PALM HILLS DEVELOPMENTS COMPANY (S.A.E)
Consolidated Interim Financial Statements
For The Financial Period Ended 30 June 2014
& Limited Review Report

MAZARS

MOSTAFA SHAWKI & CO

Translation Of Audit Report
Originally Issued In Arabic

Report on review of interim consolidated financial statements

TO THE BOARD OF DIRECTORS
PALM HILLS DEVELOPMENT COMPANY (S.E.A)

Introduction

We have reviewed the accompanying consolidated balance sheet of Palm Hills Development Company (S.E.A) as of 30 June 2014 and the related consolidated statements of income, changes in equity and cash flows for the six months then ended, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and fair presentation of these interim consolidated financial statements in accordance with Egyptian Accounting Standards. Our responsibility is to express a conclusion on these consolidated financial statements based on our review.

Scope of Review

We conducted our review in accordance with Egyptian Standard on Review Engagements No.2410, "Review of Interim Financial Statements Performed by the Independent Auditor of the Entity. "A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Egyptian Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Qualifications

The consolidated financial statements of Palm Hills Development Company were prepared based on the financial statements of its subsidiaries, where some of them have not been authorized for issue yet by the board of directors or the general assembly of such subsidiaries for the financial years ended December 31, 2010 till December 31, 2013.

Qualified Conclusion

Based on our review, except the above-mentioned paragraph, nothing has come to our attention that causes us to believe that the accompanying interim consolidated financial statements do not give a true and fair view of the consolidated financial position of Palm Hills Development Company (S.E.A) as of 30 June 2014, and of its consolidated financial performance and its consolidated cash flows for the six months then ended in accordance with Egyptian Accounting Standards.

Explanatory Paragraph

- Without qualifying our opinion, the cost of land is recorded according to the preliminary contracts and allotment letters received from Urban Communities Authority (6th of October, New Cairo). Transfer and register of title for the mentioned plots of land depends on the fulfillment of financial standards and construction rules imposed by Urban Communities Authority.
- The financial statements and the related auditor's report have been originally issued in Arabic and translated upon request of the management. However it shouldn't be used or circulated by any third parties.

Cairo, August 28, 2014

Alaa Abdel Azim

MAZARS MOSTAFA SHAWKI

MOSTAFA SHAWKI
MAZARS
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Accountants & Auditors

153 Mohamed Farid Street, Bank Misr Tower, P.O. Box 2095, Cairo 11518, Egypt
Tel: (02) 2391 7299 - 2390 1890 Fax: (02) 2393 9430
E-mail: mshawki@mshawki.com www.mazars.com.eg www.mshawki.com

PALM HILLS DEVELOPMENTS COMPANY S.A.E
CONSOLIDATED BALANCE SHEET
As at 30 June 2014

	Note no.	30 June 2014 EGP	31 December 2013 EGP
Long term assets			
Investments in associates	(8c,11b,29)	124 118 283	125 066 417
Investment property	(11f, 30)	1 085 262 463	1 085 262 463
Financial investments available for sale	(11c)	5 082 625	5 082 625
Notes receivable long term	(16-31)	2 316 390 145	1 429 408 400
Projects under construction	(12-32)	358 943 678	353 874 855
Advance payments for investments acquisition	(39)	162 806 743	157 806 743
Fixed assets (net)	(13-33)	315 341 308	329 186 036
Other long term assets		1 390 734	1 390 734
Total long term assets		**4 369 335 979**	**3 487 078 273**
Current assets			
Works in process	(14-34)	6 169 457 328	5 975 149 080
Cash and cash equivalents	(28-3)	169 966 598	111 047 504
Notes receivable short term	(16-31)	995 007 265	1 273 423 714
Investments at fair value through profit and loss	(11e)	57 059 904	64 351 262
Accounts receivable	(36)	1 357 200 553	1 456 050 650
Suppliers - advance payments		623 452 855	340 304 710
Debtors and other debit balances	(37)	150 123 767	162 529 345
Due from related parties	(25-38-57)	141 160 163	130 282 380
Advance payments for land acquisition		39 900 551	27 286 499
Total current assets		**9 703 328 984**	**9 540 425 144**
Current liabilities			
Banks - credit balances	(40)	52 780 265	56 966 978
Banks – overdraft	(41)	55 012 462	226 711 926
Advances from customers	(42)	4 477 912 160	4 145 094 928
Completion of infrastructure liabilities	(20)	211 947 350	233 975 520
Provisions	(18)	8 843 920	8 700 000
Current portion land purchase liabilities	(19-43a)	75 334 703	134 310 897
Due to related parties	(25-44-57)	663 613 818	644 076 309
Investment purchase liabilities	(45)	111 300 482	125 108 586
Notes payable short term	(46a)	745 464 449	726 317 030
Current portion of term loans	(47)	268 939 667	215 083 852
Suppliers &contractors		656 009 837	305 548 453
Income tax payable	(22a)	65 777 785	65 326 188
Creditors & other credit balances	(48)	480 986 498	440 824 684
Total current liabilities		**7 873 923 396**	**7 328 045 351**
Working capital		**1 829 405 588**	**2 212 379 793**
Total investment		**6 198 741 567**	**5 699 458 066**
Financed as follows:			
Shareholders' equity			
Issued and paid - up capital	(49)	2 696 640 000	2 096 640 000
Legal reserve	(51)	559 040 436	558 109 843
Special reserve		524 212 885	524 212 885
Retained deficit		(47 608 318)	(186 722 625)
Net profit for the period / year		134 438 349	238 888 791
Equity attributable to equity holders of the parent		**3 866 723 352**	**3 231 128 894**
Non-controlling interest		**248 882 982**	**245 042 204**
Total shareholders' equity		**4 115 606 334**	**3 476 171 098**
Long term liabilities			
Land purchase liabilities	(19-43b)	314 871 366	303 062 799
Notes payable long term	(46b)	694 722 858	778 465 893
Deferred tax liabilities	(22B)	5 956 224	5 836 241
Other long term liabilities – Residents' Association	(50)	363 396 461	334 404 539
Loans	(47)	704 188 324	801 517 496
Total long term liabilities		**2 083 135 233**	**2 223 286 968**
Total equity and non-current liabilities		**6 198 741 567**	**5 699 458 066**

- **Auditor's Report "attached"**
- **The accompanying notes are an integral part of these financial statements.**

Chief Financial Officer	Chairman
Ali Thabet	Yasseen Mansour

PALM HILLS DEVELOPMENTS COMPANY S.A.E
INTERIM CONSOLIDATED STATEMENT OF INCOME
for the Six Months Ended 30 June 2014

	Note No.	From 1/1/2014 to 30/6/2014 EGP	From 1/1/2013 to 30/6/2013 EGP	From 1/4/2014 to 30/6/2014 EGP	From 1/4/2013 to 30/6/2013 EGP
Operating revenues	(28A, 52)	841 694 606	476 325 789	441 292 398	334 441 079
Revenue from sale of commercial units		--	240 000 000	--	240 000 000
Total revenue		**841 694 606**	**716 325 789**	**441 292 398**	**574 441 079**
Deduct:-					
Operating costs	(26, 53)	559 194 607	361 387 759	285 391 136	286 348 038
Cost of commercial units		--	180 875 362	--	180 875 362
Total cost		**559 194 607**	**542 263 121**	**285 391 136**	**467 223 400**
Gross profit		**282 499 999**	**174 062 668**	**155 901 262**	**107 217 679**
Less:					
Interest expenses – amortization of discount on land liability		13 892 266	5 354 337	6 946 133	2 677 168
General administrative, selling and marketing expenses	(54)	99 169 219	40 728 414	52 519 832	17 164 498
Administrative depreciation		4 820 135	5 888 189	2 376 609	
Club's net operating loss	(55)	4 789 848	4 362 823	3 497 609	2 719 830
Provisions		182 400	426 178	182 400	(53 274)
Finance costs & interests		32 576 144	27 202 973	18 763 857	12 468 851
Interest on land purchase liabilities		71 233 037	56 855 277	34 447 757	28 427 639
Total expenses		**226 663 049**	**140 818 191**	**118 734 197**	**63 404 712**
Add:					
Gains on investments in fair value through profit or loss		2 475 384	2 757 780	1 132 112	1 358 994
Interest income – amortization of discount on notes receivables		68 125 067	88 952 585	34 062 534	44 476 292
Interest income	(27f)	2 117 214	124 773	1 935 429	51 874
Other revenues		18 704 186	30 680 176	12 268 400	16 132 330
Share of profit of associates		--	883 860	--	661 463
		91 421 851	**123 399 174**	**49 398 475**	**62 680 953**
Net profit for the period before income tax		**147 258 801**	**156 643 651**	**86 565 540**	**106 493 920**
Less :					
Income tax expense	(22)	451 597	21 902	451 597	21 902
Deferred tax	(22)	120 000	150 663	60 000	90 663
Net profit for the period		**146 687 204**	**156 471 086**	**86 053 943**	**106 381 355**
Attributable to:					
Equity holders of the company		134 438 349	137 756 968	84 715 286	92 404 250
Non-controlling interest		12 248 855	18 714 118	1 338 657	13 977 105
Net profit for the period		**146 687 204**	**156 471 086**	**86 053 943**	**106 381 355**

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

Chief Financial Officer
Ali Thabet

Chairman
Yasseen Mansour

PALM HILLS DEVELOPMENTS COMPANY S.A.E
INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS
For the Six months ended 30 June 2014

