Mostafa Shawki

PALM HILLS DEVELOPMENTS COMPANY

(An Egyptian Joint Stock Company)

Consolidated Financial Statements

In 30 June 2023

Together with limited Review Report

mazars

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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 JUNE 2023 as well as the relatedinterim consolidated statements of profit or loss and comprehensive income and the interim consolidated statements of changes in equity and cash flows for the six-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 amended by Ministerial Resolution No. (69) for the year 2019, 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

Base 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 JUNE 30, 2023, and its financial performance and consolidated cash flows for the six months ending on that date in accordance with the Egyptian Accounting Standards issued by Ministerial Resolution No. (110) for the year 2015 and amended by Ministerial Resolution No. (69) for 2019.

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. 30, 31, 65, 66).

- In addition to what came in the previous two paragraphs, the consolidated financial statements of Palm Hills Development Company have been prepared on June 30, 2023 based on the internal financial statements of the subsidiaries on the date of preparation of the accompanying consolidated financial statements.

Cairo: 22 August , 2023

Auditors

Khaled El Rubbat

Financial Supervisor Authority

Register No. (388)

R.A.A (8173)

Mazars Mostafa Shawki

Originally Issued in Arabic

PALM HILLS DEVELOPMENTS COMPANY S.A.E`

CONSOLIDATED FINANCIAL POSITION

As of 30 June 2023

	Note no.	30 June 2023 EGP	31 Dec 2022 EGP
Non-current assets			
Investments in associates	(35 ،b11،d8)	467 133 697	382 317 406
Investment property	(36, c11)	165 516 574	167 262 054
Notes receivable - long term	(42 ،16)	14 841 021 244	13 457 192 909
Notes receivable - long term for undelivered units	(43 ،16)	5 178 427 392	6 608 405 535
Projects under construction	(38 ،12)	555 909 080	212 133 152
Advance payments for investments acquisition	(39)	57 511 114	59 785 558
Fixed assets (net)	(37 ،13)	2 562 010 937	2 592 279 116
Right of use asset	(41,28)	5 171 869	7 820 596
Other long-term assets		1 087 055	1 170 677
Total non-current assets		23 833 788 962	23 488 367 003
Current assets			
Works in process	(44 ،14)	6 634 778 114	6 286 290 907
Accounts receivable	(45)	4 801 019 426	2 707 513 377
Debtors and other debit balances	(46)	2 466 688 840	1 858 626 727
Suppliers - advance payments		2 878 562 241	1 603 206 733
Due from related parties	(74 ،47 ،27)	362 993 157	359 050 558
Financial investments at amortized cost	(48،33/5)	4 004 860 857	3 505 241 702
Investments at fair value through profit and loss	(33/5)	86 633 078	86 052 108
Notes receivable - short term	(42 ،16)	6 742 331 926	5 897 552 535
Notes receivable - short term for undelivered units	(43,16)	2 293 800 024	2 548 927 764
Cash and cash equivalents	(49 ،32)	1 823 527 664	1 165 167 798
Total current assets		32 095 195 327	26 017 630 209
Current liabilities			
Banks - credit balances	(50)	464 793 855	180 167 719
Bank- overdraft	(51)	3 120 030 800	2 403 922 276
Current portion of Short-term loans	(52)	509 991 998	278 307 214
Notes payable - short term	(a 53)	1 913 840 793	1 572 111 652
Advances from customers	(54)	12 148 338 516	10 214 450 435
liabilities for checks received from customers	(55)	7 472 227 416	9 157 333 299
Lease contract liabilities - short term	(a56)	7 600 288	6 526 325
Current portion of land purchase liabilities	(a57 ،20)	12 821 390	81 839 239
Due to related parties	(74 ،58 ،27)	3 823 853	3 388 525
Joint shares arrangement - short term	(59)	--	90 951 914
Creditors & other credit balances	(60)	1 776 432 741	1 386 632 583
Suppliers And contractors		1 814 870 420	1 268 463 740
Investments purchase liabilities		20 717 553	20 717 553
Provisions	(19)	187 075 374	183 375 011
Income tax payable	(a23)	223 247 414	421 102 395
Total current liabilities		29 675 812 411	27 269 289 880
(Deficit) Working capital		2 419 382 916	(1 251 659 671)
Total investment		26 253 171 878	22 236 707 332
Financed as follows:			
Shareholders' equity			
Share capital	(61)	5 883 189 778	6 003 189 778
Treasury shares - In Cost	(62 ،17)	--	(90 146 032)
Legal reserve	(a 63)	886 637 966	834 679 344
Retained earning		2 760 995 635	1 686 908 716
Net profit for the Period/Year		608 047 803	1 255 848 310
Net controlling equities		10 138 871 182	9 690 480 116
Non-controlling equities		505 148 334	481 106 612
Total shareholders' equity		10 644 019 516	10 171 586 728
Non-current liabilities			
Loans long-term	(52)	3 720 870 146	2 697 475 668
Notes payable - long term	(b 53)	1 336 339 765	1 329 707 969
Land purchase liabilities – Long Term	(b57 ،20)	57 597 647	22 488 256
Other long-term liabilities – Residents' Association	(64)	6 752 712 980	5 651 066 356
Lease contract liabilities - long term	(b56)	1 296 288	3 124 258
Joint shares arrangement - long term	(59)	2 526 398 199	1 673 994 084
Partnership Sukuk	(77)	1 213 937 337	687 264 013
Total non-current liabilities		15 609 152 362	12 065 120 604
Total equity and non-current liabilities		26 253 171 878	22 236 707 332

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

Chairman

Yasseen 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 six Months Ended In 30 June 2023

