

MOSTAFA SHAWKI & CO

**MENA FOR TOURISTIC & REAL ESTATE INVESTMENT
COMPANY (S.A.E) AND ITS SUBSIDIARIES**

**CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31st ,2009**

**Mena for Touristic & Real Estate Investment Company
(S.A.E) and it's subsidiaries**

Consolidated Financial Statements

December 31st , 2009

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Auditor's Report

To the shareholders of Mena for Touristic & Real estate investment company (S.A.E.).

Report on the consolidated financial statements

We have audited the accompanying consolidated financial statements of **Mena for Touristic & Real Estate Investment Company (S.A.E.)**, which comprise the consolidated balance sheet as at December 31st, 2009, and consolidated statement of comprehensive income, consolidated statement of cash flows and consolidated statement of changes in equity for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards. This 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; 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 International Standards on Auditing . Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether 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.

Basis for qualified opinion

Lamar holding co. confirmation has been received amounting EGP 8 363 467 on December 31st, 2009 with a difference of EGP 4 128 632 from the book balance which is amounting EGP 12 492 099.

Opinion

In our opinion, except for the matters stated in the proceeding paragraphs the consolidated financial statements referred to above. give a true and fair veiw, the financial position of the Group as of December 31st, 2009, and of its financial performance and its cash flows for the year then ended in accordance with the International Financial Reporting Standards.

Auditor

Dr. Ahmed Shawki
MAZARS Mostafa Shawki

May 31st, 2010

MENA FOR TOURISTIC & REAL ESTATE INVESTMENT
(S.A.E) AND ITS SUBSIDIARIES
CONSOLIDATED BALANCE SHEET
For the year ended December 31st, 2009

Amounts expressed in Egyptian pounds

<u>Assets</u>	<u>Notes</u>	<u>2009</u>	<u>2008</u>
Non current assets			
Property, plant and equipment	(3)	5 725 269	4 905 545
Projects under construction	(4)	52 971 835	34 134 605
Investments in associate	(5)	8 449 140	3 744 226
Available for sale investments	(6)	105 000	171 121
Total non-current assets		67 251 244	42 955 497
Current assets			
Inventories	(7)	1 883 753	2 575 231
Residential units for sale	(8)	2 726 814	--
Work in process	(9)	137 910 743	96 921 736
Trade receivables	(10)	224 440 916	285 332 286
Other receivables	(11)	22 692 106	33 499 145
Due from related parties	(12)	89 892 222	98 848 307
Cash and cash equivalents	(13)	42 112 763	56 805 356
Total current assets		521 659 317	573 982 061
Total assets		588 910 561	616 937 558
<u>Equity & Liabilities</u>			
Equity			
Share Capital	(14)	150 000 000	110 232 000
Reserves	(15)	85 764 558	84 734 168
Retained losses		(34 689 993)	(19 182 717)
Equity attributable to equity holders of the parent		201 074 565	175 783 451
Non-controlling interests	(16)	254 997	200 197
Total equity		201 329 562	175 983 648
Non current Liabilities			
Deferred tax liability	(17)	260 580	232 503
Contractual Selling units (net)	(18)	62 295 602	146 257 147
Total non-current liabilities		62 556 182	146 489 650
Current Liabilities			
Short term borrowings	(19)	68 132 762	100 282 983
Trade payables	(20)	38 540 750	27 941 148
Due to related parties	(12)	42 482 793	30 167 583
Other payables	(21)	172 080 683	127 791 120
Provisions	(22)	3 787 829	8 281 426
Total current liabilities		325 024 817	294 464 260
Total liabilities		387 580 999	440 953 910
Total equity and liabilities		588 910 561	616 937 558


- The accompanying notes are an integral part of these consolidated financial statements.



