

PALM HILLS DEVELOPMENTS COMPANY
(An Egyptian Joint Stock Company)
Consolidated Financial Statements
For The Nine Months Ended 30 September 2015
Together With Review Report

**PALM HILLS DEVELOPMENTS COMPANY S.A.E
CONSOLIDATED BALANCE SHEET**

As of 30 September 2015

	<u>Note no.</u>	<u>30/9/2015</u> <u>EGP</u>	<u>31/12/2014</u> <u>EGP</u>
<u>Long term assets</u>			
Investments in associates	(8c,11b,29)	77 986 760	77 163 454
Investment property	(11f, 30)	854 664 787	1 085 976 898
Held-to-maturity investments	(31-11d)	878 754 655	19 657 226
Notes receivable - long term	(16-32)	5 885 610 067	2 665 165 494
Projects under construction	(12-33)	845 517 413	857 379 279
Advance payments for investments acquisition	(40)	204 110 633	204 110 633
Fixed assets (net)	(13-34)	326 432 293	312 468 739
Deferred tax assets	(22b)	2 721 616	3 998 815
Other long term assets		1 390 734	1 390 734
Total long term assets		9 077 188 958	5 227 311 272
<u>Current assets</u>			
Works in process	(14-35)	6 611 467 770	6 099 635 834
Cash and cash equivalents	(28-36)	743 956 029	194 949 064
Notes receivable - short term	(16-32)	549 177 581	1 571 753 888
Investments at fair value through profit and loss	(11e)	61 151 073	56 856 080
Accounts receivable	(37)	757 554 125	1 121 983 423
Suppliers - advance payments		406 421 536	373 201 558
Debtors and other debit balances	(38)	199 340 624	116 796 819
Due from related parties	(25-39-59)	218 021 072	105 748 551
Total current assets		9 547 089 810	9 640 925 217
<u>Current liabilities</u>			
Banks - credit balances	(41)	37 861 164	39 197 560
Advances from customers	(42)	5 961 837 933	5 071 633 541
Completion of infrastructure liabilities	(20)	65 341 463	123 661 560
Provisions	(18)	108 628 860	9 063 024
Current portion land purchase liabilities	(19-43a)	215 823 342	216 568 788
Due to related parties	(25-44-59)	233 531 619	646 313 369
Investment purchase liabilities	(45)	44 256 746	44 256 746
Notes payable - short term	(46a)	686 350 700	805 227 757
Current portion of term loans	(47)	65 265 453	174 410 000
Suppliers & contractors		485 578 211	405 055 090
Income tax payable	(22a)	96 114 769	83 978 776
Creditors & other credit balances	(48)	392 077 496	410 672 236
Total current liabilities		8 392 667 756	8 030 038 447
Working capital		1 154 422 054	1 610 886 770
Total investment		10 231 611 012	6 838 198 042
<u>Financed as follows:</u>			
<u>Shareholders' equity</u>			
Share capital	(49)	4 344 640 000	2 696 640 000
Legal reserve	(51)	584 508 056	566 469 569
Special reserve		524 212 885	524 212 885
Retained earnings (deficit)		(51 684 165)	(302 616 341)
Net profit for the period		827 967 946	353 290 475
Equity attributable to equity holders of the parent		6 229 644 722	3 837 996 588
Non-controlling interest		274 200 985	255 951 133
Total shareholders' equity		6 503 845 707	4 093 947 721
<u>Long term liabilities</u>			
Land purchase liabilities	(19-43b)	326 618 026	350 433 822
Notes payable - long term	(46b)	292 688 643	536 510 993
Other long term liabilities – Residents' Association	(50)	463 075 586	395 362 285
Loans	(47)	2 645 383 050	1 461 943 221
Total long term liabilities		3 727 765 305	2 744 250 321
Total equity and non-current liabilities		10 231 611 012	6 868 453 094

- Auditor's Report "attached"

- The accompanying notes from (1) to (64) form an integral part of these financial statements and are to be read therewith

Chief Financial Officer
Ali Thabet

Chairman
Yasseen Mansour

PALM HILLS DEVELOPMENTS COMPANY S.A.E
CONSOLIDATED STATEMENT OF INCOME
For The Period Ended 30 September 2015

