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

TALAAT MOUSTAFA GROUP HOLDING COMPANY "TMG HOLDING" (S.A.E)
SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021
TOGETHER WITH AUDIT REPORT

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

Separate Financial Statements
FOR THE YEAR ENDED 31 DECEMBER 2021

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

Report on the separate financial statements
We have audited the accompanying separate financial statements of **TALAAT MOSTAFA GROUP HOLDING COMPANY "TMG HOLDING" (S.A.E) ("the Company")**, represented in the separate statement of financial position as of 31 December 2021, and the related separate statements of profit or loss, comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the separate financial statements
These separate financial statements are the responsibility of the Company's Management, as The Management is responsible for the preparation and fair presentation of the financial statements in accordance with Egyptian Accounting Standards and applicable Egyptian laws, and the decisions and interpretations issued by Financial Regulatory Authority (FRA). Management responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, 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 those separate financial statements based on our audit. We conducted our audit in accordance with Egyptian Standards on Auditing and applicable Egyptian laws. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance that the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's professional 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 financial statements.

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

Translation of review report
originally issued in Arabic

AUDITORS' REPORT– CONT'D
TO THE SHAREHOLDERS OF TALAAT MOSTAFA GROUP HOLDING COMPANY "TMG HOLDING" (S.A.E) – CONT'D

Opinion

In our opinion, the separate financial statement referred to above, give a true and fair view, in all material respects, of the separate financial position of the **Company** as of 31 December 2021, and of its separate financial performance and its separate cash flows for the year then ended in accordance with Egyptian Accounting Standards and the related applicable Egyptian laws and regulations, and the decisions and interpretations issued by Financial Regulatory Authority (FRA).

Emphasis of a matter

As indicated in note (4), the company has investments in subsidiaries and prepared consolidated financial statements as of 31 December 2021 in accordance with Egyptian Accounting standards, for better understanding of the company's financial position as of 31 December 2021 and its financial performance and its cash flows for the year then ended, the matter necessitates reference to the consolidated financial statements.

Report on other legal and regulatory requirements

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

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

Auditors

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

Cairo: 7 March 2022

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

SEPARATE STATEMENT OF FINANCIAL POSITION
As of 31 December 2021

	Notes	31 December 2021 LE	31 December 2020 LE
Non-current assets			
Fixed Assets	(3)	**53,220,757**	55,712,819
Fixed assets under construction		**-**	132,000
Investments in subsidiaries	(4)	**18,016,263,260**	17,048,466,959
Investments in associates	(5)	**1,470,000**	1,470,000
Available for sale investments	(6)	**-**	13,904,658
Deferred tax assets		**-**	1,490
Total non-current Assets		**18,070,954,017**	17,119,687,926
Current assets			
Financial assets at fair value through profit or loss	(7)	**17,573,523**	3,055,760
Notes receivable	(17)	**2,485,584,178**	4,202,654,249
Dividend's receivable	(15)	**455,000,000**	454,995,068
Due from Related Parties	(17)	**998,958,537**	-
Prepaid expenses and other debit balances	(8)	**2,189,064**	2,158,583
Cash on hand and at banks	(9)	**54,603,528**	71,300,834
Total current assets		**4,013,908,830**	4,734,164,494
Total assets		**22,084,862,847**	21,853,852,420
Equity and liabilities			
Equity			
Issued and paid-up capital	(11)	**20,635,622,860**	20,635,622,860
Legal reserve	(12)	**337,884,636**	313,531,168
General reserve	(13)	**61,735,404**	61,735,404
Retained earning		**985,738,968**	775,449,408
Total Equity		**22,020,981,868**	21,786,338,840
Non-current liabilities			
Deferred tax liabilities		**2,729**	-
Total Non - current liabilities		**2,729**	-
Current liabilities			
Notes payable		**272,597**	235,618
Income tax payable	(16)	**55,652,928**	59,888,382
Accrued expenses and other credit balances	(10)	**7,952,725**	7,389,580
Total current liabilities		**63,878,250**	67,513,580
Total liabilities		**63,880,979**	67,513,580
Total equity and liabilities		**22,084,862,847**	21,853,852,420

Executive Vice President for Financial Sector	Chief Executive Officer & Managing Director	Chairman
Ghalib Ahmed Fayed	Hesham Talaat Moustafa	Tarek Talaat Moustafa