	30 June 2014 EGP	30 June 2013 EGP
Net profit for the period	**147 258 801**	**156 643 651**
Adjustments to reconcile net profit to net cash from operating activities		
Administrative depreciation	11 926 957	13 895 936
Provisions	182 400	426 178
Interest expenses – amortization of discount on land liability	13 892 266	5 354 337
Interest on land purchase liabilities	71 233 037	56 855 277
Finance costs & interests	32 576 144	27 202 973
Capital (gain)	(118 266)	(8 386 703)
Share of profit/ loss of associates	948 134	(883 860)
Gains on investments in fair value through profit or loss	(2 475 384)	(2 757 780)
Interest income	(2 117 214)	(124 773)
Interest income – amortization of discount on notes receivables	(68 125 067)	(88 952 585)
Operating profit before changes in working capital items	**205 181 808**	**159 272 651**
Changes in working capital items		
(Increase) decrease in work in process	(251 578 315)	293 371 228
(Increase) in notes receivables	(540 440 229)	(54 898 814)
Decrease (Increase) in investments in mutual Fund	7 291 358	(4 144 480)
Decrease (Increase) in accounts receivable	98 850 097	(209 751 836)
(Increase) in suppliers - advance payments	(283 148 145)	(70 114 505)
Decrease (Increase) in debtors & other debit balances	12 405 578	(56 944 544)
(Increase) in due from related parties	(10 877 783)	(1 842 900)
(Increase) decrease in advance payments for land acquisition	(12 614 052)	2 503 025
(Increase) in advance payments for investments acquisition	(5 000 000)	--
Increase (decrease) in advances from customers	332 817 232	(41 570 943)
(Decrease) in completion of infrastructure liabilities	(22 028 170)	7 407 239
Provisions	(38 480)	--
Increase in due to related parties	19 537 509	10 092 750
(Decrease) increase in investment purchase liabilities	(13 808 104)	1 991 895
(Decrease) increase in notes payable	(135 828 653)	113 648 364
Increase (decrease) in Suppliers &contractors	350 461 384	(79 695 339)
Income tax paid	--	(39 018)
Increase in creditors and other credit balances	40 161 814	39 729 205
Increase in other long term – Residents' Association	28 991 922	9 380 520
(Decrease) in other long term	--	(214 660)
Net cash (used in) provided by operating activities	**(179 663 229)**	**118 179 838**
Cash flows from investing activities		
Payments for purchase of fixed assets	(2 820 713)	(4 651 493)
Proceeds from sale of fixed assets	1 066 924	--
Payments for projects under construction	(5 068 823)	(439 105)
Proceeds from investments in fair value through profit or loss	2 475 384	2 757 780
Interest received	2 117 214	124 773
Net cash (used in) investing activities	**(2 230 014)**	**(2 208 045)**
Cash flows from financing activities		
Share capital increase	600 000 000	--
Banks - credit balances	(4 186 713)	22 026 200
Banks – overdraft	(171 699 464)	(14 028 204)
Adjustments to retained earnings	(98 843 891)	(144 447 018)
Non-controlling interest	(8 408 077)	(3 307 773)
Deferred tax	(17)	1 005
Loans	(43 473 357)	97 425 265
Finance costs & interests	(32 576 144)	(27 202 973)
Net cash provided by (used in) financing activities	**240 812 337**	**(69 533 498)**
Net increase in cash and cash equivalents during the period	**58 919 094**	**46 438 295**
Cash and cash equivalents at beginning of the period	**111 047 504**	**55 650 954**
Cash and cash equivalents as at 30 June 2014	**169 966 598**	**102 089 249**

-Non- Cash transaction is excluded from the cash flow statement.

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

Chief Financial Officer
Ali Thabet

Chairman
Yasseen Mansour

PALM HILLS DEVELOPMENTS COMPANY S.A.E
INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the six months ended 30 June 2014

	Issued & paid up capital EGP	Legal reserve EGP	Special reserve EGP	Retained earnings (deficit) EGP	Net profit of the period EGP	Total EGP	Non-controlling interest EGP	Total Shareholders' equity EGP
Balance as at 1 January 2013	2 096 640 000	557 947 383	524 212 885	142 569 888	(134 634 582)	3 186 735 574	251 295 070	3 438 030 644
Adjustments to retained earnings	--	--	--	--	--	--	--	--
Transferred to retained earnings	--	--	--	(134 634 582)	134 634 582	--	--	--
Transferred to legal reserve	--	174 878	--	(174 878)	--	--	--	--
Net profit for the period	--	--	--	--	137 756 968	137 756 968	18 714 118	156 471 086
Balance as at 30 June 2013	**2 096 640 000**	**558 122 261**	**524 212 885**	**7 760 428**	**137 756 968**	**3 324 492 542**	**270 009 188**	**3 594 501 730**
Balance as at 1 January 2014	2 096 640 000	558 109 843	524 212 885	(186 722 625)	238 888 791	3 231 128 894	245 042 204	3 476 171 098
Adjustments to retained earnings	--	--	--	(98 843 891)	--	(98 843 891)	(1 850 159)	(100 694 050)
Adjustments to non-controlling interest	--	--	--	--	--	--	(7 391 580)	(7 391 580)
Transferred to retained earnings	--	--	--	238 888 791	(238 888 791)	--	--	--
Transferred to legal reserve	--	930 593	--	(930 593)	--	--	833 662	833 662
Share capital increase	600 000 000	--	--	--	--	600 000 000	--	600 000 000
Net profit for the period	--	--	--	--	134 438 349	134 438 349	12 248 855	146 687 204
Balance as at 30 June 2014	**2 696 640 000**	**559 040 436**	**524 212 885**	**(47 608 318)**	**134 438 349**	**3 866 723 352**	**248 882 982**	**4 115 606 334**

* Adjustments to retained earnings are represented in sales return of previous years with an amount of EGP 87 799 741.

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

Chief Financial Officer
Ali Thabet

Chairman
Yasseen Mansour

Palm Hills Developments Company
(S.A.E)

Notes to the Interim Consolidated
Financial Statements at 30 June 2014

1. Background

Palm Hills for Development Company (S.A.E) was established according to the Investment Incentives and Guarantees Law No. (8) of 1997 and the Companies Law No. 159 of 1981 and their executive regulations, taking into consideration the statues of Capital Market Law No. 95 of 1992 and its executive regulations.

2. Company's Purpose

The company's purpose is to invest in real estate in the New Cities and New Urban Communities including building, constructing, possessing and managing residential compounds, resort, villas and tourist villages, sale and resale as well as all the services, facilities, leasing and construction of integrated projects and managing the entertainment activities associated with the company's in activities. All such activities are subject to the approval of appropriate authorities.

3. The Company's Location

The company's head office is located the 6th of October City in Gize Governorate, where the main branch is located in Smart village.

4. Commercial Register

The company is registered in the Commercial Register under No. (6801) on 10 January 2005.

5. The Fiscal Year

The company's fiscal year begins on 1 January ends on 31 December, except that the first fiscal year began from the date of commencement of the activity & ended on December 31, 2012.

6. Authorization Of The Financial Statements

The separate financial statements were authorized for issue by the board of directors on 28 August 2014.

7. List Of Stock Exchange

The company was listed in the unofficial schedule no. (2) of the Cairo and Alexandria Stock Exchange on 27 December 2006. The company got listed of the official schedule no. (1) of the Cairo and Alexandria Stock Exchange on April 2008.

8. Existing Projects

the company began to engage in its major activities in urban development in new urban communities and tourist compounds through:

a) Building and constructing residential compounds

The objective of the company is to contribute in building integrated residential, service, entertainment compounds, while the Company possesses a large land bank which includes a plot of land of a total area of 1,200.60 acre approx. which is located at 6th October City, a plot of land of a total area of 418.95 acre approx. which is located at New Cairo City, a plot of land of a total area of 3,513.60 acre approx. which is located at Sidi Abdel Rahman, El Alamin, Marsa Matrouh Governorate, a plot of land of a total area of 22. 70 acre approx. which is located at Hurghada City and a plot of land of a total area of 3.20 acre approx. which is located at Alexandria.

b) Other activity

According to a preliminary contract with a related party, the Company possessed a plot of land located on kilometer 49 of the Cairo-Alexandria Road at Botanica Gardens of a total area of 1,759.46 acre approx. for the purpose of reclamation and cultivation using modern irrigation methods.

c) Investments in associates and subsidiaries

1- Direct investments in associates and subsidiaries

	Percentage share %
Palm Hills Middle East Company for Real Estate Investment S.A.E	% 99.99
Gawda for Trade Services S.A.E	%99.996
New Cairo for Real Estate Developments S.A.E	%99.985
Rakeen Egypt for Real Estate Investment S.A.E	%99.9454
Palm Hills Hospitality S.A.E	%98
East New Cairo for Real Estate Development S.A.E	%89
Macor for Securities Investment Company S.A.E	%60
Al Naeem for Hotels and Touristic Villages S.A.E	%60
Gamsha for Tourist Development S.A.E	%59
Royal Gardens for Real Estate Investment Company S.A.E	%51
Nile Palm Al-Naeem for Real Estate Development S.A.E	%51
Saudi Urban Development Company S.A.E	%51
Coldwell Banker Palm Hills for Real Estate	%49
Middle East for Development and Investment Touristic S.A.E	%25.5
Six of October for Hotels and Touristic Services Company S.A.E	%00.24

- **Palm Hills Middle East Company for Real Estate Investment S.A.E. and Its Subsidiary**

  Palm Hills Middle East Company for Real Estate Investment S.A.E. is engaged in real estate investment in new cities and urban communities, and also the construction, ownership and management of residential compounds, resorts, and villas. The company and its subsidiary are also involved in the sale and lease and other related services for managing integrated projects and entertainment activities.