	<u>Note No.</u>	Financial period from 1/1/2015 to 30/9/2015 <u>EGP</u>	Financial period from 1/1/2014 to 30/9/2014 <u>EGP</u>	Financial period from 1/7/2015 to 30/9/2015 <u>EGP</u>	Financial period from 1/7/2014 to 30/9/2014 <u>EGP</u>
Revenues	(27a, 52)	<u>2 603 315 149</u>	<u>1 328 561 697</u>	<u>1 132 117 365</u>	<u>486 867 091</u>
		<u>2 603 315 149</u>	<u>1 328 561 697</u>	<u>1 132 117 365</u>	<u>486 867 091</u>
Deduct:-					
Cost of revenues	(26, 53)	1 608 660 267	822 282 270	790 213 163	263 087 663
Cash Discount		34 766 382	12 349 051	8 192 838	7 905 858
Total cost		<u>1 643 426 649</u>	<u>834 631 321</u>	<u>798 406 001</u>	<u>270 993 521</u>
Gross profit		<u>959 888 500</u>	<u>493 930 376</u>	<u>333 711 364</u>	<u>215 873 570</u>
Deduct:-					
Interest expenses – amortization of discount on land liability		9 388 496	20 838 399	3 129 498	6 946 133
General administrative, selling and marketing expenses	(54)	318 189 209	178 905 060	127 620 674	84 179 034
Administrative depreciation		6 543 824	5 634 373	2 316 273	814 238
Provision		99 662 374	182 400	--	--
Finance costs & interests		34 443 529	47 888 201	4 012 540	15 312 057
Interest on land purchase liabilities		150 703 932	105 680 793	42 245 986	34 447 756
		<u>618 931 364</u>	<u>359 129 226</u>	<u>179 324 971</u>	<u>141 699 218</u>
<u>Add:</u>					
Gains on investments in fair value through profit or loss	(56)	3 581 445	3 638 859	1 233 138	1 163 475
Net operating profit (loss) – Palm Hills Club	(55)	5 527 318	(10 292 526)	416 852	(5 502 678)
Interest income – amortization of discount on notes receivables		69 148 546	102 187 600	23 049 516	34 062 533
Interest income	(27f)	8 327 729	2 335 997	7 545 239	218 783
Other revenues	(57)	26 234 221	57 530 797	7 766 376	38 826 611
Capital gains on investment property	(58)	425 735 602	--	--	--
		<u>538 554 861</u>	<u>155 400 727</u>	<u>40 011 121</u>	<u>68 768 724</u>
Net profit for the period before income tax & non-controlling interest		879 511 997	290 201 877	194 397 513	142 943 075
Deduct:-					
Income tax expense	(22a)	13 745 255	7 135 661	3 333 486	6 684 064
Deferred tax	(22b)	1 200 000	180 000	1 000 000	60 000
Net profit for the period before & non-controlling interest		864 566 742	282 886 216	190 064 027	136 199 011
Deduct:-					
Non-controlling interest share-subsidiaries		36 598 796	18 751 782	8 041 400	6 502 927
Net profit for the period after income tax & non-controlling interest		<u><u>827 967 946</u></u>	<u><u>264 134 434</u></u>	<u><u>182 022 627</u></u>	<u><u>129 696 084</u></u>

- The accompanying notes from (1) to (64) form an integral part of these financial statements and are to be read therewith.

Chief Financial Officer
Ali Thabet

Chairman
Yasseen Mansour

PALM HILLS DEVELOPMENTS COMPANY S.A.E
CONSOLIDATED STATEMENT OF CASH FLOWS
For The Period Ended 30 September 2015

	<u>Note No.</u>	<u>30/9/2015</u> <u>EGP</u>	<u>30/9/2014</u> <u>EGP</u>
Net profit for the period before income tax & non-controlling interest		879 511 997	290 201 877
<u>Adjustments to reconcile net profit to net cash from operating activities</u>			
Administrative depreciation	(34)	15 943 108	16 665 139
Provision formed		99 662 374	182 400
Finance costs & interests		34 443 529	47 888 201
Interest on land purchase liabilities	(45)	150 703 932	105 680 793
Interest expenses – amortization of discount on land liability	(43)	9 388 496	20 838 399
Share of profit/ loss of associates	(29)	(823 306)	175 791
Interest income – amortization of discount on notes receivables	(32)	(69 148 546)	(102 187 600)
Gains on investments in fair value through profit or loss		(3 581 445)	(3 638 859)
Interest income		(8 327 729)	(2 335 997)
Gain on sale of subsidiaries		--	(25 500 000)
Capital gain on investment property		(425 735 602)	--
Gain on disposal of property & equipment	(34)	(1 486 626)	(5 702 631)
Operating profit before changes in working capital items		680 550 182	342 267 513
<u>Changes in working capital items</u>			
Change in work in process	(14-35)	(543 141 329)	(444 720 177)
Change in suppliers - advance payments		(33 219 978)	(87 915 580)
Change in notes receivables	(16-32)	(2 128 719 720)	(999 304 159)
Change in accounts receivable	(37)	364 429 298	186 279 186
Change in debtors & other debit balances	(38)	(81 596 820)	(32 453 581)
Change in investments in fair value through profit or loss	(11e)	(4 294 993)	5 058 155
Advance payments for investments acquisition		--	(5 000 000)
Change in due from related parties	(25-39)	(112 272 521)	8 878 534
Change in notes payable	(46)	(513 403 339)	(309 446 705)
Change in other long term – Residents' Association		67 713 301	43 573 246
Change in investment purchase liabilities	(45)	--	(24 279 148)
Change in advances from customers	(42)	890 204 392	655 324 190
Change in due to related parties	(25-44)	(412 781 750)	18 539 882
Change in completion of infrastructure liabilities	(20)	(58 320 097)	(67 565 282)
Income tax paid		(1 609 262)	--
Provisions		(96 538)	(81 176)
Change in creditors and other credit balances	(48)	(18 594 740)	101 099 544
Change in Suppliers & contractors		80 523 121	158 652 596
Net cash (used in) operating activities		(1 824 630 793)	(451 092 962)
<u>Cash flows from investing activities</u>			
Payments for purchase of fixed assets	(34)	(32 605 800)	(4 602 559)
Proceeds from sale of fixed assets	(34)	1 545 419	6 907 745
Proceeds from sale of investment in associates		--	76 500 000
proceeds from / payments for projects under construction	(12-33)	11 861 866	(8 334 747)
Proceeds from sale of investment property		657 047 713	(714 435)
Payments for held-to-maturity investments	(11d)	(859 097 429)	
Proceeds from investments in fair value through profit or loss	(56)	3 581 445	3 638 859
Interest received		8 327 729	2 335 997
Payments for purchase of available for sale investments		--	(12 411 718)
Net cash (used in) provided by investing activities		(209 339 057)	63 319 142
<u>Cash flows from financing activities</u>			
Share capital increase		1 648 000 000	600 000 000
Banks - credit balances	(41)	(1 336 396)	(11 404 928)
Banks – overdraft		--	(179 731 301)
Adjustments to retained earnings		(84 319 812)	(158 856 765)
Non-controlling interest		(18 348 944)	(9 830 916)
Deferred tax		77 199	(17)
Proceeds from loans	(47)	1 419 708 383	279 060 234
Repayments of loans	(47)	(346 360 086)	--
Finance costs & interests		(34 443 529)	(47 888 201)
Net cash provided by financing activities		2 582 976 815	471 348 106
Net increase in cash and cash equivalents during the period		549 006 965	83 574 286
Cash and cash equivalents at beginning of the period		194 949 064	111 047 504
Cash and cash equivalents as at 30 September 2015	(28-36)	743 956 029	194 621 790

-Non- Cash transactions are excluded from the cash flow statement.