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

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

SEPARATE STATEMENT OF PROFIT OR LOSS
As of 31 December 2021

	Notes	For the year ended 31 December 2021 LE	For the year ended 31 December 2020 LE
Dividends from subsidiaries	(15)	**626,999,658**	571,794,762
Finance income		**3,200,580**	7,983,373
Revaluation gain of financial assets at fair value through profit or loss	(7)	**613,105**	299,448
Total revenue		**630,813,343**	580,077,583
Available for sale investments impairment		-	(4,054,237)
General and administrative expenses		**(15,729,021)**	(12,818,675)
Depreciation charges	(3)	**(2,518,006)**	(2,563,528)
Bank charges		**(21,961)**	(23,825)
Expected credit losses cancelled		**600,572**	-
Foreign currency exchange (Losses)		**(115,641)**	(1,067,194)
Board of directors' allowances		**(840,000)**	(920,000)
NET PROFIT FOR THE YEAR BEFORE TAX		**612,189,286**	558,630,124
Income taxes	(16)	**(70,068,619)**	(71,560,756)
NET PROFIT FOR THE YEAR AFTER TAX		**542,120,667**	487,069,368
EARNINGS PER SHARE	(14)	**0,26**	0,23

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

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

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

SEPARATE STATEMENT OF COMPREHENSIVE INCOME
As of 31 December 2021

	For the year ended 31 December 2021 LE	For the year ended 31 December 2020 LE
Net profit for the year	**542,120,667**	487,069,368
Other comprehensive income	**-**	-
Total comprehensive income for the year	**542,120,667**	487,069,368

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

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

SEPARATE STATEMENT OF CHANGES IN EQUITY
As of 31 December 2021

	Issued and paid-up capital	**Legal reserve**	**General reserve**	**Retained earnings**	**Total**
	LE	**LE**	**LE**	**LE**	**LE**
Balance as of 1 January 2021	20,635,622,860	313,531,168	61,735,404	775,449,408	21,786,338,840
Impact of accounting standard adoption No. 47 (note 2-1)	-	-	-	(1,477,639)	(1,477,639)
Balance as of 1 January 2021 after the impact of accounting standards	20,635,622,860	313,531,168	61,735,404	773,971,769	21,784,861,201
Transferred to legal reserve	-	24,353,468	-	(24,353,468)	-
Total comprehensive income for the year	-	-	-	542,120,667	542,120,667
Dividends	-	-	-	(306,000,000)	(306,000,000)
Balance as of 31 December 2021	**20,635,622,860**	**337,884,636**	**61,735,404**	**985,738,968**	**22,020,981,868**

	Issued and paid-up capital	Legal reserve	General reserve	Retained earnings	Total
	LE	LE	LE	LE	LE
Balance on 1 January 2020	20,635,622,860	289,974,198	61,735,404	500,437,010	21,487,769,472
Transferred to legal reserve	-	23,556,970	-	(23,556,970)	-
Total comprehensive income for the year	-	-	-	487,069,368	487,069,368
Dividends	-	-	-	(188,500,000)	(188,500,000)
Balance as of 31 December 2020	**20,635,622,860**	**313,531,168**	**61,735,404**	**775,449,408**	**21,786,338,840**

