

PALM HILLS DEVELOPMENTS COMPANY

(An Egyptian Joint Stock Company)

Consolidated Financial Statements

On 30 Sep 2024

Together with Limited Report

Mostafa Shawki

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Translation of review
report Originally issued in Arabic.

**LIMITED REVIEW REPORT
ON INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

To the Chairman and Members of the Board of Directors

Palm Hills Development

INTRODUCTION

We have reviewed the accompanying interim consolidated statement of financial position of Palm Hills Development "PHD" (S.A.E) as of 30 Sep 2024 as well as the related interim consolidated statements of profit or loss and comprehensive income and the interim consolidated statements of changes in equity and cash flows for the Nine-month period ending on that date and a summary of significant accounting policies and other explanatory notes, Management is responsible for the preparation and fair presentation of these interim financial statements in accordance with Egyptian Accounting Standards Issued by Ministerial Resolution No. (110) for the year 2015 and its amendments, our responsibility is limited to expressing a conclusion on the periodic financial statements in accordance with our limited examination of them.

SCOPE OF REVIEW

We conducted our limited review in accordance with the Egyptian Standard on Auditing for the tasks of limited examination of the periodic financial statements of the entity, and the limited examination of the periodic financial statements includes making inquiries mainly from persons responsible for financial matters and accounting, applying analytical procedures, and other limited examination procedures. The limited review is substantially less in scope than the audit conducted in accordance with Egyptian Standards on Auditing, and therefore we cannot obtain confirmation of all significant matters that may be discovered in the audit process, and accordingly we do not express an audit opinion on these financial statements.

CONCLUSION

Based on our limited review, nothing has come to our attention that causes us to believe that the accompanying consolidated interim financial statements It does not express fairly and clearly in all its important aspects the consolidated financial position of Palm Hills Development An Egyptian Joint Stock Company on Sep 30, 2024, and its financial performance and consolidated cash flows for the Nine months ending on that date in accordance with the Egyptian Accounting Standards issued by Ministerial Resolution No. (110) for the year 2015 and its amendments.

EXPLANATORY PARAGRAPHS:

- With not qualified on our opinion, some lands have been recorded in the books of the company and its subsidiaries under preliminary contracts or letters of allocation received from the New Urban Communities Authority (in the Sixth of October City, New Cairo City and from the competent agencies entrusted with concluding primary contracts and issuing letters of allocation), where The transfer and registration of ownership depends on the fulfillment of the financial criteria and the constructional executive conditions and the completion of those projects, taking into account that only the construction costs are established in the joint projects without the cost of the lands on which those projects are built.
- In addition to what was mentioned in the previous paragraph, the company has recorded the revenues generated from the units under construction or under delivery of the contracted units in application of the accounting policy for the recognition of revenues according to the extent of fulfillment of contract obligations at the contract unit level, where the progress in fulfilling contract obligations is determined and measured using The output method is by counting the completed performance up to the date of preparing the financial statements based on the opinion of the engineering management of the company for the contracted units at the level of each stage (Notes No. 29, 30, 64, 65).
- In addition to what was mentioned in the previous two paragraphs, the consolidated financial statements of Palm Hills Development Company have been prepared As of Sep 30, 2024, based on the internal financial statements of the subsidiaries at the date the accompanying consolidated financial statements were prepared.

Cairo: 14 November 2024

Auditor


Khaled Said El-Rabat

Financial Supervision Authority Registration No. (6258)

R.A.A (8173)

Forvis Mazars Mostafa Shawki

Originally Issued in Arabic

PALM HILLS DEVELOPMENTS COMPANY S.A.E`
CONSOLIDATED FINANCIAL POSITION

As of 30 Sep 2024

	Note no.	30 Sep 2024 EGP	31 Dec 2023 EGP
Assets			
Non-current assets			
Investments in associates	(35 ,b11 ,d8)	1 014 979 518	499 485 857
Investment property	(36, c11)	1 066 974 108	45 830 027
Fixed assets (net)	(37 ,13)	2 714 412 348	2 529 549 685
Projects under construction	(38 ,12)	203 331 275	1 002 101 616
Advance payments for investments acquisition		1 990 745 386	92 364 852
Right of use assets	(39,a28)	9 050 437	10 923 079
Notes receivable - long term	(40 ,16)	38 656 619 883	23 096 144 962
Notes receivable - long term for undelivered units	(41 ,16)	356 623 618	4 546 630 300
Other long-term assets		878 000	1 003 433
Total non-current assets		46 013 614 573	31 824 033 811
Current assets			
Works in process	(42 ,14)	11 105 573 338	8 788 379 627
Accounts receivable	(43)	11 970 050 614	8 087 041 825
Debtors and other debit balances	(44)	6 055 078 854	3 120 372 653
Suppliers - advance payments		4 808 855 878	3 931 155 595
Due from related parties	(72 ,45 ,27)	334 062 242	368 399 961
Financial investments at amortized cost	(46,33,5)	5 669 203 165	4 445 198 927
Investments at fair value through profit and loss	(33,5)	204 919 932	100 784 825
Notes receivable - short term	(40 ,16)	12 284 731 073	8 391 624 362
Notes receivable - short term for undelivered units	(41,16)	1 310 413 394	2 052 227 415
Cash and cash equivalents	(47 ,32)	4 345 460 020	3 189 241 596
Total Current Assets		58 088 348 510	42 474 426 786
Total Assets		104 101 963 083	74 298 460 597
Shareholders' equity And Liabilities			
Shareholders' equity			
Share capital	(59)	5 883 189 778	5 883 189 778
Legal reserve	(60)	936 693 413	886 980 714
Treasury shares	(61)	(285 991 113)	--
Retained earning		4 174 459 822	2 807 704 743
Net profit for the Period /year		2 352 611 183	1 581 511 689
Net controlling equities		13 060 963 083	11 159 386 924
Non-controlling equities		661 501 263	562 460 975
Total shareholders' equity		13 722 464 346	11 721 847 899
Non-current liabilities			
Loans long-term	(50)	4 510 623 894	3 959 030 721
Notes payable - long term	(b 51)	2 164 458 932	2 576 202 779
Deferred Tax Liability		5 021 831	4 737 653
Land purchase liabilities – Long Term	(b55 ,20)	9 144 508	--
Other long-term liabilities – Residents' Association	(62)	15 194 682 458	9 428 558 877
Lease contract liabilities - long term	(b54)	827 467	1 296 288
Joint shares arrangement - long term	(57)	5 766 269 732	4 004 246 037
Total non-current liabilities		27 651 028 822	19 974 072 355
Current liabilities			
Banks - credit balances	(48)	645 786 011	234 053 719
Bank - overdraft	(49)	6 505 671 329	3 362 218 151
Current portion of Short-term loans	(50)	398 039 157	510 722 537
Notes payable - short term	(a 51)	1 318 023 522	1 858 467 641
Advances from customers	(52)	41 080 454 017	20 983 587 846
liabilities for checks received from customers	(53)	1 667 037 012	6 598 857 715
Lease contract liabilities - short term	(a54)	6 428 876	9 771 222
Current portion of land purchase liabilities	(a55 ,20)	17 179 529	18 416 252
Due to related parties	(72 ,56 ,27)	21 465 302	3 823 853
Joint shares arrangement - short term	(57)	1 858 144 150	1 614 008 764
Creditors & other credit balances	(58)	2 863 783 893	2 653 908 991
Suppliers And contractors		3 700 355 345	2 504 006 437
Investments purchase liabilities		20 717 553	20 717 553
Partnership Sukuk	(74)	1 619 782 696	1 533 426 329
Provisions	(19)	161 631 162	136 623 346
Income tax payable	(a23)	843 970 361	559 929 987
Total current liabilities		62 728 469 915	42 602 540 343
Total liabilities		90 379 498 737	62 576 612 698
Total equity and liabilities		104 101 963 083	74 298 460 597

- Limited report attached.
- The accompanying notes are integral part of the financial statements.

Chairman

Yassien Mansour

Chief Financial Officer

Ali Thabet

Translation of Income Statements

Originally Issued in Arabic

PALM HILLS DEVELOPMENTS COMPANY S.A.E
CONSOLIDATED STATEMENT OF INCOME (PROFIT OR LOSS)
For The Nine Months Ended In 30 Sep 2024

	Note No.	<u>Period from 1</u> <u>Jan 2024 till 30</u> <u>Sep 2024</u> <u>EGP</u>	<u>Period from 1</u> <u>Jan 2023 till 30</u> <u>Sep 2023</u> <u>EGP</u>	<u>Period from 1</u> <u>July 2024 till</u> <u>30 Sep 2024</u> <u>EGP</u>	<u>Period from 1</u> <u>July 2023 till</u> <u>30 Sep 2023</u> <u>EGP</u>
Revenues	(63) (29)	17 964 695 737	11 283 720 593	7 026 684 317	4 364 674 697
Deduct: -					
Cost of revenues	(64) (30)	11 529 595 964	7 450 912 344	4 834 017 151	2 893 076 017
Cash discount		44 323 071	27 686 905	19 556 839	9 780 753
Gross profit		6 390 776 702	3 805 121 344	2 173 110 327	1 461 817 927
Deduct: -					
General administrative, selling and marketing expenses	(65)	2 246 099 682	1 475 620 502	980 436 769	516 006 973
Administrative Fixed Assets Depreciation	(39) (37) (13)	167 960 591	130 908 472	63 184 830	44 804 989
Finance costs & interests	(66) (25)	1 375 669 435	991 988 917	512 947 175	364 276 710
Provision	(19)	25 849 927	(41 327 317)	8 849 927	(45 327 317)
Expected credit losses	(67)	11 937 380	5 923 009	5 147 116	3 978 678
Total general, administrative, marketing and financing expenses, depreciation		3 827 517 015	2 563 113 583	1 570 565 817	883 740 033
Add					
Amortization of discount on notes receivables		304 418 955	127 211 911	127 541 853	57 060 432
Gains on investments in fair value through profit or loss	(68,33/5)	23 214 219	10 137 843	9 441 563	3 730 861
Credit interest	(d31)	374 096 781	164 588 594	155 945 800	45 272 834
Total other revenues		701 729 955	301 938 348	292 929 216	106 064 127
Net profit for the Period before income tax & non-controlling equities		3 264 989 642	1 543 946 109	895 473 726	684 142 021
Deduct: -					
Current Income tax	(69) (a 23)	804 106 546	415 701 435	217 109 517	195 051 824
Deferred tax	(b 23)	300 208	472 808	5 581	147 583
Net profit for the Period before & non-controlling equities		2 460 582 888	1 127 771 866	678 358 628	488 942 614
Deduct: -					
Non-controlling equities share- subsidiaries		107 971 705	78 434 749	29 453 363	47 653 300
Net profit for the Period after income tax & non-controlling equities		2 352 611 183	1 049 337 117	648 905 265	441 289 314
Earnings per share for profits	(70) (26)	0.82	0.35	0.23	0.15

- The accompanying notes are integral part of the financial statements.

Chairman

Yasseen Mansour

Chief Financial Officer

Ali Thabet

PALM HILLS DEVELOPMENTS COMPANY S.A.E
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For The Nine Months Ended In 30 Sep 2024

	<u>Period from 1 Jan 2024 till 30 Sep 2024</u>	<u>Period from 1 Jan 2023 till 30 Sep 2023</u>	<u>Period from 1 July 2024 till 30 Sep 2024</u>	<u>Period from 1 July 2023 till 30 Sep 2023</u>
	EGP		EGP	
Net profit for the period	2 352 611 183	1 049 337 117	648 905 265	441 289 314
Other comprehensive income	--	--	--	--
Total comprehensive income for the period, net of tax	<u>2 352 611 183</u>	<u>1 049 337 117</u>	<u>648 905 265</u>	<u>441 289 314</u>
<u>Attributable to: -</u>				
Equity holders of the parent	2 352 611 183	1 049 337 117	648 905 265	441 289 314
Non-controlling equities	107 971 705	78 434 749	29 453 363	47 653 300
	<u>2 460 582 888</u>	<u>1 127 771 866</u>	<u>678 358 628</u>	<u>488 942 614</u>

- The accompanying notes are integral part of the financial statements


Chairman

Yasseen Mansour

Chief Financial Officer


Ali Thabet

*Translation of Cash Flow Statements
Originally Issued in Arabic*

**PALM HILLS DEVELOPMENTS COMPANY S.A.E
CONSOLIDATED STATEMENT OF CASH FLOWS**

For The Nine Months Ended In 30 Sep 2024

	Note No.	30 Sep 2024	30 Sep 2023
		EGP	EGP
Net profit for the period before income tax & non-controlling equities		3 264 989 642	1 543 946 109
Adjustments to reconcile net profit to net cash from operating activities			
Land installments interest		204 720 136	42 829 906
Depreciation & amortization	(37,13)	189 166 040	149 097 240
Provisions	(30c,19)	25 849 927	(41 327 317)
Finance cost & interest	(25)	1 170 949 300	949 159 011
Gain on investments in Associates	(35)	(86 363 072)	(22 817 712)
Gain on disposal of fixed assets	(37,13)	(4 173 101)	(70 690 646)
Amortization of current value deduction for notes receivables		(304 418 955)	(127 211 912)
Gain on investment at fair value through profit or loss	(68,5,33)	(23 214 219)	(10 137 843)
Credit interest	(31d)	(374 096 781)	(164 588 594)
Expected credit losses (reserve)		11 937 381	5 923 009
Operating profits before changes in working capital		4 075 346 298	2 254 181 251
Cash flow from operation activities			
Change in work in process	(42,14)	(2 400 792 229)	(438 136 997)
Change in notes receivables	(40,16)	(19 149 162 677)	(6 340 169 949)
Change in notes receivable for undelivered units		4 931 820 703	2 613 681 242
Change in investments at fair value through profit or loss	(33/5)	(104 135 107)	578 347
Change In Financial investments at amortized cost	(46,33/5)	(1 224 004 239)	(943 969 230)
Change in accounts receivables	(43)	(3 902 356 636)	(2 308 305 267)
Change in suppliers – advanced payments		(877 700 283)	(1 618 258 971)
Change in Debtors and other debit balances		(2 933 337 686)	(952 863 574)
Change in due from related parties	(72,45,27)	40 379 672	(9 911 046)
Change in accounts receivables – advance payments	(52)	20 096 866 170	4 538 962 625
Liabilities for checks received from customers		(4 931 820 703)	(2 613 681 243)
Change from provision	(19)	(842 111)	(1 693 870)
Change in notes payable	(51)	(1 156 908 102)	73 871 108
Change in suppliers & contractors		1 196 348 907	1 078 578 084
Income taxes paid	(69)	(520 066 173)	(418 375 521)
Change in due to related parties		17 641 449	435 328
Change in creditors & other credit balances	(58)	209 874 902	652 850 592
Change in long term liabilities – Residents' Association	(62)	5 766 123 581	2 258 819 028
Change in Partners share in joint arrangements	(57)	2 006 159 081	2 085 870 918
Lease obligations	(54)	(1 938 525)	2 853 039
Net cash (used in) operating activities		1 137 496 292	(84 684 106)
Cash flows from investing activities			
(Payments) for purchase of fixed assets	(37)	(374 430 736)	(106 778 984)
Proceeds from sale of fixed assets	(37)	4 173 101	98 009 805
(Payments) for associate's investment	(35)	(348 130 590)	(63 314 218)
(Payments) for projects under construction	(38)	(94 005 376)	(540 797 482)
(Payments) for paid under investment		(1 979 380 534)	(81 000 000)
(Payments) For Investments Property		(36 460 027)	--
proceeds from other assets		125 433	125 433
Collected Gains on investments in fair value through profit or loss	(68)	23 214 219	10 137 843
Collected Interest and returns on investments at amortized cost		374 096 781	164 588 594
Net cash (used in) investing activities		(2 430 797 729)	(519 029 009)
Cash flows from financing activities			
Proceeds for Banks - credit balances	(48)	411 732 292	167 659 655
Proceeds from Banks – overdraft	(49)	3 143 453 178	853 794 934
(Payments) for treasury shares		(285 991 113)	--
Paid dividends		(165 043 911)	(153 500 495)
Non-controlling interests – dividends		(8 931 417)	(6 739 727)
Deferred Tax		(16 029)	(472 808)
(Payments) for loans	(50)	(320 722 784)	(319 702 716)
Proceeds from loans	(50)	759 632 578	1 421 098 644
Partnership – sukuk	(74)	86 356 367	602 744 261
Finance costs & interests paid	(25)	(1 170 949 300)	(949 159 011)
Net cash provided by financing activities		2 449 519 861	1 615 722 737
Net increase in cash and cash equivalents during the period		1 156 218 424	1 012 009 622
(reverse) Expected credit impact		-	(4 423 877)
Cash and cash equivalents at beginning of the Period		3 189 241 596	1 165 167 798
Cash and cash equivalents as of 30 Sep 2024	(47,32)	4 345 460 020	2 172 753 543

- Non- Cash transactions are excluded from the cash flow statement (note 75).
- The accompanying notes are an integral part of these financial statements and are to be read therewith.

Chief Financial Officer

Ali Thabet



Chairman

Youssef Mansour



PALM HILLS DEVELOPMENTS COMPANY S.A. E
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For The Nine Months Ended In 30 Sep 2024

	Share Capital		Legal reserve		Retained earnings		Treasury shares		Net profit for the Period		Total before non-controlling equities		Total non-controlling equities		Total after non-controlling equities	
	EGP		EGP		EGP		EGP		EGP		EGP		EGP		EGP	
Balance as of 1 January 2023	6 003 189 778	--	834 679 344	--	1 686 908 716	--	(90 146 032)	--	1 255 848 310	--	9 690 480 116	--	481 106 612	--	10 171 586 728	--
Transferred to retained earnings	--	--	--	--	1 255 848 310	--	--	--	(1 255 848 310)	--	--	--	--	--	--	--
Capital Decrease – Treasury shares Execution	(120 000 000)	--	--	--	29 853 968	--	90 146 032	--	--	--	--	--	--	--	--	--
Transferred to legal reserve	--	--	51 958 622	--	(51 958 622)	--	--	--	--	--	--	--	--	--	--	--
Adjustment on non-controlling interest	--	--	--	--	--	--	--	--	--	--	--	--	(6 739 727)	--	(6 739 727)	--
Dividends	--	--	--	--	(153 500 495)	--	--	--	--	--	(153 500 495)	--	--	--	(153 500 495)	--
Net profit for the Nine months ended in 30 Sep 2023	--	--	--	--	--	--	--	--	1 049 337 117	--	1 049 337 117	--	78 434 748	--	1 127 771 865	--
Balance as of 30 Sep 2023	5 883 189 778	--	886 637 966	--	2 767 151 877	--	--	--	1 049 337 117	--	10 586 316 738	--	552 801 633	--	11 139 118 371	--
Balance as of 1 October 2023	5 883 189 778	--	886 637 966	--	2 767 151 877	--	--	--	1 049 337 117	--	10 586 316 738	--	552 801 633	--	11 139 118 371	--
Transferred to legal reserve	--	--	342 748	--	(342 748)	--	--	--	--	--	40 895 614	--	--	--	40 895 614	--
Adjustment on retained earnings	--	--	--	--	40 895 614	--	--	--	--	--	--	--	(63 798 551)	--	(63 798 551)	--
Adjustment on non-controlling interest	--	--	--	--	--	--	--	--	--	--	--	--	73 457 893	--	605 632 465	--
Net profit for the Three months ended in 31 Dec 2023	--	--	--	--	--	--	--	--	532 174 572	--	532 174 572	--	562 460 975	--	11 721 847 899	--
Balance as of 31 Dec 2023	5 883 189 778	--	886 980 714	--	2 807 704 743	--	--	--	1 581 511 689	--	11 159 386 924	--	562 460 975	--	11 721 847 899	--
Balance as of 1 January 2024	5 883 189 778	--	886 980 714	--	2 807 704 743	--	--	--	1 581 511 689	--	11 159 386 924	--	562 460 975	--	11 721 847 899	--
Transferred to retained earnings	--	--	--	--	1 581 511 689	--	--	--	(1 581 511 689)	--	--	--	--	--	--	--
Transferred to legal reserve	--	--	49 712 699	--	(49 712 699)	--	--	--	--	--	--	--	--	--	--	--
Adjustments on non – controlling interest	--	--	--	--	--	--	--	--	--	--	--	--	(8 931 417)	--	(8 931 417)	--
Treasury shares	--	--	--	--	--	--	(285 991 113)	--	--	--	(285 991 113)	--	--	--	(285 991 113)	--
Dividends	--	--	--	--	(165 043 911)	--	--	--	--	--	(165 043 911)	--	--	--	(165 043 911)	--
Net profit for the Nine months ended on 30 Sep 2024	--	--	--	--	--	--	--	--	2 352 611 183	--	2 352 611 183	--	107 971 705	--	2 460 582 888	--
Balance as of 30 Sep 2024	5 883 189 778	--	936 693 413	--	4 174 459 822	--	(285 991 113)	--	2 352 611 183	--	13 060 963 083	--	661 501 263	--	13 722 464 346	--

The accompanying notes are an integral part of these financial statements and are to be read therewith.