	Note No.	Period from Jan 1st 2023 Till 30 June 2023 EGP	Period from Jan 1st 2022 Till 30 June 2022 EGP	Period from April 1st 2023 Till 30 June 2023 EGP	Period from April 1st 2022 Till 30 June 2022 EGP
Revenues	(65، 29)	6 919 045 896	6 940 217 154	3 390 202 714	4 036 429 941
Deduct: -					
Cost of revenues	(66 ،30)	4 557 836 327	4 570 016 983	2 179 511 927	2 597 105 349
Cash discount		17 906 152	36 026 484	5 651 691	23 484 717
Gross profit		2 343 303 417	2 334 173 687	1 205 039 096	1 415 839 875
Deduct: -					
General administrative, selling and marketing expenses	(67)	959 613 529	973 811 820	525 014 050	638 049 186
Administrative fixed assets depreciation		86 103 483	87 130 639	43 381 564	43 579 130
Finance costs & interests	(68 ،25)	627 712 207	315 297 484	259 361 472	165 032 862
Provision	(c30,19)	4 000 000	135 881 592	2 000 000	134 231 596
Expected credit losses	(69)	1 944 331	562 607	(60 750)	(163 394)
Total general, administrative, marketing and financing expenses, depreciation		1 679 373 550	1 512 684 142	829 696 336	980 729 380
Add					
Amortization of discount on notes receivables		70 151 479	39 271 291	36 530 089	27 288 835
Gains on investments in fair value through profit or loss	(70,33/5)	6 406 982	3 071 145	3 170 731	1 604 130
Credit interest	(5/33 ،d31)	119 315 760	28 237 744	63 379 989	12 963 847
Total other revenues		195 874 221	70 580 180	103 080 809	41 856 812
Net profit for the Year before income tax & non-controlling equities		859 804 088	892 069 725	478 423 569	476 967 307
Deduct: -					
Income tax	(71 ، a 23)	220 649 611	329 894 276	95 939 673	220 697 539
Deferred tax	(b 23)	325 225	381 840	177 739	280 765
Net profit for the Year before & non-controlling equities		638 829 252	561 793 609	382 306 157	255 989 003
Deduct: -					
Non-controlling equities share- subsidiaries		30 781 449	3 305 252	26 928 571	(7 533 279)
Net profit for the Year after income tax & non-controlling equities		608 047 803	558 488 357	355 377 586	263 522 282
Earnings per share for profits	(72 ،26)	0.204	0,184	0.12	0,087

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

Chairman | **Chief Financial Officer**

Yasseen Mansour | **Ali Thabet**

Translation of Comprehensive Income Statements

Originally Issued in Arabic

PALM HILLS DEVELOPMENTS COMPANY S.A.E

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For The six Months Ended In 30 June 2023

	Period from Jan 1st 2023 Till 30 June 2023	Period from Jan 1st 2022 Till 30 June 2022	Period from April 1st 2023 Till 30 June 2023	Period from April 1st 2022 Till 30 June 2022
	EGP	EGP		
Net profit for the Year	608 047 803	558 488 357	355 377 586	263 522 282
Other comprehensive income	--	--	--	--
Total comprehensive income for the Year, net of tax	**608 047 803**	**558 488 357**	**355 377 586**	**263 522 282**
Attributable to: -				
Equity holders of the parent	608 047 803	558 488 357	355 377 586	263 522 282
Non-controlling equities	30 781 449	3 305 252	26 928 571	(7 533 279)
	638 829 252	561 793 609	382 306 157	255 989 003

- 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 Financial Year Ended In 30 June 2023

	Note No.	30 June 2023 EGP	30 June 2022 EGP
Net profit for the year before income tax & non-controlling equites		859 804 088	892 069 725
Adjustments to reconcile net profit to net cash from operating activities			
Depreciation & amortization	(41 ،37 ،36)	100 719 911	100 007 444
Provisions	(30c ،19)	4 000 000	135 881 592
Finance cost & interest	(68 ،25)	597 635 838	251 932 534
Expected credit loss		1 944 331	562 607
Installments interest – lands		30 076 369	63 364 950
(Gain) on disposal of fixed assets	(37)	(213 338)	(119 750)
Losses (gains) on investments in Associates	(35)	(19 398 366)	2 554 921
Amortization of current value deduction for notes receivables		(70 151 479)	(39 271 291)
Gain on investment at fair value through profit or loss	(70,33/5)	(6 406 982)	(3 071 145)
Credit Interest		(119 315 760)	(28 237 744)
Operating profits before changes in working capital		**1 378 694 612**	**1 375 673 843**
Cash flow from operation activates			
Change in work in process	(44 ،14)	(376 071 018)	1 510 932 698
Change In Financial investments at amortized cost	(48 ،5/33)	(499 619 155)	138 225 350
Change in notes receivables	(42 ،16)	(2 158 456 247)	(1 011 391 556)
Change in notes receivable for units that have not been delivered		1 685 105 883	(1 716 424 555)
Change in investments at fair value through profit or loss		(580 970)	(13 674 872)
Change in accounts receivables	(45)	(2 094 682 760)	(201 146 396)
Change in suppliers – advanced payments		(1 275 355 508)	(345 865 590)
Change in Debtors and other debit balances	(46)	(608 376 084)	(19 454 385)
Change in due from related parties	(74 ،47 ،27)	(3 952 721)	(15 429 645)
Change in accounts receivables – advance payments	(54)	1 933 888 081	104 375 216
Liabilities for checks received from customers		(1 685 105 883)	1 716 424 555
Change in facility completion obligations		--	(58 062 733)
Change from provision	(ج 30 ،19)	(299 637)	(3 105 906)
Change in notes payable	(53)	318 284 568	(1 009 488 484)
Change in due to related parties	(74 ،58 ،27)	435 328	852 908
Change in suppliers & contractors		546 406 675	(62 169 479)
Income taxes	(71، ا23)	(418 504 592)	(152 760 689)
Change in creditors & other credit balances	(60)	389 800 158	110 223 269
Change in long term liabilities – Residents' Association	(64)	1 101 646 624	500 743 748
Change in Partners share in joint arrangements		761 452 201	(897 964 795)
Net cash (used in) operating activities		**(1 005 290 445)**	**(49 487 498)**
Cash flows from investing activities			
Payments for purchase of fixed assets	(37)	(70 267 091)	(21 048 945)
Proceeds from sale of fixed assets	(37)	372 705	119 750
Payments for associate's investment		(65 417 925)	(149 880 818)
Proceeds for associate's investment		--	3 073 268
Proceeds for work under construction		(343 775 928)	--
proceeds from other assets		83 622	83 622
Gains on investments in fair value through profit or loss	(70، 5/33)	6 406 982	3 071 145
Credit interest	(5/33 ،d31)	119 315 760	28 237 744
Net cash (used in) investing activities		**(353 281 875)**	**(136 344 234)**
Cash flows from financing activities			
Proceeds for Banks - credit balances	(50)	284 626 137	19 863 197
Proceeds from Banks – overdraft	(51)	716 108 524	465 635 114
Lease Liability		(754 007)	(2 440 634)
Paid dividends		(159 656 737)	(197 029 744)
Settlement on retained Earnings		--	(9 640 298)
Non-controlling equities – Dividends		(6 739 727)	(7 956 548)
Deferred tax		(325 225)	189 889
Proceeds from stoke shares		526 673 324	249 416 957
Payments for loans	(52)	(99 073 821)	(185 000 000)
Proceeds from loans	(52)	1 354 153 084	326 694 897
Finance costs & interests paid	(68 ،25)	(597 635 838)	(251 932 534)
Net cash (provided by) financing activities		**2 017 375 714**	**407 800 296**
Net increase in cash and cash equivalents during the year		**658 803 394**	**221 968 564**
Expected credit impact (losses)		(443 528)	(18 771)
Cash and cash equivalents at beginning of the year		1 165 167 798	1 017 868 885
Cash and cash equivalents as of 30 June 2023	(49 ،32)	**1 823 527 664**	**1 239 818 678**