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

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

SEPARATE STATEMENT OF CASH FLOWS
As of 31 December 2021

	Notes	For the Year ended 31 December 2021	For the Year ended 31 December 2020
		LE	LE
OPERATING ACTIVITIES			
Net profit for the year before tax		**612,189,286**	558,630,123
Depreciation charges	(3)	**2,518,006**	2,563,528
Dividends from subsidiaries	(15)	**(626,999,658)**	(571,794,762)
Finance income		**(3,200,580)**	(7,983,373)
Expected credit losses cancelled		**(600,572)**	-
Impairment of financial investment		**-**	4,054,237
Revaluation gain of financial assets at fair value through profit or loss	(7)	**(613,105)**	(299,448)
Foreign currency exchange losses		**115,641**	1,067,194
Operating (loss) before changes in working capital		**(16,590,982)**	(13,762,501)
Change in due from related parties		**(998,958,537)**	-
Change in notes receivable		**748,535,512**	(966,893,439)
Change in Prepaid expenses and other debit balances	(17)	**(37,289)**	22,271
Change in notes payable	(8)	**36,978**	197,001
Change in accrued expenses and other credit balances		**563,145**	246,464
Income tax paid	(10)	**(74,299,854)**	(92,180,512)
Net cash flow (used in) operating activities	(16)	**(340,751,027)**	(1,072,370,716)
CASH FLOW FROM INVESTING ACTIVITIES			
(Payments) for the purchase of fixed assets and projects under construction	(3)	**(25,944)**	-
Proceeds from Available for sale investment		**-**	2,182,577
Dividend received		**626,994,726**	1,156,288,426
Finance income received		**3,200,580**	7,983,373
Net cash flow provided from investing activities		**630,169,362**	1,166,454,376
CASH FLOW FROM FINANCING ACTIVITIES			
Dividend Paid		**(306,000,000)**	(188,500,000)
Net cash flow (used in) financing activities		**(306,000,000)**	(188,500,000)
NET CHANGE IN CASH AND CASH EQUIVALENT DURING THE YEAR		**(16,581,665)**	(95,483,534)
Cash and cash equivalent at the beginning of year		**71,300,834**	166,784,368
Foreign currency exchange		**(115,641)**	(1,067,194)
CASH AND CASH EQUIVALENT AT THE END OF THE YEAR	(9)	**54,603,528**	71,300,834

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

1 BACKGROUND

- Talaat Mostafa Group Holding TMG Holding S.A.E **("The company")**, was established on 13 February 2007 under the provisions of law 95 of 1992 and its executive regulations.
- The company was registered with the commercial register number 187398 on April 3, 2007,
- The company has a term of 25 years.
- The main objective of the Company is participating in the incorporation of shareholding companies or participating in the capital increase of those companies.
- The company headquarter and legal place is 36, Mosadek St, Dokki – Giza – Arabic republic of Egypt,
- The separate financial statements for Year ended 31 December 2021 were approved on 6 March 2022 according to the board of directors' resolution held on the same date.

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

- The separate financial statements are prepared under the historical cost basis, except for financial assets at fair value through other comprehensive income, and financial assets measured at fair value through the profit or losses.
- The separate financial statements are presented in Egyptian Pound, it is the company's functional currency.

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

- The separate annual financial statements have been prepared in accordance with Egyptian accounting standards considering the Egyptian laws and regulations and the instructions of the Financial Regulatory Authority which were issued in January 2022 regarding "*Notes receivable for units not yet delivered*", and the authority instructions over securitization treatments.

2.1 CHANGES IN ACCOUNTIING POLICIES

- The accounting policies adopted in the preparation of the separate financial statements are consistent with those followed in the preparation of the Group's annual separate financial statements for the year ended 31 December 2020, except for the adoption of new standards effective as of 1 January 2021.
- The Company elected to adopt the new standards using the modified retrospective method that requires recognising the cumulative effect of initially applying the new standards as an adjustment to the opening balance of retained earnings on 1 January 2021, and by not restating the comparative information.

- Egyptian Accounting Standard No. 47 "Financial Instruments"
- Egyptian Accounting Standard No. 48 "Revenue from Contracts with Customers"
- Egyptian Accounting Standard No. 49 "Leases"

Egyptian Accounting Standard No. (47) "Financial Instruments"

Egyptian Accounting Standard No. (47) that replaces EAS 26 Financial Instruments: Recognition and Measurement. EAS 47 was issued in April 2019 and is effective for annual years beginning on or after 1 January 2021, with an option of early implementation except for hedge accounting, retrospective application is required however comparative information is not compulsory. For hedge accounting the requirements are generally applied prospectively, with some limited exceptions.

The Company's financial assets are classified at amortized cost , fair value through other comprehensive income and fair value through profit or loss.

The new impairment model requires the recognition of impairment allowance for expected credit losses rather than the credit losses incurred under EAS 26. It applies to financial assets classified at amortized cost, debt instruments measured at fair value through other comprehensive income, contract assets, according to EAS 48 "*Revenue from contracts with customers*", lease receivables, loan commitments and certain financial guarantee contracts.

The new standard requires further disclosures and changes in the way of presentation which change the nature and extent of the company's disclosures about its financial instruments.