Chief Financial Officer

Ali Thabet

Chairman

Youssef Manhour

Palm Hills Developments Company
(S.A.E)
Notes to the Consolidated
Financial Statements as Of Sep, 30,2024

1. BACKGROUND

Palm Hills for Developments Company (S.A.E) was established according to the Investment Guarantee and Incentives Law No. (8) of 1997 which was replaced by the Investment Guarantee and Incentives Law No. (72) of 2017 and the Companies Law No. 159 of 1981 that was modified according to Law No. (4) of 2018 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 of Associated services and facilities, leasing and the construction of integrated projects along with managing the entertainment activities Associated with the companies 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 on the 6th of October City in the Giza Governorate and the main branch is 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 fiscal year begins on the first of March of each year and ends on February 28 of each year. The extraordinary general assembly held on September 19, 2007, decided to amend the company's bylaws so that the fiscal year begins on the first of January and ends on December 31 of each year.

6. AUTHORIZATION OF THE FINANCIAL STATEMENTS

The company's Consolidated financial statements for Nine Months on Sep 30, 2024, were authorized for issue by the board of directors on 14 November 2024.

7. STOCK EXCHANGE LISTING

The company was listed in the unofficial schedule no. (2) of the Cairo and Alexandria Stock Exchange on 27 Dec 2006 and then listed in the official schedule no. (1) of the Cairo and Alexandria Stock Exchange in 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 Associates services, and entertainment complexes, while the Company possesses a large land bank which includes land with a total area of 1,435 acres approx. located at 6th October City, land with a total area of 456.84 acres approx. located at New Cairo City, land measuring a total area of 750 acres approx. which is located at Sidi Abdel Rahman, El Alamin, Marsa Matrouh Governorate, land with a total area of 22.68 acres approx. located at Hurghada.

b) Joint Arrangement

The company and its subsidiaries have begun to adopt adopted a new strategy as from the fiscal year ended 31 Dec. 2015 for real estate development activities, through signing project contract as joint projects with some other parties, the contract provides that each contracting party to obtain a share of the contractual values of contracted units to implement or the net operating profits, while the company retains control over the financing, marketing and technical management of these units as follows:

-Palm Hills Developments

Palm Hills Developments Company (real-estate developer) has contracted with one of the owners (owner) of the plot of land with an area of 135 acres in Alexandria-Abis-Moharram Bek-Cairo Alexandria Desert Road- to develop this area, and under this contract, both of the owner and the real estate developer shall receive a share of the total project revenues paid out of the project income receipts, the developing company has started marketing and project development work as of June 2019.

Palm Hills real estate developer has contracted with Al Shorouk touristic development company (Egyptian joint stock company) S.A.E to develop an integrated tourist housing project in El Ein El Sokhna – laguna Bay project, under this contract, both of the owner and the real estate developer shall receive a share of the total project revenues paid out in accordance with the approved relevant schedule, the developing company has started the project development work as of June 2020.

Palm Hills Developments Company and Palm for Urban Development Company (real-estate developer) has contracted with The Urban Communities Authority (owner) for the development of integrated residential project (Badya) on an area of 3000 acres in West Cairo on the basis of a revenue sharing system in that the company (real-estate developer) gets 74% for management, marketing and development of the project while the Authority (owner) receives 26% of revenues are paid in accordance with approved annual payment schedule in addition to an in kind shares of project units -for land and supply of external facilities for the project, the real-estate developers started developing, marketing and selling the project units as from May 2018.

-Palm for Investment and Real Estate Development

Palm for Investment & Real Estate Development Company (real-estate developer) has contracted with The New Urban Communities Authority (owner) to develop land with a total area of 501,20 acres in New Cairo on the basis of revenue sharing system for the construction of an integrated urban project -Palm New Cairo- under this contract, both the Authority (owner) and the Company (real-estate developer) receives a share of total contractual values of the project units that paid out through the project income receipt and accordance with the approved annual payment schedule company started developing, marketing and selling the project units as of November 2016.

-Palm Real Estate Development

Palm Real Estate Development Company (real-estate developer) has contracted with Nasr City for Housing & Development Company (owner) to develop a land with a total area of 103.25 acres in New Cairo for the construction of an integrated urban project -Capital Gardens Project- under this contract the (owner) and the (real-estate developer) receives a share of total contractual values of the project units paid out through the project income receipts and in accordance with approved annual payment schedule. the company started developing, marketing and selling the project units as of November 2016.

- Palm Hills Development of Tourism and Real Estate

Palm Hills Development of Tourism and Real Estate Company (real-estate developer) has contracted with Batterjee Development of Tourism and Real Estate Company (owner) to develop land with a total area of 134.64 acres located in 85KM of Alexandria-Matroh Road - El Fouka village - for the construction of a full-service tourist resort, under this contract the (owner) and the (real-estate developer) receives a share of total project revenues that paid through the proceeds of the project the company started the development and marketing of the project as of June 2017.

- Palm for Urban Development

Palm for Urban Development - the real estate developer, contracted with one of the owners of a 32-acre plot of land in the new city of Alamein to establish a touristic residential project under the partnership system, according to which the company collects 70% of the project's revenue in return for marketing, management and development of the project, while the other party collects the 30% of the project's revenue in exchange for land and external facilities, and the company has started marketing the project as of March 2021.

c) Botanica Project

The company acquired an area of 1702.79 acres east of the Cairo-Alexandria Desert Road, kilo 49, in Botanica farms (formerly the European countryside) - under a preliminary sale contract - with a related party to exploit it in accordance with what is specified in the company's articles of association (to reclaim and cultivate desert lands using Modern irrigation methods) according to what is mentioned in the Commercial Register under No. 33 (b) dated June 3, 2011, The cost of the project has been transferred to an item of work under implementation during the year 2021 in light of the Prime Minister's Decision No. (2422) dated October 12, 2019 regarding the procedures for converting lands in the new Sphinx City from an agricultural space to an urban residential space - affiliated with the New Urban Communities Authority, as well as the decision of the New Urban Communities Authority. Urban Communities No. (103) dated February 26, 2017, dealing with in-kind payment, and an area of approximately 1,283 acres was assigned and settled in favor of the New Urban Communities Authority.

d) Investments in Associates and subsidiaries

1- Direct investments in Associates and subsidiaries as following: -

	<u>Percentage share %</u>
Palm Hills Middle East Company for Real Estate Investment S.A. E	99.99%
Gawda for Trade Services S.A. E	99.99%
New Cairo for Real Estate Developments S.A. E	99.99%
Khedma for managing tourist resorts and real estate	99.99%
Rakeen Egypt for Real Estate Investment S.A. E	99.95%
Palm Hills Sports	99.97%
Palm for Real Estate Development S.A. E	99.99%
Palm for Investment & Real Estate Development S.A. E	99.4%
Palm Hills Development of Tourism and Real Estate S.A. E	99.4%
Palm Hills for Tourism Investment S.A. E	99.4%
Palm Hills Resorts S.A. E	99.4%
Palm for Urban Development S.A. E	99.999%
Palm for Construction, real state development. S.A.E	99.4%
Palm Hills Properties S.A.E	99.2%
Palm for Club Management S.A.E	99.2%
Palm Alexandria for Real Estate S.A.E	60%
United Engineering for Construction S.A.E	99.25%
Palm Hills for Hotels 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	100%
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 S.A.E	49%
Palm October for Hotels S.A.E	00.24%
EFS Palm Facilities Management S.A.E	49%
Inspired Education– Egypt S.A.E	1%
Palm hills For Education	99.99%
Palm Holding Company for Financial Investments	99%
Palm hills for restaurants	99%
Palm hills for real estate finance company	9%
Palm Hotels and Tourist Villages	0.0005%
6th of October for hotels and tourist villages	20.02%

2- Indirect investments in Associates and subsidiaries as following: -

	<u>Percentage share %</u>
Palm North Coast Hotels S.A.E	99.4%
Middle East Company for Real Estate and Touristic Investment S.A.E	87.50%
Palm Gamsha Hotels S.A.E	98%
Badya international university for Education S.A.E	40%
Inspired For Education – Egypt S.A.E	48%
Disney investment S.A.E	35.52%
The Cocory-Co for Food and Restaurant Supply S.A.E	29.99%
Kenzy for restaurants	60%
International for lease (incolease)	26.88%
Palm hills for real estate finance company	90%
Palm October for hotels	99.75%
Asten College for Education	71%
Palmet Hotels and Tourist Villages	99.99%

e) Direct investments in Associates and subsidiaries

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 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 on 8 Feb. 2006.
- The issued and paid-up capital is 150 million Egyptian pounds, and the company contribution is 99.99% of the issued capital.
- The company started its activity by acquiring a number of plots of land in the north coast with a total area of 574,32 acres in the area of Sidi Abdelrahman.
- 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.

- Gawda for Trade Services S.A.E

An Egyptian joint stock company subject to the provisions of Law No. 159 of 1981 and Law No. 95 of 1992 and their executive regulations.

The company's purpose is to divide and market lands in new urban communities, real estate investment in general, and provide all kinds of advice except for legal advice.

The company was registered in the Commercial Register under No. 10242 on August 27, 2003.

The paid-up capital is 25,000,000 Egyptian pounds, and the company's shareholding is 99.996% of the issued capital.

The company started its activity by acquiring an area of 40 acres in the 6th of October City, with the aim of establishing a residential, touristic complex, and all works in the project are being completed.

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

An Egyptian joint stock company subject to the provisions of Law No. 8 of 1997 regarding the Investment Guarantees and Incentives Law, which was replaced by Law No. 72 of 2017 and Law No. 159 of 1981 and their executive regulations.

The purpose of the company is to establish hotels, hotel apartments, tourist villages and related service activities, including family and administrative construction activities.

The company was registered in the Commercial Register under No. 12613 on September 1, 2005.

The company's paid-up capital is 100,000,000 Egyptian pounds, and the company's shareholding is 99.985% of the issued capital.

The company started its activities by acquiring 25,036 feddans in the Southern Investors Area in New Cairo City to carry out its activities, and all works related to the project are being completed.

- **Khedma for the management of tourist resorts and real estate S.A.E**

An Egyptian joint stock company is subject to the provisions of Law No. 159 of 1981 and Law No. 95 of 1992 and their two implementing regulations. The purpose of the company is to supervise the implementation of projects and project management. The company was registered in the Commercial Registry with No. 136337 on September 18, 2019.

The paid-up capital amounts to 5 000 000 Egyptian pounds, and the company's shareholding is 99.998% of the issued capital.

- **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 on 4 September 2007 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.

- The Paid-in capital is 55 000 000 Egyptian pounds, and the company contribution is 99,9454% of the issued capital
- The company started its activity through the development of the Palm Parks project on the area of 113 acres in the city of 6th Oct in addition to an area of 116 acres on the North Coast (The Hecienda white project) (2).

- **Palm Sports Clubs Company S.A.E**

Palm Sports Clubs Company "an Egyptian joint stock company" was established in accordance with the provisions of Law No. 72 of 2017 and taking into account the provisions of Law No. 95 of 1992 issuing the Capital Law and its implementing regulations. The company was registered in Commercial Register No. 8348 on December 5, 2019, and the issued capital amounts to 2 800 000 Egyptian pounds, and the company's contribution is 99.97% of the capital. The main activity of the company is in the services of the sports field and includes management, marketing, operation, management of sports games, establishment of private clubs, academies, health clubs and fitness centers.

The company started practicing its main and usual activity through the conclusion of a contract to manage the Palm Hills Club - Palm Hills Resort in 6th of October City - owned by Palm Hills Development Company as of 1st January 2020.

- **Palm for Real Estate Development S.A.E**

Palm Real Estate Development Company was established as an "Egyptian Joint Stock Company" in accordance with the provisions of Law No. 159 of 1981 issuing the Law on Joint Stock Companies, Partnerships Limited by Shares and Limited Liability Companies and its executive regulations and taking into account the provisions of Law No. 95 of 1992 issuing the Capital Law and its executive regulations.

The company was registered in the commercial registry No. 83974 on September 14, 2015, and the issued and paid-up capital amounted to 10,250,000 Egyptian pounds, and the company's shareholding rate reached 99.994% of the capital.

The main activity of the company is represented in real estate investment, buying, dividing and selling lands, building real estate on them of all kinds, establishing, managing, owning, selling and renting apartments and commercial malls, establishing and operating fixed hotels, reclamation, cultivation and preparation of lands.

The company (as a first party) began practicing its main and usual activity in the field of real estate development through a partnership contract with a company working in the same field, according to which the company (as a first party) obtains 64% of the contractual value of the contracted units for its implementation in exchange for marketing expenses. And the construction costs of the contracted units, while the company (the second party) gets 36% of the contractual value of the contracted units in return for the cost of the land and the implementation of external facilities. The company has begun marketing the first phase of the agreement on an area of approximately 103 acres - in New Cairo, Capital Project Gardens.

- **Palm for Investment & Real Estate Development S.A.E**

Palm Investment and Real Estate Development Company was established as an "Egyptian Joint Stock Company" in accordance with the provisions of Law No. 159 of 1981 issuing the Law on Joint Stock Companies, Partnerships Limited by Shares and Limited Liability Companies and its executive regulations and taking into account the provisions of Law No. 95 of 1992 issuing the Capital Law and its executive regulations.

The company was registered in the Commercial Register No. 85861 on the first of September 2015, and the issued and paid-up capital amounted to 250,000 Egyptian pounds, and the company's shareholding percentage reached 99.4% of the capital.

The main activity of the company is to carry out investment and real estate marketing, to establish, manage, own, sell and rent apartments and commercial malls, to establish and operate fixed hotels and sports clubs, management and tourism marketing, and to establish and operate centers for the preparation and training of human resources.

The company (as a first party) began practicing its main and usual activity in the field of real estate development through a partnership contract with one of the parties entrusted with land allocation, according to which the company obtains approximately 72% of the contractual values of the contracted units, while the second party collects a percentage Approximately 28% of the contracted units for the cost of the land and the implementation of external facilities, on an area of 501.20 acres in New Cairo.

- **Palm Hills Development of Tourism and Real Estate S.A.E**

Palm Hills for Tourism and Real Estate Development "Egyptian Joint Stock Company" was established in accordance with the provisions of Law No. 159 of 1981 issuing the Law of Joint Stock Companies, Partnerships Limited by Shares and Limited Liability Companies and its executive regulations and taking into account the provisions of Law No. 95 of 1992 issuing the Capital Law and its executive regulations.

The company was registered in the Commercial Register No. 92998 on April 26, 2016. The issued and paid-up capital amounted to 250,000 Egyptian pounds, and the company's shareholding amounted to 99.4% of the capital.

The main activity of the company is represented in real estate investment, buying, dividing and selling lands, building real estate on them of all kinds, establishing, managing, owning, selling and renting apartments and commercial malls, establishing and operating fixed hotels, reclamation, cultivation and preparation of lands.

The company (as a second party) has begun to practice its main and usual activity in the field of real estate development through a partnership contract with a company working in the same field, according to which the company (as a second party) gets 80% of the contractual value of the contracted units for its implementation in exchange for marketing expenses. And the construction costs of the contracted units, while the company (the first party) gets 20% of the contract value of the contracted units in exchange for the cost of the project land, which has an area of approximately 134.58 acres, kilo 85 Alexandria Road - Hacienda West project.

- **Palm Hills for Tourism Investment S.A.E**

Palm Hills Tourism Investment Company was established as an “Egyptian Joint Stock Company” in accordance with the provisions of Law No. 159 of 1981 issuing the Law on Joint Stock Companies, Partnerships Limited by Shares and Limited Liability Companies and its executive regulations and taking into account the provisions of Law No. 95 of 1992 issuing the Capital Law and its executive regulations.

The company was registered in the commercial register No. 9 3156 on the first of May 3, 2016, and the issued and paid-up capital amounted to 250,000 Egyptian pounds, and the company’s shareholding percentage reached 99.4% of the capital.

The main activity of the company is to carry out investment and real estate marketing, to establish, manage, own, sell and rent apartments and commercial malls, to establish and operate fixed hotels and sports clubs, management and tourism marketing, and to establish and operate centers for the preparation and training of human resources.

*The company has begun to carry out its main activities by investing in the capital of Disney Investment Company.

The main activity of the company is to carry out investment and real estate marketing, to establish, manage, own, sell and rent apartments and commercial malls, to establish and operate fixed hotels and sports clubs, management and tourism marketing, and to establish and operate centers for the preparation and training of human resources.

* The company has begun to carry out its main activities by investing in the capital of Disney Investment Company.

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

Palm Hills Real Estate Company was established as an “Egyptian Joint Stock Company” in accordance with the provisions of Law No. 159 of 1981 issuing the Law on Joint Stock Companies, Partnerships Limited by Shares and Limited Liability Companies and its executive regulations and taking into account the provisions of Law No. 95 of 1992 issuing the Capital Law and its executive regulations.

The company was registered in Commercial Registry No. 9 3163 on May 3, 2016, and the issued and paid-up capital amounted to 250,000 Egyptian pounds, and the company’s shareholding amounted to 99.4% of the capital.

The main activity of the company is to carry out real estate investment and marketing, establish, manage, own, sell and rent apartments and commercial malls, establish and operate fixed hotels, motels, apartments, hotel suites and tourist villages at a level of not less than three stars, tourism management and marketing, and establish and operate sports clubs.

The company has begun to carry out its main and usual activities by investing in the capital of companies operating in the fields of education and restaurants.

- **Palm for Urban Development S.A.E**

Palm Urban Development Company was established as an "Egyptian joint stock company" in accordance with the provisions of Law No. 159 of 1981 and taking into account the provisions of Law No. 95 of 1992 and its executive regulations.

The company was registered in the Commercial Register No. 99183 on November 21, 2016, and the issued and paid-up capital amounted to 250,000,000 Egyptian pounds, and the shareholding percentage in the company reached 99.999% of the capital.

The main activity of the company is to carry out real estate investment and development, planning and establishing urban areas.

Palm Hills Development Company and Palm Urban Development Company (a subsidiary) contracted with the New Urban Communities Authority as real estate developers to develop an integrated urban project with a participation system - (Badya) project on an area of 3000 acres in West Cairo on the basis of a revenue sharing system, so that companies - the real estate developer 74% in return for the work of managing, marketing and developing the project, while the authority gets 26% of the revenues, paid in light of the approved schedules for paying the annual payments, in addition to an in-kind share of the project units in exchange for the land and the supply of external facilities for the project. The real estate developers have begun marketing work And project development as of May 2018.

- **Palm Construction and Real Estate Development S.A.E**

Palm Construction and Real Estate Development Company was established as an "Egyptian joint stock company" in accordance with the provisions of Law No. 159 of 1981 and considering the provisions of Law No. 95 of 1992 and its executive regulations. The company was registered in the commercial registry No. 85861 on September 1, 2015, and the issued and paid-in capital is 250,000 Egyptian pounds, and the company's contribution is 99.40% of the capital.