- The accompanying notes from (1) to (64) form an integral part of these financial statements and are to be read therewith.

Chief Financial Officer
Ali Thabet

Chairman
Yasseen Mansour

PALM HILLS DEVELOPMENTS COMPANY S.A.E
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For The Period Ended 30 September 2015

	<u>Share capital</u> <u>EGP</u>	<u>Legal reserve</u> <u>EGP</u>	<u>Special reserve</u> <u>EGP</u>	<u>Retained earnings (deficit)</u> <u>EGP</u>	<u>Net profit for the period</u> <u>EGP</u>	<u>Total</u> <u>EGP</u>	<u>Non- controlling interest</u> <u>EGP</u>	<u>Total Shareholders' equity</u> <u>EGP</u>
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	--	--	--	(158 856 765)	--	(158 856 765)	(3 757 897)	(162 614 662)
Adjustments to non-controlling interest	--	--	--	--	--	--	10 155 135	10 155 135
Transferred to retained earnings	--	--	--	238 888 791	(238 888 791)	--	--	--
Transferred to legal reserve	--	930 593	--	(930 593)	--	--	833 662	833 662
Dividends	--	--	--	--	--	--	(17 061 816)	(17 061 816)
Share capital increase	600 000 000	--	--	--	--	600 000 000	--	600 000 000
Profit for the period	--	--	--	--	264 134 434	264 134 434	18 751 782	282 886 216
Balance as at 30 September 2014	2 696 640 000	559 040 436	524 212 885	(107 621 192)	264 134 434	3 936 406 563	253 963 070	4 190 369 633
Balance as at 1 January 2015	2 696 640 000	566 469 569	524 212 885	(302 616 341)	353 290 475	3 837 996 588	255 951 133	4 093 947 721
Adjustments to retained earnings	--	--	--	(84 319 812)	--	(84 319 812)	--	(84 319 812)
Adjustments to non-controlling interest	--	--	--	--	--	--	(18 348 944)	(18 348 944)
Transferred to retained earnings	--	--	--	353 290 475	(353 290 475)	--	--	--
Transferred to legal reserve	--	18 038 487	--	(18 038 487)	--	--	--	--
Share capital increase	1 648 000 000	--	--	--	--	1 648 000 000	--	1 648 000 000
Profit for the period	--	--	--	--	827 967 946	827 967 946	36 598 796	864 566 742
Balance as at 30 September 2015	4 344 640 000	584 508 056	524 212 885	(51 684 165)	827 967 946	6 229 644 722	274 200 985	6 503 845 707

-The accompanying notes from (1) to (64) form an integral part of these financial statements and are to be read therewith

Chief Financial Officer
Ali Thabet

Chairman
Yasseen Mansour

Palm Hills Developments Company
(S.A.E)

Notes to the Consolidated
Financial Statements as of 30 September 2015

1. Background

Palm Hills for Developments 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 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, owning and managing residential compounds, resorts, villas and touristic villages, selling and the resale and associated services and facilities, leasing and the construction of integrated projects along with 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 at the 6th of October City in the Giza Governorate and the main branch is located in the Smart Village.

4. Commercial Register

The company is registered in the Commercial Register under No. 6801 dated 10 January 2005.

5. Financial Year

The company's financial year begins on 1 January and ends on 31 December, except for the first financial year which began as from the date of commencement of activity and ended on December 31, 2012.

6. Authorization Of The Financial Statements

The stand alone financial statements were authorized for issue by the board of directors on 4 November 2015.

7. Stock Exchange Listing

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

8. Existing Projects

The company has several major activities for the development of 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 units, providing associated services, and entertainment complexes, while the Company possesses a large land bank which includes land with a total area of 1,200.60 acres approx. located at 6th October City, land with a total area of 418.95 acres approx. located at New Cairo City, land measuring a total area of 3,513.60 acres approx. which is located at Sidi Abdel Rahman, El Alamin, Marsa Matrouh Governorate, land with a total area of 22. 70 acres approx. located at Hurghada City and land with 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 obtained a plot of land measuring approximately 1,759.46 acres situated 49 Kms from the beginning of the Cairo-Alexandria Road to be transformed into Botanical Gardens by reclamation and cultivation using modern irrigation methods.

c) Investments in associates and subsidiaries

1- Direct investments in associates and subsidiaries

	<u>Percentage share</u>
	<u>%</u>
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
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 at 66 Gameat El-Dewal El Arabia Street-Mohandessin- Cairo. The company is engaged in real estate investment 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 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 6th 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 the 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 6th 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.

- **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 on 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 at 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

	<u>Percentage</u> <u>share %</u>
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 Developments and its subsidiaries (the 'group') were prepared in accordance with Egyptian Accounting Standards and following the same accounting policies applied for the 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:

	<u>Percentage</u> <u>share %</u>	<u>Nature</u>
Coldwell Banker Palm Hills for Real Estate	49%	Associate

c) Consolidation procedures

In preparing consolidated financial statements, the Company combines the financial statements of the parent company 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 intergroup transactions are eliminated in full unless such transactions were eliminated or transferred to a third party.
- 6- Non-controlling interests 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 arise 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 in that 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 the fair value of available for sale financial investments are recognized as 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 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

Include 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 golf courses and planned 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 its 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 losses (if any). The estimated useful lives are as follows:

<u>Asset</u>	<u>Rate</u>
Buildings	%5
Tools & Equipment	% 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 to be earned from its disposal. The gain or loss on the disposal of an asset 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 land allocated to the Company for it to carry out 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) are 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 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 loss 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 the 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 the 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) the 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:

- **Revenue from land**

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

- **Revenue from constructions**

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

- **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.