- The company is registered in Egypt under commercial registration number 21091. The company's subsidiary is registered in Egypt under commercial registration number 25016. Both companies are registered under the provisions of the Investment Guarantees and Incentives law No. 8 of 1997 and the Companies' Law No. 159 of 1981 and the statutes of Capital Market Law No. 95 of 1992.

- **Gawda for Trade Services S.A.E**

  Gawda for Trade Services S.A.E is registered in Egypt under commercial registration number 10242 under the provisions of the Companies' Law No 159 of 1981. The company is located in 66 Gamet El-Dewal El Arabia Street-Mohandessin- Cairo. The company is engaged in real estate investments in new cities, urban communities, remote areas and regions.

- **New Cairo for Real Estate Developments S.A.E**

  New Cairo for Real Estate Development S.A.E. is registered in Egypt under commercial registration number 12613 under the provisions of the Investment Guarantees and Incentives law No. 8 of 1997 and the Companies' Law No. 159 of 1981 and the statutes of Capital Market Law No. 95 of 1992. The company is located in plot 36 South investors' area in new Cairo. The company is engaged in construction, management, and the sale of hotels, motels, buildings and residential compounds and the purchase, development, diving and sale of land.

- **Rakeen Egypt** for **Real Estate Investment S.A.E**

  Rakeen Egypt for Real Estate Investment S.A.E is registered in Egypt under commercial registration number 34611 under the provisions of the Investment Guarantees and Incentives law No. 8 of 1997 and the Companies' Law No. 159 of 1981 and the statutes of Capital Market Law No. 95 of 1992. The company is located in 6^{th} of October City. The company is engaged in leasing, construction and operation of hotels, motels, resorts and residential compounds, construction, generation of electricity, desalination of water, land acquisition, diving and constructing villas, residential units and offices malls and the marketing thereof..

- **Palm Hills Hospitality S.A.E**

  Palm Hills Hospitality S.A.E is registered in Egypt under commercial registration number 45441 under the provisions of the Companies' Law No 159 of 1981. The company is located in 11 El Nakhil Street- Dokki- Giza. The company is engaged in establishing and operating hotels, motels, resorts and residential compounds.

- **East New Cairo for Real Estate Development S.A.E**

  East New Cairo for Real Estate Development S.A.E was established under the name of Kappci Company for Real Estate and touristic Development S.A.E. according to law No. 159 of 1981 and its executive regulation and the company was registered under commercial registration No. 1429 of Ismailia at 20 March 2007.

- **Macor for Securities Investment Company S.A.E**

  Macor for Securities Investment Company S.A.E was established in Egypt on 8 March 2000 under the provisions of Capital Market law No. 95 of 1992. The objective of the company is to contribute in establishment or investment in the companies' securities especially the companies engaged in owning, renting and managing the hotels, motels and resorts.

- **Al Naeem for Hotels and Touristic Villages S.A.E**

  Al Naeem for Hotels and Touristic Villages S.A.E is registered in Egypt under commercial registration number 32915 under the provisions of the Investment Guarantees and Incentives law No. 8 of 1997 and the Companies' Law No. 159 of 1981 and the statutes of Capital Market Law No. 95 of 1992. The company is located in 6^{th} of October City. The company is engaged in construction and operation of hotels in Hamata.

- **Gamsha for Tourist Development S.A.E**

  Gamsha for Tourist Development S.A.E is registered in Egypt under commercial registration number 33955 under the provisions of the Companies' Law No 159 of 1981. The company is located in 11 El Nakhil Street- Dokki- Giza. The company is engaged in real estate investments in new cities, urban communities, remote areas and regions outside the old valley.

- **Royal Gardens for Real Estate Investment Company S.A.E.**

  Royal Gardens for Real Estate Investment Company S.A.E. is registered in Egypt under commercial registration number 21574 under the provisions of the Investment Guarantees and Incentives law No. 8 of 1997 and the Companies' Law No. 159 of 1981 and the statutes of Capital Market Law No. 95 of 1992. The company is located in 11 El-Nakhil Street- Dokki-Giza. The company is engaged in real estate investment in cities and new urban communities and the setup, execution, acquisition, and management of urban communities, resorts, villas and tourist villages through sale or lease. The company is also involved in all other types of related services such as finance leasing and construction.

- **Nile Palm Al-Naeem for Real Estate Development S.A.E**

Nile Palm Al-Naeem for Real Estate Development S.A.E is registered in Egypt under commercial registration number 27613 under the provisions of the Investment Guarantees and Incentives law No. 8 of 1997 and the Companies' Law No. 159 of 1981 and the statutes of Capital Market Law No. 95 of 1992. The company is located in 40 Lebanon Street-Mohandessin-Giza. The company is engaged in real estate investment in new cities and urban communities, and also in the construction, ownership and management of residential compounds, resorts, and villas.

- **Saudi Urban Development Company S.A.E**

Saudi Urban Development Company S.A.E is registered in Egypt under commercial registration number 1971 under the provisions of the Companies' Law No 159 of 1981. The company is located in 72 Gamet El- Dewal El Arabia Street- Mohandessin- Cairo. The company is engaged in the construction of advanced residential projects.

- **Middle East for Development and Investment Touristic S.A.E**

Middle East for Development and Investment Touristic S.A.E is registered in Egypt under commercial registration number 25015 under the provisions of the Investment Guarantees and Incentives law No. 8 of 1997 and the Companies' Law No. 159 of 1981 and the statutes of Capital Market Law No. 95 of 1992. The company is located in 40 Lebanon Street-Mohandessin-Giza.

The company is engaged in real estate investment in cities and new urban communities and the setup, execution, acquisition, and management of urban communities, resorts, villas and tourist villages through sale or lease. The company is also involved in all other types or relevant services such as finance lease and construction of the company's projects or others.

- **Coldwell Banker Palm Hills for Real Estate S.A.E**

Coldwell Banker Palm Hills for Real Estate S.A.E is registered in Egypt under commercial registration number 15970 at 17 August 2005 under the provisions of the Investment Guarantees and Incentives law No. 8 of 1997 and the Companies' Law No. 159 of 1981 and the statutes of Capital Market Law No. 95 of 1992. The company is engaged in real estate investment.

- **Palm October for Hotels S.A.E**

  Palm October for Hotels S.A.E is registered in Egypt under commercial registration number 38357 under the provisions of the Companies' Law No 159 of 1981. The company is located in 11 El Nakhil Street- Dokki- Giza. The company is engaged in establishing and operating hotels, motels, resorts and residential compounds.

2- Indirect investments in associates and subsidiaries

	Percentage share %
Middle East Company for Real Estate and Touristic Investment S.A.E	%87.50
Palm Gamsha Hotels S.A.E	%96.04
Palm North Coast Hotels S.A.E	%97.412
East New Cairo for Real Estate Development S.A.E	%10.998

- **Middle East Company for Real Estate and Touristic Investment S.A.E**

  Middle East Company for Real Estate and Touristic Investment S.A.E is registered in Egypt under commercial registration number 25016 under the provisions of the Investment Guarantees and Incentives law No. 8 of 1997 and the Companies' Law No. 159 of 1981

  The company is engaged in real estate investment in cities and new urban communities and the setup, execution, acquisition, and management of urban communities, hotel apartment and tourist villages

- **Palm Gamsha Hotels S.A.E**

  Palm October Hotels S.A.E is registered in Egypt under commercial registration number 46193 under the provisions of the Companies' Law No 159 of 1981. The company is located in 11 El Nakhil Street- Dokki- Giza. The company is engaged in establishing and operating the hotels, motels, resorts and residential compounds.

- **Palm North Coast Hotels S.A.E**

  Palm October for Hotels S.A.E is registered in Egypt under commercial registration number 48189 under the provisions of the Companies' Law No 159 of 1981. The company is located in 11 El Nakhil Street- Dokki- Giza. The company is engaged in establishing and operating the hotels, motels, resorts and residential compounds.

- **East New Cairo for Real Estate Development S.A.E**

  East New Cairo for Real Estate Development S.A.E was established under the name of Kappci Company for Real Estate and touristic Development S.A.E. according to law No. 159 of 1981 and its executive regulation and the company was registered under commercial registration No. 1429 of Ismailia at 20 March 2007.

9. Statement Of Compliance

These consolidated financial statements of Palm Hills Development and its subsidiaries (the "group") have been prepared in accordance with Egyptian Accounting Standards and following the same accounting policies applied in preparation of the previous financial statements.

10. Significant Accounting Policies Applied

(A) Basic of consolidated financial statements preparation

The Company's management is responsible for the preparation the financial statements. The consolidated financial statements are prepared in accordance with Egyptian Accounting Standards and related Egyptian Laws and regulations.

(B) Basic of consolidation

The consolidated financial statements comprise the financial statements of Palm Hills Developments Company and its subsidiaries which are controlled by the ability to control the financial and operational policies of a subsidiary or when the parent acquires more than half of the voting rights of a subsidiary The existence and effect of potential voting rights that are currently exercisable or convertible, including potential voting rights held by another entity, are considered when assessing whether the Company has the power to govern the financial and operating policies of another entity.