The main activity of the company is the planning and construction of urban areas and equipping them with facilities and services.

The company has started as a first party in carrying out its main activity in the field of real estate development through a partnership contract with one of the parties at percentage 70% from contractual values of the contracted units, while the other party collects a percentage 30% from contacted values of the contacted units, for the cost of the land and the implementation of external facilities, on the area 501,20 acres in New Cairo City.

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

Palm Hills Real Estate Company was established as an "Egyptian Joint Stock Company" in accordance with the provisions of Law No. 159 of 1981 issuing the Law on Joint Stock Companies, Partnerships Limited by Shares and Limited Liability Companies and its executive regulations and taking into account the provisions of Law No. 95 of 1992 issuing the Capital Law and its executive regulations.

The company was registered in the Commercial Register No. 88228 on November 26, 2015, and the issued and paid-up capital amounted to 250,000 Egyptian pounds, and the company's shareholding percentage reached 99.2% of the capital.

The main activity of the company is to carry out real estate investment and marketing, establish, manage, own, sell and rent apartments and commercial malls, establish and operate fixed hotels, motels, apartments, hotel suites and tourist villages at a level of no less than three stars, tourism management and marketing, and establish and operate sports clubs.

- **Palm for Club Management S.A.E**

Palm Hills Clubs Company was established as an "Egyptian Joint Stock Company" in accordance with the provisions of Law No. 159 of 1981 issuing the Law on Joint Stock Companies, Partnerships Limited by Shares and Limited Liability Companies and its executive regulations and taking into account the provisions of Law No. 95 of 1992 issuing the Capital Law and its executive regulations.

The company was registered in the Commercial Register No. 101134 on January 17, 2017, and the issued and paid-up capital amounted to 250,000 Egyptian pounds, and the company's shareholding percentage reached 99.2% of the capital.

The main activity of the company is to carry out real estate investment and marketing, establish, manage, own, sell and rent apartments and commercial malls, establish and operate fixed hotels, motels, apartments, hotel suites and tourist villages at a level of no less than three stars, tourism management and marketing, and establish and operate sports clubs.

- **Palm Alexandria for Real Estate Investment S.A.E**

Palm Alexandria Company was established as an "Egyptian Joint Stock Company" in accordance with the provisions of Law No. 159 of 1981 issuing the Law on Joint Stock Companies, Partnerships Limited by Shares and Limited Liability Companies and its executive regulations and taking into account the provisions of Law No. 95 of 1992 issuing the Capital Law and its executive regulations.

The company was registered in the Commercial Register No. 101133 on January 17, 2017, and the issued and paid-up capital amounted to 250,000 Egyptian pounds, and the company's shareholding percentage reached 60% of the capital.

The main activity of the company is investment, real estate development, planning and constructing urban areas and equipping them with all facilities.

* The company started practicing the main and usual activity by acquiring a plot of land with an area of 13,800 square meters in the eastern expansions of the 6th of October City.

- **United Engineering for Construction S.A.E**

United Engineering and Contracting Company was established as an "Egyptian Joint Stock Company" in accordance with the provisions of Law No. 159 of 1981 issuing the Law of Joint Stock Companies, Partnerships Limited by Shares and Limited Liability Companies and its executive regulations and considering the provisions of Law No. 95 of 1992 issuing the Capital Law and its executive regulations.

The company was registered in the Commercial Register No. 56910 on February 29, 2012. The issued and paid-up capital amounted to 20,000,000 Egyptian pounds, and the company's shareholding percentage reached 99.25% of the capital.

The main activity of the company is to carry out construction and building works, finishing works, decorations and general supplies, and to carry out construction and building activities related to residential, commercial and hotel projects, beach resorts, recreational areas and projects, to carry out infrastructure works and facilities for projects, as well as engineering consultancy.

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

An Egyptian joint stock company subject to the provisions of Law No. 159 of 1981 and its executive regulations. The purpose of the company is to establish, manage, own and operate fixed hotels, facilities, tourist villages, motels and hotel apartments in addition to the timeshare system.

The company was registered in the commercial register under No. 45441 on April 27, 2011, and the paid-up capital is 62,500 Egyptian pounds. The contribution of Palm Hills Development Company to the capital of Palm Hills Hotels Company is 98% of the issued capital.

* The company did not start practicing its main activity until the date of issuing the financial statements.

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

An Egyptian joint stock company subject to the provisions of Law No. 159 of 1981 and its executive regulations.

The purpose of the company is real estate investment, construction and urban development.

The company was registered in the Commercial Register under No. 59772 on November 13, 2009.

The paid-up capital amounts to 38,125,000 Egyptian pounds, and the direct contribution percentage is 89% of the issued capital, in addition to the indirect contribution rate amounting to 11 %, through the contribution of Palm Hills Development Company by 99.4% in the capital of the Palm hills for resorts Company, which owns 11%. From the issued capital of East New Cairo Real Estate Development Company.

The company started its activity by acquiring three plots of land with an area of 171.22 acres in New Cairo to establish integrated tourist housing complexes.

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

An Egyptian joint stock company established on September 8, 2000 in accordance with the provisions of Law No. 95 of 1992 and its executive regulations, for the purpose of participating in the establishment of companies that issue securities, contributing to them, or increasing their capital.

The issued and paid-up capital amounts to 95,402,000 Egyptian pounds. The company's shareholding is 60% of the issued capital. Its main activity is the ownership and operation of several fixed-floating hotels.

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

An Egyptian joint stock company subject to the provisions of Law No. 8 of 1997, the Investment Guarantees and Incentives Law, which was replaced by Law No. 72 of 2017 and Law No. 159 of 1981 and their executive regulations.

The company's purpose is to establish and operate a five-star hotel in Hamata, as well as to establish an integrated development project and operate a five-star hotel in the second region of the Ain Sokhna tourist sector.

The company was registered in the Commercial Register under No. 32915 on September 8, 2005.

The paid-up capital is 103,250,000 Egyptian pounds, and the company's contribution to the issued capital is 100%.

The company started its activity by acquiring an area of 1297.86 acres in Ain Sokhna, as well as a right of use to an area of 2.447 acres in the same area, for the purpose of establishing a tourist residential complex in addition to a five-star hotel. **The company's management decided not to complete the project and decided to return the land to the Tourism Development Authority.**

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

An Egyptian joint stock company subject to the provisions of Law No. 8 of 1997 regarding the Investment Guarantees and Incentives Law and Law No. 159 of 1981 and their executive regulations.

The company's purpose is to invest in real estate in new cities and urban communities, and to establish residential compounds, villas and tourist villages, including integrated contracting works for the company's projects and others.

The company was registered in the Commercial Register under No. 21574 on December 7, 2006. The issued and paid-up capital is 15,000,000 and the company contribution is 51% of the issued capital.

The company started its activity by acquiring 294,000 inside the space designated for the sixth of October Company (kanza) project.

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

An Egyptian joint stock company subject to the provisions of Law No. 8 of 1997 Investment Guarantees and Incentives Law, which was replaced by Law No. 72 of 2017 Investment and Law No. 159 of 1981 and their executive regulations.

The purpose of the company is to invest in real estate in new cities and urban communities and complementary activities related to the company's activity.

The company was registered in the Commercial Register under No. 27613 on October 4, 2007.

The paid-up capital is 99,186,000 Egyptian pounds, and the company's shareholding is 51% of the issued capital.

The company started practicing its activities by acquiring an area of approximately 3.2029 acres in Mostafa Kamel district - Alexandria Governorate to carry out its activities and in light of re-studying the extent of economic feasibility towards developing and developing that area, **the company decided not to complete the studies related to the project, and the plot of land referred to was sold pursuant to a preliminary sale contract on September 1, 2015.**

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

An Egyptian joint stock company subject to the provisions of Law No. 159 of 1981 issuing the Law on Joint Stock Companies, Partnerships Limited by Shares and Limited Liability Companies and its implementing regulations.

The company's purpose is to establish a distinguished residential project complete with buildings, facilities and services, called the Oasis of Palaces, as well as family and commercial construction activities and commercial services.

The company was registered in the Commercial Register under No. 1971 on November 26, 1998.

The paid-up capital is 10,000,000 Egyptian pounds, and the company's shareholding is 51% of the issued capital. The paid-up capital is 10,000,000 and the company contribution is 51% of the issued capital.

The company started its activity by acquiring 56,77 acres (Faddan) at 6th of October in addition to 39,533 acres (Faddan) at New Cairo.

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

An Egyptian joint stock company subject to the provisions of Law No. 159 of 1981, taking into account the provisions of Law No. 95 of 1992 issuing the Capital Law and its executive regulations.

The company is engaged in marketing, buying and selling real estate, real estate investment, real estate brokerage, and advertising.

The company was registered in the Commercial Register under No. 15970 on August 17, 2005. The company's paid-up capital is 500,000 Egyptian pounds, and the company's shareholding is 49% of the issued capital.

* The company did not start practicing its main activity until the date of issuing the financial statements.

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

An Egyptian joint stock company in accordance with the provisions of Law No. 159 of 1981 and its executive regulations. The purpose of the company is to establish, manage, own and operate fixed hotels, facilities, tourist villages and hotel apartments in addition to the timeshare system.

The company was registered in the Commercial Register No. 38357 on April 22, 2011, and the issued and paid-up capital amounted to 100,250,000 Egyptian pounds. The direct shareholding in Palm October Hotels Company is 0.2443%, and the Palm Hills Development Company also owns an indirect shareholding of 97.75% through its contribution of 98% in the capital of Palm Hills Hotels Company, whose contribution in the capital of October Hotels Company amounts to 99.75% of the issued capital.

* The company did not start practicing its main activity until the date of issuing the financial statements.

- **EFS Palm Facilities Management S.A.E**

An Egyptian joint stock company in accordance with the provisions of Law No. 159 of 1981 and its executive regulations. The company's purpose is to manage tourist facilities, commercial centers, project management, supplies and contracting, building maintenance and general trade. The company was registered in Commercial Registry No. 12862 on December 10, 2018 and the issued and paid-up capital amounted to 2 000 000 Egyptian pounds, and the company's shareholding is 49% of the issued capital.

- **Inspired Education Company - Egypt**

An Egyptian joint stock company subject to the provisions of Law No. 159 of 1981 and Investment Law No. 72 of 2017 and their executive regulations. The company's primary purpose is to establish, manage or operate schools, without prejudice to the applicable laws and regulations and on the condition of obtaining the necessary licenses. The company was registered in Commercial Registry No. 162856 on 4 February. March 2021 The issued capital is 3 million Egyptian pounds, while the paid-up capital amounts to 750 thousand Egyptian pounds, at 25%, and the direct contribution percentage in Inspired Education - Egypt is 1%, in addition to an indirect percentage of 48%, by contributing 99.4% to the capital of Palm Tourist Resorts Company. Which contributes 48% to the capital of Inspired Education - Egypt.

- **International financial leasing company (Incules)**

An Egyptian joint stock company subject to the investment law no. (72) of 2017 and the company purpose is to work on the field of financial leasing and related services in accordance with law no. (176) of 2018

The issued and fully paid-up capital is only 200 million Egyptian pounds (L.E) and the contribution of Palm Holding for Investments is 26.88%

- **Palm Holding Company for Financial Investments**

An Egyptian joint stock company subject to the provisions of Law No. 159 of 1981 and its executive regulations. The purpose of the company is to participate in the establishment of companies that issue securities or to increase their capital, taking into account the provisions of the Capital Law.

The issued and fully paid-up capital amounts to 5 million Egyptian pounds, and Palm Hills Development Company's contribution to the capital is 99%.

1- Indirect investments in Associates and subsidiaries

	<u>Percentage share %</u>
Middle East Company for Real Estate and Touristic Investment S.A.E	87.50%
Palm North Coast Hotels S.A.E	99.4%
Palm Gamsha Hotels S.A.E	98%
East New Cairo for Real Estate Development S.A.E	11%
Asten College for Education S.A.E	71%
Badya international university for Education S.A.E	40%
Inspired For Education – Egypt S.A.E	48%
Disney investment S.A.E	35.52%
The Cocory-Co for Food and Restaurant Supply S.A.E	29.99%
Palm hills for real estate finance company	90%
Palm hills for Hotels	99.75%
Kenzy for Restaurants	60%
Palmet Hotels and Tourist Villages	99.99%

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

An Egyptian joint stock company subject to the provisions of Law No. 159 of 1981 and its executive regulations. The purpose of the company is to establish, manage, own and operate fixed hotels, establishments, tourist villages, motels and hotel apartments, in addition to the timeshare system, import and export, and commercial agencies.

The company was registered in the Commercial Register No. 48189 on September 26, 2011, and the paid-up capital is 62,500 Egyptian pounds. The contribution of Palm Hills Hotels Company to the capital of Palm North Coast Hotels Company amounts to 99.4% of the issued capital of Palm North Coast Hotels Company, through the contribution of Palm Hills Hotels Company. Palm Hills Development in Palm Hills Hotels Company holds 98% of the issued capital.

* The company did not start practicing its main activity until the date of preparing the lists.

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

An Egyptian joint stock company subject to the provisions of Law No. 159 of 1981 and its executive regulations. The purpose of the company is to establish, manage, own and operate fixed hotels, establishments, tourist villages, motels and hotel apartments at a level of not less than three stars in addition to the timeshare system.

The company was registered in the Commercial Register No. 46193 on September 3, 2011, and the paid-up capital is 62,500 Egyptian pounds. The contribution of Palm Hills Hotels Company to the capital of Palm Gamsha Hotels Company amounts to 98% of the issued capital of Palm Gamsha Hotels Company, through the contribution of Palm Hills Development Company. In the capital of Palm Hills Hotels Company by 98%.

* The company did not start practicing its main activity until the date of preparing the lists.

- **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's purpose is to invest in real estate in cities new urban community's hotel apartment and tourist villages.

The paid-up capital 20,000,000 and the Palm Hills middle east real estate investment company's contribution to the company is 87.50% of the issued capital. The Palm Hills Development company's contribution to the capital of Palm Hills Middle estate real estate investment 99.9%.

The company started its activity by acquiring an area of 58,24 acres in the district of Sidi Abdel Rahman – El Alamein Center – Matrouh Governorate.

- **Badya international University for education S.A.E**

An Egyptian joint stock company subject to the provisions of Law No. 159 of 1981 regarding the Shareholding Companies Law and the Recommendation of Shares. The company's purpose is to establish universities, establish and manage a center for the preparation, development, and training of human resources, and provide consultancy in the field of education. The company was registered in the commercial registry under No. 161102 on February 1, 2021. The issued capital is 800 million Egyptian pounds, and the shareholders paid 25% of the capital, so the paid-up capital becomes 600 million Egyptian pounds, and the shareholder of Palm Hills Education Company is 40% in the company's capital. Asten College for Education.

At its meeting held on May 20, 2024, the Extraordinary General Assembly decided to change the name of the company to Badia International University for Education Company (S.A.E.).

- **Inspired Education Company – Egypt**

An Egyptian joint stock company subject to the provisions of Law No. 72 of 2017. The purpose of the company is to establish, manage or operate schools without prejudice to the provisions of the laws and regulations in force. The company was registered in the Commercial Register under No. 162856 on March 4, 2021.

The issued capital amounted to 3 million Egyptian pounds, and the shareholders paid 25% of the capital, so that the paid-up capital became 750 thousand Egyptian pounds. The percentage of the company in the capital reached 48% through an investment of 48%, which is the percentage of the contribution of Palm Hills Development Company in its capital. 99.40%.

- **Disney investment company**

An Egyptian joint stock company subject to the of Law No. 43 of 1974, and the company's purpose is to invest funds in all areas mentioned in Article No. (3) of Law No. 43 of 1974 amended by Law No. 32 of 1977, provided that its purposes do not include accepting deposits or performing banking activities, and That the company submit an independent application for the work of a consulting project that it is undertaking or participating in it in any way, provided that it enjoys the aforementioned law and it may have an interest or stipulate in any way with the companies, and the project has been added to the activity to establish a 3-star tourist village on Egypt Road Alexandria and Matrouh Desert under the name of Bagus Tourist Village. The company was registered in the commercial registry under No. 243944 on December 7, 1986.

The issued and paid-up capital amounted to 15 million Egyptian pounds, and the shareholders paid 100% of the capital. The contribution of Palm Hills Development Company in the capital of the company is 35.52% through indirect investment through one of its subsidiaries, which is Palm Hills Tourism Investment Company, which acquired the number of 53,290 shares of Disney Investment Company shares is 35.52%, and the contribution of Palm Hills Development Company in the capital of Palm Hills Tourism Investment Company is 99.40%.

- **The Cocry-Co Company for Food and Restaurant Supply S.A.E**

An Egyptian joint stock company subject to the of Law No. 159 of 1981. The purpose of the company is to provide catering and hospitality services, to establish, operate and manage restaurants and fixed cafes, and to supply food and beverages for parties and seminars.

The issued and fully paid-up capital is 357,100 Egyptian pounds, and Palm Hills Development Company's contribution to the capital is 29.99%, through indirect investment through one of its subsidiaries - Palm Touristic Resorts Company, which owns 99.40% in its capital shares.

- **Management of service activities**

The company purchased the Palm Hills Club in the Sixth of October City, which is dedicated to the entire resort

Palm Hills, which was acquired through a sale contract dated October 1, 2007 from one of its subsidiary's companies, and the club's activities began as of the 2010 fiscal year.

9. STATEMENT OF COMPLIANCE

The group companies During the three months ending on Sep 30, 2024, committed themselves to applying the new Egyptian accounting standards issued by Ministerial Resolution No. 110 of 2015 and its amendments, and to follow the same accounting policies previously applied when preparing the latest financial statements on dec 31, 2023 which have not changed Any amendments or any update.

10. SIGNIFICANT ACCOUNTING POLICIES APPLIED

a) **Basic of consolidated financial statements preparation**

The Company's management is responsible for the preparation of the financial statements. The consolidated financial statements are prepared in accordance with Egyptian Accounting Standards issued by ministerial resolution NO. 110 of 2015 and its amendments the relevant Egyptian accounting stand were applied when preparing the financial statement on Sep 30, 2024, with the exception of the un related Egyptian accounting stand.

b) **Basic of consolidation**

The consolidated F.S include a total grouping of subsidiaries which are all companies in which Palm Hills Development Company has the ability to control the F.S and operating polices in general or owns more than half of the voting rights, and the potential voting rights that can be exercised or transferred are taken in to account when determining Palm Hills Development Company didn't control another company or not, and the consolidated F.S of Palm Hills Development Company "Egyptian joint stock company" include the F.S of the subsidiaries mentioned in note no. (8d) except for the following companies.

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

	<u>Percentage share %</u>	<u>Nature</u>
Coldwell Banker Palm Hills for Real Estate	49%	Associates
EFS Palm Facilities Services	49%	Associates
Inspired for Education	49%	Associates
Badya international university for Education	40%	Associates
Disney Investment	35.52%	Associates
The cocory-cor Fund and Restaurant Supply	29.99%	Associates

- 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 with necessary adjustments to unify those polices when preparing the consolidated F.S.
- 2- Excluding the investments of the parent company in its share of the total equity of the investee company and treating the difference between its intimal cost of acquisition pr investment and parent company's share in the total equity of the investee company as positive good will that is treated as stated in note no. (10C) as negative good will they are included directly in the groups consolidated I.S state.
- 3- Excluding amounts paid to increase or supplement the capital of subsidiaries.
- 4- Compiling items, balance, and totals for all elements of the financial position, income statement, cash flows and changes in equity, taking in to account the dated pf controlling or acquiring subsidiaries and making the necessary adjustments to the elements of cost of activity, working progress and projects under implementation, which resulted from the application of the purchase method for accounting on good will arising from the acquisition.
- 5- Excluding all balances and the effect or other transaction between all companies within the group have been excluded.
- 6- Excluding profits or losses resulting from transactions or exchanges between group companies unless the effects of those transactions and exchanges are excluded or transferred to a third party.
- 7- the non-controlling rights in the subsidiaries (according to the percentage of the contribution of the other shareholders in the capital and equity, as well as the profits and losses in the subsidiaries).
- 8- The financial statements of the investee company are not grouped into the group's consolidated financial statements if the investing company loses control and influence over the investee company, as of the date of losing control.

c) Business combination

The business combination is accounted for by applying the acquisition method, identifiable acquired assets are initially recognized separately from goodwill, as well as incurred liabilities and any non-controlling rights in the acquiring entity. The indirect costs related to the acquisition are treated as an expense in the Years in which those costs are incurred and the services are received, excluding the costs of issuing equity or debt instruments directly related to the acquisition process. (Egyptian Accounting Standard 29 on Business Combinations).

d) Intangible assets

1- Goodwill

Goodwill arises in the group's consolidated financial statements when the cost of investing in the investee company exceeds the investing company's share in the net fair value of the assets and liabilities of the investee company.