- **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 100%.

- **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) are 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.

- **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 townhouses

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

- Revenue from the sale of the plot of land of the villas and townhouses is fully recognized when a sale is concluded and contracts are signed.
- Revenue from the construction of villas and townhouse is recognized based on the completion percentage and when the percentage of completion is reached 100% 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 contracts 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) on sale of investments in securities

Gains (losses) 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 rewards of ownership. Such gains (losses) 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

	<u>30 September</u> <u>2015</u> <u>EGP</u>	<u>31 December</u> <u>2014</u> <u>EGP</u>
*Naema for Touristic & Real Estate Investments S.A.E	57 375 360	56 552 054
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 September 2015	<u>77 986 760</u>	<u>77 163 454</u>

30. Investment Property

	<u>Acree</u>	<u>30 September</u> <u>2015</u> <u>EGP</u>	<u>31 December</u> <u>2014</u> <u>EGP</u>
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 *	2494	529 111 484	577 111 484
Gamsha for Tourist Development S.A.E	22.679	113 526 025	108 228 721
Nile Palm Al-Naeem for Real Estate Development S.A.E **	--	--	188 609 415
Balance as at 30 September 2015	<u>4275.679</u>	<u>854 664 787</u>	<u>1 085 976 898</u>

* Represented in the acquisition cost of a plot of land of a total area of 2,494 which located in El Alamein, Marsa Matrouh Governorate. 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 it has not been disposed yet. In addition to that, the Company sold 252,000 square meters plot located in North Coast and resulting in a capital gain (Note-58).

** The Company signed a land sale agreement of 13,000 square meters plot in downtown Alexandria and resulting in a capital gain (Note-58).

31. Held-to-maturity investments

	<u>Face value</u> <u>EGP</u>	<u>Purchase price</u> <u>EGP</u>	<u>Average return rate</u> <u>%</u>	<u>Unrecognized investment return</u> <u>EGP</u>
Palm Hills Development	899 749 702	854 481 011	%11	36 214 953
East New Cairo for Real Estate Development	1 025 000	994 864	%11	24 109
Gawda for Trade Services	1 625 000	1 559 783	%11	52 174
Middle East Company for Real Estate and Touristic Investment	2 850 000	2 766 652	%11	66 678
Royal Gardens for Real Estate Investment Company	2 801 171	2 714 497	%11	69 340
Palm Hills Middle East Company for Real Estate Investment	14 200 000	13 766 539	%11	285 903
Macor for Securities Investment	75 665	74 000	%11	1 665
New Cairo for Real Estate Development	2 461 333	2 397 309	%11	51 219
Balance as at 30 September 2015	<u>924 787 871</u>	<u>878 754 655</u>		<u>36 766 041</u>

32. Notes Receivable

	<u>30 September</u> <u>2015</u> <u>EGP</u>	<u>31 December</u> <u>2014</u> <u>EGP</u>
Short term notes receivable	563 639 989	1 663 951 949
Deduct: unamortized discount	<u>14 462 408</u>	<u>92 198 061</u>
	<u>549 177 581</u>	<u>1 571 753 888</u>
Long term notes receivable	6 078 259 350	2 773 109 042
Deduct: unamortized discount	<u>192 649 283</u>	<u>107 943 548</u>
	<u>5 885 610 067</u>	<u>2 665 165 494</u>
Balance as at 30 September 2015	<u><u>6 434 787 648</u></u>	<u><u>4 236 919 382</u></u>

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.

33. Projects Under Construction

	<u>30 September</u> <u>2015</u> <u>EGP</u>	<u>31 December</u> <u>2014</u> <u>EGP</u>
Land	340 104 665	340 104 665
Construction of Golf Club and Hotel in 6th of October City	429 061 100	429 061 100
Consultation and designs fees	47 245 992	59 107 860
Commercial shops - Palm Hills Resort	<u>29 105 656</u>	<u>29 105 654</u>
Balance as at 30 September 2015	<u><u>845 517 413</u></u>	<u><u>857 379 279</u></u>

34. Fixed Assets

Fixed assets (net) balance as at 30 September 2015 amounted to EGP 326 432 293 represented as follows:

	<u>Cost as of</u> <u>January</u> <u>1,2015</u>	<u>Additions</u> <u>during the</u> <u>period</u>	<u>Disposals</u> <u>during the</u> <u>period</u>	<u>Cost as of</u> <u>September</u> <u>30,2015</u>	<u>Accumulated</u> <u>depreciation as</u> <u>of January 1,</u> <u>2015</u>	<u>Depreciation</u> <u>for the period</u>	<u>Accumulated</u> <u>depreciation</u> <u>of disposals</u>	<u>Accumulated</u> <u>depreciation</u> <u>as of</u> <u>September</u> <u>30,2015</u>	<u>Net book</u> <u>value as of</u> <u>September</u> <u>30,2015</u>	<u>Net book</u> <u>value as of</u> <u>December</u> <u>31,2014</u>
	<u>EGP</u>	<u>EGP</u>	<u>EGP</u>	<u>EGP</u>	<u>EGP</u>	<u>EGP</u>	<u>EGP</u>	<u>EGP</u>	<u>EGP</u>	<u>EGP</u>
Land	18 920 662	--	--	18 920 662	--	--	--	--	18 920 662	18 920 662
Buildings	499 580 380	11 593 934	12 630	511 161 684	164 450 406	11 681 210	--	176 131 616	335 030 068	335 129 974
Machinery & equipment	97 586 019	7 139 917	390 223	104 335 713	84 284 960	2 951 288	385 641	86 850 607	17 485 106	13 301 059
Vehicles	18 667 880	448 140	4 088 672	15 027 348	17 936 127	356 929	4 061 195	14 231 862	795 486	731 752
Computer equipment	29 659 409	3 338 121	908 035	32 089 495	24 202 136	1 817 844	908 035	25 111 945	6 977 550	5 457 273
Leasehold improvements	17 239 707	15 000	2 856	17 251 851	16 277 545	511 167	2 856	16 785 855	465 996	962 163
Furniture	41 987 813	10 070 688	34 867	52 023 634	36 982 470	1 265 015	20 763	38 226 722	13 796 912	5 005 343
Total cost	723 641 870	32 605 800	5 437 283	750 810 387	344 133 644	18 583 453	5 378 490	357 338 607	393 471 780	379 508 226
Impairment of Macor									(2 500 000)	(2 500 000)
Impairment of assets									(64 539 487)	(64 539 487)
Balance as at 30 September 2015									326 432 293	312 468 739