2.1 CHANGES IN ACCOUNTIING POLICIES (CONTINUED)

The company has applied the new accounting policy note (2-2), and the following represents the impact of applying the Egyptian Accounting Standard 47 “Financial Instruments”:

	Adjusted Accumulated Impact at 1 January 2021	Movement during the year	**Balance as of 31 December 2021**
	LE	LE	**LE**
ECL for Notes Receivables	(1,470,929)	600,670	**(870,259)**
ECL for Debit Balances	(6,710)	(98)	**(6,808)**
	(1,477,639)	600,572	**(877,067)**

Egyptian Accounting Standard No. 48 "Revenue from Contracts with Customers"

Egyptian Accounting Standard No. (48) supersedes Egyptian Accounting Standard No. (8) "Construction Contracts" and Egyptian Accounting Standard No. (11) "Revenues. The standard was adopted on 1 January 2021.
The new standards introduced a 5-steps model in which revenue is recognized when control of goods or services is transferred to a customer. The 5-steps model as follows:

1. Identify the contracts with customers.
2. Identify the performance obligations in the contract.
3. Determine the transaction price.
4. Allocate the transaction price.
5. Recognise revenue when the performance obligations are satisfied.

The standard requires management to exercise an accounting estimate, considering all relevant facts and circumstances when applying each step of the model on the contracts with its customers. The standard also specifies the accounting for incremental costs of obtaining a contract with customers and for the costs incurred to fulfil a contract with a customer.
The company applied the new accounting policy mentioned in disclosure (2-2) and there has been no substantial impact resulted from applying the Egyptian Accounting standard No. (48) “Revenue from contracts with customers” on the retained earnings on 1 January 2021 or the Company’s revenue recognition.

Egyptian Accounting Standard No. (49) “Leases”
Egyptian Accounting Standard No. (49) supersedes Egyptian Accounting Standard No. (20) - Accounting rules and standards related to lease operations

The company as a lessee: Egyptian Accounting Standard No. (49) “Leases” requires lessees to account for all leases under a single on-balance sheet model where the lessee recognizes the assets representing the right to use the underlying assets and a liability, at the present value of the minimum lease payments.
The standard includes two recognition exemptions for lessees – leases of ’low-value’ assets and short-term leases.

The Company as a lessor: A lessor should classify each of its leases as either an operating lease or finance lease.

leases classified as finance lease, a lessor should recognise assets held under a finance lease in its statement of financial position and present them as a receivable at an amount equal to the net investment in the lease

leases classified as operating lease, a lessor should recognise lease payments from operating leases as income on either a straight-line basis or another systematic basis.

The company applied the new accounting policy mentioned in disclosure (2-2) and there have been no substantial impact on applying the Egyptian accounting standard (49) Lease contracts over the retained earnings as of 1 January 2021.

2.2 SUMMARY OF SIGNIFICANT ACCOUNTIING POLICIES

Foreign currencies

The financial statements are prepared and presented in Egyptian pound that represents the functional currency of the company.
Transactions in foreign currencies are recorded at the rate prevailing at the date of the transaction.
Monetary assets and liabilities denominated in foreign currencies are retranslated using the exchange rate prevailing at the financial position date. All differences are recognized in the statement of profit or loss.
Nonmonetary items that are measured at historical cost in foreign currency are translated using the exchange rates prevailing at the dates of the initial recognition.
Nonmonetary items measured at fair value in a foreign currency are translated using the exchange rates prevailing at the date when the fair value is determined.

Fixed assets

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

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

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

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

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

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

2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments

Investment in subsidiaries

Investments in subsidiaries are investments in entities in which the company has control. Control is achieved when the company is exposed, or has rights, to variable returns from its involvement with the investee and can affect those returns through its power over the investee.

Specifically, the company controls an investee if, and only if, the company has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee).
- Exposure, or rights, to variable returns from its involvement with the investee.
- The ability to use its power over the investee to affect its returns.

Generally, there is a presumption that most voting rights results in control. To support this presumption and when the company has less than a majority of the voting or similar rights of an investee, the company considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangements with the other vote holders of the investee
- Right arising from other contractual arrangements
- The company voting rights and potential voting rights

The company re-assess whether it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of controls. Consolidation of a subsidiary begins when the company obtains control over the subsidiary and ceases when the company loses control of the subsidiary. Investments in subsidiaries are accounted for in the separate financial statements at cost including acquisition cost. In the event of impairment of the investment, the carrying amount is adjusted to the amount of that impairment and included in the statement of income or losses for each investment separately.