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.

e) Use of estimates and judgments

The preparation of financial statements in accordance with Egyptian accounting standards requires that it be relied on the best assumptions and estimates made by the management and what it deems appropriate to develop and apply accounting policies to reflect the substance and economic content of the transactions that are made and related to the company's basic activity (revenues from current activity, estimated cost until completion of the project, impairment of assets, usufruct, real estate investments, deferred taxes, fair value of financial instruments), and accordingly, those estimates and assumptions made in the light of the best data and information available to management may directly affect the values of revenues and costs associated with those estimates and the values of related assets and liabilities in the event The difference in the estimates made on the date of preparing the statements from the actual reality in the following period, without prejudice to the extent to which the financial statements express the reality of the company's financial position and its cash flows for the current period.

f) Changes in accounting policies

It is represented by the change in the principles, foundations, rules and practices that the establishment applies when preparing financial statements, by shifting from one acceptable accounting policy to another acceptable accounting policy, and within the framework of Egyptian accounting standards, where the voluntary application of the new policy has a positive impact on the extent to which the results of the application of that policy are expressed. The policy affects the essence of the company's transactions and operations and the resulting effects on the reality of the financial position and the results of the company's business. The effects of that change in policies are proven retroactively and those effects are proven by retained earnings within equity (if any).

11. INVESTMENTS

a) Investments in subsidiaries

Subsidiaries are all companies that the company controls through its participation in the investee and has the ability to influence those investments through its power over them are included within the investments in subsidiaries.

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, as a charge to the income statement (profit or losses) for each investment's subsidiaries are all company controls through its.

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) 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

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 acquisition of commercial shops from an Associates company.

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. The 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:

<u>Asset</u>	<u>Rate</u>
Buildings	5%
<u>Machinery and equipment</u>	
Tools & Equipment	25%
Furniture & Fixtures	25%
Measuring equipment	25%
<u>Office furniture and fixtures:</u>	
Computer hardware and software	33.33 %
office equipment	25%
Furniture and fixtures	25%
Scaffolding and turnbuckles	25%
Transportation and transportation	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.

Impairment Fixed assets are excluding upon disposal or when no future economic benefits are expected to be obtained from their use or sale in the future any gains or losses arising on disposal of the asset are recognized in the income statement (profit & losses) in the Year in which of the asset it disposal.

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 Year, 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 is reversed 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, and it is limited so that the asset's carrying amount (as a result of the impairment loss reversal), its recoverable amount or The book value that would have been determined (net of depreciation) unless the loss resulting from the impairment of the value of the asset is recognized in previous years, and the response is recorded in any loss resulting from the impairment of the value of an asset in the income statement (profits and losses)

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 activities 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 criteria of percentage of completion to be achieved has not yet been met to be recognized in income statement recognizing revenues in light of the application of Egyptian accounting standard no. (48) by measuring the progress in meeting performance obligations to be included in the income statement (profit & losses).

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 strategy and in accordance with the Master Plan.

where the finished units prepared for sale (apartments, cabins, and chalets) are recorded at cost

Where all costs associated with those units of land costs, construction costs and indirect costs are charged to a work in progress item until the completion of all work at that stage, where the square meter share of the total costs is determined and therefore the cost of the units is determined according to their area.

Including the unit cost in an item of complete units, provided that the unit cost is included in the income statement (profits and losses) against the contractual value at a point in time, with the actual delivery of those units, which represents the point of transfer of control to the customer, provided that those units are re-measured at cost or net recoverable value, whichever is lower. This policy applies to units, whether they are residential units - apartments - or commercial or administrative units.

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 receivables 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. TREASURY STOCKS

These are the shares of the company acquired in accordance with the decisions of the board of directors approved in this regard, and they are proven at the cost of the acquisition deducted from the equity and prove profits or losses of sale within equity.

the acquisition of the company's shares contained in Law 159 of 1981 and its amendments, as well as in accordance with the rules of listing and writing off securities in the Stock Exchange and the instructions of the Financial Supervisory Authority where treasury shares are recorded in the financial statements at the cost of acquisition (acquisition), it is presented as a deduction from equity, provided that the change in value (positive or negative) that results from its disposal within equity is recognized in the financial statements.

18. IMPAIRMENT IN ASSETS

18/1 Financial Assets

The company applies a three-stage approach to measure the expected credit losses from financial assets recorded at amortized cost and debt instruments at fair value through other comprehensive income. The assets move between the following three stages based on the change in the credit quality of the financial asset since its initial recognition.

Stage one: 12-month expected credit loss

The first stage includes financial assets on initial recognition that do not have a significant increase in credit risk since initial recognition or that have relatively low credit risk. For these assets, 12-month expected credit losses are recognized

12-month expected credit losses are the expected credit losses that may result from a default event within 12 months after the date of the financial statements.

Stage 2: Lifetime ECL - with no credit impairment

The second stage includes financial assets that have had a significant increase in credit risk since initial recognition, but there is no objective evidence of impairment. Expected credit losses are recognized over the life of those assets, life expected credit losses are the expected credit losses resulting from all possible failures over the expected life of the financial instrument.

At the end of each reporting Year, the Company assesses whether there has been a significant increase in the credit risk of financial assets since the first recognition. The Company uses both quantitative and qualitative information to determine whether there has been a significant increase in credit risk based on the characteristics of the financial asset. Quantitative information can be a downgrade of a credit rating without an investment grade. Qualitative information is obtained by monitoring current or expected adverse changes in business, financial or economic conditions that are expected to cause a material (negative) change in the debtor's ability to meet its obligations to the company.

In addition, the Company uses its own internal credit rating indicators to apply quantitative factors in assessing whether there has been a significant increase in credit risk. The company considers that the credit risk has increased significantly if the internal credit rating deteriorates significantly at the end of each financial Year compared to the original internal rating, if a significant increase in material risk is identified, this leads to the transfer of all instruments in the range held with that party from the first to the second stage.

Stage Three: Lifetime Expected Credit Loss - Credit Impairment

The third stage includes financial assets for which there is objective evidence of impairment at the date of the financial statements. For these assets, life-long expected credit losses are recognized.

The company identifies financial assets for which there is objective evidence of impairment under Egyptian Accounting Standard No. (47) by applying the definition of default used for credit risk management purposes. The company defines default as: any counterparty who is unable to meet its obligations (regardless of the amount involved or the number of days due).

When applying this definition, the following information may serve as evidence that a financial asset is credit-impaired:

- a breach of contract such as default or late payment.
- it is probable that the customer will enter bankruptcy or other financial restructuring;
or
- The client faces great financial difficulty due to the disappearance of an active market.

The company reviews all of its financial assets, except for the financial assets that are measured at fair value through profit or loss, to assess the extent of impairment in their value, as shown below. Financial assets are classified at the date of the financial statements into three stages

- The first stage: financial assets that have not experienced a significant increase in credit risk since the date of initial recognition, and the expected credit loss is calculated for them for a Year of 12 months.
- The second stage: the financial assets that have witnessed a significant increase in credit risk since the initial recognition or the date under implementation, and the expected credit loss is calculated for them over the life of the asset.
- The third stage: the financial assets that have experienced impairment in their value, which requires calculating the expected credit loss over the life of the asset on the basis of the difference between the book value of the instrument and the present value of the expected future cash flows.

Credit losses and impairment losses relating to financial instruments are measured as follows:

- The financial instrument is classified as low risk upon initial recognition in the first stage and the credit risk is continuously monitored by the company's credit risk department.
- If it is determined that there has been a significant increase in the credit risk since the initial recognition, the financial instrument is transferred to the second stage, where it is not yet considered impaired at this stage.
- If there are indications of impairment in the value of the financial instrument, it is transferred to the third stage
- The financial assets created or acquired by the company are classified and include a higher rate of credit risk than the company's rates for low-risk financial assets at the initial recognition of the second stage directly, and therefore the expected credit losses are measured on the basis of the expected credit losses over the life of the asset.
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18/2 Impairment of non-financial assets

Impairment of assets is the amount by which the carrying amount of the asset or cash-generating unit exceeds its recoverable amount, which represents the fair value of the asset less costs to sell or its value in use (the present value of future cash flows expected to occur from the asset), whichever is greater, where the impairment in the value of the asset is charged On the income statement (profits and losses), and in the event that there are indications of an increase in the value of the asset, the loss resulting from the impairment of the value of the asset is reversed in the income statement (profits and losses) provided that it does not exceed the book value of the asset before reducing the value of impairment.

19. 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.

20. LAND CONTRACTED LIABILITY

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

21. COMPLETION OF INFRASTRUCTURE LIABILITIES

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

22. CAPITALIZATION OF BORROWING COST

The capitalization of borrowing costs is the value of the expenses, costs and financing burdens resulting from obtaining loans or bank facilities, whether to finance the acquisition, creation or production of an asset eligible for capitalization, which could have been avoided if those assets were not acquired, and such capitalization begins at the start of spending on the asset The qualifying asset and the actual incurring of borrowing costs, in addition to continuing to carry out the work related to that asset, and the continuation of capitalization is discontinued when the qualifying asset is completed, whether for use or sale. Income (profits and losses) when realized in addition to the interest for the Years in which the effective construction of the asset is disrupted.

23. 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.

24. 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.

25. BORROWING COSTS

The amount and value of the borrowing is initially recognized in the values received, and the amounts due within a year are classified within the current obligations, unless the company has the right to postpone the payment of the loan balance for a Year of more than one year after the date of the financial statements, then the loan balance is presented within the long-term liabilities.

The borrowing and loan costs are measured after the initial recognition of the loans on the basis of amortized cost using the effective interest rate method. The gains and losses for eliminating liabilities are included in the income statement (profits and losses) in addition to the depreciation process using the effective interest rate method.

26. 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 director's remuneration – if any) attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the financial Year weighted by the time factor.

27. 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.

28. LEASING CONTRACTS

(A) Asset Lease Contracts

The “right of use” asset and the lease liability are recognized at the start date of the contract, where the “right of use” is measured at cost at the start date of the lease, and the cost of the “right of use” asset includes the initial measurement amount of the lease commitment and any lease payments made on or before the start date the lease contract and any direct costs and any costs incurred in dismantling and removing the underlying asset. The lease obligations are measured at the present value of the lease payments unpaid on that date using the interest rate implicit in the lease. The lease payments are the payments following the right to use the asset, whether payments Fixed or variable payments (LIBOR) or amounts expected to be repaid under guarantees, the exercise price of the purchase option, and penalty payments for terminating the lease.

Subsequent measurement

- Subsequently the right of use asset is depreciated from the commencement date to the end of the underlying asset useful life in accordance with Egyptian accounting standard No. (10) if ownership of the underlying asset is expected to be transfer to the lessee at the end of the lease. Otherwise earlier of the asset useful life and lease term. any impairment loss in the value of right of use asset will be calculated.
- After the lease date, the lease obligations are measured to reflect changes in lease payments as follows: -
 - A. The carrying amount is increased to reflect the interest on the lease commitment.
 - B. The carrying amount is reducing to reflect the rental payments.
 - C. Remeasure the carrying amount to reflect any revaluation or lease modifications.
 - D. If there is a change in future lease payments as a result of a change in the interest rate used to determine the lease payments, the lease liability is re-measured to reflect the revised lease payments.

(B) Contracts of sale with leaseback

In the case of sale with leaseback, the asset transfer process is evaluated if it is a sale (the buyer obtains control of the asset, directs its use and obtains the remaining benefits from it) or is not a sale, as follows:

Transferring the asset represents a sale

The asset is recognized as a usufruct in accordance with the requirements of the Egyptian Accounting Standard No. (49) on lease contracts in exchange for proving the lease contract obligations at the present value of the lease payments as commitments as stated in the policy of lease contracts listed in item (a) above, where the contract is classified in this case as a lease contract.

Transferring an asset is not a sale

The transferred asset is recognized in the company's books within the assets in exchange for a financial obligation equal to the transfer proceeds in the contract, and this obligation is accounted for in accordance with the Egyptian Accounting Standard No. (47), where the contract in this case is classified as a financing contract with the guarantee of the asset.

(C) Exemptions from recognition

The company may choose not to apply the Egyptian Accounting Standard No. (49) on lease contracts for short-term leases and low-value lease contracts.

29. REVENUE FROM CUSTOMER CONTRACTS

- The company has applied the Egyptian Accounting Standard No. (48) for revenue from customer contracts, where the company recognizes the revenue generated from contracts with customers in light of the terms of the Egyptian Accounting Standard No. (48) by defining and applying the following procedures:
 - Determine the contract.
 - Determine performance obligations.
 - Determining the transaction price.
 - Distributing the transaction price to the performance obligations in the event that the client contract includes more than one performance obligation.
- Revenue from customer contracts is recognized over time (fulfillment of performance obligations over a Year of time representing the time in which performance obligations are fulfilled) if one of the following criteria is met:
 - A- The customer receives the benefits resulting from the performance of the facility and consumes them at the time the company implements the implementation.
 - Or b- As a result of the performance obligations, the company creates or improves an asset.
 - Or c- The company's performance does not result in the creation of an asset that has no alternative use, and the company has an enforceable right to collect payment for performance completed to date.
- Revenue from customer contracts is recognized at a point in time if the performance obligations are not fulfilled over a Year of time, as the company fulfills the performance obligation at a point in time, which is the point at which the customer obtains control of the asset - directing the use of the asset - and obtaining Approximately all residual benefits, in which case the company must recognize revenue because it has fulfilled its performance obligations.

There is an important financing component:

- The contractual value of the promised amount is adjusted to reflect the effects of the time value of money if the contract includes a significant financing component.

30. 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) Villas and townhouses

When The accounting treatment is done to record the concluded and approved contracts (for villas and townhouses) based on realizing the revenues from each contract as a single unit that includes all the components of the contract. (Development of land, construction works, other additional works), on the basis of time for the contracted units in the light of the progress in fulfilling the obligations, as the final output (revenues and costs) has been done in a reliable manner according to the measurement method - outputs - adopted to measure the extent of the obligation in fulfilling performance obligations and using reasonable rates of progress, as follows:

-Real estate development revenue:

Real estate development revenues are achieved for the contracted units under the conclusion of contracts with customers and the receipt of the consideration and in accordance with the credit policy established and applied by the company and the inclusion of such revenues in the income statement (profits and losses) for each unit separately (phase) versus the costs of implementing those units in light of the progress in fulfilling obligations At the level of the contract unit for each contracted unit on the date of preparing the financial statements, and the progress in the performance of obligations is determined and measured - using the output method at the contract unit level for the contracted units to the total estimated costs of work until the completion of the implementation of those units for each (unit) staged unit in order to measure and determine the extent of progress in the commitment in fulfilling performance obligations in contracts.

-Real estate development activity costs:

Activity costs are the direct and indirect value and cost of each of the lands contracted to implement units, in addition to construction costs, utilities and other indirect costs associated with construction work until the completion of the contracted unit's implementation, provided that the total contract cost represented in the lands contracted to implement is included. Units on the income statement (profits and losses) in addition to the construction costs and other costs until the completion of the implementation of those units in the light of the inventory of the completed performance contracted at the level of the contract unit, for each (unit) stage separately, in order to measure and determine the extent of progress in the commitment to fulfill the performance obligations in contracts.

b) Completed units ready for sale

The accounting treatment is done to record the concluded and approved contracts (apartments, cabins, and chalets) based on realizing the revenues from each contract as a single unit that includes all the components of the contract. (Development of land, construction works, other additional works) for a point in time that represents the point of transfer of control to the customer.

-Real estate development revenue:

Real estate development revenues are achieved for the contracted units under the conclusion of contracts with customers and the receipt of the consideration and in accordance with the credit policy established and applied by the company and the inclusion of those revenues in the income statement (profits and losses) for each unit separately (phase) against the costs of implementing those units in light of the actual delivery of those units For each contracted unit until the date of preparing the financial statements.

-Real estate development activity costs:

Activity costs are the direct and indirect value and cost of each of the lands contracted to implement units, in addition to construction costs, utilities and other indirect costs associated with construction work until the completion of the contracted unit's implementation, provided that the total contract cost represented in the lands contracted to implement is included. Units on the income statement (profits and losses) in addition to construction costs and other costs until the completion of the implementation of those units in, where all costs associated with those units of land costs, construction costs and indirect costs are charged to a work-in-progress item until the completion of all work at that phase. The square meter's share of the total costs is determined, and therefore the cost of the units is determined according to their area, provided that the unit cost is included in the income statement (profits and losses) for the contractual value at the point of time when the actual delivery of those units and the transfer of control to the customer.

31. REVENUE RECOGNITION

a) Sales revenues

1- Villas and townhouses

The revenues resulting from practicing the main and usual activity - real estate development of the company - are realized and recorded in the income statement (profits and losses) in light of the extent of progress in fulfilling obligations at the level of completion of the executed works (measuring the extent of progress) at the contract unit level for each contracted unit separately, **as the The company is contractually restricted from directing the asset to another use due to the fact that the contracted unit (sold) has pre-determined boundaries and features in the contract with regard to independent units (villas and townhouses). The company also has a contractual right to collect the sale value of the unit from the customer in installments. In the event of the customer's non-compliance, the installment deadlines due on the unit will be waived, with the customer committing to pay those installments in one payment .In the event of termination of the contract for reasons other than the facility's failure to perform as promised, the company will recover the costs it incurred from the customer in exchange for its completed performance to date, in addition to a percentage of the contractual value (profit margin).** The revenues generated from the total contractual values from the contracts signed and approved for the contracted units are also weighted by the percentage of progress in fulfilling obligations at the level of the contract unit, taking into account additional business revenues versus their actual cost for each stage (unit) separately, in a way that reflects and measures the extent of progress. In fulfilling the performance obligations under the contract.

2- Completed units ready for sale

Completed units ready for sale represent the contractual values of contracted units. Revenue is recognized in the income statement at the point in time at which the entity transfers control of the asset to the customer.

b) Investments in Associates and subsidiaries

Revenues **resulting from investments in subsidiaries companies** resulting from following **the equity method** are recorded according to the company's share in the results of the investee companies' business and according to the percentage of its contribution, in addition to the change in the equity of the investee company for items that are not included in the business results. **Revenues resulting from investments in subsidiaries and resulting from adopting the cost method** are recognized when the company has the right to receive those revenues and returns, whether by the announcement event or by the actual collection event, whichever is more specific. **The effect of those realized revenues, whether by cash distribution or by applying the equity method, is excluded from the group's income statement when preparing it.**

c) Revenues from investment property

The income resulting from investing in real estate investments is realized upon the completion and completion of the sale of those investments and the transfer of ownership – initially - to the buyer, and these revenues are recognized as sale profits at the value of the difference between the cost of those investments and the selling price, and the revenues resulting from the exploitation and leasing of these investments to others are also recognized. According with the accrual principle.

d) Interest income

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

32. 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.

33. FINANCIAL INSTRUMENTS & FAIR VALUE

- Financial assets

33-1 Recognition and initial measurement

The company initially recognizes debtors and debt instruments on the date of its inception, all financial assets and other financial obligations are initially recognized on the date of the transaction when the company becomes a party to the contractual provisions of the financial instrument.