The consolidated financial statements of Palm Hills Developments Company include its subsidiaries with the exception of the following:

	Percentage share %	**Nature**
Coldwell Banker Palm Hills for Real Estate	49%	associate
Middle East for Development and Investment Touristic S.A.E	%25.50	associate

(C) Consolidation procedures

In preparing consolidated financial statements, the Company combines the financial statements of the parent and its subsidiaries line by line by adding together like items of assets, liabilities, equity, income and expenses the following steps are then taken:

1- Consolidated financial statements shall be prepared using uniform accounting policies. If a member of the group uses accounting policies other than those adopted in the consolidated financial statements, appropriate adjustments are made to its financial statements in preparing the consolidated financial statements.

2- The carrying amount of the parent's investment in each subsidiary and the parent's portion of equity of each subsidiary are eliminated. The difference between the cost of acquisition and the Company share in the fair value of the assets and liabilities of the investee is accounted for as a positive goodwill or as a negative goodwill and to be recognized on the consolidated income statement.

3- Combining balances and items of balance sheet as well as statements of income, changes in equity and cash flows, taking into account the acquisition date of subsidiaries, appropriate adjustments are made to cost of revenue, work in process and projects under construction which resulting from applying the acquisition method to account for resultant goodwill.

4- Intergroup balances, transactions shall be eliminated in full.

5- Profits and losses resulting from intragroup transactions are eliminated in full unless such transactions were eliminated or transferred to a third party

6- Non-controlling interest in the net equity and in net earnings of subsidiary companies are included in a separate item "non-controlling interest" in the consolidated financial statements.

7- A subsidiary company is not included in the consolidated financial statements if the holding company loses its control over the financial and operational policies in this subsidiary starting from the date that control ceases.

(D) Business combination

Acquisition method is used to account for acquiring subsidiaries. The cost of acquisition is measured as the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the acquirer in exchange for control of the acquire, in addition to any costs directly attributable to the business combination, accordingly, the difference between the acquisition cost and the company share in the fair value of the assets and liabilities of the investee represents goodwill, which by reclassification it, such goodwill will be accounted for as an intangible asset, liability or capital commitment of the investee and to reflect its fair value in preparing the consolidated financial statements.

(E) Intangible assets

1- Goodwill

Goodwill is initially measured at cost, being the excess acquisition cost of the investee over the net fair value of the identifiable assets, liabilities and contingent liabilities recognized. After initial recognition, goodwill is measured at cost less accumulated impairment losses (if any)

2- Other intangible assets

Intangible assets are non-monetary assets which are without physical substantive. Intangible assets arsis from contractual or other legal rights and from which future economic benefits (inflows of cash or other assets) are expected to flow and can be measured reliably. Intangible assets are initially measured at cost and to be re-measured at each financial year-end at cost of acquisition less accumulated amortization and accumulated impairment losses, which represents the fair value of those assets at that date.

(F) Use of estimates and judgments

The preparation of the financial statements in conformity with Egyptian Accounting Standards requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts 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 the carrying values of assets and liabilities that are readily apparent from other sources. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on a going basis. Revisions to accounting estimates are recognized in the year in which the estimate is revised if the revision affects only that year or in the year of the revision and future years if the revision affects both current and future years. In particular, information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements are described in the following notes:

-Revenue

-Estimated cost to complete projects

- Assets impairment

- Usufruct

-Investment Property

- Deferred tax

-Fair value of financial instruments

(G)Changes in accounting policies

Changes in accounting policies are changes in the specific principles, bases, conventions, rules and practices applied by the Company in preparing and presenting financial statements. A change in accounting policy may be a voluntary change from one accepted policy to another in the Framework of the Egyptian Accounting Standards, where such changes result in the financial statements providing reliable and more relevant information about the effects of transactions, other events or conditions on the Group's financial position, financial performance or cash flows. The change in accounting policy is applied retrospectively as an adjustment to the beginning balance of retained earnings as a component of equity.

(H) Bookkeeping

1- Functional and presentation currency

These consolidated financial statements are presented in Egyptian pound, which is the currency of the primary economic environment in which the Group operates (the functional currency). Foreign currency transactions are translated into Egyptian pound using the exchange rates prevailing at the date of the transaction.

2- Foreign currency transactions and balances

Monetary assets and liabilities in foreign currencies are retranslated at the end of each year at the exchange rates then prevailing. Foreign exchange gains and losses resulting from valuation differences are recognized in the income statement.

(I) Segment Reporting

1- Business segment

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments.

2- Geographical segment

A geographical segment is a segment which is engaged in providing products or services within a particular economic environment that are subject to risks and returns different from those of segments operating in other economic environments.

The Group's business scope is in the Arab Republic of Egypt, so the Group has one geographical segment and there is no need to be reportable. The Group has one business segment that is real estate of all kinds, Hotel activity is not identified as reportable business segments because the revenues, operating results and customers of such activity representing less than 10% of the Group's revenues and results of operating.

11. Investments

(A) Investments in subsidiaries

Subsidiaries are all companies that are controlled by the Company, the control is exit generally when the Company owns more than half of the voting rights of a subsidiary, and Control is the power to govern the financial and operating policies of a subsidiary.

Investments in subsidiaries are stated at cost method. According to this method, investments recorded at cost- cost of acquisition- at the purchase order date less permanent impairment losses, if any, such impairment losses are recognized in income statement.

(B) Investments in associates

Subsidiaries are all companies over which the Company has significant influence and that is neither a subsidiary nor an interest in a joint venture. Investments in associates are stated at equity method, under the equity method the investments in associates are initially recognized at cost and the carrying amount is increased or decreased to recognize the investor's share of the profit or loss of the associates after the date of acquisition. Distributions received from associates reduce the carrying amounts of the investments. As an exception, investments in associates are initially recognized at cost based on preparing the consolidated financial statements available for public use

(C) Financial investments available for sale

Available-for-sale financial assets are any non-derivative financial assets designated on initial recognition as available for sale or any other instruments that are not classified as loans and receivables, held-to-maturity investments or financial assets at fair value through profit or loss. Available-for-sale financial assets are initially recognized at fair value plus directly attributable costs of acquisition or issue.

gains and losses arising from changes in fair value of available for sale financial investments are recognized in" in equity until the financial asset is derecognized, or impaired, at which time, the cumulative gain or loss previously recognized in equity should be recognized in profit or loss.

The fair value for available-for-sale investments is identified based on the quoted price of the exchange market at the balance sheet date, except for investments which are not quoted in a stock exchange in an active market and whose fair value cannot be measured reliably in this case they are measured at cost.

(D) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity that an entity has the positive intention and ability to hold to maturity

Held-to-maturity investments are initially recognize at fair value plus directly attributable costs of acquisition or issue, after initial recognition held-to-maturity investments are measured at amortized cost using the effective interest method less impairment losses.

Gains and losses are recognized in income statement when the investments are derecognized or impaired, as well as through the amortization process.

(E) Investments at fair value through profit and loss

Investments at fair value through profit and loss includes financial assets acquired principally for the purpose of selling or repurchasing it in the near term or are designated as such upon initial recognition. Investments at fair value through profit and loss initially recognize at fair value plus directly attributable costs of acquisition, after initial recognition investments at fair value through profit and loss are measured at fair value and any changes therein are recognized in income statement.

(F) Investments properties

Investment property is property (land or a building or both) held to earn rentals or for capital appreciation or both, rather than for use in the ordinary course of business. Investment property includes lands held for sale on long term. Investment property does not include property acquired exclusively with a view to subsequent disposal in the near future or for development and resale. Investment property Investment property is initially measured at cost, including transaction costs, subsequent to initial recognition Investment property is measured at cost less accumulated depreciation and any impairment in value. Investment property is derecognized on disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposal.

12. Projects Under Construction

Includes the direct and indirect cost of land allocated to the Company for engaging in its main activity which had been allocated to build golf courses and hotels in Palm Hills Residential Compound in 6th of October City, as well infrastructure and construction costs of such projects. Projects under construction also include building and construction costs of the planned golf course and hotel in North Cost.

13. Fixed Assets

Fixed assets are stated at historical cost –cost of acquisition-and to be depreciated by straight line method over the estimated useful life of the asset starting from the date of using the asset. Cost of acquisition does not include subsequent expenditure relating to routine maintenance or to ensure that a fixed asset maintains it original assessed standard of performance and useful life and should be charged to the income statement. Carrying amount of fixed assets after initial measurement is stated at historical cost less accumulated depreciation and cumulative impairment loses (if any). The estimated useful lives are as follows:

Asset	**Rate**
Buildings	%5
Tools & Equipment's	% 25
Furniture & Fixtures	% 25 – 33
Vehicles	% 25

The carrying amount of a fixed asset should be derecognized on disposal or when no future economic benefits are expected from its disposal. The gain or loss on disposal is the difference between the proceeds and the carrying amount and should be in profit and loss.

The residual value, the useful life and the depreciation method of an asset should be reviewed at least at each financial year-end.

An asset is impaired when its carrying amount exceeds its recoverable amount, At the end of each reporting period, an entity is required to assess whether there is any indication that an asset may be impaired and therefore the asset should be written down to its recoverable amount and the impairment loss shall be recognized in the income statement.

An impairment loss recognized in prior periods for an asset other than goodwill shall be reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized The increased carrying amount of an asset other than goodwill attributable to a reversal of an impairment loss shall not exceed the carrying amount that would have been determined (net of amortization or depreciation) had no impairment loss been recognized for the asset in prior years. Any impairment loss is recognized in the income statement.

14. Work In Process

Work in process includes direct and indirect cost of lands which allocated to the Company to engage in its main activity whether the Company started the marketing activates for such lands or not, as well as construction and infrastructure costs and other indirect construction costs, that are related to contracted units, in which the required percentage of completion to be achieved has not completed yet to be recognized in income statement.