Investments in associates

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

Investments in associates are accounted for, in the separate financial statements, at cost including acquisition cost, and if there’s an impairment in this investment, the carrying amount is adjusted with this impairment and recognised through profit or loss for each investment separately, and the previously recognized impairment loss is reversed in the same period is limited and shouldn’t exceed that the carrying amount previously impaired.

Financial instruments

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

• **Financial assets**

• Initial recognition and measurement

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

• Subsequent measurement

For the purposes of subsequent-measurement, financial assets are classified into four categories:

1- Financial assets at amortized cost (debt instruments)

2- Financial assets at fair value through other comprehensive income with reinvesting of accumulated profits and losses (debt instruments)

3- Financial assets classified at fair value through other comprehensive income with un-reinvesting of accumulated profits and losses on disposal (equity instruments)

4- Financial assets at fair value through profit or loss.

2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Business Model Evaluation

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

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

Financial assets at amortized cost (Debt instruments)

The company classifies financial assets at amortized cost if each of the following two conditions are met:

• The financial asset is held within a business model with the objective to hold financial assets to collect contractual cash flows.

• The contractual terms of the financial asset need to give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

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

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

Fordebt instruments at fair value through other comprehensive income, interest income, foreign exchange revaluation and impairment losses or reversals are recognized in the statement of profit or loss and are computed in the same manner as for financial assets measured at amortized cost. The remaining changes in fair value changes are recognized in other comprehensive income. Upon derecognition , the cumulative fair value change recognized in other comprehensive income is recycled to profit or loss.

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

Upon initial recognition, the Group can elect to classify irrevocably its investment in equity instruments as equity instruments designated at fair value through other comprehensive income when they meet the definition of equity under IAS 25 *Financial Instruments*: *Presentation* and are not held for trading. The classification is determined on an instrumentby instrument basis . Gains and losses from these financial assets are never recycled to profit or loss. Dividends are recognized as income in the statement of profit or loss when the right to payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset.

Equity instruments designated at fair value through other comprehensive income are not subject to impairment assessment. The Group has elected to classify irrevocably its non-listed equity investments under this category.

Financial assets at fair value through Profit or losses

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

2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Expected credit losses

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

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

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

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

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

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

For clients and contract assets, the company applies the simplified approach in calculating expected credit losses. Therefore, the company does not trace changes in credit risk but instead recognizes a loss provision based on lifetime Expected credit loss at each reporting date. The company has established a provision matrix based on its historical experience of credit loss while adjusting for looking forward factors specific to customers and the economic environment.

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

Disposal

A financial asset (as applicable, part of a financial asset or part of a group of similar financial assets) is disposal when:

• The contractual rights to the cash flows from the financial asset are redeemed; or

• The company transfers its rights to receive cash flows from the asset or has accepted an obligation to pay the received cash flows in full without material delay to a third party through a pass-through contract; And either (a) the company has transferred substantially all of the risks and rewards of the asset, or (b) the company has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

When the company transfers its rights to receive cash flows from an asset or enters a pass-through contract, it assesses whether, and to what extent, it has retained the risks and benefits of ownership. When it neither transfers nor retains substantially all the risks and rewards of the asset, or transfers control of the asset, the Company continues to recognize the transferred asset to the extent of its continuing involvement. In this case, the company also recognizes a corresponding liability. The transferred asset and the corresponding liabilities are measured on a basis that reflects the rights and obligations that the company has retained

Financial obligations

Initial recognition and measurement

On initial recognition, the financial liabilities are designated at fair value through profit or loss or loans and facilities or suppliers and notes payables or other liabilities.

All financial liabilities are initially recognized at fair value and in the case of loans and facilities and credit balances direct transaction costs are deducted.

The Company's financial obligations include suppliers, notes payables, other credit balances, loans and overdrafts, , and other financial liabilities.

2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Subsequent - measurement

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

Financial obligations at fair value through profit or loss

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

Financial obligations at amortized cost (loans)

The most relevant category to the company. After initial recognition, loans and advances are subsequently measured at amortized cost using the effective interest rate method. Gains and losses are recognized in the statement of profit or loss when the liabilities are derecognised and through the effective interest rate amortization process.

Amortized cost is calculated by considering any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortization is recognized as a finance cost in the statement of profit or loss. This category generally applies to loans and facilities.

Disposal

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

Accounts receivable and other debit balances

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

Cash and cash equivalent

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

Trade payables and accrued expenses

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

Provisions

Provisions are recognized when the Company has a present legal or constructive obligation because 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 over the profit or loss statement as a finance cost.