The financial asset (unless the trade receivable does not have a significant financing component) or financial liability is initially measured at fair value plus transaction costs that directly cause its acquisition of the item not at fair value through profit or loss. Customers who do not have a significant financing component are initially measured at the transaction price.

33-2 Financial Assets - Classification and Subsequent Measurement

Upon initial recognition, the financial asset is classified on (debt instruments) as measured at amortized cost or at fair value through other comprehensive income as investments in debt instruments and investments in equity instruments or at fair value through profits and losses.

Financial assets are not reclassified after initial recognition unless the company changes its business model for managing financial assets. In this case, all affected financial assets are reclassified on the first day of the first financial reporting Year after the change in business model.

The financial asset (debt instruments) is classified as valued at amortized cost if it meets the following two conditions and is not classified as valued at fair value through profit or loss:

- If the asset is to be held within a business model that aims to hold assets to collect contractual cash flows.
- In the event that the contractual terms of the financial assets give rise to cash flows on specified dates that are only principal and interest payments on the principal amount repayable.

The investment in debt instruments is classified at fair value through other comprehensive income if the following two conditions are met and is not determined as being valued at fair value through profit and loss:

- It is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets.
- The contractual terms of the financial asset give rise to specified dates to cash flows that are solely payments of principal and interest on the principal and interest outstanding.

Upon initial recognition of an investment in equity instruments that are not held for the purpose of trading, the company can make an irrevocable choice to present it within other comprehensive income. Subsequent changes in the fair value of the investment appear within other comprehensive income items and are not reclassified in the income statement.

Financial assets that are not classified as valued at amortized cost or valued at fair value through other comprehensive income are classified as fair value through profit and loss, and this includes all financial assets derivatives. Upon initial recognition, the company may irrevocably designate a financial asset that meets the requirements to be measured at amortized cost, at fair value through comprehensive income, or at fair value through profit or loss if doing so eliminates or substantially reduces Inconsistency in a measurement or recognition (sometimes referred to as an “accounting inconsistency”) that may arise during that time.

No expected credit losses are calculated for equity instruments.

33-3 Financial Assets - Business Model Evaluation

The company makes an objective assessment of the business model in which a financial asset is held at the portfolio level because this better reflects the way the business is conducted, and information is presented to management. The information considered includes:

- The stated policies and objectives of the portfolio and the operation of those policies in practice. This includes whether management's strategy focuses on earning contractual interest income and maintaining a certain interest rate.
- How to evaluate the performance of the portfolio and report it to the company's management.
- the risks that affect the performance of the business model (and the financial assets held in the business model) and how those risks are managed
- The frequency, volume, and timing of sales of financial assets in previous Years, the reasons for such sales, and expectations regarding future sales activity.
- Financial assets held for trading whose performance is evaluated on a fair value basis are measured at fair value through profit or loss.

33-4 Financial Assets - Assessment of whether the contractual flows are solely payments of principal and interest

For the purposes of this assessment, the principal amount is the fair value of the financial asset at financial recognition and the interest is against the time value of money, against the credit risk associated with the principal amount outstanding over a certain Year of time and against other basic lending risks and costs (liquidity risk and administrative costs), in addition to the profit margin.

In assessing whether the contractual cash flows are solely payments of interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows so that it would not meet this condition. When making this assessment, the Company considers:

- potential events that would change the amount or timing of cash flows.
- terms that may modify the rate of contractual payments, including variable rate features.
- Prepaid features and additions; (if any)
- Conditions that limit a company's claim to cash flows from identified assets
- The early payment benefit is consistent with payments of principal and interest only if the amount of the prepayment substantially represents the unpaid amounts of principal and interest on the principal amount owed, which may include reasonable compensation for early termination. In addition, for financial assets obtained at a discount or premium over the contractual face value, a feature that permits or requires early payment in an amount substantially the contractual amount plus the contractual interest accrued (but not paid) (which may also include reasonable compensation for early termination) is treated as compliant with this Standard if the fair value of the early settlement feature is ineffective on initial recognition.

33-5 Financial Assets - Subsequent Measurement, Profits and Loss

Financial assets at fair value through profit or loss	Financial assets are subsequently measured at fair value, and changes in fair value, including any returns or dividends, are recognized in profit or loss.
Financial assets at amortized cost	Financial assets valued at amortized cost are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, exchange gains and losses and impairment are recognized in profit and loss, and gains and losses on disposal are recognized in profit and loss.
Debt instruments at fair value through other comprehensive income	Financial assets at fair value through comprehensive income are subsequently measured at fair value. Interest income is calculated using the effective interest method, gains and losses on currency differences and impairment are recognized in profit and loss. Other net gains and losses are recognized in comprehensive income. On disposal, the combined profit and loss in comprehensive income is reclassified to profit and loss.
Equity investments at fair value through other comprehensive income	Financial assets valued at fair value through comprehensive income are subsequently measured at fair value. Dividends are recognized as income in profit and loss unless the dividends clearly represent a recovery of part of the investment cost. Other net gains and losses that have been recognized in other comprehensive income are not reclassified at all to profit or loss.

33-6 Financial liabilities - classification and subsequent measurement, profits and losses

Financial liabilities are classified as valued at amortized cost or at fair value through profit and loss.

Financial liabilities are classified as valued at fair value through profit and loss if they are classified as held for trading purposes, or they are within financial derivatives, or they are classified at fair value through profit or loss upon initial recognition.

Financial liabilities measured at fair value through profit and loss are measured at fair value and net gains and losses, including interest expense, are recognized in profit and loss.

Other financial obligations are subsequently measured at amortized cost using the effective interest method. Interest expense and gains and losses from changes in foreign exchange rates are recognized in profit and loss. Gains and losses resulting from disposal are recognized in profit and loss.

33-7 DISPOSAL

Financial Assets

The company disposes the financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the contractual rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset have been transferred, or in which the company does not transfer or retain bears all the risks and rewards of ownership and does not retain control over the financial assets.

The Company enters into transactions whereby it transfers the assets recognized in its statement of financial position but retains all the risks and rewards of the transferred assets. In this case, the transferred assets are not excluded.

Financial Obligations

Financial obligations are excluded when the contractual obligations are paid, canceled or expired.

The company also dismisses a financial liability when its terms are adjusted and the cash flows of the modified obligations are substantially different, in which case the new financial obligations are recognized on the basis of the adjusted condition at fair value.

On derecognition of financial obligations are derecognition, the difference between the book value and consideration paid (including any non-monetary assets transferred or liabilities assumed) is recognized in profit or loss.

33-8 Offsetting of Financial Instruments

Financial assets and financial liabilities are offset, and the net reported in the statement of financial position when, and only when:

The company has a legally mandatory right to settle the recognized amounts, and when the company intends to settle the assets with the liabilities on a net basis or sell the assets and settle the liabilities simultaneously.

33-9 Derivative financial instruments and hedge accounting

The Company holds derivative financial instruments to hedge its exposure to foreign exchange rate and interest rate risks. Implicit derivatives are separated from the host contract and accounted for separately if the host contract is not a financial asset and if specific conditions are met.

Derivatives are initially measured at fair value and the related transaction costs are recognized in profit or loss. After initial recognition the derivative is measured at fair value and any change in fair value is recognized in profit or loss.

34. RISK MANAGEMENT

(A/1) Interest rate risk

The interest risk is represented in the interest rates changes and its effect 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.

	<u>NOTE</u>	<u>30 Sep 2024</u>
<u>Financial Assets</u>	<u>NO.</u>	<u>EGP</u>
Local operation current accounts	(47)	2 892 355 712
Banks accounts for local currency deposits	(47)	2 500 000
		<u>2 965 965 432</u>
<u>Financial obligations</u>		
banks Overdraft	(49)	6 505 671 329
LOANS	(50)	4 908 663 051
Banks credit	(48)	645 786 011
Lease obligations	(54)	7 256 343
		<u>12 067 376 734</u>

In the event that interest rates change from current rates with all other variables constant, this will affect the sensitivity of the statement of profits and losses as a result of assuming a change in the interest rate, based on the financial assets and liabilities linked to the interest rate, as follows:

- In the event of an increase/(decrease) in the interest rate by 2% with all other variables remaining constant, the statement of profits and losses, as well as the statement of cash flows for the year in which the change occurred, will be affected by an increase/(decrease) of approximately 183 million Egyptian pounds.

(A/2) Foreign exchange rate risk

Foreign currency risk is represented by changes in foreign currency rates, which affect payments and receipts in foreign currencies, as well as the evaluation of assets and liabilities in currencies. The balances of assets in foreign currencies described above were evaluated using the rate prevailing on the date of the financial position.

The net foreign currency balances at the financial position date are as follows:

	<u>30 Sep 2024</u> <u>EGP</u>
<u>Financial assets</u>	
Net foreign currency balance - Asset	1 267 611 803

Sensitivity analysis:

Foreign currency rate risk is the risk of fluctuations in the fair value of the future cash flows of a financial instrument due to changes in foreign currency rates. The following table shows the company's sensitivity to a 10% increase or decrease in the Egyptian pound against foreign currency exchange rates while keeping all other variables constant, and the impact of that on The company's statement of profits or losses is as follows:

	<u>30 Sep 2024</u> <u>EGP</u>
The equivalent in Egyptian pounds for collecting foreign currencies	1 267 611 803
<u>The effect of an increase/decrease in the exchange rate on the company's net profit</u>	
When foreign exchange rates increase by 10%	126 761 180
When foreign exchange rates decrease by 10%	(126 761 180)

(B) Credit risk

Credit risk is represented by the inability of customers to whom credit is granted to pay what is owed to them. This risk is considered limited given that the company deals with customers with good financial solvency, in addition to the company's failure to deliver the contracted units before the customer deposits negotiable bank debt instruments in exchange for the unpaid installments in Date of receipt (note 44).

In addition to the above, customer contracts stipulate that ownership of the units will not be transferred to customers before paying the full value of the units. Therefore, no losses or impairment of customer balances occurred before that.

The company also achieves direct and indirect profits in the event that customers do not pay the remaining dues on the unit, as the contract is canceled and the amounts previously paid are refunded after deducting the cancellation fees in accordance with the concluded contract, in addition to the positive change in selling prices and thus the contractual values of the units.

The company periodically studies expected credit losses to offset the impact of expected credit risk on the poor quality of financial assets.

Market risk is represented in permanent or temporary negative fluctuations or both in the prices of securities in the stock market for securities available for sale, which may negatively reflect on the capital values of the company's portfolio of securities for the cost of acquisition, and the company follows a conservative policy for all its investments, and this is reflected in the fair values of the portfolio.

(C) Investment Risk

The investment risk is represented in the possible decrease in the potential and expected returns and distributions in the companies invested in their capital and the possibility of reinvesting in other securities with relatively high returns, in addition to the potential risks of not appropriate diversification in the stock portfolio in all existing and potential investment sectors. The company follows a policy in managing the company's stock portfolio that will maximize returns, revenues and profits achieved through purchases and resales, as well as selling and repurchases, in addition to diversifying investment in investment sectors with relatively stable returns.

(D) Liquidity risk

Liquidity risk is represented by factors that may affect the company's ability to pay part or all of its obligations, and according to the company's policy, appropriate liquidity is maintained to meet the company's current obligations, which affects the reduction of that risk to a minimum.

The following is an analytical statement of financial obligations and other contribution payments at the date of the financial position, which are as follows:

	<u>Note No.</u>	<u>30 Sep. 2024</u>	
		<u>EGP</u>	<u>EGP</u>
<u>Financial Liabilities</u>		<u>Less than year</u>	<u>More than year</u>
Credit banks	(48)	645 786 011	--
Overdraft banks	(49)	6 505 671 329	--
Loans	(50)	398 039 157	4 510 623 894
Lease obligations	(54)	6 428 876	827 467
Due to related parties	(56)	21 465 302	--
Creditors and other credit balances	(58)	2 863 783 893	--
Other obligations - occupiers union	(62)	15 194 682 458	--
Suppliers and contractors		3 700 355 345	--
Total		29 336 212 371	4 511 451 361

35. INVESTMENT IN ASSOCIATES

The consolidated balance of investments in Associates as of Sep 30, 2024, amounted to an amount EGP 1 014 979 518 as follows

	<u>30 Sep 2024</u>	<u>31 Dec 2023</u>
	<u>EGP</u>	<u>EGP</u>
Naema for Touristic & Real Estate Investments S.A.E	170 820 192	117 741 164
EFS palm for facilities services S.A. E	6 633 373	6 633 373
Villamora for Real Estate Development Company S.A. E	2 535 617	2 535 617
Palm Hills for Real Estate S.A. E-Coldwell Banker S.A.E	245 000	245 000
Badya International for Education S.A. E	240 000 000	90 000 000
Disney Beach S.A. E	104 121 304	104 121 304
Inspired Egypt for Education S.A. E	367 500	367 500
International Financial Leasing Company – Incolase S.A.E	277 353 807	174 841 899
The Cookery - Co for catering and restaurants S.A. E	3 000 000	3 000 000
Sixth of October Hotels and Tourism Services Company S.A.E	209 902 725	--
Balance on Sep 30, 2024	<u>1 014 979 518</u>	<u>499 485 857</u>

The following is a summary of the financial data for the Associates:

	<u>Assets</u>	<u>Liabilities</u>	<u>Shareholders' equity</u>	<u>Revenues</u>	<u>Expenses</u>
Naema for Touristic & Real Estate Investments	549 715 844	208 035 024	341 680 820	210 079 123	63 924 907
Palm Hills for Real Estate -Coldwell Banker	500 000	--	500 000	--	--
Villamora for Real Estate Development Company	2 535 619	--	2 535 619	--	--

36. INVESTMENT PROPERTY

The consolidated balance of real estate investments on Sep 30, 2024, amounted to 1 066 974 108 EGP and its balance is the value of the cost of Crown School – King School, in addition to the construction cost of the shops at Palm Hills Resort on the 6th of October (Mall 88Street) As well as the villas in Villa Mora Resort, as follows:

	<u>30 Sep 2024</u>	<u>31 Dec 2023</u>
	<u>EGP</u>	<u>EGP</u>
<u>Crown School (King School)</u>		
Cost Of the School	1 039 075 928	--
Accumulated depreciation	20 881 408	--
Net Cost of the School	<u>1 018 194 520</u>	<u>--</u>
<u>Real Estate Investments - Buildings</u>		
<u>Commercial shops - Palm Hills Resort</u>		
Cost of shops (88 Street Mall)	75 011 680	69 111 647
Accumulated depreciation for Jan 1,2024	25 281 620	21 808 349
Depreciation for the period / Year	2 950 472	3 473 271
Accumulated depreciation at the end of the period/year	<u>28 232 092</u>	<u>25 281 620</u>
Net cost of shops (88 Street Mall)	<u>46 779 588</u>	<u>43 830 027</u>
Villas at villa mora resort	2 000 000	2 000 000
Balance on Sep 30, 2024	<u>1 066 974 108</u>	<u>45 830 027</u>

The company has concluded contracts for the sale and leaseback of the commercial mall stores (Street 88) owned by the company with one of the companies operating in the same field, and these transactions have been proven as guarantees (power of sale) and obligations resulting from financial transactions as a financing activity, according to the essence of those transactions and the lack of completion of any of the Conditions that must be met to prove these contracts as lease contracts and that these investments are provided as guarantees, and in accordance with the provisions of Egyptian Accounting Standard No. (49) related to lease contracts (Note No. 28B, 55).

37. Fixed Assets

The net cost of the consolidated fixed assets on 30 Sep 2024 amounted to EGP 2 714 412 348 presented by fixed administrative assets on the site and the headquarter as follows:

	Cost as of Jan. 1, 2024 EGP	Additions during the Period EGP	Disposals during the Period EGP	Cost as of 30 Sep 2024 EGP	Accumulated depreciation as of Jan. 1, 2024 EGP	Depreciation for the Period EGP	Depreciation of Disposals EGP	Accumulated depreciation as of 30 Sep, 2024 EGP	Net book value as 30 Sep, 2024 EGP
land	33 145 821	--	--	33 145 821	--	--	--	--	33 145 821
Buildings	747 387 747	147 207 755	--	894 595 502	345 540 506	23 331 621	--	368 872 127	525 723 375
Machinery & equipment	275 431 466	78 610 242	1 101 664	352 940 044	178 127 945	26 021 111	1 101 664	203 047 392	149 892 652
Vehicles	41 870 814	23 325 128	--	65 195 942	30 868 154	3 945 497	--	34 813 651	30 382 291
Computer equipment	129 738 672	26 971 941	474 088	156 236 525	100 147 676	15 438 773	474 088	115 112 361	41 124 164
Leasehold improvements	21 077 302	3 726 021	202 596	24 600 727	21 043 166	215 349	202 596	21 055 919	3 544 808
Furniture	187 255 465	94 589 648	4 408 762	277 436 351	115 088 369	28 821 673	4 408 762	139 501 280	137 935 071
Golf Courses	2 412 646 478	--	--	2 412 646 478	528 187 999	91 794 313	--	619 982 312	1 792 664 166
Total cost	3 848 553 765	374 430 735	6 187 110	4 216 797 390	1 319 003 815	189 568 337	6 187 110	1 502 385 042	2 714 412 348

a. All fixed assets in the group companies are available for use in operation.

b. Fixed assets depreciation for Nine months Ended in 30, Sep 2024 amounted To EGP 189 568 336 and allocated as follows:

Operating assets-work in process	EGP	24 234 177
Administrative depreciation (income statement)	EGP	142 495 367
Depreciation expense of hotel operations	EGP	8 307 240
Depreciation expense of Palm Hills Club's assets - club's operating statement	EGP	14 531 552
Total depreciation of fixed assets for the Period	EGP	189 568 336

Capital Gains for Nine months ended in 30, Sep 2024 amounted to EGP 4 173 101 as follows:

Proceed from sale of fixed assets	EGP	4 173 101
Deduct:		
Cost of assets sold	EGP	6 187 110
Accumulated depreciation of assets sold	EGP	6 187 110
Carrying amount of assets sold		
Gain on sale of fixed assets for Nine months ended in Sep 30, 2024	EGP	4 173 101

The company has concluded sales lease back contracts for the lands and buildings of the Palm Hills Club and the company's headquarters in the smart village, which is owned by the company with one of the companies operating in the same field, and these transactions have been proven as guarantees (power of attorney to sell) and obligations resulting from financial transactions as a financing activity according to the essence of these transactions and not Completion of the conditions that must be fulfilled to prove those contracts as a finance lease and that these assets are presented as guarantees in accordance with the Egyptian Accounting Standard No. (49) for financial leasing contracts (Note No28b-52).