Acc. Mansour Adam
Accounting manager



Acc. Mohamed Raafat
Chief financial officer



Mr. Gamal Fawzy
Deputy chief executive



Eng. Fathalla Fawzi
Chairman & managing director

MENA FOR TOURISTIC & REAL ESTATE INVESTMENT
(S.A.E) AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the year ended December 31st, 2009

Amounts expressed in Egyptian pounds

	<u>Notes</u>	<u>2009</u>	<u>2008</u>
Operating Revenue	(23)	118 413 484	211 085 586
Operating expenses	(24)	<u>(70 020 552)</u>	<u>(154 640 285)</u>
Gross profit		48 392 932	56 445 301
Other income	(25)	4 314 998	4 522 916
Selling & distribution expenses	(26)	(9 034 284)	(14 513 731)
Administrative expenses	(27)	(20 621 154)	(19 796 080)
Capital loss		35 621	(6 087)
Impairment loss	(6)	(144 246)	--
Currency exchange differences		(1 728 674)	198 191
Depreciation		(1 165 265)	(689 290)
Interest income		229 534	3 829 768
Financing expenses		(11 785 898)	(10 737 134)
Share of loss in associates		<u>(8 132 638)</u>	<u>(620 219)</u>
Net Profit before tax		360 926	18 633 635
Income tax expense	(28)	<u>(4 471 142)</u>	<u>(6 781 340)</u>
Net (loss) Profit for the year		<u>(4 110 216)</u>	<u>11 852 295</u>
Other comprehensive income		<u>--</u>	<u>--</u>
Total comprehensive (Loss) income for the year		<u>(4 110 216)</u>	<u>11 852 295</u>
<u>Attributable to:</u>			
Equity holders of the parent		(4 165 016)	11 812 266
Non-controlling interest		<u>54 800</u>	<u>40 029</u>
Net (loss) Profit for the year		<u>(4 110 216)</u>	<u>11 852 295</u>
(Loss) Earnings per share attributable to parent company's shareholders	(30)	<u>(0.06)</u>	<u>0.22</u>

- The accompanying notes are an integral part of these consolidated financial statements.

*MENA FOR TOURISTIC & REAL ESTATE INVESTMENT
(S.A.E) AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF CASH FLOW
For the year ended December 31st, 2009*

Amounts expressed in Egyptian pounds

	2009	2008
Operating activities		
Net profit before tax	360 926	18 633 635
Adjustments		
Depreciation of property, plant & equipment	1 350 966	881 332
Capital (Loss) gain	(35 621)	6 087
Impairment loss	144 246	--
Financial expenses	11 785 898	10 737 134
Currency exchange differences	--	62 398
Interest income	(229 534)	--
	<u>13 376 881</u>	<u>30 320 586</u>
Changes in working capital		
Projects under construction	(18 837 230)	--
Work in process	(40 989 007)	(34 001 055)
Inventory	691 478	296 335
Clients and Trade receivables	60 891 370	(58 031 351)
Trade receivables	19 763 124	(17 758 911)
Residential units for sale	(2 726 814)	550 000
Trade payable	10 599 602	5 493 090
Clients credit balance	60 668 929	--
Contractual selling units (net)	(83 961 545)	25 353 230
Other payables	(430 118)	24 033 954
Cash generated from operations	<u>19 046 670</u>	<u>(23 744 122)</u>
Paid interest	(11 785 898)	(10 737 134)
Income taxes paid	(6 696 558)	(8 285 924)
Provisions used	(4 493 597)	(4 241 470)
Net Cash flows used Operations activities	<u>(3 929 383)</u>	<u>(47 008 650)</u>
Investing activities		
Paid for investment purchasing	(3 502 265)	(1 279 781)
Credit bank interest	229 534	--
Proceeds from sales of property, plant & equipment	82 138	88 397
Purchasing of property, plant & equipment	<u>(2 217 207)</u>	<u>(1 672 539)</u>
Net cash used in investing activities	<u>(5 407 800)</u>	<u>(2 863 923)</u>
Financing activities		
(Repayments) Proceeds of bank facilities	(32 150 221)	64 328 979
Dividends paid	(2 190 867)	(30 665)
Collection from issue premium	28 744 800	--
Proceeds of increasing capital	231 851	--
Changes in non-controlling interest	9 027	40 029
Net cash used (from) financing activities	<u>(5 355 410)</u>	<u>64 338 343</u>
Net changes in cash and cash equivalents	<u>(14 692 593)</u>	<u>14 465 770</u>
Cash and cash equivalents at Jan. 1st, 2009	<u>56 805 356</u>	<u>42 339 586</u>
Cash and cash equivalents at Dec. 31st, 2009	<u>42 112 763</u>	<u>56 805 356</u>