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

Chief Financial Officer | **Chairman**

Ali Thabet | **Yasseen Mansour**

PALM HILLS DEVELOPMENTS COMPANY S.A.E
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For The Financial period Ended In 30 June 2023

	Share Capital	Legal reserve	Retained earning	Treasury shares	Revaluation of bonus shares	Special Reserve	Net profit (losses) for the Year	Total before Non-controlling equites	Total Non-controlling equities	Total after Non-controlling equites
	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP
Balance as of 1 January 2022	6 162 499 270	809 228 807	1 235 062 133	(69 839 608)	(390 000)	176 513 271	824 360 337	9 137 434 210	454 189 051	9 591 623 261
Transferred to retained earnings	--	--	824 360 337	--	--	--	(824 360 337)	--	--	--
Reduction of capital - execution of treasury share	(81 309 492)	--	11 469 884	69 839 608	--	--	--	--	--	--
Transferred to legal reserve	--	25 283 852	(25 283 852)	--	--	--	--	--	--	--
Transferred to special reserve	--	--	--	--	--	(176 513 271)	--	(176 513 271)	--	(176 513 271)
Adjustment on non- controlling interest	--	--	--	--	--	--	--	--	(7 956 548)	(7 956 548)
Reward and incentive stock evaluation reserve	--	--	--	--	(31 044 000)	--	--	(31 044 000)	--	(31 044 000)
Dividends	--	--	(358 699 786)	--	--	--	--	(358 699 786)	--	(358 699 786)
Net profit for the six months ended in 30 June 2022	--	--	--	--	--	--	558 488 357	558 488 357	3 305 252	561 793 609
Balance as of 30 June 2022	**6 081 189 778**	**834 512 659**	**1 686 908 716**	--	**(31 434 000)**	--	**558 488 357**	**9 129 665 510**	**449 537 755**	**9 579 203 265**
Balance as of 1 July 2022	**6 081 189 778**	**834 512 659**	**1 686 908 716**	--	**(31 434 000)**	--	**558 488 357**	**9 129 665 510**	**449 537 755**	**9 579 203 265**
Share Capital deduction – Treasury shares Execution	(78 000 000)	--	--	--	--	--	--	(78 000 000)	--	(78 000 000)
Transferred to legal reserve	--	166 685	--	--	--	--	--	166 685	--	166 685
Payment on treasury shares	--	--	--	(90 146 032)	--	--	--	(90 146 032)	--	(90 146 032)
Adjustments to non – controlling interest	--	--	--	--	--	--	--	--	31 568 857	31 568 857
Close Revaluation of bonus shares	--	--	--	--	31 434 000	--	--	31 434 000	--	31 434 000
Net profit for the Period on 1 July 2022 to 31 December 2022	--	--	--	--	--	--	697 359 953	697 359 953	--	697 359 953
Balance as of 31 December 2022	**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**
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)	--	--	--
Reduction of capital – execution of treasury shares	(120 000 000)	--	29 853 968	90 146 032	--	--	--	--	--	--
Transferred to legal reserve	--	51 958 622	(51 958 622)	--	--	--	--	--	--	--
Adjustments to non – controlling interest	--	--	--	--	--	--	--	--	(6 739 727)	(6 739 727)
Dividends	--	--	(159 656 737)	--	--	--	--	(159 656 737)	--	(159 656 737)
Net profit for the Period on 1 Janunary2023 to 30 June 2023	--	--	--	--	--	--	608 047 803	608 047 803	30 781 449	638 829 252
Balance as of 30 June 2023	**5 883 189 778**	**886 637 966**	**2 760 995 635**	--	--	--	**608 047 803**	**10 138 871 182**	**505 148 334**	**10 644 019 516**

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

Chief Financial Officer

Ali Thabet

Chairman

Yasseen Mansour

Palm Hills Developments Company
(S.A.E)
Notes to the Consolidated
Financial Statements as Of June, 30,2023

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

6. AUTHORIZATION OF THE FINANCIAL STATEMENTS

The company's Consolidated financial statements for the year ended on June 30, 2023 were authorized for issue by the board of directors on August, 22th, 2023.