- Fixed assets depreciation for the period ended 30 September 2015 was allocated as follows:

	<u>EGP</u>
Operating assets-work in process	2 640 345
Administrative depreciation (income statement)	6 543 824
Depreciation expense of hotel operations	3 872 544
Depreciation expense of Palm Hills Club's assets - club's operating statement	5 526 740
	<u>18 583 453</u>

- Capital Gains for the period ended 30 September 2015 amounted to EGP 1 486 626 as follows:

	<u>EGP</u>	<u>EGP</u>
Proceed from sale of fixed assets		1 545 419
Deduct:		
Cost of assets sold	5 437 283	
Accumulated depreciation of assets sold	(5 378 490)	
Carrying amount of assets sold		58 793
		<u>1 486 626</u>

35. Work In Process

	<u>Cost of sales recognized in income statement</u>				
	<u>Total as at</u> <u>30 September 2015</u> <u>EGP</u>	<u>As at 31 December</u> <u>2014</u> <u>EGP</u>	<u>For the period</u> <u>ended 30</u> <u>September 2015</u> <u>EGP</u>	<u>30 September</u> <u>2015</u> <u>EGP</u>	<u>31 December</u> <u>2014</u> <u>EGP</u>
Land acquisition cost	4 481 745 036	1 855 497 477	300 579 237	2 325 668 322	2 449 692 495
Cost of construction	8 258 190 038	2 721 786 984	1 283 725 160	4 252 677 893	3 596 338 457
Completed units ready for sale	187 907 169	134 302 287	20 483 327	33 121 555	53 604 882
Balance as at 30 September 2015	12 927 842 242	4 711 586 748	1 604 787 724	6 611 467 770	6 099 635 834

* Borrowing cost capitalized on work in process for the year ended 30 September 2015 amounted to EGP **250 338 328** The capitalization rate used to determine the amount of borrowing costs eligible for capitalization is 11.56%.

36. Cash And Cash Equivalents

	<u>30 September</u> <u>2015</u> <u>EGP</u>	<u>31 December</u> <u>2014</u> <u>EGP</u>
Banks-current accounts- EGP	436 614 828	177 320 432
Banks-current accounts- foreign currency	10 654 924	4 916 509
Banks – Deposits-EGP	290 737 962	7 390 217
Cash on hand	5 948 315	5 321 906
Balance as at 30 September 2015	<u>743 956 029</u>	<u>194 949 064</u>

37. Accounts Receivable

	<u>30 September</u> <u>2015</u> <u>EGP</u>	<u>31 December</u> <u>2014</u> <u>EGP</u>
Palm Hills Developments Company customers	211 122 696	374 788 281
Palm Hills Middle East Company for Real Estate Investment customers	121 698 317	160 328 907
New Cairo for Real Estate Developments customers	4 174 136	5 506 434
Royal Gardens for Real Estate Investment Company customers	13 651 333	20 241 482
Gawda for Trade Services customers	3 713 906	2 834 999
Saudi Urban Development Company customers	33 277 476	43 426 830
Rakeen Egypt for Real Estate Investment customers	198 986 321	285 294 244
East New Cairo for Real Estate Development customers	130 376 746	133 471 995
Middle East Company for Real Estate and Touristic Investment customers	40 553 194	96 090 251
Balance as at 30 September 2015	<u>757 554 125</u>	<u>1 121 983 423</u>

38. Debtors And Other Debit Balances

	<u>30 September</u> <u>2015</u> <u>EGP</u>	<u>31 December</u> <u>2014</u> <u>EGP</u>
Tax Authority	23 756 481	23 756 481
Investments debtors	5 000 455	4 483 115
Deposits with others	4 774 752	6 092 067
Prepaid expenses	26 153 686	2 872 715
Loans to employee & custodies	7 002 572	1 661 967
Due from City for Real Estate Development Company	5 522 741	5 522 741
Advance payments for land acquisition	83 264 427	47 260 820
Accrual interest	946 985	--
Other debit balances	42 918 525	25 146 913
Balance as at 30 September 2015	<u>199 340 624</u>	<u>116 796 819</u>

39. Due From Related Parties

	<u>30 September</u>	<u>31 December</u>
	<u>2015</u>	<u>2014</u>
	<u>EGP</u>	<u>EGP</u>
Al Ethadia for Real Estate S.A.E	116 285 373	86 700 732
United Engineering for Construction S.A.E	48 901 432	15 544 536
Al Naeem for investments	48 755 256	--
Coldwell Banker -Palm Hills for Real Estate S.A.E	20 480	20 480
Novotel Cairo 6th Of October S.A.E	1 133 788	891 050
Palm Hills Education S.A.E	184 125	184 125
Mercure Ismailia Hotel	2 471 298	2 138 308
Baltan Group	269 320	269 320
Balance as at 30 September 2015	<u>218 021 072</u>	<u>105 748 551</u>