- The accompanying notes are an integral part of these consolidated financial statements.

MENA FOR TOURISTIC & REAL ESTATE INVESTMENT
(S.A.E) AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the year ended December 31st, 2009

Amounts expressed in Egyptian pounds

	Attributable to equity holders of the parent							
	Share Capital	Statutory Reserve	General reserve	Capital reserve	Retained losses	Total	Non-controlling Interest	Total equity
Balance at January 1 st 2008	55 116 000	27 558 000	56 875 636	300 532	24 497 524	164 347 692	160 168	164 507 860
Capital increase (dividends)	55 116 000	--	--	--	(55 116 000)	--	--	--
Profit for the year	--	--	--	--	11 812 266	11 812 266	40 029	11 852 295
Other comprehensive income	--	--	--	--	--	--	--	--
Balance at December 31 st ,2008 comprehensive income	110 232 000	27 558 000	56 875 636	300 532	(18 806 210)	176 159 958	200 197	176 360 155
Balance at January 1 st 2009	110 232 000	27 558 000	56 875 636	300 532	(18 806 210)	176 159 958	200 197	176 360 155
Adjustments	--	--	--	--	(376 507)	(376 507)	--	(376 507)
Balance at January 1 st 2009 comprehensive income	110 232 000	27 558 000	56 875 636	300 532	(19 182 717)	175 783 451	200 197	175 983 648
Transfer to reserves	--	798 539	--	--	(798 539)	--	--	--
Capital increase (dividends)	11 023 200	--	--	--	(11 023 200)	--	--	--
Capital increase (cash)	28 744 800	231 851	--	--	--	28 976 651	--	28 976 651
Adjustments	--	--	--	--	479 479	479 479	--	479 479
Net loss for the year	--	--	--	--	(4 165 016)	(4 165 016)	54 800	(4 110 216)
Other comprehensive income	--	--	--	--	--	--	--	--
Balance at December 31 st ,2009 comprehensive income	150 000 000	28 588 390	56 875 636	300 532	(34 689 993)	201 074 565	254 997	201 329 562

- The accompanying notes are an integral part of these consolidated financial statements.

1. Background and activities

Mena for Touristic & Real Estate Investment Company is an Egyptian Joint Stock Company registered in the Arab Republic of Egypt according to law No.159 for the year 1981 and its executive regulations. The registered office of the Company is 23 Shehab Street, Mohandessin, Cairo, Egypt. The activity of the company is investment in real estate, marketing and consultation.

2. Significant accounting policies

Statement of compliance

The consolidated financial statements of Mena for touristic & real estate investment and its subsidiaries (the group) have been prepared in accordance with International Financial Reporting Standards (“IFRSs”)

In compliance with the Egyptian Companies Law, the Company prepares another set of financial statements in accordance with Egyptian Accounting Standards (“EAS”).

Basis of preparation

The financial statements are presented in Egyptian Pound referred to as “Egyptian Pound” or “EGP”. They are prepared on the historical cost basis except that the following assets and liabilities are stated at their fair value; financial instruments that are classified as available-for-sale.

The preparation of financial statements in conformity with IFRSs requires management to make judgments, estimates and assumptions that affect the application of policies and reported amount of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable or convertible are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