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 Construction and Urban Development

Palm Construction and 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 (Note No. 44).

d) Investments in Associates and subsidiaries

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

	Percentage share %
Palm Hills Middle East Company for Real Estate Investment S.A. E	99.99%
Gawda for Trade Services S.A. E	99.996%
New Cairo for Real Estate Developments S.A. E	99.985%
Khedma for managing tourist resorts and real estate	99.96%
Rakeen Egypt for Real Estate Investment S.A. E	99.9454%

	Percentage share %
Palm Hills Sports	99.9%
Palm for Real Estate Development S.A. E	99.4%
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	99.4%
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	99.2%
United Engineering for Construction S.A.E	99.25%
Palm Hills Hospitality S.A.E	98%
East New Cairo for Real Estate Development S.A.E	89%
Macor for Securities Investment Company S.A.E	60%
Al Naeem for Hotels and Touristic Villages S.A.E	60%
Gamsha for Tourist Development S.A.E	59%
Royal Gardens for Real Estate Investment Company S.A.E	51%
Nile Palm Al-Naeem for Real Estate Development S.A.E	51%
Saudi Urban Development Company S.A.E	51%
Coldwell Banker Palm Hills for Real Estate 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%
East New Cairo Real Estate Development S.A.E	10,998%
International Company For Financial Leasing (inco lease) S.A.E	18.1%
Palm Holding Company for Financial Investments	99%

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

	Percentage share %
Palm North Coast Hotels S.A.E	97.412%
Middle East Company for Real Estate and Touristic Investment S.A.E	87.5%
Palm Gamsha Hotels S.A.E	96.04%
Asten College for Education	71.82%
Palm Hills for Education S.A.E	98.63%
The Egyptian International Company for Higher Education S.A.E	40%
Inspired For Education – Egypt S.A.E	48.71%
Disney investment S.A.E	35.31%
The Cocory-Co for Food and Restaurant Supply S.A.E	29.82%

1- 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 cost 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 99.96% 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 99.9% 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 99.4% 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 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 99.2% 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 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 Egyptian pounds, and the shareholding percentage in the company reached 99.40% 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 Company**

  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 72% from contractual values of the contracted units, while the other party collects a percentage 28% 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 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 99.2% 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 Hospitality 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 10.998%, through the contribution of Palm Hills Development Company by 99.985% in the capital of the New Cairo Real Estate Development 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 60%.

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 lands to the Tourism Development Authority.**

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

An Egyptian joint stock company in accordance with the provisions of Law No. 8 of 1997 - 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 invest in real estate in new cities and urban communities, and to establish tourist villages.

It was registered in the Commercial Register under No. 33955 on April 15, 2007.

The paid-up capital is 125,000,000 Egyptian pounds, and the company's shareholding is 59% of the issued capital.

The company started its activities by acquiring and purchasing an area of approximately 22.68 acres in the Red Sea region - north of Hurghada - Gamsha Center to carry out its activities.

- **Royal Gardens for Real Estate Investment Company 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 249,000 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 000 000 2 Egyptian pounds, and the company's shareholding is 49% of the issued capital.

- **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 Hills Development company in the capital is 15.36%.

- **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%.

2- **Indirect investments in Associates and subsidiaries**

	Percentage share %
Middle East Company for Real Estate and Touristic Investment S.A.E	87.50%
Palm North Coast Hotels S.A.E	97.412%
Palm Gamsha Hotels S.A.E	96.04%
East New Cairo for Real Estate Development S.A.E	10.998%
Asten College for Education S.A.E	71%
Palm hills for education	71.86%
The Egyptian International Company for Higher Education S.A.E	40%
Inspired For Education – Egypt S.A.E	48.71%
Disney investment S.A.E	35.31%
The Cocory-Co for Food and Restaurant Supply S.A.E	29.82%

- **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 97.41% 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 96.04% 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 state 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 87.51 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.

- **Palm Hills Education Company**

Palm Hills Education Company was established as an "Egyptian joint stock company" in accordance with the provisions of Law No. 159 of 1981 promulgating 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 Commercial Registry No. 103987 on February 28, 2017, and the issued and paid-up capital is EGP 14,900,000. The contribution of Palm Hills Real Estate Company is 71.83% of the capital, and Palm Hills Development Company's contribution to its capital is 99.20%.

The main activity of the company is the establishment, management, rental and equipping of schools that do not exceed secondary education, and the management and operation of centers for the preparation, training and development of human resources.

* The company started its main and usual activity by investing in the capital of one of the companies working in the field of education.

- **Astin collage education company**

An Egyptian joint stock company subject to law no. (159) of 1981 and law no. (95) of 1992 and their executive regulations and investment incentives and law no. (159) of 1981 and their executive regulations.

The purpose of the company is to establish, operate, manage, rent and equip schools with no more than secondary education and to establish, opexate and mange human resources preparation and development centers.

The company was registered in the commercial registry under No. 106243 on May 30,2017.

The paid in hills education company in the issued capital of the company in the issued capital is 71% while the contribution of Palm Hills Development Company in the Capital of Palm Hills Edu. Company is 71% while the contribution of Palm Hills Development Company in the capital of Palm Hills Edu company is 71.04%.