Revenue recognition

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

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

Legal reserve

According to the Company’s article of association, 5% of the net profits of year is 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.

2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

Right-of-use assets
The Company recognizes right-of-use assets at the commencement date of the lease. Right-of-use assets. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received (if any) , in addition to an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

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

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

The Company elected not to apply the standard for leases of short-term contracts or ’low-value’ assets.

Impairment of assets

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

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

Treasury shares

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

2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Employees' / directors' compensation and motivation

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

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

The compensation and motivation system are not affected

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

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

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 it is 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.

Statement of cash flows

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

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

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

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

Borrowing cost
Borrowing costs directly attributable to the acquisition, construction, or production of qualifying assets, which are assets that necessarily take a substantial period 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.

2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

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, if market participants act in their economic best interest.

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

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

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

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

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

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

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

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

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

3 FIXED ASSETS

	Land LE	Building LE	Transportation and Motor Vehicles LE	Computers & Software LE	Furniture LE	Tools LE	Total LE
Cost							
As of 1 January, 2021	10,043,066	50,025,050	875,000	674,162	1,210	34,768	61,653,256
Additions	-	-	-	11,150	14,800	-	25,950
Disposals	-	-	-	(21,914)	-	(8,934)	(30,848)
As of 31 December, 2021	**10,043,066**	**50,025,050**	**875,000**	**663,398**	**16,010**	**25,834**	**61,648,358**
Accumulated depreciation							
As of 1 January, 2021	-	(4,377,192)	(874,998)	(657,028)	(1,209)	(30,010)	(5,940,437)
Depreciation for the year	-	(2,501,252)	-	(12,478)	(986)	(3,290)	(2,518,006)
Depreciation of Disposals	-	-	-	21,911	0	8,931	30,842
As of 31 December, 2021	**-**	**(6,878,444)**	**(874,998)**	**(647,595)**	**(2,195)**	**(24,369)**	**(8,427,601)**
Net book value as of 31 December 2021	**10,043,066**	**43,146,606**	**2**	**15,803**	**13,815**	**1,465**	**53,220,757**

- There are no collaterals on the fixed assets

3 FIXED ASSETS (CONTINUED)

	Land LE	Building LE	Transportation and Motor Vehicles LE	Computers & Software LE	Furniture LE	Tools LE	Total LE
Cost							
As of 1 January, 2020	10,043,066	50,025,050	875,000	674,162	1,210	34,768	61,653,256
As of 31 December, 2020	**10,043,066**	**50,025,050**	**875,000**	**674,162**	**1,210**	**34,768**	**61,653,256**
Accumulated depreciation							
As of 1 January, 2020	-	(1,875,940)	(850,849)	(626,189)	(1,210)	(22,721)	(3,376,909)
Depreciation for the year	-	(2,501,253)	(24,149)	(30,839)	-	(7,287)	(2,563,528)
As of 31 December, 2020	-	(4,377,193)	(874,998)	(657,028)	(1,210)	(30,008)	(5,940,437)
Net book value as of 31 December 2020	**10,043,066**	**45,647,857**	**2**	**17,134**	**-**	**4,760**	**55,712,819**

- There are no collaterals on the fixed assets

4- INVESTMENT IN SUBSIDIARIES

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

The following are the subsidiaries:

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

*Arab Company for Projects and Urban Development owns 1.66% of Alexandria Company for Real Estate Investment.

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

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

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

	31 December 2021 LE	31 December 2020 LE
Arab Company for Projects and Urban Development (S.A.E)	**14,520,326,933**	13,552,530,632
Alexandria Company for Real Estate Investment (S.A.E)	**2,498,432,399**	2,498,432,399
San Stefano Company for Real Estate Investment (S.A.E)	**933,598,687**	933,598,687
Alexandria Company for Urban Projects (S.A.E)	**63,905,241**	63,905,241
	18,016,263,260	17,048,466,959

The company contributed to the increase in the capital of the Arab Company for Projects and Urban Development by 967,796,300 pounds in support of operational activities, and the commercial register was indicated on December 31, 2021.