The net cost of the consolidated fixed assets on Dec 31, 2023, amounted to EGP 2 529 549 685 presented by fixed administrative assets on the site and the headquarter as follows:

	Cost as of Jan. 1, 2023 EGP	Additions during the Year EGP	Disposals during the Year EGP	Cost as of 31 Dec 2023 EGP	Accumulated depreciation as of Jan. 1, 2023 EGP	Depreciation for the Year EGP	Depreciation of Disposals EGP	Accumulated depreciation as of 31 Dec 2023 EGP	Net book value as 31 Dec 2023 EGP
* land	33 145 821	--	--	33 145 821	--	--	--	--	33 145 821
* Buildings	732 674 743	14 713 004	--	747 387 747	316 384 812	29 155 694	--	345 540 506	401 847 241
Machinery & equipment	220 320 371	83 986 522	28 897 995	275 408 898	159 952 221	19 878 357	1 724 936	178 105 642	97 303 256
Vehicles	35 884 567	6 051 248	65 000	41 870 815	26 235 359	4 697 795	65 000	30 868 154	11 002 661
Computer equipment	105 125 705	26 154 532	1 541 566	129 738 671	90 066 578	11 622 664	1 541 566	100 147 676	29 590 995
Leasehold improvements	21 116 436	--	39 134	21 077 302	21 062 013	20 286	39 134	21 043 165	34 137
Furniture	142 643 804	46 198 651	1 590 070	187 252 385	91 449 446	25 079 813	1 443 969	115 085 290	72 167 095
Golf Courses	2 412 319 396	327 081	--	2 412 646 477	405 801 032	122 386 966	--	528 187 998	1 884 458 479
Total cost	3 703 230 843	177 431 038	32 133 765	3 848 528 116	1 110 951 461	212 841 575	4 814 605	1 318 978 431	2 529 549 685

c. All fixed assets in the group companies are available for use in operation.

d. The total depreciation of fixed assets for year ending on Dec 31, 2023, amounted to 212 841 575 EGP as follows:

Operating assets-work in process	EGP	15 277 401
Administrative depreciation (income statement)	EGP	170 199 953
Depreciation expense of hotel operations	EGP	10 308 977
Depreciation expense of Palm Hills Club's assets - club's operating statement	EGP	17 055 244
Total depreciation of fixed assets during the year	EGP	212 841 575
Capital Gains for year ending on Dec 31, 2023, amounted to EGP 76 597 290 as follows:	EGP	103 916 449
Proceed from sale of fixed assets	EGP	103 916 449
Deduct:		
Cost of assets sold	EGP	32 133 765
Accumulated depreciation of assets sold	EGP	4 814 606
Carrying amount of assets sold	EGP	27 319 159
Gain on sale of fixed assets as of Dec 31, 2023	EGP	76 597 290

*The company has concluded sales lease back contracts for the lands and buildings of the Palm Hills Club and the company's headquarters in the smart village, which is owned by the company with one of the companies operating in the same field, and these transactions have been proven as guarantees (power of attorney to sell) and obligations resulting from financial transactions as a financing activity according to the essence of these transactions and not Completion of the conditions that must be fulfilled to prove those contracts as a finance lease and that these assets are presented as guarantees in accordance with the Egyptian Accounting Standard No. (49) for financial leasing contracts (Note No28b-53).

38. PROJECTS UNDER CONSTRUCTION

The consolidated balance of projects under construction on Sep 30, 2024, amounted to EGP 203 331 275 and is the value of the cost of land and construction work for service areas and recreational areas in the residential complexes of the Palm Hills Group, as follows:

	<u>30 Sep 2024</u>	<u>31 Dec 2023</u>
	<u>EGP</u>	<u>EGP</u>
Consultation and designs fees	202 765 882	120 401 389
Schools Construction cost	565 393	881 700 226
Balance on Sep 30, 2024	203 331 275	1 002 101 615

39. THE RIGHT OF USE ASSETS

The right of use assets is represented in the right of use assets (lessee) the rents of offices and administrative headquarters, and the balance has reached On Sep 30, 2024, an amount of 9 050 437 EGP is as follows: -

	<u>30 Sep 2024</u>	<u>31 Dec 2023</u>
	<u>EGP</u>	<u>EGP</u>
The right of use assets – Offices rent.	31 646 488	31 646 488
Accumulated depreciation at Jan ,1,2024	20 723 409	20 616 884
Depreciation for the period / year	1 872 642	106 525
Accumulated depreciation at 30 Sep 2024	22 596 051	20 723 409
Balance on Sep 30, 2024	9 050 437	10 923 079

40. NOTES RECEIVABLE

The notes receivables are represented in the checks received from the clients for the contractual values of the units contracted with the company to implement them, as well as the workers 'union checks (against maintenance expenses) in addition to other checks collected from other parties. The consolidate balance of the receivables reached on Sep 30, 2024, is 50 941 350 956 after deducting the difference in the present value of EGP 2 369 082 588 and the share of the partners in an amount of EGP 4 058 037 427 as follows:

	<u>30 Sep 2024</u>	<u>31 Dec 2023</u>
	<u>EGP</u>	<u>EGP</u>
Short term notes receivable	13 027 685 532	8 847 317 102
Deduct: -		
Unamortized discount	87 349 809	28 364 946
Notes receivable of joint venture	655 604 650	427 327 794
The present value of short-term receivables	12 284 731 073	8 391 624 362
Long term notes receivable	44 340 785 439	25 116 871 179
Deduct: -		
Unamortized discount	2 281 732 779	1 112 309 514
Notes receivable of joint venture	3 402 432 777	908 416 703
The present value for long term notes receivable	38 656 619 883	23 096 144 962
Balance on Sep 30, 2024	50 941 350 956	31 487 769 324

** The receivable notes received for contracted units that were not delivered and not included in the financial statements were disclosed (Note No. 72).

And according to the decision of the Central Bank of Egypt Board of Directors No. 1906 of 2007 regarding the controls and rules of bank financing for real estate development companies working in the field of constructing housing units for the purpose of selling them, the bank may not deduct those checks, commercial papers and other means of payment provided to the company from the holders of housing units nor reduce the company's indebtedness with them Only after the units are delivered to their purchasers, and thus those checks remain in the books until the due date.

- * Notes receivables balances included an amount of 7,329 billion EGP representing the value of checks received in exchange for maintenance deposits of contracted units, whose collected value reverts to the Workers' Union upon its establishment in accordance with the provisions of the Building Law No. 119 of 2008 and its executive regulations and amendments thereof.
- * The share of the partner (the owner) in the notes receivables and checks under collection of the projects that the company started to market and implement under the project system with the participation system in light of the contracts concluded in this regard implement under the project system with the participation system in light of the contracts concluded in this regard (8c).
- The transitional treatment issued by the Egyptian Supreme Committee for Accounting and Auditing, the limited examination, formed by Prime Minister Decision No. 909 of 2011, which was approved by the Financial Supervisory Authority on January 12, 2022, regarding the recognition of checks received from customers for units that have not been delivered to customers, which stipulates By allocating a separate account on the date of receiving the checks within the financial assets on the balance sheet (a notes receivable account for units that have not been delivered) in return for recognizing within the financial obligations on the balance sheet a commitment of the same amount (Calculation of obligations for checks received from clients) This treatment is considered a transitional treatment on the concluded sales contracts that the company will enter into until the end of the fiscal Period ending on 31 December 2022 or 30 June 2023 until the delivery of these properties to the clients in accordance with Egyptian Accounting Standard No. (48) Revenue from contracts with customers (Note 54,72).

41. Notes receivable for undelivered units

The net present value of notes receivable is for units not delivered to customers On Sep 30, 2024 an amount of 1 667 037 012 Egyptian pounds is as follows: -

	<u>30 Sep 2024</u>	<u>31 Dec 2023</u>
	<u>EGP</u>	<u>EGP</u>
Short term notes receivable	2 269 429 336	2 565 411 293
Deduct:		
Unamortized discount	222 068 372	258 468 495
Notes receivable of joint venture	736 947 570	254 715 383
The present value of short-term receivables	<u>1 310 413 394</u>	<u>2 052 227 415</u>
Long term notes receivable	7 594 750 558	9 942 865 156
Deduct:		
Unamortized discount	3 442 427 700	4 726 319 166
Notes receivable of joint venture	3 795 699 240	669 915 690
The present value of long-term notes	<u>356 623 618</u>	<u>4 546 630 300</u>
Balance on Sep 30, 2024	<u>1 667 037 012</u>	<u>6 598 857 715</u>

- The transitional treatment issued by the Egyptian Supreme Committee for Accounting and Auditing, the limited examination, formed by Prime Minister Decision No. 909 of 2011, which was approved by the Financial Supervisory Authority on January 12, 2022, with regard to recognizing checks received from customers for units that have not been delivered, subject of contracts, to Customers, which require the allocation of a separate account on the date of receipt of checks within the financial assets in the statement of financial position (a notes receivable account for units that have not been delivered) in return for recognizing within the financial obligations on the statement of financial position a commitment of the same amount Account of obligations for checks received from clients) and this treatment is considered a transitional treatment on the concluded sales contracts that the company will conclude until the end of the financial Period ending on 31 December 2022 or 30 June 2023 and until the delivery of these properties to the clients until the company's conditions are reconciled to comply with Egyptian Accounting Standard No. (48) Revenue from contracts with customers (Note No. 72).

42. WORK IN PROCESS

The work in process represents the direct and indirect value and cost of the lands allocated to the group companies to carry out the usual and main activity of these companies, after excluding the cost of the contracted lands to build units on them, as well as the construction works, utility works and other indirect costs related to the construction works for the units contracted to implement and not The percentage of completion specified for inclusion in the income statement is realized, and the consolidated balance of work in progress has reached Sep 30, 2024 The amount of EGP 11 105 573 338 is as follows:

	<u>30 Sep 2024</u>	<u>31 Dec 2023</u>
	<u>EGP</u>	<u>EGP</u>
Total work carried out until Jan 1 2024	48 890 651 797	39 232 714 706
Add:		
Work Carried Out For Nine Months Ended Sep, 30 2024	7 855 866 432	9 657 937 091
Networks executed until Sep 30, 2024	<u>56 746 518 229</u>	<u>48 890 651 797</u>
Deduct: excluded from income statement until Sep, 30 2024	<u>45 640 944 891</u>	<u>40 102 272 170</u>
The Balance of Work in progress as of Sep, 30 2024	<u>11 105 573 338</u>	<u>8 788 379 627</u>
<u>Represented As follows:</u>		
Land acquisition cost *	4 359 973 462	4 313 100 435
Cost of construction and facilities **	6 745 599 876	4 475 279 192
Balance on Sep 30, 2024	<u>11 105 573 338</u>	<u>8 788 379 627</u>

*** The interest of the loans capitalized on the work in progress account which allocated to financing construction in the existing projects according to the concluded loan contracts for the Nine months ended Sep 30, 2024, amounted to EGP 1 149 762 532 (Note NO. 51).

43. ACCOUNTS RECEIVABLE

The present value of accounts receivable - debit balances on Sep 30, 2024 amounted to EGP 11 970 050 614 This due balance is represented in the difference between the contractual value of some contracted units and the advance of reservation and the installments paid for those units, without paying or depositing cash notes receivable or any other credit instruments for due installments, and it also includes the value of returned checks or non-collected checks from some clients as followings:

	<u>30 Sep 2024</u>	<u>31 Dec 2023</u>
	<u>EGP</u>	<u>EGP</u>
Palm Hills Developments Company	2 078 878 815	1 073 616 619
Palm Hills Middle East Company for Real Estate Investment	1 510 483 570	123 490 463
Royal Gardens for Real Estate Investment Company	3 831 076	3 831 076
New Cairo for Real Estate Developments	1 180 601	1 180 601
Gawda for Trade Services	625 695	685 869
Saudi Urban Development Company	29 707 252	37 266 931
Rakeen Egypt for Real Estate Investment	102 088 084	92 677 283
East New Cairo for Real Estate Development	44 765 973	55 879 156
Middle East Company for Real Estate and Touristic Investment	1 186 636	1 511 194
United Engineering for Construction	3 611 234	3 611 234
Palm Real Estate Investment	67 328 054	80 062 815
Palm for Investment and Real Estate Development	1 561 780 271	713 615 227
Palm Hills Development of Tourism and Real Estate	292 158 651	236 725 347
Palm for Urban Development	6 181 308 689	5 554 692 471
Palm for Clubs Management	9 569 580	10 042 147
Palm for Construction	74 147 478	77 352 591
Palm Sports for Clubs	20 287 949	13 126 050
Palm Alexandria	23 938 540	25 154 441
Kenzy for restaurants	3 163 738	3 163 735
Total	<u>12 010 041 886</u>	<u>8 107 685 250</u>
Less: Expected credit losses	<u>39 991 272</u>	<u>20 643 425</u>
Balance on Sep 30, 2024	<u>11 970 050 614</u>	<u>8 087 041 825</u>

44. DEBTORS AND OTHER DEBIT BALANCE

The consolidated balance of debtors and other debit balances as of Sep 30, 2024, amounted to 6 055 078 854 as follows:

	<u>30 Sep 2024</u>	<u>31 Dec 2023</u>
	<u>EGP</u>	<u>EGP</u>
Paid under land account	63 383 728	1 606 482
Residents' Association *	1 255 793 747	999 382 218
Investment's debtors	4 462 221	4 995 221
Deposits with others	177 092 320	162 853 034
Prepaid expenses	249 968 885	75 915 191
Accrued Revenues	168 248 815	70 420 958
Commissions paid in Advance	3 132 679 212	1 593 537 483
Withholding tax	16 834 899	11 138 162
Letter of Guarantee	55 606 490	55 606 490
Loans to employee & custodies	25 979 284	13 466 318
Advance payments – partners' share	406 594 369	--
Other debit balances	499 326 553	133 711 280
Total	6 055 970 523	3 122 632 837
Less: Expected credit losses	891 669	2 260 184
Balance on Sep 30, 2024	6 055 078 854	3 120 372 653

* The legal position of the Residents' Association is being completed at the level of various projects in accordance with the requirements of Building Law No. 119 of 2008.

45. DUE FROM RELATED PARTIES – Debit Balances

The consolidated balance of due from related parties as of Sep 30, 2024, amounted to 334 062 242 as follows:

	<u>30 Sep 2024</u>	<u>31 Dec 2023</u>
	<u>EGP</u>	<u>EGP</u>
Al Ethadia for Real Estate S.A.E	241 276 080	282 068 802
Al Naeem for investments	48 755 256	48 755 256
Debtors of dividends	33 246 614	33 246 612
Palm Hills for Real Estate S.A.E-Coldwell Banker	20 480	20 480
Novotel Cairo 6th Of October S.A.E	4 010 782	5 778 292
The cookery co for catering and restaurant	3 030 000	3 630 000
Mercure Ismailia Hotel S.A.E	3 736 138	686 254
Palm Hills. Saudi _ELBaltan	--	269 325
Total	334 075 350	374 455 021
Less: Expected credit losses	13 108	6 055 060
Balance on Sep 30, 2024	334 062 242	368 399 961

46. Financial investments at amortized cost

The consolidated balance for held-to-maturity investments on Sep 30, 2024, is an amount 5 669 203 165 EGP It represents the value of investment in treasury bills and bonds as follows:

	<u>Face value</u>	<u>Unrecognized investment return</u>	<u>Average return rate</u>	<u>Purchase price</u>
	<u>EGP</u>	<u>EGP</u>	<u>%</u>	<u>EGP</u>
Palm Hills Development	2 981 250 000	95 667 614	%22.37	2 885 582 386
Palm Hills Middle East Company for Real Estate Investment	308 200 000	6 600 899	%22.37	301 599 101
East New Cairo for Real Estate Development	96 275 000	3 181 255	%22.44	93 093 745
Gawda for Trade Services	3 275 000	81 632	%22.09	3 193 368
Middle East Company for Real Estate and Touristic Investment	7 200 000	199 579	%22.11	7 000 421
Palm Hills for Constructions	153 850 000	4 432 581	%22.37	149 417 419
Palm Hills Development of Tourism and Real Estate	282 325 000	10 864 438	%22.41	271 460 562
Palm for investment and real estate development	1 028 025 000	26 817 875	%20.80	1 001 207 125
Palm real estate development	187 200 000	3 548 211	%22.22	183 651 789
Palm Hills for Urban Development Company	511 700 000	11 944 260	%22.55	499 755 740
Rakeen Egypt for Real Estate Investment	257 425 000	8 629 000	%22.46	248 796 000
Royal Gardens for Real Estate Investment Company	11 600 000	552 890	%23.43	11 047 110
Palm Alexandria for real Estates investment company	13 750 000	351 601	%21.75	13 398 399
Balance on Sep 30, 2024	5 842 075 000	172 871 835		5 669 203 165

* Those investments were disclosed according to their maturity dates in the notes supplementing the independent financial statements of the aforementioned companies.

47. CASH AND CASH EQUIVALENTES

The consolidated balance of cash and cash equivalent as of Sep 30, 2024, amounted to 4 345 460 020 as follows:

	<u>30 Sep 2024</u>	<u>31 Dec 2023</u>
	<u>EGP</u>	<u>EGP</u>
Banks-current accounts- EGP	2 892 355 714	2 995 324 293
Banks-current accounts- foreign currency	1 267 611 803	103 687 559
Banks – Deposits- EGP	2 500 000	2 500 000
Cash on hand- EGP	182 992 503	87 729 744
Balance on Sep 30, 2024	4 345 460 020	3 189 241 596

48. BANKS- CREDIT BALANCES

The consolidated balance of Banks credit accounts as of Sep 30, 2024, amounted 645 786 011 as follows:

	<u>30 Sep 2024</u>	<u>31 Dec 2023</u>
	<u>EGP</u>	<u>EGP</u>
Banks –EGP	585 022 381	213 842 018
Banks-foreign currencies	60 763 630	20 211 701
Balance on Sep 30, 2024	645 786 011	234 053 719

49. BANK OVERDRAFT

The consolidated balance of Banks overdraft as of Sep 30, 2024 amounted to 6 505 671 329 as follows:

	<u>30 Sep 2024</u>	<u>31 Dec 2023</u>
	<u>EGP</u>	<u>EGP</u>
Arab Bank	1 455 091 869	340 850 844
CIB – Bank	1 446 036 720	1 391 374 263
Ahli United Bank	367 902 189	374 425 227
National Bank of Egypt	20 468 880	36 312 147
Bank Misr	483 503 135	190 554 194
Arab - African Bank	1 281 695 617	1 028 701 476
National Bank of Kuwait	287 967 828	--
Emirates Bank Dubai	1 163 005 091	--
Balance on Sep 30, 2024	<u>6 505 671 329</u>	<u>3 362 218 151</u>

50. LOANS

The consolidated balance of loans as of Sep 30, 2024 amounted to 4 908 663 051 as follow :

	<u>30 Sep 2024</u>		<u>31 Dec 2023</u>	
	<u>Short term</u>	<u>Long term</u>	<u>Short term</u>	<u>Long term</u>
	<u>EGP</u>	<u>EGP</u>	<u>EGP</u>	<u>EGP</u>
<u>Misr bank</u>				
Long-term syndicated financing in the amount of 2.5 billion Egyptian pounds to finance the projects of Palm Investment and Real Estate Development (Palm New Cairo project)	50 000 000	2 450 000 000	--	1 922 042 675
<u>Arab African international Bank</u>				
First Sub-Limit Credit Facility: Short Term Multi-Purpose Pre-Assignment of Contract Proceeds in Favor of Arab African International Bank on Each Transaction Separately	84 370 932	--	280 093 716	--
<u>National Bank of Egypt</u>				
A loan for the purpose of replacement and renewal of the Ismailia Hotel, Novotel 6th of October City, and Al-Nama Hotel of Macor Company	11 071 430	186 716 131	5 535 715	22 582 042
<u>National Bank of Egypt</u>				
Long-term syndicated financing in the amount of 1,280 billion Egyptian pounds for the purpose of financing the Palm Hills Development Company project - (Crown Project)	102 265 000	832 845 646	74 761 311	935 349 335
<u>Ahli United Bank</u>				
Revolving financing in the amount of 757 million Egyptian pounds in order to finance part of the construction and development costs of the (Palm Alexandria) project.	150 331 795	600 310 468	150 331 795	600 310 468
<u>Ahli United Bank</u>				
Revolving financing in the amount of 428 million Egyptian pounds to finance the Palm Hills Development Company project on an area of 41 acres.	--	280 533 501	--	268 528 053
<u>Ahli United Bank</u>				
Revolving financing in the amount of 505 million Egyptian pounds for the purpose of financing the projects of the Palm Hills Development Company (Palm Parks project).	--	160 218 148	--	210 218 148
Balance on Sep 30, 2024	<u>398 039 157</u>	<u>4 510 623 894</u>	<u>510 722 537</u>	<u>3 959 030 721</u>

The above loans were obtained by guaranteeing the cash flows of the funded projects and within the framework of the general controls for granting credit established by the Central Bank of Egypt for financing real estate development companies.