40. Advance Payments For Investments Acquisition

	<u>Nature of</u>	<u>30 September</u>	<u>31 December</u>
	<u>transaction</u>	<u>2015</u>	<u>2014</u>
		<u>EGP</u>	<u>EGP</u>
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	19 775 000
Al Naeem for Hotels and Touristic Villages	Acquisition	41 303 890	41 303 890
Balance as at 30 September 2015		<u>204 110 633</u>	<u>204 110 633</u>

41. Banks- Credit Balances

	<u>30 September</u>	<u>31 December</u>
	<u>2015</u>	<u>2014</u>
	<u>EGP</u>	<u>EGP</u>
Banks –EGP	36 279 694	37 658 893
Banks-foreign currencies	1 581 470	1 538 667
Balance as at 30 September 2015	<u>37 861 164</u>	<u>39 197 560</u>

42. Advances From Customers

	<u>Palm Hills Development Company S.A.E</u> EGP	<u>Palm Hills Middle East Company for Real Estate Investment S.A.E</u> EGP	<u>Rakeen Egypt for Real Estate Investment S.A.E</u> EGP	<u>Middle East Company for Real Estate and Touristic Investment S.A.E</u> EGP	<u>New Cairo for Real Estate Developments S.A.E</u> EGP	<u>Royal Gardens for Real Estate Investment Company S.A.E</u> EGP	<u>Saudi Urban Development Company S.A.E</u> EGP	<u>East New Cairo for Real Estate Development S.A.E</u> EGP	<u>Gawda for Trade Services S.A.E</u> EGP	<u>Balance as at 30 September 2015</u> EGP
Down payments	68 317 566	29 809 649	30 098 309	16 412 130	--	1 159 498	7 606 204	1 975 726	--	155 379 081
Advances for contracting	7 391 125 634	2 994 973 634	1 783 982 706	568 751 403	293 253 159	958 196 752	852 184 986	1 731 488 553	342 057 968	16 916 014 795
	7 459 443 200	3 024 783 283	1 814 081 015	585 163 533	293 253 159	959 356 250	859 791 190	1 733 464 279	342 057 968	17 071 393 876
Exclude:- amounts recognized in income statements as at 30 September 2015	(5 495 216 339)	(1 760 689 765)	(464 480 071)	(416 561 056)	(285 819 336)	(700 880 171)	(2 554 464)	(908 266 038)	(335 215 962)	(10 369 683 202)
Advances from customers (net)	1 964 226 861	1 264 093 517	1 349 600 944	168 602 477	7 433 823	258 476 080	857 236 726	825 198 241	6 842 006	6 701 710 674
Unamortized discount - accounts receivable	(244 408 775)	(125 940 992)	(116 742 190)	(23 031 848)	6 188 191	(31 746 804)	65 001 031	(126 812 911)	--	(739 872 741)
Balance as at 30 September 2015	1 719 818 085	1 138 152 526	1 232 858 754	145 570 629	1 245 632	226 729 275	792 235 695	698 385 330	6 842 006	5 961 837 933

43. Land Purchase Liabilities

A) Land purchase liabilities - short term

	<u>30 September</u> <u>2015</u> <u>EGP</u>	<u>31 December</u> <u>2014</u> <u>EGP</u>
Land purchase liabilities - short term	216 603 529	243 620 378
Deduct:		
unamortized discount	780 187	27 051 590
Balance as at 30 September 2015	<u>215 823 342</u>	<u>216 568 788</u>

B) Land purchase liabilities - long term

	<u>30 September</u> <u>2015</u> <u>EGP</u>	<u>31 December</u> <u>2014</u> <u>EGP</u>
Land purchase liabilities - long term	366 660 654	421 513 653
Deduct		
Delayed installments interest	37 693 315	60 309 305
Unamortized discount	2 349 313	10 770 526
Balance as at 30 September 2015	<u>326 618 026</u>	<u>350 433 822</u>

44. Due To Related Parties

	<u>30 September</u> <u>2015</u> <u>EGP</u>	<u>31 December</u> <u>2014</u> <u>EGP</u>
El Mansour & El Maghraby Investment and Development	198 199 417	529 035 086
Due to shareholders	22 404 446	47 819 225
Advance payments for capital increase	--	62 030 239
Villamora for Real Estate Development Company S.A.E	12 927 756	7 428 819
Balance as at 30 September 2015	<u>233 531 619</u>	<u>646 313 369</u>

45. Investment purchase liabilities

	<u>30 September</u> <u>2015</u> <u>EGP</u>	<u>31 December</u> <u>2014</u> <u>EGP</u>
Shareholders of Saudi Urban Development Company	44 256 746	44 256 746
Balance as at 30 September 2015	<u>44 256 746</u>	<u>44 256 746</u>

46. Notes Payable

A) Short Term Notes Payable

	<u>30 September</u> <u>2015</u> <u>EGP</u>	<u>31 December</u> <u>2014</u> <u>EGP</u>
Notes payable- Land (New Urban Communities Authority)	686 015 952	580 075 984
Deduct:-		
Delayed installments interest	238 737 871	--
	447 278 081	580 075 984
Add:-		
Other notes payable	239 072 619	225 151 773
Balance as at 30 September 2015	686 350 700	805 227 757

B) Long Term Notes Payable

	<u>30 September</u> <u>2015</u> <u>EGP</u>	<u>31 December</u> <u>2014</u> <u>EGP</u>
Notes payable- Land (New Urban Communities Authority)	250 100 345	753 070 640
Deduct:-		
Delayed installments interest	--	342 859 837
	250 100 345	410 210 803
Add:-		
Other notes payable	42 588 298	126 300 190
Balance as at 30 September 2015	292 688 643	536 510 993