- **Egyptian International Company for Higher 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 100 million Egyptian pounds, and the shareholders paid 25% of the capital, so the paid-up capital becomes 25 million Egyptian pounds, and the shareholder of Palm Hills Education Company is 40% in the company's capital. Asten College for Education

- **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 48.71% through an investment of 47.71%, 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 35.31% 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 29.81%, 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 year ending on Dec 31, 2022, committed themselves to applying the new Egyptian accounting standards issued by Ministerial Resolution No. 110 of 2015 and amended by Ministerial Resolution No. 69 of 2019, and to follow the same accounting policies previously applied when preparing the latest financial statements on Sep 30, 2022 which have not changed Any amendments or any update except for what is mentioned in clarification (10), paragraph(f).

10. SIGNIFICANT ACCOUNTING POLICIES APPLIED

a) Basic of consolidated financial statements preparation

The Company's management is responsible for the preparation the financial statements. The consolidated financial statements are prepared in accordance with Egyptian Accounting Standards issued by ministerial resolution NO. 110 of 2015 and amended pursuant to ministerial resolution NO. 69 of 2019 the relevant Egyptian accounting stand were applied when preparing the financial statement on Dec 31 2022, 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. (80) except for the following companies.

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

	Percentage share %	Nature
Coldwell Banker Palm Hills for Real Estate	49%	Associates
EFS Palm Facilities Services	49%	Associates
Inspired for Education	49.71%	Associates
The Egyptian International Company For Higher Education	40%	Associates
Disney Investment	35.31%	Associates
The cocory-cor Fund and Restaurant Supply	29.82%	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 periods 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 periods, 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**

According to Minister of Investment Decision No. (69) of 2019 amending some provisions of the Egyptian Accounting Standards issued by Ministerial Resolution No. (110) of 2015, where the decision included the issuance of some new standards in addition to amendments to some existing standards, provided that the application of these standards begins as of January 1, 2020.

On April 12, 2020, the Financial Supervisory Authority issued a decision regarding postponing the application of amendments in the new Egyptian accounting standards to the periodic financial statements and limiting them to the annual financial statements by the end of 2020.

On September 17, 2020, the Prime Minister's Decision No. 1871 of 2020 was issued to postpone the application of the following Egyptian accounting standards until January 1, 2021:

(a) Standard (48) - Revenue from contracts with customers.

(B) Standard (49) - Lease Contracts.

(C) Standard (47) - Financial Instruments.

The opening balance of the retained earnings shall be adjusted on January 1, 2021, with the cumulative effect modified for the first-time application, and the comparative numbers shall not be modified with the requirements of the new standards.

The new standards are as follows:

(a) Egyptian Accounting Standard No. (48) Revenue from contracts with customers

The application of the standard starts from January 1, 2021, and it may be applied early, as this standard replaced the Egyptian Accounting Standard No. (8) for construction contracts, as well as the Egyptian Accounting Standard No. (11). The standard for revenue recognition requires five steps to be achieved to fulfill the procedures for the conditions for revenue recognition, as follows:

1- Determine the parties to the contract.
2- Determining performance obligations (the rights of each party)
3- Determining the transaction price (for the goods or services to be transferred).
4- Allocating the transaction price (distributing the transaction price to the performance obligations in the event that the contract has more than one performance obligation).
5- Contract revenue is recognized when or as the company progresses in fulfilling its performance obligations.

This standard also specifies how to account for the direct costs incurred in connection with the contract with the customer, as well as any additional costs for obtaining the contract with revenue

Application effect:

There is no impact from applying the new standard to retained earnings on January 1, 2021, as the revenue recognition policy with clients approved by the company's management and followed by the company is in line with the standard.

(B) Egyptian Accounting Standard No. (49) Lease Contracts

The application of the standard begins as of January 1, 2021, and may be applied early, as Egyptian Accounting Standard No. (49) on lease contracts has replaced Egyptian Accounting Standard No. (20) on accounting rules and standards related to financial leasing operations, as follows:

If the company is a lessee:

- The right to usufruct the leased asset within the assets is recognized at cost at the beginning of the contract in return for proving the lease contract obligations at the present value of the unpaid lease payments on that date within the company's obligations, provided that the asset "right of use" is consumed from the date of the beginning of the contract until the end of the useful life of the asset subject of the contract In accordance with the depreciation requirements contained in Egyptian Accounting Standard No. (10), any impairment losses in the value of the asset, "Right of Use", if any, are calculated.
- There are optional exemptions from the application of the standard for short-term lease contracts and lease contracts of small value.

If the company is a lessor:

- The lessor must classify the lease contract (a contract that transfers the right to use the underlying asset for a period of time in exchange for amounts due for collection) according to the substance of the transaction and not the form of the contract, where the contracts are classified according to the following:

- **Finance lease:**

- Where the assets held are recognized if the contract transfers substantially all the risks and benefits of ownership of the asset, in this case it is considered a finance lease and presented as receivable amounts in an amount equal to the net investment (total amounts receivable under the contract, which represent lease payments) in a contract Leasing (net investment in lease contracts) Finance income is also distributed over the lease term on a regular and logical basis that reflects a constant periodic source of return for the net investment leased in the lease contract.

- **Operating lease:**

- If the contract does not transfer substantially all the risks and benefits of ownership of the asset, then it is considered an operating lease, where operating lease contracts are recognized as income, either on a straight-line basis or on any other regular basis.