51. NOTES PAYABLE

A) Short Term Notes Payable

The consolidated balance of short-term notes payable (net) as of Sep 30,2024 amounted to 1 652 207 301 as follows:

	<u>30 Sep 2024</u>	<u>31 Dec 2023</u>
	<u>EGP</u>	<u>EGP</u>
* Notes payable- (New Urban Communities Authority)	200 175 752	197 183 664
<u>Deduct: -</u>		
Deferred installments interest	115 034 315	117 240 868
Net Notes payable (short term)- Land	85 141 437	79 942 796
<u>Add: -</u>		
Other notes payable **	1 934 330 258	2 424 233 493
<u>Deduct: -</u>		
Deferred interest	701 448 173	645 708 648
Net Other Notes payable (short term)	1 232 882 085	1 778 524 845
Balance as of Sep 30, 2024,	1 318 023 522	1 858 467 641

B) Long Term Notes Payable

The consolidated balance of long-term notes payable (net) as of Sep 30,2024 amounted to 2 164 458 932 as follows:

	<u>30 Sep 2024</u>	<u>31 Dec 2023</u>
	<u>EGP</u>	<u>EGP</u>
Notes-payable (New Urban Communities Authority)	4 193 470 531	4 393 646 283
<u>Deduct: -</u>		
Deferred installments interest	2 409 847 361	2 612 360 944
Net Notes payable (long term)- Land	1 783 623 170	1 781 285 339
<u>Add: -</u>		
Other notes payable *	1 726 144 821	2 670 112 972
<u>Deduct: Deferred interest</u>	1 345 309 059	1 875 195 532
Net Other Notes payable (Long term)	380 835 762	794 917 440
Balance on Sep 30, 2024	2 164 458 932	2 576 202 779

* The other notes payable includes about 2,625 billion EGP represented in the value of the notes payable that were issued to the financing agencies according to the essence of the sale and lease back contracts as financing contracts concluded with these parties, and the obligations have been amounted at their present value which satisfied with sale and lease back conditions according to Egyptian accounting standard No (49) for financial leasing contracts (note 28b, 36.37).

52. ADVANCES FROM CUSTOMERS

The present value of Advances from customers account as Sep 30 ,2024 amounted to 41 080 454 017 as follows:

	<u>30 Sep 2024</u>	<u>31 Dec 2023</u>
	<u>EGP</u>	<u>EGP</u>
Net contracting Customers	38 141 714 866	20 326 661 370
Advance reservations Customers	2 938 739 151	656 926 476
Balance on Sep 30, 2024	<u>41 080 454 017</u>	<u>20 983 587 846</u>

53. OBLIGATIONS FOR CHECKS RECEIVED FROM CLIENTS

The balance of obligations for checks received from customers on Sep 30,2024 amounted to 1 667 037 012 Egyptian pounds, and they are as follows:

	<u>30 Sep 2024</u>	<u>31 Dec 2023</u>
	<u>EGP</u>	<u>EGP</u>
Checks received from customers - for undelivered units	9 864 179 894	12 508 276 449
deduct:		
Unamortized discount	3 664 496 072	4 984 787 661
Share of partners in joint ventures	4 532 646 810	924 631 073
Balance on Sep 30, 2024	<u>1 667 037 012</u>	<u>6 598 857 715</u>

Committee for Accounting, Auditing and Limited Examination, formed by Prime Minister Decision No. 909 of 2011, which was approved by the Financial Supervisory Authority on January 12, 2022, with regard to recognizing checks received from customers for units that have not been delivered, subject of contracts, to customers Which requires the allocation of a separate account on the date of receipt of checks within the financial assets in the statement of financial position (a notes receivable account for units that have not been delivered) in return for recognizing within the financial obligations in the statement of financial position a commitment of the same amount (an account of obligations for checks received from clients) and this treatment is considered a treatment Transitional on the sales contracts concluded that the company will conclude until the end of the financial Period ending on 31 December 2022 or 30 June 2023 and until the delivery of these properties to customers until the company's conditions are reconciled to comply with Egyptian Accounting Standard No. (48) Revenue from contracts with customers (Note No. 42 , 43,72).

54. LEASE CONTRACT OBLIGATIONS

The net present value of the lease contract obligations as (lessee) of Sep 30 ,2024 is 7 256 343 EGP as follows: -

	<u>30 Sep 2024</u>	<u>31 Dec 2023</u>
	<u>EGP</u>	<u>EGP</u>
(a) Lease Contract Obligations – Short Term	6 428 876	9 771 222
(a) Lease Contract Obligations – Long Term	827 467	1 296 288
Balance on Sep 30, 2024	<u>7 256 343</u>	<u>11 067 510</u>

55. LAND PURCHASE LIABILITY

The consolidated balance of Land purchase liabilities as of Sep 30, 2024 amounted to EGP 26 324 037 follows:

	<u>30 Sep 2024</u>	<u>31 Dec 2023</u>
	<u>EGP</u>	<u>EGP</u>
(A) Land purchase liabilities - short term	17 179 529	18 416 252
(B) Land purchase liabilities - long term	9 144 508	--
Balance on Sep 30, 2024	<u>26 324 037</u>	<u>18 416 252</u>

56. DUE TO RELATED PARTIES

The consolidated balance of Due to related parties as of Sep 30, 2024 amounted to 21 465 302 as follows:

	<u>30 Sep 2024</u>	<u>31 Dec 2023</u>
	<u>EGP</u>	<u>EGP</u>
Asten College for Education S.A. E	343 747	343 747
Al-Mansour and Al-Maghrabi S.A. E	12 559 982	--
Villamora for Real Estate Development Company S.A. E	8 561 573	3 480 106
Balance on Sep 30, 2024	<u>21 465 302</u>	<u>3 823 853</u>

57. Joint Share Arrangement

The share of project partners in the participation system on Sep 30 , 2024 amounted to EGP 7 624 413 883 which is the net share of the partners (the owner) in exchange for the value of the land and the preparation of external facilities in accordance with the contracts concluded in this regard, which are paid in light of the approved timelines for the payment of annual payments This is represented in the following:

	<u>30 Sep 2024</u>	<u>30 Sep 2024</u>	<u>31 Dec 2023</u>	<u>31 Dec 2023</u>
	<u>Short term</u>	<u>Long term</u>	<u>Short term</u>	<u>Long term</u>
	<u>EGP</u>	<u>EGP</u>	<u>EGP</u>	<u>EGP</u>
Partners in Palm New Cairo-Project	944 428 689	722 602 818	1 614 008 764	--
(Badya) Project	913 715 462	3 971 166 322	--	3 060 038 744
Partners in Hacienda West	--	1 072 500 592	--	944 207 293
Balance on Sep 30, 2024	<u>1 858 144 151</u>	<u>5 766 269 732</u>	<u>1 614 008 764</u>	<u>4 004 246 037</u>

58. CREDITORS AND OTHER CREDIT BALANCES

The consolidated balance of creditors and other credit balances as of Sep 30, 2024, amounted to 2 863 783 893 as follows:

	<u>30 Sep 2024</u>	<u>31 Dec 2023</u>
	<u>EGP</u>	<u>EGP</u>
Other credit balances	801 399 126	679 607 722
Insurance for Others	467 763 484	376 392 517
Obligations to government agencies	118 217 325	93 913 507
Accounts receivable under settlement	429 259 791	401 514 588
Accrued expenses	1 047 144 167	1 102 480 657
Balance on Sep 30, 2024	<u>2 863 783 893</u>	<u>2 653 908 991</u>

59. CAPITAL

The authorized capital was set at 10,000,000 Egyptian pounds (10 billion Egyptian pounds only), and the issued and paid-up capital amounted to 5,883,189,778 Egyptian pounds (five billion eight hundred and eighty-three million, one hundred and eighty-nine thousand seven hundred and seventy-eight Egyptian pounds only) distributed over a number 2 941 594 889 shares, with a nominal value of 2 Egyptian pounds per share. The following is the development of the company's capital since the date of incorporation to date:

<u>Issued capital</u>	<u>EGP</u>
- 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 It was registered in the commercial register on February 22, 2006.	<u>121 500 000</u>
- On 20 Dec. 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 It was registered in the commercial register on January 3, 2007.	<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 It was registered in the commercial register on May 24, 2007.	<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 It was registered in the commercial register on August 22, 2007.	<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 an increase 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 It was registered in the commercial register on November 28, 2007.	<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 It was registered in the commercial register on April 22, 2008.	<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 It was registered in the commercial register on September 17, 2008.	<u>931 840 000</u>
- On 30 June 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 It was registered in the commercial register on September 30, 2009.	<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	<u>2 096 640 000</u>

<u>Issued capital</u>	<u>EGP</u>
increasing amounted EGP 2,096,640,000 representing 1,048,320,000 shares with a par value of EGP 2 per share It was registered in the commercial register on May 12, 2010.	
- On 22 Dec. 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 It was registered in the commercial register on February 9, 2014.	<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 It was registered in the commercial register on July 13, 2015.	<u>4 344 640 000</u>
- On 29 November 2015, the Company's Extra-Ordinary General Assembly Meeting approved the issued Capital increase out of retained earnings amounting to EGP 53 359 478 to be after such increasing amounted EGP 4 397 999 478 representing 198 999 739 2 shares with a par value of EGP 2 per share It was registered in the commercial register on January 28, 2016.	<u>4 397 999 478</u>
- On 13 March 2016, the Company's Extra-Ordinary General Assembly Meeting approved the issued Capital increase out of retained earnings via the issuance of bonus shares amounting to EGP 53 359 478 to be after such increasing amounted EGP 4 397 999 478 representing 2 308 949 726 shares with a par value of EGP 2 per share It was registered in the commercial register on May 30, 2016.	<u>4 617 899 452</u>
- On 6 December 2018, the Company's Extra-Ordinary General Assembly Meeting approved the issued Capital increase out of retained earnings via the issuance of bonus shares amounting to EGP 769 649 909 to be after such increasing amounted EGP 6 157 199 270 represent 3 078 599 635 shares with a par value of EGP 2 per share It was registered in the commercial register on December 18, 2018.	<u>6 157 199 270</u>
- The issued capital after the increase in the amount of EGP 78 000 000 in favor of the employee compensation shares, through the dividends carried out in accordance with the resolution of the Extraordinary General Assembly on April 4,2019 distributed over the number of 3 117 599 635 shares, the nominal value of the share is 2 EGP and has been marked in the commercial register on 26 September 2019.	<u>6 235 199 270</u>
- The issued capital after reducing the value of treasury shares in accordance with the decision of the extraordinary general assembly held on the first of April 2021 in the amount of 72 270 000 Egyptian pounds for 36 350 000 shares with a nominal value of 2 Egyptian pounds per share. The shares were registered in the commercial registry on the date May 20, 2021, so the issued capital will be distributed over 3,081,249,635 shares.	<u>6 162 499 270</u>
- The issued capital after reducing the value of treasury shares in accordance with the decision of the extraordinary general assembly held on the end of March 2022 in the amount of 81 309 492 Egyptian pounds for 40 654 746 shares with a nominal value of 2 Egyptian pounds per share. The shares were registered in the commercial registry on the date Sep 16, 2022, so the issued capital will be distributed over 3,040,594,889 shares.	<u>6 081 189 778</u>
- The issued capital after reducing the value of treasury shares in accordance with the decision of the extraordinary general assembly held on at the date Nov 2022 in the amount of 78 000 000 Egyptian pounds for 39 000 000 shares with a nominal value of 2 Egyptian pounds per share. The shares were registered in the commercial registry on the date Dec 5, 2022, so the issued capital will be distributed over 3,001,594,889 shares.	<u>6 003 189 778</u>
- The issued capital after deduction by the value of treasury shares in accordance with the decision of the Extraordinary General Assembly held on March 1, 2023, in the amount of 120,000,000 Egyptian pounds for the number of 60,000,000 shares, with a nominal value of 2 Egyptian pounds per share, and an entry has been made in the commercial register on May 14, 2023, so that the issued capital will be divided into 2,941,594,889 shares.	<u>5 883 189 778</u>

60. Legal reserve

The net balance of the legal reserve on Sep 30 ,2024 amounted to 936 693 413 as follows:

	<u>30 Sep 2024</u>	<u>31 Dec. 2023</u>
	<u>EGP</u>	<u>EGP</u>
Beginning balance	886 980 714	834 679 344
Transferred during period / Year	49 712 699	52 301 370
Balance as of Sep 30, 2024	<u>936 693 413</u>	<u>886 980 714</u>

61. Treasury Shares

On October 1, 2024, the number of shares purchased until September 30, 2024, reached 61 680 716 shares, with a value of 285 991 113 EGP with an average cost per share of 4.64 Egyptian pounds. The company's Board of Directors approved the purchase of treasury shares with a maximum of 61 680 716 shares, representing 3% of the shares. The total shares of the company's issued capital, and the implementation took place during the period from July 2, 2024, until July 31, 2024.

Outstanding shares

The outstanding shares represent the number of issued and subscribed shares, less the number of shares acquired as treasury shares, as follows:

	<u>Number of Shares</u>	<u>face value Acquisition value</u>	<u>pound per share</u>
Issued subscribed capital shares	2 941 594 889	5 883 189 778	2
<u>Deduct:</u>			
Treasury shares at cost	61 680 716	285 991 113	<u>4,64</u>
The number of outstanding shares and the net value of issued and paid-up capital	<u>2 879 914 173</u>	<u>5 597 198 665</u>	

62. OTHER LONG-TERM LIABILITIES- RESIDENTS' ASSOCIATION

The balance of the Residents' Association represents the value of the deferred checks and receipts received from the clients of the contracted units, from which the proceeds are invested for the benefit of the Residents Association of those units at the level of the existing stages and projects, until the completion of the Residents Association taking the independent legal personality, whereby the assets and liabilities of the residents association are excluded and separated in its favor and managed With the knowledge of its management and its general assembly, in accordance with Building Law No. (119) of 2008, the balance of the Residents Association on Sep 30, 2024 amounted to 15 194 682 458 EGP.

63. REVENUES

The net revenues of the activity for the Nine months ended On Sep 30, 2024, the amount of 17 964 695 737 EGP, as follows:

	<u>30 Sep 2024 EGP</u>	<u>30 Sep 2023 EGP</u>
Net Revenue from Real estate development *	16 897 598 222	10 638 035 688
Other Activities revenues **	394 965 063	242 069 092
Revenues from commercial and service activities	235 020 806	164 072 804
The owner's share in the profits of operating the hotels	142 026 931	101 201 627
Revenues from Palm Hills Club	295 084 715	138 341 382
Total as of Nine months ended Sep 30, 2024	<u>17 964 695 737</u>	<u>11 283 720 593</u>

-The percentage of the level of completion is determined at the level of the contract unit in accordance to the actual executed costs to the estimated costs of those works, based on the internal abstracts and estimates that are prepared by the company's engineering department.

- Real estate development revenues for villas and townhouses are recorded in accordance with the percentage of completion achieved at the level of the contract unit for each unit (stage), as for the complete units – apartment- (Cabins and Chalets) The revenues generated from them are fully recorded in the actual delivery of these units.

**** OTHER ACTIVITIES REVENUES**

	<u>30 Sep 2024</u>	<u>30 Sep 2023</u>
	<u>EGP</u>	<u>EGP</u>
Transfer fees and delay penalties	155 099 896	138 669 030
Gain from selling fixed asset	4 172 835	70 690 380
Retrieve the value of the utilities	8 094 354	7 494 155
Miscellaneous income	194 313 934	2 386 403
Gain from associates	33 284 044	22 829 124
Total as of Nine months ended on Sep 30, 2024	<u>394 965 063</u>	<u>242 069 092</u>

64. COST OF SALE

The net cost of sale for Nine months ended On Sep 30, 2024, the amount of 11 529 595 964 EGP, as follows:

	<u>30 Sep 2024</u>	<u>30 Sep 2023</u>
	<u>EGP</u>	<u>EGP</u>
Cost of Real estate development	11 242 712 700	7 270 377 987
Cost of Commercial and service activity	180 380 724	104 839 609
Cost of Palm Hills Club operation	83 774 540	55 230 346
Depreciation of club assets	14 531 553	12 703 369
Depreciation of Fixed assets – Macor investments	8 196 447	7 761 033
Total as of Nine months ended Sep 30, 2024	<u>11 529 595 964</u>	<u>7 450 912 344</u>

65. GENERAL ADMINISTRATIVE, SELLING AND MARKETING EXPENSES

Administrative, general, and marketing expenses for the Nine months ended On Sep 30, 2024, the amount of 2 246 099 682 EGP, as follows:

	<u>30 Sep 2024</u>	<u>30 Sep 2023</u>
	<u>EGP</u>	<u>EGP</u>
salaries and wages	754 458 947	427 048 678
Selling and marketing expenses	651 529 026	517 299 721
Telephone & fax & mail	7 353 571	3 930 408
Facilities and service expense	56 950 235	36 141 214
Professional and Government fees	95 771 762	70 869 141
Maintenance & insurance expenses	89 347 740	69 117 063
Transportation & travel expenses	24 853 077	2 280 003
Bank charges	19 545 986	11 769 081
Other administrative expenses	469 515 643	308 842 537
Contribution Symbiotic	47 765 481	28 322 656
Emergency Training Fund	29 008 214	--
Total as of Nine months ended Sep 30, 2024	<u>2 246 099 682</u>	<u>1 475 620 502</u>

66. Financing costs and Interests

The financing costs and interests for the Nine months ended On Sep 30, 2024, the amount 1 375 669 435 of EGP, as follows:

	<u>30 Sep 2024</u>	<u>31 Sep 2023</u>
	<u>EGP</u>	<u>EGP</u>
Land Installment interest	204 720 135	42 829 906
Financing costs and interests	1 170 949 300	949 159 011
Total as of Nine months ended Sep 30, 2024	1 375 669 435	991 988 917

67. Expected credit losses (ECL):

The value of expected credit losses for Nine months ended On Sep 30, 2024, the amount of 11 937 380 EGP, as follows:

	<u>30 Sep 2024</u>	<u>30 Sep 2023</u>
	<u>EGP</u>	<u>EGP</u>
Losses of customer receivable balances (Note 44)	19 347 847	1 130 918
(Reverse) Losses of receivable and other debit balances (Note No. 45)	(1 368 515)	357 885
(Reverse) of balances owed by related parties (Note No. 46)	(6 041 952)	10 329
Losses of cash balances (Note No. 48)	--	4 423 877
Total as of Nine months ended Sep 30, 2024	11 937 380	5 923 009

68. GAINS ON INVESTMENTS IN FAIR VALUE THROUGH PROFIT OR LOSS

The Gains on Investments in Fair value through profit or loss for Nine months ended On Sep 30, 2024, the amount of 23 214 219 EGP, as follows:

	<u>30 Sep 2024</u>	<u>30 Sep 2023</u>
	<u>EGP</u>	<u>EGP</u>
Profits from selling investment documents	23 214 219	10 137 843
Total as of Nine months ended Sep 30, 2024	23 214 219	10 137 843

69. INCOME TAX

The consolidated balance Income Tax for Nine months ended On Sep 30, 2024, the amount of 804 106 546 EGP, as follows:

	<u>30 Sep 2024</u>	<u>30 Sep 2023</u>
	<u>EGP</u>	<u>EGP</u>
Net profit before income tax	3 264 989 640	1 543 946 109
Adjustments to the accounting net profit to arrive at the net tax profit, stage losses and depreciation differences	308 817 231	303 615 824
Net taxable profit	3 573 806 871	1 847 561 933
Tax At (22.5%)	804 106 546	415 701 435

70. EARNINGS PER SHARE

The basic share in the consolidated profits for Nine months ended On Sep 30, 2024, the amount of 0,82 EGP, as follows:

	<u>30 Sep 2024</u> <u>EGP</u>	<u>30 Sep 2023</u> <u>EGP</u>
Net profit for the period	2 352 611 183	1 049 337 117
Divided by: Weighted average number of outstanding shares during the period	2 879 914 173	2 970 605 878
Earnings per share in the consolidated profits	0,82	0,35

For the purpose of calculating the earnings per share for the Nine Months ended on Sep 30, 2024, the profit per share was calculated on the basis of the average number of shares outstanding during the Period weighted by time factor, this is after deducting 61 680 716 shares of treasury shares.