47. Loans This item is represented as follows:

	<u>30 September 2015</u>		<u>31 December 2014</u>	
	<u>Short term</u> <u>EGP</u>	<u>long term</u> <u>EGP</u>	<u>Short term</u> <u>EGP</u>	<u>long term</u> <u>EGP</u>
<u>Misr Bank</u> Revolving medium term loan with Misr Bank in the amount of 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% over the LIBOR three months rate.	--	--	166 939 000	166 890 086
<u>Misr Bank</u> A medium term loan with Misr Bank amounted to EGP 750 million for the purpose of financing Palm Hills Middle East Company for Real Estate Investment projects	--	586 000 000	--	--
<u>Arab African International Bank (AAIB)</u> A medium term loan with the Arab African International Bank (AAIB) amounted to EGP 2.4 billion secured by the assignment of projects' cash and bears an interest rate of 3.25% above deposit corridor rate.	--	1 936 561 627	--	1 218 658 750

	<u>30 September 2015</u>		<u>31 December 2014</u>	
	<u>Short term EGP</u>	<u>long term EGP</u>	<u>Short term EGP</u>	<u>long term EGP</u>
Arab African International Bank (AAIB)				
A 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 September 2013 to September 2018.	17 545 918	122 821 423	7 471 000	52 293 623
Abu Dhabi Islamic Bank (ADIB)				
Mudaraba Contract with Abu Dhabi Islamic Bank (ADIB) amounted to EGP 96 403 044 for 3 years.	47 719 535	--	--	24 100 762
Balance as at 30 September 2015	65 265 453	2 645 383 050	174 410 000	1 461 943 221

48. Creditors And Other Credit Balances

	<u>30 September 2015 EGP</u>	<u>31 December 2014 EGP</u>
	Other credit balances	172 289 325
Increase in construction area liabilities	95 500 000	95 500 000
Accounts receivable under settlement	82 269 325	141 053 877
Accrued expenses	42 018 846	39 177 625
Balance as at 30 September 2015	392 077 496	410 672 236

49. Capital

The Company's authorized capital amounts EGP 6 000 000 000. The Company's issued and paid in capital amounts to EGP 4 344 640 000 representing 2 172 320 000 shares with a par value of EGP 2 per share as follows:

	<u>EGP</u>
Issued capital	
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.	<u>121 500 000</u>
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.	<u>307 000 000</u>
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.	<u>400 000 000</u>
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.	<u>600 000 000</u>
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.	<u>800 000 000</u>
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.	<u>832 000 000</u>
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.	<u>931 840 000</u>

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.	<u>1 397 760 000</u>
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.	<u>2 096 640 000</u>
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.	<u>2 696 640 000</u>
On 8 February 2015, the Company's Extra-ordinary General Assembly Meeting approved the issued Capital increase amounting to EGP 1 648 000 000 to be after such increasing amounted EGP 4 344 640 000 representing 2 172 320 000 shares with a par value of EGP 2 per share.	<u>4 344 640 000</u>

50. Other Long Term Liabilities- Residents' Association

Other long term liabilities represent time deposit checks received from residents or customers 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 Law No.119 for 2008. Other long term liabilities balance as at 30 September 2015 amounted to EGP **463 075 586**.

51. Legal Reserve

	<u>30 September</u> <u>2015</u> <u>EGP</u>	<u>31 December</u> <u>2014</u> <u>EGP</u>
Beginning balance	566 469 569	558 109 843
Transferred from the prior period's profit	18 038 487	8 359 726
Balance as at 30 September 2015	<u><u>584 508 056</u></u>	<u><u>566 469 569</u></u>

52. Revenues

	<u>30 September</u> <u>2015</u> <u>EGP</u>	<u>30 September</u> <u>2014</u> <u>EGP</u>
Sale of land development	1 739 391 683	954 900 875
Revenue from construction contracts	988 319 880	434 052 337
Revenue from hospitality activities	23 403 676	5 351 690
Sale of completed units ready for sale	26 768 207	10 012 904
Deduct:-		
Unamortized discount- notes receivable	174 568 297	75 756 109
Total as at 30 September 2015	<u><u>2 603 315 149</u></u>	<u><u>1 328 561 697</u></u>

53. Cost of Revenues

	<u>30 September</u> <u>2015</u> <u>EGP</u>	<u>30 September</u> <u>2014</u> <u>EGP</u>
Cost of land development	300 579 237	273 264 964
Constructions and infrastructure	1 283 725 159	538 804 247
Cost of completed units ready for sale	20 483 327	5 632 268
Depreciation of Fixed Assets – Macor for Securities Investment Company	3 872 544	4 580 791
Total as at 30 September 2015	<u>1 608 660 267</u>	<u>822 282 270</u>

54. General Administrative, Selling And Marketing Expenses

	<u>30 September</u> <u>2015</u> <u>EGP</u>	<u>30 September</u> <u>2014</u> <u>EGP</u>
Wages and salaries	138 088 888	79 790 372
Selling and marketing expenses	65 411 281	31 381 818
Professional and Government fees	66 620 451	40 534 337
Communications expenses	1 030 576	1 240 882
Utilities	18 730 463	12 860 919
Maintenance and Insurance	9 318 068	7 888 447
Travel and transportation	4 549 129	1 045 948
Bank charges	3 400 391	1 739 247
Other administrative expenses	11 039 962	2 423 090
Total as at 30 September 2015	<u>318 189 209</u>	<u>178 905 060</u>