- **Sale and leaseback transactions**

- If the leased seller (transfers an asset to another facility) the leased purchaser (and leases this asset again from the leased purchaser, both the leased vendor and the leased purchaser must account for the transfer contract and the lease contract by evaluating whether the asset transfer is a sale according to follows:

Transferring the asset represents a sale:

- If the transfer of the asset by the seller (the lessee) satisfies the requirements for fulfilling the performance obligation in Egyptian Accounting Standard No. (48) revenue from contracts with customers and for the purchaser (the lessor) to control (the ability to direct the use of the asset and obtain all remaining benefits from it) over That asset is accounted for as a sale of this asset, and it is accounted for according to the following:

A- The seller (the lessee) must record the "right of use" asset in accordance with the requirements of Egyptian Accounting Standard No. (49) on lease contracts with respect to the lessee.

B- When purchasing the asset, the buyer (the lessor) must apply the standards applicable to it and apply the requirements of Egyptian Accounting Standard No. (49) related to lease contracts with respect to the lessor.

Transferring an asset is not a sale

If the transfer of the asset by the seller (the lessee) does not meet the performance obligation requirements in Egyptian Accounting Standard No. (48) Revenue from contracts with customers for the purchaser (the lessor) to control (the ability to direct the use of the asset and obtain all remaining benefits from it) On that asset, this transaction is considered financing, not selling the asset, and it is accounted for according to the following:

A- The seller (the lessee) must continue to recognize the transferred asset in its books in return for proving a financial liability equal to the proceeds of the transfer, provided that this obligation is accounted for in accordance with Egyptian Accounting Standard No. (47).

B- The buyer (the lessor) may not recognize the transferred asset, and he must recognize a financial asset equal to the transfer proceeds, and the financial asset is accounted for in accordance with Egyptian Accounting Standard No. (47).

Application effect:

The impact has been proven in accordance with the requirements of the standard on lease contracts as a lessee and disclosed in the notes No. (41, 56), and there is no impact from the application of Egyptian Accounting Standard No. (49) on the financial statements with regard to sale and leaseback transactions, the accounting treatment followed by the company upon proof It complies with Egyptian Accounting Standard No. (49) on lease contracts with regard to the conditions for proving lease contracts and their exemptions, and the conditions for proving sales and lease back contracts.

(C) Egyptian Accounting Standard No. (47) on Financial Instruments

The application of this standard will start from the beginning of 2021, with a deferral of the manifestation of the accounting effect.

Until December 31, 2021, the standard requires the development of financial reporting principles for financial assets and liabilities to present appropriate and useful information for users of financial statements in their estimation of the amounts of future cash flows of the enterprise, their timing and uncertainty, as follows: -

- The standard requires that financial assets be classified on the basis of their subsequent measurement, either at amortized cost, at fair value through other comprehensive income, or at fair value through profit and loss.

- Financial liabilities are classified on the basis of their subsequent measurement at amortized cost, except for financial liabilities at fair value through profit and loss and financial liabilities that arise when the transfer of a financial asset does not qualify for derecognition.

- The company must record a loss allowance against the expected credit losses from the financial asset being measured (according to this standard) or from any rental amount's receivable in accordance with Accounting Standard No. (49) for lease contracts or the origin of a contract with a customer in accordance with Egyptian Accounting Standard No. (48) related to revenue from contracts with customers or from loan commitments and financial guarantee contracts. If the expected credit risk at the reporting date has increased substantially for a financial instrument after initial recognition, the company must measure the impairment loss for that financial instrument in an amount equal to the expected credit losses for a period of 12 Month.

- When the credit risk on a financial instrument increase substantially after the initial recognition, where the company must use the change in the payment risk over the life of the financial instrument, instead of the expected credit loss, where the risk of failure to pay on the financial instrument at the date of the assessment is compared. The report and compare it with the same risks at the date of initial recognition, which is an indication of significant increases in credit risk.

- It also deals with the accounting standard for hedging instruments where the requirements are to be applied in the future.

Application effect:

The accounting impact of applying the standard for the year ending on Dec 31, 2022 has been included, and the impact of this on the income statement was included and disclosed in the notes Nos. (42, 43, 45, 46, 47, 49,69).

g) Bookkeeping

1- Functional and presentation currency

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

2- Transactions and balances

- Translate monetary items in foreign currencies on the date of preparing the financial statements (if any) using the closing rate - the prevailing exchange rate in the free market for foreign exchange at the end of the financial period, provided that the result of the re-measurement is included in the income statement (profits and losses).

- Non-monetary items denominated in foreign currencies at the date of preparing the financial statements (if any) that are measured at historical cost are translated using the exchange rates prevailing at the date of recording those transactions.

- Items of a non-monetary nature in foreign currencies on the date of preparing the financial statements (if any) that are measured at fair value are translated using the exchange rates prevailing on the date on which the fair value was determined.

h) Operating segment

An operating segment

- is a component of an entity that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity) whose operating results are reviewed regularly by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance and for which discrete financial information is available.
- The group owns a specific and only main activity sector which is real estate investment activity according to the paragraph (11) of the Egyptian accounting standard no. (41).

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

Asset	**Rate**
Buildings	5%
Machinery and equipment	
Tools &Equipment	25%
Furniture & Fixtures	25%
Measuring equipment	25%
Office furniture and fixtures:	
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 period 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 it carrying amount exceeds its recoverable amount, At the end of each reporting period, an entity is required to assess whether there is any indication that an asset may be impaired and therefore the asset should be written down to its recoverable amount and the impairment loss shall be recognized in the income statement.

An impairment loss 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 activates for such lands or not, as well as construction and infrastructure costs and other indirect construction costs, that are related to contracted units, in which the required criteria of percentage of completion to be achieved has is not met yet 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 period, 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 period 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 period 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.

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 the 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 periods 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 period 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 period 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

1) 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.

2) 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.