5 INVESTMENTS IN ASSOCIATES

	Percentage	No. of shares	**31 December 2021**	31 December 2020
			LE	LE
Hill /TMG for Constructions and Projects Management (under liquidation) *	49%	147000	1,470,000	**1,470,000**
			1,470,000	**1,470,000**

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

6 AVAILABLE FOR SALE INVESTMENTS

	31 December 2021	31 December 2020
	LE	LE
Investments in EFG HERMES Fund III	-	13,904,658
	-	**13,904,658**

7 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

Financial assets at fair value through profit or loss are amounted to LE 17,573,523 reflecting the market price as of 31 December 2021 as follows:

Investments Type	Amount	Net change on 31 December 2021	**Fair value 31 December 2021**	Fair value 31 December 2020
	LE	LE	**LE**	LE
Investments in EFG HERMES Fund III	13,904,658	313,682	**14,218,340**	-
Mutual investment fund – Juman Fund	3,055,760	299,423	**3,355,183**	3,055,760
	16,960,418	613,105	**17,573,523**	3,055,760

8 PREPAID EXPENSES AND OTHER DEBIT BALANCES

	31 December 2021	31 December 2020
	LE	LE
Deposit with Others - Financial Regulatory Authority	**2,063,562**	2,063,562
Prepaid expenses	**34,601**	28,293
Other debit balances	**97,709**	66,728
ECL for Debit Balances	**(6,808)**	-
	2,189,064	2,158,583

9 CASH ON HANDS AND AT BANKS

	31 December 2021	31 December 2020
	LE	LE
A- Local Currency		
Cash on hand	**397**	214
Banks - current accounts	**2,282,359**	16,696,334
Time deposits	**30,000**	30,000
	2,312,756	16,726,548
B- Foreign Currency		
Banks - current accounts	**52,290,772**	54,574,286
	52,290,772	54,574,286
	54,603,528	71,300,834

10 ACCRUED EXPENSES AND OTHER CREDIT BALANCES

	31 December 2021	31 December 2020
	LE	LE
Accrued expenses	**3,149,766**	1,516,504
Vendors – services	**4,519,879**	5,746,912
Other credit balances	**283,080**	126,164
	7,952,725	7,389,580

11 CAPITAL

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

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

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

According to the Extraordinary General Assembly Meeting dated on 24 March 2010, the issued capital was reduced by the treasury stocks amounted of LE 169,720,520-par value, and 1 year has elapsed since its acquisition. Issued capital becomes LE 20,132,314,980 (Twenty billion and one hundred and thirty-two million and fourteen thousand and nine hundred and eighty pound) distributed over 2,013,231,498 shares. It was recorded in the commercial register on 18 May 2010.

The Extraordinary General Assembly Meeting dated 30 June 2011 approved to increase the issued and paid-up capital through issuing bonus shares, deducted from the retained earnings, to be LE 20,635,622,860- dividend over 2,063,562,286 shares through issuing free shares deducted from the retained earnings. It was recorded in the commercial register on 24 May 2011.

12 LEGAL RESERVES

Legal reserve amounted to LE 337,884,636 as of 31 December 2021 represents the transferred amount of the shares Premium amounted to LE 344,000,000, and LE 1.6 per share, part of the premium amounted to LE 185,880,702 was used to cover the IPO expenses, the remaining balance of LE 158,119,298 was transferred to the legal reserve, as well 5% of the net profit of the retained earnings of the prior years was also transferred to the legal reserve, this in accordance with law no 159 of 1981.

13 GENERAL RESERVES

The general reserve balance amounted to LE 61,735,404 as of 31 December 2021 includes amount of LE 25,747,613 represents the different results from shares swap of the company with the subsidiaries amounted according to the Extra Ordinary General Assembly Meeting dated 6 October 2007 to transfer the different to general reserve.

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

14 EARNINGS PER SHARE

Earnings per share for The year is EGP *0.26* the basic earnings per share is calculated by dividing the net profit of the year on the total number of outstanding shares during the year as follows:

	31 December 2021 **LE**	31 December 2020 LE
Net profit for the year before deducting employees' dividends share and boards of directors' remuneration	**542,120,667**	487,069,368
employees' dividends share and Boards of directors' remuneration (estimated)	**(6,000,000)**	(6,000,000)
Net profit for the year, excluding employees' dividends share and Boards of directors' remuneration	**536,120,667**	481,069,368
Weighted average of outstanding shares	**2063562286**	2063562286
Earnings per share (L.E/share)	**0,26**	0,23