55. Net operating Profit (Loss) – Palm Hills Club

	<u>30 September</u> <u>2015</u> <u>EGP</u>	<u>30 September</u> <u>2014</u> <u>EGP</u>
Revenues	<u>30 461 377</u>	<u>15 465 121</u>
Less:		
Cost of revenue	<u>7 721 271</u>	<u>8 041 919</u>
	<u>22 740 106</u>	<u>7 423 202</u>
Less:		
General administrative expenses	12 451 291	12 294 159
Depreciation of Fixed Assets	5 526 740	6 449 890
	<u>17 978 031</u>	<u>18 744 049</u>
Add:		
Other revenues	765 243	1 028 321
Net operating profit (Loss)	<u>5 527 318</u>	<u>(10 292 526)</u>

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

	<u>30 September</u> <u>2015</u> <u>EGP</u>	<u>30 September</u> <u>2014</u> <u>EGP</u>
Gains on sale of mutual funds certificates	3 581 445	3 638 859
Total as at 30 September 2015	<u>3 581 445</u>	<u>3 638 859</u>

57. Other Revenues

	<u>30 September</u> <u>2015</u> <u>EGP</u>	<u>30 September</u> <u>2014</u> <u>EGP</u>
Gain on sale of subsidiaries	--	25 500 000
Gains from the sale of fixed assets	1 486 626	5 641 631
E-compound revenues	13 568 110	12 658 336
Miscellaneous revenues	11 179 485	13 730 830
Total as at 30 September 2015	<u>26 234 221</u>	<u>57 530 797</u>

58. Capital Gain on Investment Property

The Company signed a land sale agreement of 13,000 square meters plot in downtown Alexandria, in addition to and a land sale agreement of 252,000 square meters plot located in North Coast as follows:

	<u>Capital gain</u> <u>EGP</u>	<u>Meter</u>
A plot of land located in downtown Alexandria	133 535 602	13 000
A plot of land located in North Coast	292 200 000	252 000
Total as at 30 September 2015	<u>425 735 602</u>	

59. 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

<u>Party</u>	<u>Relationship</u>	<u>Nature of transaction</u>	<u>Amount of transaction EGP</u>
Palm Hills Middle East Company for Real Estate Investment S.A.E	A subsidiary	Finance	960 789 055
Royal Gardens for Real Estate Investment Company S.A.E	A subsidiary	Finance	35 758 342
Middle East Company for Real Estate and Touristic Investment S.A.E	A subsidiary	Finance	145 255 608
Gawda for Trade Services S.A.E	A subsidiary	Finance	43 224 774
Rakeen Egypt for Real Estate Investment S.A.E	A subsidiary	Finance	373 042 397
Saudi Urban Development Company S.A.E	A subsidiary	Finance	18 061 878
Nile Palm Al-Naeem for Real Estate Development S.A.E	A subsidiary	Finance	317 301 470
Al Ethadia for Real Estate S.A.E	A Related party	Finance	69 532 462
East New Cairo for Real Estate Development S.A.E	A subsidiary	Finance	449 604 022
Palm October for Hotels S.A.E	A subsidiary	Finance	407 920
New Cairo for Real Estate Development S.A.E	A subsidiary	Finance	141 310 857
Al Naeem for Hotels and Touristic Villages S.A.E	A subsidiary	Finance	391 351 832
Gemsha for Tourist Development S.A.E	A subsidiary	Finance	152 348 129
United Engineering for Construction S.A.E	A subsidiary	Finance	19 488 279
El Mansour & El Maghraby Investment and Development	A main shareholder	Finance	1 011 492 993
Palm Gemsha for Hotels S.A.E	A subsidiary	Finance	61 000
Palm North Coast Hotels S.A.E	A subsidiary	Finance	61 000

b- Resulting balances from these transactions

<u>Party</u>	<u>Item as in balance sheet</u>	<u>30 September 2015 EGP</u>
Royal Gardens for Real Estate Investment Company S.A.E	Due from related parties	2 835 672
Palm October for Hotels S.A.E	Due from related parties	52 397 308
Palm Hills Hospitality S.A.E	Due from related parties	100 254 292
Rakeen Egypt for Real Estate Investment S.A.E	Due from related parties	171 215 654
Saudi Urban Development Company S.A.E	Due from related parties	150 909 474
Palm Hills Middle East Company for Real Estate Investment S.A.E	Due from related parties	820 033 016
Gemsha for Tourist Development S.A.E	Due from related parties	68 040 198
Al Ethadia for Real Estate S.A.E	Due from related parties	108 488 881
Coldwell Banker Palm Hills for Real Estate	Due from related parties	20 480
Palm Hills Education S.A.E	Due from related parties	184 125
United Engineering for Construction S.A.E	Due from related parties	14 886 904
East New Cairo for Real Estate Development S.A.E	Due from related parties	135 850 925
Baltan Group	Due from related parties	269 320
Palm North Coast Hotels S.A.E	Due from related parties	56 586
Palm Gemsha for Hotels S.A.E	Due from related parties	53 394
Nile Palm Al-Naeem for Real Estate Development S.A.E	Due from related parties	47 548 559
New Cairo for Real Estate Developments S.A.E	Due to related parties	8 543 127
Middle East Company for Real Estate and Touristic Investment S.A.E	Due to related parties	72 946 306
Al Naeem for Hotels and Touristic Villages S.A.E	Due to related parties	106 528 974
Gawda for Trade Services S.A.E	Due to related parties	71 429 003
Shareholders – credit balances	Due to related parties	8 556 622
El Mansour & El Maghraby Investment and Development	Due to related parties	232 912 170

60. Tax Status

The company is exempted from income tax for ten years to end on 31 December 2015 while several companies within the group are subject to corporate tax and others are exempted.

61. 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 and 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.

62. 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 (Note-37).

63. 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, where the Company sold 100% of Middle East for Development and Investment Touristic co' equity.