3) 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 period 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 period 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.

c) **Provision of completion of Works**

Provision for completing works (works completion) A provision for work loss is created as an actual expense as an actual expense in the income statement if it exceeds or exceeds the estimated cost or there is a possibility of exceeding or increasing the value and estimated cost of the contracted units until the completion of the implementation and the initial delivery of the contractual value of those units and at the level of each phase on sharpness.

31. REVENUE RECOGNITION

a) **Sales revenues**

1- **Villas and townhouses**

villas and townhouses Revenues resulting from the main and usual activity - real estate development of the company are realized and recorded in the income statement (profits and losses) according to the percentage and level of completion of the works executed at the level of the contract unit for each contracted unit separately,

Where the realized revenues are weighted from the total contractual values from the reality of the signed and approved contracts of the contracted units by the percentage of progress in the extent of fulfillment of obligations at the level of the contract unit, taking into account the additional business revenues against their actual cost for each (unit) stage separately, in a way that reflects and measures the progress in fulfilling the performance obligations of the contract.

2- **Completed units ready for sale**

Completed units ready for sale represent the contractual values of contracted units Revenue is recognized in 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 period 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 periods, 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 period 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) 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.

	NOTE NO.
BANK OVERDRAFT	(51)
NOTES PAYABLE -SHORT TERM	(53-a)
NOTES PAYABLE -LONG TERM	(53-b)
LOANS -SHORT TERM	(52)
LOANS -LONG TERM	(52)
FINANCIAL LEASING COMPANIES	(28 b,41,56)

a. Credit risk

Credit risk is represented in the inability of clients granted credit to pay their dues. This risk is limited because the company deals with clients of good financial solvency, in addition to the company's failure to deliver the contracted units before the client deposits negotiable bank debt instruments against unpaid installments in the date of receipt (note 45).

Credit risk is represented in the inability of customers granted credit to pay their dues. This risk is limited because the company has developed a distinguished credit policy that includes obtaining advance payments, as well as customers negotiable bank debt instruments against the installments due on the date of receipt, if the company deals with high-net-worth clients

In addition to the above, the customer contracts stipulate that the ownership of the units shall not be transferred to the customers before the full value of the units is paid, and therefore no losses or impairment in customer balances occurred before that.

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

(c) market risk

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.

(d) 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.

(e) 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.

(f) Foreign exchange risk

Foreign currency risk is represented by changes in foreign currency rates that affect payments and receipts in foreign currencies as well as the valuation of assets and liabilities in currencies. The foreign currency asset balances described above have been valued using the rate prevailing at the balance sheet date.

35. INVESTMENT IN ASSOCIATES

The consolidated balance of investments in Associates as of June 30, 2023 amounted to an amount EGP 467 133 697 as follows

	Balance 30 June 2023 EGP	Balance 31 Dec 2022 EGP
Naema for Touristic & Real Estate Investments S.A.E	112 718 220	107 300 295
Disney Beach S.A.E	104 121 304	104 121 304
International Financial Leasing Company - Incolease	167 512 684	148 114 318
EFS palm for facilities services S.A.E	6 633 372	6 633 372
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	245 000	245 000
Inspired Egypt for Education S.A.E	367 500	367 500
Egyptian International for Higher Education S.A.E	70 000 000	10 000 000
The Cookery - Co for catering and restaurants S.A.E	3 000 000	3 000 000
Balance on June 30, 2023	467 133 697	382 317 406

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

	Assets	Liabilities	Shareholders' equity	Revenues	Expenses
Naema for Touristic & Real Estate Investments	327 567 795	102 104 674	225 463 121	63 334 819	19 129 387
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 June 30, 2023, amounted to 165 516 574 EGP and its balance is the value of the cost of land acquired by the company under letters of allocation, initial contracts, or contracts with squatters, where real estate investments are represented in the value of real estate (land) that was acquired and held. With the purpose of obtaining capital gains resulting from a positive change in the fair or market value or to achieve returns or both together, which are lands held for an unspecified future purpose at the present time, 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:

Real estate investments - land	**Acre**	**Balance 30 June 2023**	**Balance 31 Dec 2022**
		EGP	**EGP**
Gamsha for Tourist Development S.A.E	22,679	115 958 756	115 958 756
Total real estate investment - land		**115 958 756**	**115 958 756**
Real Estate Investments - Buildings			
Commercial shops - Palm Hills Resort			
Cost of shops (88 Street Mall)		69 111 647	69 111 647
Accumulated depreciation		(23 553 829)	(21 808 349)
Net cost of shops (88 Street Mall)		**45 557 818**	**47 303 298**
Villas at villa mora resort		4 000 000	4 000 000
Balance on June 30, 2023		**165 516 574**	**167 262 054**

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, 53).

37. Fixed Assets

The net cost of the consolidated fixed assets in 30 June 2023 amounted to EGP 2 562 010 937 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 30 June 2023 EGP	Accumulated depreciation as of Jan. 1, 2023 EGP	Depreciation for the year EGP	Depreciation of Disposals EGP	Accumulated depreciation as of 30 June, 2023 EGP	Net book value as 30 June 2023 EGP
* land	33 145 821	--	--	33 145 821	--	--	--	--	33 145 821
* Buildings	732 674 743	2 893 536	--	735 568 279	316 384 812	14 519 493	--	330 904 305	404 663 974
Machinery & equipment	220 320 370	34 725 202	382 897	254 662 675	159 952 221	7 501 445	369 631	167 084 035	87 578 640
Vehicles	35 884 567	1 996 561	--	37 881 128	26 235 359	2 116 645	--	28 352 004	9 529 124
Computer equipment	105 125 705	18 513 646	202 729	123 436 622	90 066 578	4 829 044	202 729	94 692 893	28 743 729
Leasehold improvements	21 116 435	--	--	21 116 435	21 062 013	10 143	--	21 072 156	44 279
Furniture	142 643 804	11 811 065	788 962	153 665 907	91 449 446	10 208 640	642 861	101 015 225	52 650 682
Golf Courses	2 412 319 396	327 081	--	2 412 646 477	405 801 032	61 190 757	--	466 991 789	1 945 654 688
Total cost	**3 703 230 841**	**70 267 091**	**1 374 588**	**3 772 123 344**	**1 110 951 461**	**100 376 167**	**1 215 221**	**1 210 112 407**	**2 562 010 937**