15. Completed Units Ready For Sale

Completed units ready for sale represent those units the Company started to build before or in conjunction with their marketing process and in accordance with the Master Plan. Completed units ready for sale (apartments of Palm Hills 7th Phase) recognized at cost,

All costs (cost of land, cost of developments and other indirect costs) attributable to such units are accumulated in the Work in Process Account until all units are completed for each phase. The cost is determined based on the outcome of multiplying of the total area of the remaining completed units ready for sale at the date of consolidated balance sheet by the average meter cost of these units. Revenue from completed units ready for sale is recognized and matched to the cost of such units upon delivery. Completed units ready for sale are re-measured at each reporting period at the lower of cost or net realizable value

16. Notes Receivable

Notes receivable represent the checks which have certain maturity dates which the Company received as bank guarantees for the contractual values of the contracted units. Notes receivable are initially recognized at fair value at the date of contract and subsequently measured at amortized cost based on discounted future cash flow using the effective interest method.

17. Impairment

An asset is impaired when its carrying amount or cash-generating unit exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use while value in use is the present value of estimated cash flow expected to be derived from an asset or cash-generating unit. An impairment lost is recognized in income statement. If there is an indication that there is an increasing in recoverable amount for an asset that increase is a reversal of the impairment. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

18. Provision

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event and it is probable that a flow of economic benefits will be required to settle the obligation; and the amount can be estimated reliably. Provision is charged to income statement. The provisions balances are reviewed on a going basis at the reporting date to disclose the best estimate on the current year, and reflect the present value of expenditures required to settle the obligation where the time value of money is material.

19. Land Purchase Liability

Land purchase liability represents the obligations which incurred for purchase lands at certain amount and on certain maturity dates. Land purchase liability is recognized initially at the fair value. Land purchase liability is subsequently stated at amortized cost using the effective interest method.

20. Completion Of Infrastructure Liabilities

Completion of infrastructure liabilities presents the difference between the estimated cost and actual cost of the infrastructure in respect of the contracted units and to be deducted from earned revenue from plot of land of contacted units.

21. Capitalization Of Borrowing Cost

Capitalization of borrowing costs represents interest and other costs that the Company incurs in connection with the borrowing of funds which directly attributable to the acquisition, construction or production of a qualifying asset and would have been avoided if the expenditure on the qualifying asset had not been made. Capitalization should commence when expenditures are being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress while capitalization should be suspended during periods in which active development is interrupted.

Capitalization should cease when substantially all of the activities necessary to prepare the asset for its intended use or sale are complete. Other indirect borrowing costs are recognized as expenses.

22. Income Tax

Taxation is provided in accordance with Income Tax Law No. 91 of 2005

(A) Current income tax

Current tax assets and liabilities are measured at the amount expected to be paid to (recovered from) taxation authorities.

(B) Deferred tax

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

23. SHARE PREMIUM

Share premium is the amount received by a company over and above the face value of its shares. After deducting the issuance expenses attributable to the issuance, a part of share premium is credited to the legal reserve with limits of half of the Company's issued share capital, while the remaining balance of share premium is credited to special reserve, general assembly is responsible for determining the uses of such reserve, and it cannot be used for dividends.

24. Earnings Per Share

Basic EPS is calculated by dividing profit or loss from continuing operations and net profit or loss (after deducting employee share and board of directors remuneration – if any) attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the period.

25. Related Party Transactions

Related party transactions present the direct and indirect relationship between the Company and its associates, subsidiaries or an interest in a joint venture, also the relationship between the Company and key management personnel or employees who exercise direct or indirect strong influence on the Company's decision making. A related party transaction is a transfer of resources, services, or obligations between related parties, regardless of whether a price is charged.

26. Matching Of Revenues And Costs

The accounting treatment of signed contracts of villas and townhouses is based on the recognized revenue of the elements of the contact as follows:

(A) Revenue and cost of land

Revenues of sale of plots of lands attributable to villas and townhouses when a sale is consummated and contracts are signed and in accordance with the Company's credit policy. Revenue is recognized in income statement and to be matched with the cost of land of the contracted units.

(B) Revenue and cost of constructions

Revenue and cost of constructions are recognized based on the percentage-of-completion as follows:

1- Percentage of completion

Percentage of completion is measured by reference to the contract constructions costs incurred up to the balance sheet date as a percentage of total estimated constructions costs for each contract

2- Cost of revenues

Cost of revenues includes the direct and indirect cost of land and the cost of construction and infrastructure, in addition to the indirect costs of construction.

Costs of land are fully recorded in income statement plus constructions of contracted units, in which the percentage of completion reached to 50%.

3- Completed units ready for sale

Completed units ready for sale represent those units the Company started to build before or in conjunction with their marketing process and in accordance with the Master Plan. Completed units ready for sale (apartments of Palm Hills 7th Phase) recognized at cost,

All costs (cost of land, cost of developments and other indirect costs) attributable to such units are accumulated in the Work in Process Account until all units are completed for each phase. The cost is determined based on the outcome of multiplying of the total area of the remaining completed units ready for sale at the date of consolidated balance sheet by the average meter cost of these units. Revenue from completed units ready for sale is recognized and matched to the cost of such units upon delivery. Completed units ready for sale are re-measured at each reporting period at the lower of cost or net realizable value

4- Provision of completion

When the estimated contractual costs exceeded or it is probable that will exceed the contractual values, in such cases, any expected excess is recognized as an expense immediately.

27. Revenue Recognition

(A) Sales revenues

1- Villas and townhouse

Revenue from the Company's main activity is recognized in income statement as follows:

- Revenue on sale of plot of land of villas and townhouses is fully recognized when a sale is consummated and contacts are signed.
- Revenue on construction of villas and townhouse recognized based on percentage of completion and when the percentage of completion is reached to 50% of the estimated development costs for each phase.

2- Completed units ready for sale

Completed units ready for sale represent the contractual values of contracted units. Revenue is recognized in income statement and to be matched with related costs when a sale is consummated and contacts are signed.

(B) Investments in associates and subsidiaries

Revenue from investments in associates recognized based on equity method and in accordance with the company's share of the net profit or loss of the associate which is determined on the basis of current ownership interests, in addition to changes in the associate's other comprehensive income that have not been included in profit or loss.

Revenues from investments in subsidiaries are recognized based on cost method on the date the Company's right to receive such revenues is established or actually received which is more determinable.

(C) Gain (loss) from sale of investments in securities

Gain (loss) from sale of investments in securities are recognized when a sale is consummated and the Company has transferred to the buyer the usual risks and rewords of ownership. Such gain (loss) are measured by the difference between cost of acquisition and selling price less selling commission and expenses and to be recognized in profit or loss.

Revenues resulting from equity method application and revenues from cash dividends are eliminated in preparing the consolidated income statement.

(D) Revenues from investment property

Revenues from investment in real estate are recognized when a sale is consummated and the Company has in principle transferred to the buyer the usual risks of ownership. Such revenues are measured by the difference between cost of acquisition and selling price.

(E) Revenues from mutual funds

Revenues from mutual fund are measured by the difference between cost of acquisition and selling price. Such revenues are recognized in profit or loss.

(F) Interest income

Interest income is recognized in the profit or loss as it accrues using the effective interest rate method.

28. Cash And Cash Equivalents

For the purpose of the Statement of Cash Flows, cash and cash equivalents consist of cash in hand, bank balances and short-term deposits with an original maturity of three months or less.

29. Investments In Associates

Investments in associates as at 30 June 2014 amounted to EGP 124 118 283 as follows:

	30 June 2014	31 December 2013
	EGP	EGP
*Naema for Touristic & Real Estate Investments S.A.E	**52 506 883**	**53 455 017**
Middle East for Development and Investment Touristic S.A.E	**51 000 000**	**51 000 000**
Villamora for Real Estate Development Company S.A.E	**20 366 400**	**20 366 400**
Coldwell Banker -Palm Hills for Real Estate S.A.E	**245 000**	**245 000**
Balance as at 30 June 2014	**124 118 283**	**125 066 417**

* Losses of Naema for Touristic & Real Estate Investments for the six months ended 30 June 2014 amounted to EGP 1 741 994 , the Company's share of such losses amounted to EGP 522 536, where the Company's ownership interest in Macor of 60%, Macor's ownership interest in Naema for Touristic & Real Estate Investments of 49.99%, that according to the equity method.

30. Investment Property

Investment property amounted to EGP 1 085 262 463 as at 30 June, 2014, represents cost of land the company purchased in accordance with letters of allocation, preliminary contracts or contacts with squatters. Investment property is property (lands) held to earn rentals or for capital appreciation or both and held for a currently undetermined future use.

	Acre	30 June 2014	31 December 2013
		EGP	EGP
Palm Hills Development Company S.A.E	1759	212 027 278	212 027 278
** Palm Hills Middle East Company for Real Estate Investment S.A.E	2554	577 111 484	577 111 484
Gamsha for Tourist Development S.A.E	22.679	107 514 286	107 514 286
Nile Palm Al-Naeem for Real Estate Development S.A.E	3.33	188 609 415	188 609 415
Balance as at 30 June 2014	**4339.009**	**1 085 262 463**	**1 085 262 463**

- Operational procedures of cancellation of the allocation of a plot of land of which is 190 Acre located at 6th of October City have been put into effect, after the approval of final settlement of rights and obligation with the related authorities.
- The Contract between the Company and Marsa Matrouh Governorate regarding acquiring a plot of land of a total area of 2,229 acre has been revoked and the approval of final settlements remain in progress

**Represented in the acquisition cost of a plot of land of a total area of 2,554 which located in El Alamein, Marsa Matrouh Governorate.