15 DIVIDENDS RECEIVABLE

The balance of dividends from subsidiaries on 31 December 2021 amounted to EGP 455,000,000, which is represented in the dividends from *Arab Company for Projects and Urban Development* that is paid in accordance with the decision of the General Assembly meeting of *Arab Company for Projects and Urban Development* during 2021. Below is a reconciliation of the dividends during the year:

	31 December 2021 **LE**	31 December 2020 LE
Dividend declared	**626,999,658**	571,794,762
Beginning balance	**454,995,068**	1,039,488,732
Dividends paid during the year	**(626,994,726)**	(1,156,288,426)
Ending balance	**455,000,000**	454,995,068

16 INCOME TAX AND DEFFERED TAX

	31 December 2021	31 December 2020
	LE	LE
Net Profits for the year before tax	**610,987,946**	558,630,123
Adjustments on the profits to reach to taxable profits	**(565,863,823)**	(494,679,565)
Net taxable profit	**45,124,123**	63,950,558
Income tax at 22,5%	**10,152,928**	14,388,876
Tax on dividends 5% / 10%	**62,699,966**	57,179,476
Adjustment on Tax return	**(2,788,494)**	-
Current income tax	**70,064,400**	71,568,352

The accrued income tax movement throughout the year:

	31 December 2021	31 December 2020
	LE	LE
Balance at the beginning of the year	**59,888,382**	80,500,542
Additions during the year	**70,064,400**	71,568,352
Tax paid during the year	**(74,299,854)**	(92,180,512)
Balance at the end of the year	**55,652,928**	59,888,382

Deferred tax assets on 31 December 2021, amounted to LE 4.219 represented in the difference between accounting basis and tax basis and is calculated as follow:

	31 December 2021	31 December 2020
	LE	LE
Accounting basis (note 3)	**43,177,690**	45.801.753
Tax Basis	**43,165,562**	45.808.375
Temporary taxes differences	**12,128**	(6.622)
Tax rate	**%22.50**	%22.5
Deferred tax (asset)/ liability	**2,729**	(1.490)
Deferred tax liability/(asset) –at the beginning of the year	**1,490**	6,106
Deferred tax – as per statement of profit or loss	**4,219**	(7,596)

	31 December 2021	31 December 2020
	LE	LE
Current income tax	**(70,064,400)**	71,568,352
Deferred income tax	**(4,219)**	(7,596)
	(70,068,619)	71,560,756

17 RELATED PARTY TRANSACTIONS

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

Short term benefits paid, as salaries and rewards according to paragraph no, 17 of EAS no.15, amounted to EGP 7.860.515 on 31 December 2021.

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

	Debit Balances 31 December 2021	Debit Balances 31 December 2020	**Nature of the transaction**
Arab Company for Projects and Urban Development	**998,958,537**	-	Under the account of the capital increase of the Arab Projects Company
	998,958,537	-	

	Notes receivable 31 December 2021	Notes receivable 31 December 2020
Arab Company for Projects and Urban Development	**-**	1,716,367,426
Alexandria Company for Real Estate Investment	**1,716,603,617**	1,716,436,003
San Stefano for Real Estate Investment	**352,393,276**	352,393,276
Alexandria for Urban Projects	**417,457,544**	417,457,544
ECL For Notes receivables	**(870,259)**	-
	2,485,584,178	4,202,654,249

	Notes payable 31 December 2021	Notes payable 31 December 2020
Alexandria Company for Real Estate Investment	**-**	127,022
	-	127,022

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

18 TAX SITUATIONS

a. Corporate tax
The tax return is presented on time, A tax inspection has been carried out till year 2012. The inspection of the following years is currently undergoing.

b. Salary tax
The company delivers the deducted payroll tax monthly and the quarterly income tax returns are files on time. a Tax inspection has been carried out till year 2011. The inspection of the following years is currently undergoing.

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

19 CONTINGENT LIABILITY

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

20 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

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

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

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

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

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

A- Credit Risk
Credit risk represents the risk of default of the customers of not paying their due amounts. This risk is limited as the main objective of the company is to acquire companies.

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

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

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

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

21 MAJOR EVENTS

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

These events did not negatively affect the financial statements of the company as on 31 December 2021 but may affect the financial statements for future financial year. It is difficult to quantify this effect for now; this effect will appear in future financial statements. The magnitude of the impact varies according to the expected extent, the year during which those events are expected to end and their impact.