71. Notes Receivable (Net) Not Included In The Items Of The Financial Statements

The balance of notes receivable (Net) not included in the items of the financial statements on Sep 30, 2024, amounted to an amount 21 172 728 304 Egyptian pounds, which is the value of checks (Net) for the non-delivered units contracted during the period from January 1, 2024, to Sep 30, 2024, to which the transitional treatment issued by the Egyptian Supreme Committee for Accounting and Auditing and approved by the Financial Supervisory Authority on January 12, 2022 was not applied:

	<u>30 Sep 2024</u> <u>EGP</u>
Notes receivable due in 2024	1 491 190 303
Notes receivable due in 2025	4 982 453 269
Notes receivable due in 2026	4 121 500 018
Notes receivable due in 2027	3 404 973 894
Notes receivable due in 2028 and more	7 172 610 820
Balance on Sep 30, 2024	21 172 728 304

72. TRANSACTION WITH RELATED PARTIES

The transactions with related parties are represented in the transactions that took place with the shareholders, whether they were a natural person or a legal person, or the transactions with the shareholders of the company or any of the Associates or subsidiary companies as follows:

<u>Party</u>	<u>party type</u>	<u>The nature of the transaction</u>	<u>Balance at the beginning of the Period</u> <u>debit / (credit)</u> <u>EGP</u>	<u>Net transactions for the Period</u> <u>debit/(Credit)</u> <u>EGP</u>	<u>Balance at the end of the Period</u> <u>debit / (credit)</u> <u>EGP</u>
Palm Hills Middle East Company for Real Estate Investment S.A.E	Subsidiary	Current Account	469 961 660	(1 478 504 884)	(1 008 543 224)
Royal Gardens for Real Estate Investment Company S.A. E	Subsidiary	Current Account	537 137	(50 000)	487 137
New Cairo for Real Estate Development	Subsidiary	Current Account	(3 216 169)	(794 463)	(4 010 632)
Middle East Company for Real Estate and Touristic Investment S.A.E	Subsidiary	Current Account	(117 915 672)	11 311 331	(106 604 341)
Gawda For Trading Company S.A.E	Subsidiary	Current Account	(45 521 182)	58 510 110	12 988 928
Rakcen Egypt For Real Estate Development S.A.E	Subsidiary	Current Account	14 991 146	(27 538 243)	(12 547 097)

<u>Party</u>	<u>party type</u>	<u>The nature of the transaction</u>	<u>Balance at the beginning of the Period</u> <u>debit / (credit)</u>	<u>Net transactions for the Period</u> <u>debit/(Credit)</u>	<u>Balance at the end of the Period</u> <u>debit / (credit)</u>
Saudi Urban Development S.A.E	Subsidiary	Current Account	10 078 777	15 434 736	25 513 513
Nile Palm El-Na'eam S.A.E	Subsidiary	Current Account	(44 059 080)	--	(44 059 080)
El Na'eam Hotels and Touristic Villages S.A.E	Subsidiary	Current Account	(121 996 741)	--	(121 996 741)
East New Cairo for Real Estate Development	Subsidiary	Current Account	(1 425 316 844)	244 625 336	(1 180 691 508)
Palm Hills – Saudi Baltan S.A.E	Subsidiary	Current Account	269 320	(269 320)	--
Palm October For Hotels S.A.E	Subsidiary	Current Account	11 368 058	--	11 368 058
Palm Hills Hotels S.A.E	Subsidiary	Current Account	100 405 014	--	100 405 014
Palm Hills For Education S.A.E	Subsidiary	Current Account	17 710 339	40 183 805	57 894 144
Palm Gemsha for Hotels S.A.E	Subsidiary	Current Account	85 050	--	85 050
Palm North Coast Hotels S.A.E	Subsidiary	Current Account	54 358	--	54 358
United Engineering for Construction	Subsidiary	Current Account	(11 083 043)	--	(11 083 043)
Palm for Real Estate Development S.A.E	Subsidiary	Current Account	160 255 867	112 192 694	272 448 561
Palm for Investment and Real Estate Development	Subsidiary	Current Account	1 199 899 011	(1 031 832 726)	168 066 285
Palm Hills Properties S.A.E	Subsidiary	Current Account	(8 282 770)	(19 475 596)	(27 758 366)
Palm Hills for Real Estate and and Tourism Development	Subsidiary	Current Account	287 283 261	(96 733 518)	190 549 743
Palm Hills for Investment Tourism	Subsidiary	Current Account	58 047 605	99 544	58 147 149
Palm Hills Resorts	Subsidiary	Current Account	5 097 293	7 860	5 105 153
Palm for Urban Development S.A.E	Subsidiary	Current Account	1 019 843 458	(249 351 390)	770 492 068
Palm Club Management S.A.E	Subsidiary	Current Account	(2 187 133)	(653 462)	(2 840 595)
Palm Alexandria For Real Estate Investment	Subsidiary	Current Account	48 807 028	1 142 777	49 949 805
Asten College for Education	Subsidiary	Current Account	5 000	--	5 000
Palm for Constructions And Real Estate Development S.A.E	Subsidiary	Current Account	(222 200 412)	287 698 433	65 498 021
khedma for management of tourist and urban resorts	Subsidiary	Current Account	5 685 352	--	5 685 352
Palm sports for Clubs S.A.E	Subsidiary	Current Account	(33 449 264)	(117 100 377)	(150 549 641)
Palm Hills Holding For Financial Investment	Subsidiary	Current Account	156 559 543	71 109 719	227 669 262
The ko Korean Restaurants	Associate company	Current Account	3 630 000	(600 000)	3 030 000
ColdWell Banker	Associate company	Current Account	20 480	--	20 480
Aletheadia for Real Estate Development	Associate company	Current Account	--	(12 559 984)	(12 559 984)
Palm hills for restaurants	Subsidiary	Current Account	288 478 607	(38 102 014)	250 376 593
Palmet Hotels and Tourist Villages	Subsidiary	Current Account	--	(50)	(50)
Palm Hills Restaurants Company	Subsidiary	Current Account	1 529 320	(7 328 444)	(5 799 124)

73. TAX STATUS

A) Corporate tax

- The Company started its operations on 14 March 2005.
- The Company is exempted from income tax for ten years to end on 31 Dec. 2015.
- **Years 2005 to 2012:** These years have been inspected and linking and payment.
- **Years 2013 to 2019:** These years have been completed for (inspected, Linking) and Payment is in progress .
- **Years 2020 to Sep 2024. 30:** The company submits the tax return on the legal dates and pays the tax.

B) Payroll tax

- **Years from the beginning of the activity - 2019:** These years have been inspected and linking and payment.
- **Years 2020-2022:** These years have been inspected and linking and payment.
- **Years 2023 – Sep 30,2024:** the company deducts the tax amounts from employees and settles them on a regular basis within the legal dates.

C) Stamp tax

- The company is subject to Law No. 111 of 1980 and its amendments and executive regulations.
- **The period from the beginning of the activity - dec 31, 2012:** These years have been inspected and linking and payment.
- **Years 2013 – 2018:** These years have been completed for (inspected) and Linking and Payment is in progress .
- **Years 2019 – Sep 30, 2024:** the company settles taxes according to the legal dates.

D) Tax on Built Real Estate:

- The company submits its tax returns on real estate built on the units owned by it, whether commercial or administrative, in accordance with Law No. 196 of 2008 on the legal dates. The company also pays the tax due on these units on the legal dates.

F) Transfer pricing with related parties

- The company prepared a study of transactions with related parties and prepared the main file and the local file in accordance with the provisions of Article (30) of Law No. (91) of 2005 and Articles (39, 40) of the executive regulations of the same law, as well as the provisions of Law No. (206) of 2020 on standardized tax procedures.

74. Partnership Sukuk

The project of issuing Partnership sukuk amounting to 3,251 billion Egyptian pounds

- The Extraordinary General Assembly of Palm Urban Development Company, one of the subsidiaries of Palm Hills Development Group, as well as the Extraordinary General Assembly of Palm Hills Development Company, held on March 13, 2022, decided to approve for the Palm Urban Development Company to issue sukuk under the partnership system comply with Islamic shariah principles in the amount of 3,251 billion Egyptian pounds, tradable and non-convertible to shares and subject to partial or total amortized, through participation in the assets of the first phase of (Badya Project), which is under development by Palm Urban Development Company in partnership with the New Urban Communities Authority (NUCA)
- The purpose of sukuk is to finance the first phase of (Badya Project), which is constructed on an area of approximately 270 feddans and is booked in the work in progress item, in order to finance the construction costs, all costs of building, infrastructures, essential and non-essential services and the dues of the project land related to develop and construct an integrated urban project, through the issuance of sukuk having a total amount of 3,251 billion Egyptian pounds distributed over 32 510 000 instruments with a nominal value of 100 Egyptian pounds per instrument, timed with a maximum of 120 months from the date of issuance. The sukuk holders are entitled to a variable monthly return at the declared rate from the central bank of Egypt in addition to 1.5% for each amount due according to the issuance of the sukuk.

- The terms of the sukuk project were activated and implemented, as the company decided to prove this transaction as a financing arrangement in accordance with the substance of the transaction, with Palm Urban Development Company - one of the subsidiaries of Palm Hills Development Group, continuing to recorded all the assets and obligations of the project in its books in accordance with Egyptian accounting standards which complied with the terms and conditions of the offering memorandum of sukuk And the provisions of Law No. 95 of 1992 on the Capital Market Law, its executive regulations and amendments issued by Law No. 17 of 2018 regarding the terms and conditions for issuing sukuk.

Partnership sukuk balance on Sep 30, 2024, amount 1 619 782 696 EGP as follows:

	<u>30 Sep 2024</u>
	<u>EGP</u>
Total value of sukuk issuance (32 510 000)	3 251 000 000
Deduct: issuance account balance on Sep 30, 2024	1 631 217 304
Net used balance from the sukuk Till Sep 30, 2024	1 619 782 696

75. NON-CASH TRANSACTIONS

- the impact of real estate investments in the Crown School project in the amount of 1 008 515 935 was excluded in exchange for works in progress in the amount of 115 740 217 in addition to projects in progress in the amount of 892 775 718 Egyptian pounds.
- The effect of the increase in the investment item in sister companies in the amount of 81,000,000 Egyptian pounds was excluded in exchange for the decrease in the paid item under the investments account with the same amount.
- The effect of the increase in the item of investments in subsidiaries in the amount of 249,750,000 and also related parties in the amount of 250,000 was excluded in exchange for the decrease in the item paid under the investment account in the same amounts.

76. Important and influential events

- On March 3, 2024, Prime Minister's Decision No. (636) of 2024 amending some other provisions of the Egyptian appropriate standards. A summary of the most important of these improvements follows:

<u>New or reissued standards</u>	<u>Summary of the most important amendments</u>	<u>Potential impact on the financial statements</u>	<u>Application history</u>
New Egyptian Accounting Standard No. (34) Amended 2023 "Real Estate Investment"	<p>1- These standards were reissued in 2023, allowing the use of the fair value model in the subsequent measurement of real estate investments.</p> <p>2 -This resulted in amending the paragraphs related to using the revaluation model option in some of the applicable Egyptian accounting standards, and the following is a statement of those standards :</p> <p>-Egyptian Accounting Standard No. (1) "Presentation of Financial Statements."</p> <p>-Egyptian Accounting Standard No. (5) "Accounting Policies, Changes in Accounting Estimates, and Errors".</p> <p>-Egyptian Accounting Standard No. (13) "Effects of Changes in Foreign Currency Exchange Rates".</p> <p>-Egyptian Accounting Standard No. (24) "Income Taxes."</p>	Management is currently studying the possibility of changing the adopted accounting policy and using the fair value model option included in the standard, and evaluating the potential impact on the financial statements if that option is used.	Apply the amendments to add the option to use the fair value model to financial periods beginning on or after January 1, 2023, retroactively, with the cumulative effect of initially applying the fair value model by adding it to the balance of retained profits or losses at the beginning of the financial period in which the company applies this treatment for the first time.

<u>New or reissued standards</u>	<u>Summary of the most important amendments</u>	<u>Potential impact on the financial statements</u>	<u>Application history</u>
	<ul style="list-style-type: none"> -Egyptian Accounting Standard No. (30) "Periodic Financial Statements." -Egyptian Accounting Standard No. (31) "Impairment of Assets." - Egyptian Accounting Standard No. (32) "non-current assets held for the purpose of sale and discontinued operations." - Egyptian Accounting Standard No. (49) "Lease Contracts". 		
<p>New Egyptian Accounting Standard No. (50) "Insurance Contracts"</p>	<p>1 -This standard specifies the principles for proving insurance contracts that fall within the scope of this standard, and specifies their measurement, presentation, and disclosure. The goal of the standard is to ensure that the facility provides appropriate information that faithfully reflects those contracts. This information provides users of financial statements with the necessary basis to evaluate the impact of these insurance contracts on the company's financial position, financial performance, and cash flows.</p> <p>2 -Accounting Standard No. (50) replaces and repeals Egyptian Accounting Standard No. 37 "Insurance Contracts."</p> <p>3 -Any reference in other Egyptian accounting standards to Egyptian Accounting Standard No. (37) will be replaced with Egyptian Accounting Standard No.(50) .</p> <p>4 -Amendments have been made to the following Egyptian Accounting Standards to comply with the requirements for applying Egyptian Accounting Standards No. (50) "Insurance Contracts", which are :</p> <p>as follows:</p> <ul style="list-style-type: none"> -Egyptian Accounting Standard No. (10) "Fixed Assets and their Depreciation " -And Egyptian Accounting Standard No. (23) "Intangible Assets." -Egyptian Accounting Standard No (34) . " Real Estate Investment" 	<p>Management is currently evaluating the potential impact on the financial statements of applying the standard.</p>	<p>Egyptian Accounting Standards No. (50) must be applied for annual financial periods beginning on or after July 1, 2024, and if Egyptian Accounting Standards No. (50) is applied for an earlier period, the company must disclose that fact.</p>
<p>Egyptian Accounting Standard No. (34) amended 2024 "Real Estate Investment"</p>	<p>Egyptian Accounting Standard No. (34) "Real Estate Investment" was re-issued in 2024, amending the mechanism for applying the fair value model, adding the necessity of proving the profit or loss arising from a change in the fair value of real estate investment in the statement of profit or loss for the period in which this arises. Change or through the statement of other comprehensive income once in the life of the asset or investment, taking into account paragraphs (35a) and (35b) of the standard.</p>	<p>Management is currently studying the possibility of changing the adopted accounting policy and using the fair value model option included in the standard, and evaluating the potential impact on the financial statements if that option is used.</p>	<p>The amendment regarding the amendments to add the option to use the fair value model shall be applied to the financial paragraphs that begin on or after January 1, 2024, and early application is permitted retroactively, with the cumulative effect of initially applying the fair value model being proven by adding it to the balance account of the retained profits or losses in The beginning of the financial period in which the company applies this model for the first time.</p>

<u>New or reissued standards</u>	<u>Summary of the most important amendments</u>	<u>Potential impact on the financial statements</u>	<u>Application history</u>
Egyptian Accounting Standard No. (17) amended 2024 "Independent Financial Statements"	Egyptian Accounting Standard No. (17) "Standalone Financial Statements" was reissued in 2024, adding the option to use the equity method as described in Egyptian Accounting Standard No. (18) "Investments in Associated Companies" when accounting for investments in subsidiaries. Associate companies and companies with common control.	Management is currently studying the possibility of changing the adopted accounting policy and using the equity method when accounting for investments in subsidiaries, sister companies, and jointly controlled companies, and evaluating the potential impact on the financial statements if that method is used.	The amendments apply to financial periods beginning on or after January 1, 2024, and early application is permitted retroactively, with proof of the cumulative effect of applying the equity method by adding it to the balance of retained profits or losses at the beginning of the financial period in which the company applies this method for the first time.
Egyptian Accounting Standard No. (13) amended 2024 "Effects of Changes in Foreign Currency Exchange Rates"	This standard was reissued in 2024, adding how to determine the instantaneous rate when it is difficult to exchange between two currencies and the conditions that must be met in the instantaneous exchange rate on the measurement date. An appendix of application instructions has been added, which includes instructions for evaluating whether the currency is exchangeable for another currency, and instructions for applying the required treatments in the event of non-exchangeability.	Management is currently evaluating the potential impact on the financial statements of applying the amendments to the standard.	The amendments to determine the spot price when it is difficult to exchange between two currencies shall be applied to the financial periods beginning on or after January 1, 2024. Early application is permitted, and if the establishment implements early application, this must be disclosed. Upon application, the entity may not amend the comparative information, but instead: • When an entity reports foreign currency transactions in its functional currency, any effect of the initial application of the initial application is recognized as an adjustment to the opening balance of retained earnings on the date of the initial application. • When an entity uses a presentation currency other than its functional currency or translates the results and financial position of a foreign operation, any effect of the initial application is recognized as an adjustment to the cumulative amount of translation differences - accumulated on the equity side - at the date of the initial application.
Accounting Interpretation No. (2)	Carbon Emissions Reduction Certificates (Carbon Credit): They are tradable financial instruments that represent in exchange for units	The management is currently studying the financial implications	Application begins on or after January 1, 2025, and

<u>New or reissued standards</u>	<u>Summary of the most important amendments</u>	<u>Potential impact on the financial statements</u>	<u>Application history</u>
"Carbon Emission Reduction Certificates"	<p>of reducing greenhouse gas emissions. Each unit represents one ton of equivalent carbon dioxide emissions, and are issued in favor of the reduction project developer (owner/fair owner), after approval. Verification in accordance with internationally recognized standards and methodologies for reducing carbon emissions, carried out by verification and certification bodies, whether local or international, registered in the list prepared by the Financial Supervision Authority for this purpose.</p> <p>Companies can use carbon reduction certificates to meet voluntary (corporate) emissions reduction targets to achieve carbon trading or other targets, which are traded on the voluntary carbon market. (Voluntary Carbon Market "VCM")</p> <p>The accounting treatments vary according to the nature of the arrangement and the commercial purpose for purchasing or issuing certificates by the project developers. Therefore, companies must determine the facts and identify the circumstances Various methods to determine the appropriate accounting treatment and the accounting standard to be applied.</p> <p>The interpretation addresses the accounting treatment for different cases in terms of initial measurement, subsequent measurement, exclusion from the books, and the necessary disclosures.</p>	<p>resulting from applying the accounting interpretation to the company's financial statements.</p>	<p>early application is permitted.</p>

77. Subsequent events

- On October 2, 2024, a long-term joint financing contract was signed with a maximum amount of 10,300,000,000 Egyptian pounds between Palm Urban Development Company, in its capacity as the borrower, Palm Hills Development Company, in its capacity as joint guarantor, and Banque Misr, in its capacity as the first main arranger, financing marketer, financing agent, intermediary account bank, and lender. The National Bank of Egypt, in its capacity as the first main arranger, finance marketer, and lender, and the Banque du Caire, in its capacity as the first main arranger, finance marketer, debt service consumption account bank, and lender. Emirates NBD Bank, in its capacity as the main arranger, guarantee agent, and lender - and other lending banks, namely Abu Dhabi Commercial Bank, Al Ahli Bank of Kuwait Egypt, Al Baraka Bank Egypt, and the Industrial Development Bank.
- On October 29, 2024, a meeting was held for the group of participating sukuk owners in compliance with the provisions and principles of Islamic Sharia for an amount of 3.251 billion Egyptian pounds, where the sukuk holders agreed to completely extinguish the sukuk based on a request from Palm Hills Company, in its capacity as the beneficiary, provided that the entire outstanding balance of the amount is paid. 1,619,782,696 Egyptian pounds no later than November 25, 2024.
- On November 7, 2024, Palm Hills Development Company acquired a 29.52% stake in Talim Management Services Company, where the shares owned by the Chairman of the Board of Directors were acquired at cost price, after the approval of the ordinary general assembly held on November 4, 2024.