31. Notes Receivable

Notes receivable represent the collected checks which have been issued by the customers in favor of the company in the amount of the installments of the sold units and the time deposit checks for the maintenance due on the sold units, as well as other collected checks from others. Notes receivable after deducting unamortized discount as at 30 June 2014 amounted to EGP 3 311 397 410 as follows:

	30 June 2014	31 December 2013
	EGP	EGP
Short term notes receivable	1 067 584 723	1 409 673 847
Deduct: unamortized discount	72 577 458	136 250 133
	995 007 265	**1 273 423 714**
long term notes receivable	2 488 803 639	1 584 952 048
Deduct: unamortized discount	172 413 494	155 543 648
	2 316 390 145	**1 429 408 400**
Balance as at 30 June 2014	**3 311 397 410**	**2 702 832 114**

According to the Central Bank of Egypt's Board of Directors No.1906 of 2008 concerning the regulations and rules governing banking finance to real estate development companies operating in the field of housing units and construction for the purpose of their sale, Bank cannot discount trade and notes receivable, unless contracted units be delivered to customers.

32. Projects Under Construction

Projects under construction balance as at 30 June 2014 amounted to EGP 358 943 678 as follows:

	30 June 2014	31 December 2013
	EGP	EGP
Lands	340 883 825	340 883 825
Deduct: unamortized discount	(66 148 470)	(66 148 470)
	274 735 355	274 735 355
Construction of Golf club and Hotel in 6th of October City	26 612 014	26 612 014
Consultation and designs fees	48 200 309	43 131 486
Commercial shops - Palm Hills Resort	9 396 000	9 396 000
Balance as at 30 June 2014	**358 943 678**	**353 874 855**

33. Fixed Assets

Fixed assets (net) balance as at 30 June 2014 amounted to EGP 315 341 308 represented as follows:

	Cost as of January 1,2014	Additions during the period	Disposals during the period	Cost as of June 30,2014	Accumulated depreciation as of January 1, 2014	Depreciation for the period	Accumulated depreciation of disposals Cost as of June 30,2014	Accumulated depreciation as of June 30,2014	Net book value as of June 30,2014	Net book value as of December 31,2013
	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP
Land	18 920 662	--	--	18 920 662	--	--	--	--	18 920 662	18 920 662
Buildings	499 533 791	167 250	412 561	499 288 480	149 813 168	7 707 145	665 091	156 855 222	342 433 258	346 228 282
Machinery & equipment	108 310 169	1 163 138	618 369	108 854 938	92 058 206	4 075 357	--	96 133 563	12 721 375	18 989 881
Vehicles	21 350 242	240 000	2 300 862	19 289 380	19 118 952	929 655	2 036 862	18 011 745	1 277 635	2 733 911
Computer equipment	24 824 585	716 275	4 675	25 536 185	23 397 366	314 541	4 675	23 707 232	1 828 953	1 331 545
Leasehold improvements	16 846 057	358 650	--	17 204 707	15 278 614	516 866	--	15 795 480	1 409 227	1 567 444
Furniture	41 874 565	175 400	850 241	41 199 724	35 768 377	2 173 085	531 423	37 410 039	3 789 685	6 453 798
Total cost	**731 660 071**	**2 820 713**	**4 186 708**	**730 294 076**	**335 434 683**	**15 716 649**	**3 238 051**	**347 913 281**	**382 380 795**	**396 225 523**
Impairment of Macor									(2 500 000)	(2 500 000)
Impairment of assets									(64 539 487)	(64 539 487)
Balance as at 30 June 2014									**315 341 308**	**329 186 036**

- Fixed assets depreciation for the six months ended 30 June 2014 was allocated as follows:

	EGP
Operating assets-work in process	3 789 692
Administrative depreciation (income statement)	4 820 136
Depreciation expense of hotel operations	2 475 502
Depreciation expense of Palm Hills Club's assets - club's operating statement	4 631 319
	15 716 649

- Capital Gains for the six months ended 30 June 2014 amounted to EGP 118 267 as follows:

	EGP	EGP
Proceed from sale of fixed assets		1 066 924
Deduct:		
Cost of assets sold	4 186 708	
Accumulated depreciation of assets sold	(3 238 051)	
Carrying amount of assets sold		(948 657)
		118 267

34. Work In Process

Work in process balance as at 30 June 2014 amounted to EGP 6 169 457 328 as follows:

		exclude:- cost of sales recognized in income statement			
	Total as at 30 June 2014 EGP	As at 31 December 2013 EGP	For the six months ended 30 June 2014 EGP	30 June 2014 EGP	31 December 2013 EGP
Land acquisition cost	4 025 403 339	1 388 136 220	211 535 907	2 425 731 212	2 562 922 110
Direct cost	3 700 530 191	1 523 633 400	314 774 550	1 862 122 241	1 545 552 125
Indirect cost & finance cost	2 186 419 889	333 644 516	27 482 005	1 825 293 368	1 807 437 695
Completed units ready for sale	187 907 169	128 670 019	2 926 643	56 310 507	59 237 150
Balance as at 30 June 2014	**10 100 260 588**	**3 374 084 155**	**556 719 105**	**6 169 457 328**	**5 975 149 080**

* Borrowing cost capitalized on work in process for the six months ended 30 June 2014 amounted to 67 002 998 LE. The capitalization rate used to determine the amount of borrowing costs eligible for capitalization is 11.56%.

35. Cash And Cash Equivalents

	30 June 2014	31 December 2013
	EGP	EGP
Banks-current accounts-EGP	157 593 152	97 704 746
Banks-current accounts-foreign currency	4 214 141	9 754 774
Banks – Deposits-EGP	3 652 056	817 629
Banks – Deposits- foreign currency	--	--
Cash on hand	4 507 249	2 770 355
Balance as at 30 June 2014	**169 966 598**	**111 047 504**

36. Accounts Receivable

Accounts receivable balance as at 30 June 2014 amounted to EGP 1 357 200 553 as follows:

	30 June 2014	31 December2013
	EGP	EGP
Palm Hills Development Company customers	501 319 517	490 389 027
Palm Hills Middle East Company for Real Estate Investment customers	198 037 029	218 333 482
New Cairo for Real Estate Developments customers	5 521 853	7 785 050
Royal Gardens for Real Estate Investment Company customers	23 269 672	43 714 683
Gawda for Trade Services customers	2 612 346	6 107 776
Saudi Urban Development Company customers	39 962 372	35 307 044
Rakeen Egypt for Real Estate Investment customers	327 220 732	330 930 720
East New Cairo for Real Estate Development customers	148 917 649	188 795 813
Middle East Company for Real Estate and Touristic Investment customers	110 339 383	134 687 055
Balance as at 30 June 2014	**1 357 200 553**	**1 456 050 650**

37. Debtors And Other Debit Balances

Debtors and other debit balances as at 30 June 2014 amounted to EGP 150 123 767 as follows:

	30 June 2014	31 December 2013
	EGP	EGP
Shareholders of City for Real Estate Development	10 667 156	27 294 453
Tax Authority	23 756 481	23 756 481
Investments debtors	45 712 005	43 241 865
Deposits with others	2 226 509	2 237 192
Prepaid expenses	6 315 015	4 581 550
Loans to employee & custodies	10 844 004	4 442 375
Due from City for Real Estate Development Company	12 027 450	12 027 450
Other debit balances	38 575 147	44 947 979
Balance as at 30 June 2014	**150 123 767**	**162 529 345**

38. Due From Related Parties

	30 June 2014	31 December 2013
	EGP	EGP
Al Ethadia for Real Estate S.A.E	83 901 609	79 579 568
United Engineering for Construction S.A.E	55 172 924	47 511 521
Villamora for Real Estate Development Company S.A.E	--	1 125 085
Coldwell Banker -Palm Hills for Real Estate S.A.E	20 480	20 480
Novotel Cairo 6th Of October S.A.E	925 337	917 423
Palm Hills Education S.A.E	184 125	184 125
Mercure Ismailia Hotel	686 368	674 858
Baltan Group	269 320	269 320
Balance as at 30 June 2014	**141 160 163**	**130 282 380**

39. Advance Payments For Investments Acquisition

Advance payments for investments acquisition balance as at 30 June 2014 EGP 162 806 734 as follows:

	Nature of transaction	30 June 2014	31 December 2013
		EGP	EGP
Palm Hills – Saudi	Establishment	135 121 743	135 121 743
Villamora for Real Estate Development Company S.A.E	Acquisition	3 900 000	3 900 000
Gamsha for Tourist Development S.A.E	Acquisition	4 010 000	4 010 000
United Engineering for Construction S.A.E	Establishment	19 775 000	14 775 000
Balance as at 30 June 2014		**162 806 743**	**157 806 743**

40. Banks- Credit Balances

Banks –credit balances as at 30 June 2014 amounted to EGP 52 780 265 as follows:

	30 June 2014	31 December 2013
	EGP	EGP
Banks –EGP	51 304 779	55 686 911
Banks-foreign currencies	1 475 486	1 280 067
Balance as at 30 June 2014	**52 780 265**	**56 966 978**

41. Banks – Overdraft

Banks – overdraft balance as at 30 June 2014 amounted to EGP 55 012 462 as follows:

	30 June 2014	31 December 2013
	EGP	EGP
Misr Bank -EGP	55 012 462	68 262 950
Arab African International Bank	--	158 448 976
Balance as at 30 June 2014	**55 012 462**	**226 711 926**

42. Advances From Customers

Advances from customers balance as at 30 June 2014 amounted to EGP 4 477 912 160 as follows:

	Palm Hills Development Company S.A.E EGP	Palm Hills Middle East Company for Real Estate Investment S.A.E EGP	Rakeen Egypt for Real Estate Investment S.A.E EGP	Middle East Company for Real Estate and Touristic Investment S.A.E EGP	New Cairo for Real Estate Developments S.A.E EGP	Royal Gardens for Real Estate Investment Company S.A.E EGP	Saudi Urban Development Company S.A.E EGP	East New Cairo for Real Estate Development S.A.E EGP	Gawda for Trade Services S.A.E EGP	Balance as at 30 June 2014 EGP
Down payments	75 336 957	4 440 669	9 651 232	2 592 916	--	917 425	5 602 863	4 331 741	--	102 873 803
Advances for contracting	4 938 041 110	1 774 389 166	1 187 994 674	507 595 640	288 028 374	851 773 055	548 552 143	1 618 183 839	340 834 436	12 055 392 437
Exclude:- amounts recognized in Income statements as at 30 June 2014	(3 609 431 740)	(1 178 106 242)	(207 051 323)	(202 344 826)	(268 884 903)	(345 526 015)	(3 376 964)	(579 281 176)	(322 444 571)	(6 716 447 760)
Advances from customers (net)	**1 403 946 327**	**600 723 593**	**990 594 583**	**307 843 730**	**19 143 471**	**507 164 465**	**550 778 042**	**1 043 234 404**	**18 389 865**	**5 441 818 480**
Unamortized discount - accounts receivable	(343 980 395)	(143 168 076)	(118 788 412)	(50 871 527)	(6 803 047)	(43 977 217)	(65 975 336)	(181 292 251)	(9 050 059)	(963 906 320)
Balance as at 30 June 2014	**1 059 965 932**	**457 555 517**	**871 806 171**	**256 972 203**	**12 340 424**	**463 187 248**	**484 802 706**	**861 942 153**	**9 339 806**	**4 477 912 160**

43. Land Purchase Liabilities

A) Land purchase liabilities - short term

	30 June 2014 EGP	31 December 2013 EGP
Land purchase liabilities - short term	142 136 928	141 818 082
Deduct:		
unamortized discount	66 802 225	7 507 185
Balance as at 30 June 2014	**75 334 703**	**134 310 897**

B) Land purchase liabilities - long term

	30 June 2014 EGP	31 December 2013 EGP
Land purchase liabilities - long term	336 431 670	326 274 518
Deduct		
Unamortized discount	21 560 304	23 211 719
Balance as at 30 June 2014	**314 871 366**	**303 062 799**

44. Due To Related Parties

Due to related parties as at 30 June 2014 amounted to EGP 663 613 818 as follows:

	30 June 2014 EGP	31 December 2013 EGP
El Mansour & El Maghraby Investment and Development	548 035 086	521 145 944
Due to shareholders	112 528 071	70 939 182
Advance payments for capital increase	--	51 991 183
Villamora for Real Estate Development Company S.A.E	2 948 206	--
Middle East for Development and Investment Touristic S.A.E	102 455	--
Balance as at 30 June 2014	**663 613 818**	**644 076 309**

45. Advance Payments For Investments Acquisition

Advance payments for investment acquisition as at 30 June 2014 EGP 111 300 482 as follows:

	30 June 2014 EGP	31 December 2013 EGP
Housing and Development Bank	116 864 478	139 464 478
deduct:-		
delayed installments interest	(49 820 742)	(58 612 638)
	67 043 736	**80 851 840**
add		
Shareholders of Saudi Urban Development Company	44 256 746	44 256 746
Balance as at 30 June 2014	**111 300 482**	**125 108 586**

46. Notes Payable

A) Short term notes payable

	30 June 2014 EGP	31 December 2013 EGP
Notes payable- Land (New Urban Communities Authority)	462 319 837	472 800 417
Deduct:-		
delayed installments interest	3 417 043	20 277 346
	458 902 794	452 523 071
Add:		
Notes payable- Others	286 561 655	273 793 959
Balance as at 30 June 2014	**745 464 449**	**726 317 030**

B) Long term notes payable

	30 June 2014 EGP	31 December 2013 EGP
Notes payable- Land (New Urban Communities Authority)	1 110 488 349	1 046 638 497
Deduct:-		
delayed installments interest	464 058 289	320 972 910
Unamortized discount	--	54 675 588
	646 430 060	670 989 999
Add:-		
Other notes payable	48 292 798	107 475 894
Balance as at 30 June 2014	**694 722 858**	**778 465 893**

47. Loans

This item is represented as follows:

	30 June 2014		31 December 2013	
	Short term EGP	long term EGP	Short term EGP	long term EGP
Misr Bank Revolving medium term loan with Misr Bank amounted to EGP 500 million to be settled with a minimum of 100 million EGP annually in case of full utilization of the facility with an interest rate 2% plus Libor at the three months rate.	35 000 000	310 772 732	35 524 286	333 575 000
Commercial International Bank (CIB) – Local Currency The term loan is a syndicated loan with Commercial International Bank (CIB) secured over notes receivable and bears an interest of a floating rate of the average corporate deposit rate for six months announced from Central Bank of Egypt plus 3.5% annually. The loan is repayable on unequal monthly installments from 31 October 2012 to 31 December 2013.	11 731 431	--	21 931 000	--

	30 June 2014		31 December 2013	
	Short term EGP	long term EGP	Short term EGP	long term EGP
Export Development Bank of Egypt The medium term loan for 4.5 year with Export Development Bank of Egypt (EDBE) amounted to EGP 180 million secured by the assignment of projects' cash flow and bears an interest rate of 4.5% above deposit corridor rate and is repayable on unequal quarterly installment from 30 September 2012 to 31 December 2014.	43 327 125	--	60 485 708	--
Arab African International Bank (AAIB) The medium term loan with Arab African International Bank (AAIB) amounted to EGP 240 million secured by the assignment of projects' cash and bears an interest rate of 1.5% above deposit corridor rate and is repayable on quarterly installments from 30 June 2013 to June 2018	57 142 571	137 143 143	57 142 858	160 000 000
Arab African International Bank (AAIB) The medium loan with Arab African International Bank (AAIB) amounted to EGP 200 million secured by assignment of projects' cash flow and bears an interest rate of 2% above deposit corridor rate and is repayable on quarterly installments from 31 March 2014 to 31 December 2018.	25 000 000	170 000 000	20 000 000	180 000 000
Arab African International Bank (AAIB) The medium term loan with Arab African International Bank (AAIB) amounted to EGP 225 million secured by the assignment of projects' cash flow and bears an interest rate of 2.75% above deposit corridor rate and is repayable on quarterly installments from 30 June 2013 to June 2018.	--	59 764 624	--	91 434 496
Arab African International Bank (AAIB) The term loan is a syndicated loan with Arab African International Bank (AAIB) amounted to EGP 250 million and bears an interest rate of 2.5% above deposit corridor rate. The loan is to be fully paid on its due date 30 July 2014	76 738 540	--	--	--
Commercial International Bank (CIB) The term loan is a syndicated loan with Commercial International Bank (CIB)amounted to EGP 155 million secured by the assignment of projects' cash flow and bears an interest rate of 3.75% above deposit corridor rate and is repayable on quarterly installments from 1 January 2011 to 1 October 2014	20 000 000	26 507 825	20 000 000	36 508 000
Balance as at 30 June 201	268 939 667	704 188 324	215 083 852	801 517 496

48. Creditors And Other Credit Balances

	30 June 2014	31 December 2013
	EGP	EGP
Other credit balances	123 353 907	85 482 425
Increase in construction area liabilities	95 500 000	95 500 000
Accounts receivable under settlement	245 781 877	218 813 623
Accrued expenses	16 350 714	41 028 638
Balance as at 30 June 2014	**480 986 498**	**440 824 684**

49. Capital

The Company's authorized capital amounts EGP 3 500 000 000. The Company's issued and paid in capital amounts to EGP 2 696 640 000 representing 1 348 320 000 shares with a par value of EGP 2 per share as follows:

Issued capital	EGP
The Company's issued capital was determined at EGP 121 500 000 representing 1 215 000 shares with a par value of EGP 100 per share.	121 500 000
On 20 December 2006, the Company's Extra-ordinary General Assembly Meeting approved the issued Capital increase amounting to EGP 185,500,000 to be after such increasing amounted EGP 307,000,000 representing 3,070,000 shares with a par value of EGP 100 per share.	307 000 000
On 13 May 2007, the Company's Board of Directors approved the issued Capital increase amounting to EGP 93,000,000 to be after such increasing amounted EGP 400,000,000 representing 4,000,000 shares with a par value of EGP 100 per share.	400 000 000
On 15 July 2007, the Company's Board of Directors approved the issued Capital increase amounting to EGP 200,000,000 to be after such increasing amounted EGP 600,000,000 representing 6,000,000 shares with a par value of EGP 100 per share.	600 000 000
On 6 November 2007, the Company's Board of Directors approved the issued Capital increase amounting to EGP 200,000,000 to be after such increasing amounted EGP 800,000,000 representing 8,000,000 shares with a par value of EGP 100 per share. The Company's Extra-ordinary General Assembly Meeting held in March 2009 approved a 50-for-1 stock split and the par value of the Company's share reduced to EGP 2 per share.	800 000 000
On 27 March 2008, the Company's Board of Directors approved the issued Capital increase amounting to EGP 32,000,000 to be after such increasing amounted EGP 832,000,000 representing 416,000,000 shares with a par value of EGP 2 per share.	832 000 000
On 8 May 2008, the Company's Board of Directors approved the issued Capital increase amounting to EGP 99,840,000 to be after such increasing amounted EGP 931,840,000 representing 465,920,000 shares with a par value of EGP 2 per share.	931 840 000
On 31 March 2009, the Company's Board of Directors approved the issued Capital increase amounting to EGP 465,880,000 to be after such increasing amounted EGP 1,397,760,000 representing 698,880,000 shares with a par value of EGP 2 per share.	1 397 760 000
On 28 January 2010, the Company's Extra-ordinary General Assembly Meeting approved the issued Capital increase amounting to EGP 698,880,000 to be after such increasing amounted EGP 2,096,640,000 representing 1,048,320,000 shares with a par value of EGP 2 per share.	2 096 640 000
On 22 September 2013, the Company's Extra-ordinary General Assembly Meeting approved the issued Capital increase amounting to EGP 600,000,000 to be after such increasing amounted EGP 2,696,640,000 representing 1,348,320,000 shares with a par value of EGP 2 per share.	2 696 640 000

50. Other Long Term Liabilities- Residents' Association

Other long term liabilities represent time deposit checks received from residents or custômers due on the sold units to finance the maintenance and other running expenses, such time deposit checks are temporarily invested in favor of residents until the compound has separate legal personality and separate assets and liabilities, then the compound's management and its General Assembly will be responsible for running the compound's assets and liabilities according to the Buildings & Housing Low No.119 for 2008. Other long term liabilities balance as at 30 June 2014 amounted to EGP 363 396 461.

51. Legal Reserve

Legal reserve balance as at 30 June 2014 amounted to EGP 559 040 436 as follows:

	30 June 2014 EGP	31 December 2013 EGP
Beginning balance	**558 109 843**	**557 934 965**
Provided during the period	**930 593**	**174 878**
Balance as at 30 June 2014	**559 040 436**	**558 109 843**

52. Revenues

Total revenues as at 30 June 2014 amounted to EGP 841 694 606 as follows:

	30 June 2014 EGP	30 June 2013 EGP
Sale of land	596 065 271	300 776 992
Revenue from construction contracts	285 038 549	191 784 287
Sale of completed units ready for sale	3 021 250	20 926 886
Revenue from hostability activities	5 640 773	8 802 388
Deduct:-		
Unamortized discount- notes receivable	48 071 237	45 964 764
Total as at 30 June 2014	**841 694 606**	**476 325 789**

53. Cost of revenues

Total cost of revenue as at 30 June 2014 amounted to EGP 559 194 607 as follows:

	30 June 2014 EGP	30 June 2013 EGP
Cost of land	211 535 907	137 885 968
Constructions and infrastructure	342 256 555	**191 630 298**
Cost of completed units ready for sale	2 926 643	28 348 691
Depreciation of Fixed Assets – Macor for Securities Investment Company	2 475 502	3 522 802
Total as at 30 June 2014	**559 194 607**	**361 387 759**

54. General Administrative, Selling And Marketing Expenses

Total General Administrative, selling and marketing expenses as at 30 June 2014 amounted to EGP 99 169 219 as follows:

	30 June 2014 EGP	30 June 2013 EGP
Wages and salaries	49 547 363	19 880 348
selling and marketing expenses	30 291 982	7 654 657
Penalties to customers	4 443 193	352 832
Professional and Government fees	8 520 242	7 400 257
Communications expenses	377 020	465 884
Utilities	953 332	1 519 154
Maintenance and Insurance	1 920 620	2 433 743
Travelling and transportation	471 257	181 694
Interest expenses	1 500 770	393 427
other administrative expenses	1 143 440	446 418
Total as at 30 June 2014	**99 169 219**	**40 728 414**

55. Club's Operating Statement

	30 June 2014 EGP	30 June 2013 EGP
Revenues		
Membership	11 000 792	8 099 115
Total revenue	**11 000 792**	**8 099 115**
Less:		
Cost of revenue	5 007 517	4 070 305
	5 993 275	**4 028 810**
Less:		
General administrative expenses	6 949 716	4 109 052
Depreciation of Fixed Assets	4 631 320	4 484 945
	11 581 036	**8 593 997**
Add:		
Other revenues	797 913	202 364
Net operating Loss	**(4 789 848)**	**(4 362 823)**

56. Gains On Investments In Fair Value Through Profit Or Loss

	30 June 2014 EGP	30 June 2013 EGP
Gains on sale of mutual funds certificates	**2 475 384**	**2 757 780**
Total as at 30 June 2014	**2 475 384**	**2 757 780**

57. Transaction With Related Parties

Summary of significant transactions concluded and the resulting balances at the balance sheet date were as follows: -

a- Transaction with related parties

Party	Relationship	Nature of transaction	Amount of transaction EGP
Palm Hills Middle East Company for Real Estate Investment S.A.E	A subsidiary	Finance	437 263 406
Royal Gardens for Real Estate Investment Company S.A.E	A subsidiary	Finance	151 445 437
Middle East Company for Real Estate and Touristic Investment S.A.E	A subsidiary	Finance	93 805 724
Gawda for Trade Services S.A.E	A subsidiary	Finance	163 013 339
Rakeen Egypt for Real Estate Investment S.A.E	A subsidiary	Finance	278 748 179
Saudi Urban Development Company S.A.E	A subsidiary	Finance	151 312 197
Nile Palm Al-Naeem for Real Estate Development S.A.E	A subsidiary	Finance	10 080 007
Al Ethadia for Real Estate S.A.E	A Related party	Finance	15 949 814
East New Cairo for Real Estate Development S.A.E	A subsidiary	Finance	853 276 681
Palm October for Hotels S.A.E	A subsidiary	Finance	2 239 745
Palm Hills Hospitality S.A.E	A subsidiary	Finance	--
New Cairo for Real Estate Development S.A.E	A subsidiary	Finance	214 283 707
Middle East for Development and Investment Touristic S.A.E	A subsidiary	Finance	--
Al Naeem for Hotels and Touristic Villages S.A.E	A subsidiary	Finance	7 078 102
Gemsha for Tourist Development S.A.E	A subsidiary	Finance	26 409 093
United Engineering for Construction S.A.E	A subsidiary	Finance	44 134 977
El Mansour & El Maghraby Investment and Development	A main shareholder	Finance	262 741 124

b- Resulting balances from these transactions

Party	Item as in balance sheet	30 June 2014 EGP
Palm North Coast Hotels S.A.E	Due from related parties	4 414
Palm Gemsha for Tourist Development S.A.E	Due from related parties	7 606
Royal Gardens for Real Estate Investment Company S.A.E	Due from related parties	40 120 630
Nile Palm Al-Naeem for Real Estate Development S.A.E	Due from related parties	41 576 966
Palm October for Hotels S.A.E	Due from related parties	50 425 601
Palm Hills Hospitality S.A.E	Due from related parties	100 257 262
Rakeen Egypt for Real Estate Investment S.A.E	Due from related parties	164 058 482
Saudi Urban Development Company S.A.E	Due from related parties	130 452 767
Palm Hills Middle East Company for Real Estate Investment S.A.E	Due from related parties	448 175 912
Gemsha for Tourist Development S.A.E	Due from related parties	4 826 222
Middle East Company for Real Estate and Touristic Investment S.A.E	Due to related parties	23 206 776
New Cairo for Real Estate Developments S.A.E	Due to related parties	28 261 554
East New Cairo for Real Estate Development S.A.E	Due from related parties	173 554 960
Al Naeem for Hotels and Touristic Villages S.A.E	Due to related parties	173 690 065
Gawda for Trade Services S.A.E	Due to related parties	115 433 607

58. Tax Status

The company has tax exemption from income tax for ten years ending on 31 December 201 while some of group companies are subject to corporate tax and others are exempted.

59. Financial Instruments & Fair Value

- **Financial instruments**

The financial instruments of the Company are represented in the financial assets and liabilities. The Company's financial assets include cash on hand and at banks‘ notes receivable, checks under collection and debtors & other debit balances, financial liabilities include bank overdraft, advances from customers and creditors & other credit balances.

- **Financial instruments fair value**

The financial instruments of the Company are represented in the financial assets and liabilities. The Company's financial assets include cash on hand and at banks‘ notes receivable, checks under collection and debtors & other debit balances, financial liabilities include bank overdraft, advances from customers and creditors & other credit balances.

60. Risk Management

- **Interest rate risk**

The interest risk is represented in the interest rates changes and its affect on the current and future financial liabilities, represented in interests and commissions on bank overdraft, which may have a negative impact on the results of operations. The Company uses long-term financing sources with no interest represented in advances from customers.

- **Credit risk**

Credit risk is represented in the inability of credit customers to pay their dues. The Company has no significant consternation of credit risk, it has policies to ensure that contract are made with customers with an appropriate credit history, also according contracts concluded with the Company’s customers, the ownership of the sold units is not transferred unless the full payments for these units are made.

61. Comparative Figures

Some comparative figures were reclassified to conform to the current year’s presentation of the financial statements.
Assets and liabilities combination of Middle East for Development and Investment Touristic as of 31 December 2013 was eliminated due to changes in ownership and management structure, so such investment was reclassified from investments in subsidiaries to be investments in associates and to be stated at equity method.