMENT POLICIES AND OBJECTIVES (Continued)

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.
Since the interest rate on the loans and financial obligations is a floating interest rate, the effect of the change in the interest rate will display in the financial statements of the company.

Exposure to foreign currency risk

The company exposed to the foreign currency risk mainly for the long term loans in us dollars. The company's exposure to foreign currency changes for all other currencies is not material.

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 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.

34-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 and notes receivable, debtors and other debit balances, held to maturity investments, and due from related parties.
The financial liabilities include banks overdrafts, accounts payable, creditors and other credit balances, retention payable, and due to related parties.

The fair value of the financial assets and financial liabilities are not substantially differed from the recorded book value unless it is mentioned.

35-LEGAL STATUS

According to the legal consultant opinion, the probability of wining the following lawsuits filed against and from the group companies is probable:

- Appeal #6913,7032,7308 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.
- Appeal # 41817/66 administrative Cairo rose from Mr. Ahmed Abdel Baseir against Arab company for projects and urban development, is booked for the report and the case is not yet rescheduled.
- 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.

36- MAJOR EVENTS

Some major global events occurred, which included the Arab Republic of Egypt as well, coronavirus spread, and the World Health Organization “WHO” announced that the outbreak of the virus can be characterized as a global pandemic. The government has imposed various measures to combat the spread of the virus, including travel restrictions ,quarantines, business closures, and other locations. These governmental measures and their corresponding impact are still evolving and are expected to impact the economic climate which in turn, could expose the company to various risks, including a significant drop in revenues, and impairment of assets and other risks.
The impact of these events was considered in the financial statements of the company as of 31 December 2020 and may affect the financial statements for future financial periods. It is difficult to determine the extent of the impact of these events on the Company’s activity during the said period. However the impact will occur in future financial statements. The magnitude of the impact varies according to the expected term, the time period during which those events are expected to end.

The group's revenues comprises of three main sectors: real estate sector, hotels sector, recurring income and services activities sector, e.g. malls, clubs’ memberships, as well as infrastructure and public transportation activity.

Since the outbreak of COVID-19 crisis, the Group's executive management took a set of measures and procedures which had a positive effect in mitigating the severity of the crisis, and the group's tolerance of any potential fluctuations in all the activities.

37- MAJOR EVENTS (Continued)

First: Real Estate Sector

1. The real estate sector achieved revenues during the year 2020 around EGP 11,817 million compared to EGP 8,152 million in the same period of the previous year. The increase is due to one-off deal amounted to about EGP 4 billion, its impact primarily reflected on the achieved sales during the year and the increase of cash collections, whereas EGP 2.25 billion of the deal was collected in September 2020.

2. Actual undelivered sales amounted to EGP 50,7 billion as of 31 December 2020. This amount enjoys a stable position and good quality of customers and will be fully financed by those customers, thus providing a clear view of cash flows and future profits. moreover the abovementioned the company has collected a stock of units of nearly completed Buildings that may generate sales in the coming period without any need of additional spending, which in turn might boast the volume of non-delivered sales and future cash flows.

3. The completion rates for the group's projects are in accordance with the prepared time plan and the management is keen to cautious to deliver to its customers their units according to the agreed deadlines.

Second: Hotel Sector

Hotel sector companies achieved revenues during year 2020, amounted to EGP 622 million compared to EGP 1,602 million in the same period of the previous year, and achieved operating losses of EGP 50 million in 2020 compared to operating profits amounted to EGP 565 million in the same period of the previous year due to the impact of COVID-19 .

Given the achieved losses from the hotel sector are primarily due to the impact of the Covid-19 pandemic on all tourism and aviation activities all over the world, which had its impact on Egypt, therefore it is considered a casual event and it is not solely limited to the group’s companies, thus it is expected, when the impact of the pandemic is over and the return to normal tourism and aviation rates around the world, the group's hotels should regain its ability to make profits again as previous due to its distinctive elements.

Immediately after the outbreak of the COVID-19 pandemic, the Executive Management in cooperation with the management companies of the Four Seasons Hotels Nile Plaza, Four Seasons Sharm El Sheikh, Four Seasons San Stefano and Nile Kempinski Hotel, and as a result of the multiple meetings, took several measures, as shown below, to mitigate the impact of COVID-19 on operational activities.

1. Maintaining cash balance available in hotels and speed up customers’ collection to maintain the cash balance at each hotel.
2. Rationalizing costs in various aspects of operation and work on a strategy to reduce fixed and operational costs while maintaining hotels’ assets.
3. The resumption of the hotels operations with a gradual capacity up to 50% and abiding by the measures of the World Health Organization and the Egyptian Ministry of Health and Population in this regard. The results of hotels operation showed good signs of return during the third quarter, especially at the Four Seasons Hotel San Stefano in Alexandria after the inauguration of beach facilities, villas and beach cabins for operation during the summer, resulting in an increase in the average room price and net profit during the third quarter.
4. Benefiting from the Central Bank of Egypt initiative to mitigate the impacts of COVID 19 on economic activities in deferring interest on outstanding loans of the companies for six months (from March to September).

Third: Recurring Income and Services Activities Sector

Recurring income and services activities sector achieved revenue amounted to EGP 1,647 million during 2020 compared to EGP 1,989 million during the same period of last year as a result of the impact of the precautionary measures against Covide-19 pandemic, which affected the operations of those activities and the generated revenues , however, the company has a strong financial position, in addition to the excellent liquidity and The ability to cover any potential deficit. The Management’s focus remains on reducing those impacts.