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

b. **Fixed assets depreciation for six months Ended in 30, June 2023 amounted To EGP 100 376 167 and allocated as follows:**

	EGP
Operating assets-work in process	4 050 463
Administrative depreciation (income statement)	82 835 452
Depreciation expense of hotel operations	5 200 512
Depreciation expense of Palm Hills Club's assets - club's operating statement	8 289 740
Total depreciation of fixed assets for the period	**100 376 167**

Capital Gains for six months ended in 30, June 2023 amounted to EGP 213 338 as follows:

	EGP	EGP
Proceed from sale of fixed assets		372 705
Deduct:		
Cost of assets sold	1 374 588	
Accumulated depreciation of assets sold	1 215 221	
Carrying amount of assets sold		159 367
Gain on sale of fixed assets as of June 30, 2023		213 338

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).

The net cost of the consolidated fixed assets on Dec 31, 2022, amounted to EGP 2 592 279 116 presented by fixed administrative assets on the site and the headquarter as follows:

	Cost as of Jan. 1,2022	Additions during the Period	Disposals during the Period	Cost as of 31 Dec 2022	Accumulated depreciation as of Jan. 1, 2022	Depreciation for the Period	Depreciation of Disposals	Accumulated depreciation as of 31 Dec 2022	Net book value as 31 Dec 2022
	Egp	Egp	Egp	Egp	Egp	Egp	Egp	Egp	Egp
* land	33 145 821	--	--	33 145 821	--	--	--	--	33 145 821
* Buildings	723 519 800	9 162 026	--	732 681 826	287 742 292	28 644 668	--	316 386 960	416 294 866
Machinery & equipment	206 479 321	18 067 428	4 226 377	220 320 371	149 713 645	14 326 235	4 087 393	159 952 487	60 367 885
Vehicles	33 172 286	3 943 625	1 231 345	35 884 567	23 718 573	3 748 130	1 231 345	26 235 358	9 649 208
Computer equipment	97 922 360	7 298 546	102 284	105 118 622	82 318 592	7 843 188	97 350	90 064 430	15 054 192
Leasehold improvements	21 131 909	21 000	36 473	21 116 436	21 083 013	15 474	36 473	21 062 014	54 422
Furniture	114 780 707	28 285 079	421 982	142 643 804	75 829 585	15 999 471	379 610	91 449 446	51 194 358
Golf Courses	2 412 319 397	--	--	2 412 319 397	283 430 420	122 370 612	--	405 801 032	2 006 518 364
Total cost	**3 642 471 600**	**66 777 704**	**6 018 461**	**3 703 230 843**	**923 836 120**	**192 947 778**	**5 832 171**	**1 110 951 727**	**2 592 279 116**

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

d. **The total depreciation of fixed assets for the Nine months ending on Dec 31, 2022 amounted to 192 947 778 EGP as follows:**

	EGP
Operating assets-work in process	5 308 742
Administrative depreciation (income statement)	162 083 612
Depreciation expense of hotel operations	10 508 282
Depreciation expense of Palm Hills Club's assets - club's operating statement	15 047 142
Total depreciation of fixed assets during the year	**192 947 778**

Capital Gains for the Nine months ending on Dec 31, 2022 amounted to EGP 259 784 as follows:

	EGP	EGP
Proceed from sale of fixed assets		446 074
Deduct:		
Cost of assets sold	6 018 461	
Accumulated depreciation of assets sold	5 832 171	
Carrying amount of assets sold		**186 290**
Gain on sale of fixed assets as of Dec 31, 2022		**259 784**

*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 June 30, 2023 amounted to EGP 555 909 080 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:

	Balance 30 June 2023 EGP	Balance 31 Dec 2022 EGP
Consultation and designs fees	26 475 730	10 717 028
Schools Construction cost	529 433 350	201 416 124
Balance on June 30, 2023	**555 909 080**	**212 133 152**

39. ADVANCE PAYMENTS FOR INVESTMENTS ACQUISITION

The consolidated balance of advance payments for investments acquisitions as of June 30, 2023 amounted to 57 511 114 as follows:

	Nature of transaction	Balance 30 June 2023 EGP	Balance 31 Dec 2022 EGP
Palm Hills – Saudi	Establishment	1 500 000	4 209 316
Al Naeem for Hotels and Touristic Villages	Acquisition	4 010 000	4 010 000
Kenzie company for restaurant	Establishment	10 262 352	10 262 352
Gamsha for Tourist Development S.A.E	Acquisition	41 303 890	41 303 890
Middle East Company for Real Estate and Touristic Investment	Acquisition	434 872	--
Balance on June 30, 2023		**57 511 114**	**59 785 558**

- The amounts paid for the purchase of investments in companies have been included in the item purchased under the advance payments for investments acquisition account, based on the sale contracts or the agreement concluded between the company and some of the shareholders of the above-mentioned companies, provided that these amounts are transferred to the contributions in companies upon completion of the ownership transfer procedures to The company, and for the purposes of preparing the consolidated financial statements, the amounts paid directly to the continuing companies in it to increase the capital of those companies have been excluded.
- No legal or executive measures have been taken towards settling these amounts until the date of preparing the financial statements.

40. EMPLOYEE STOCK OWNERSHIP PLAN (ESOP)

The Extraordinary General Assembly of the company, in its session held on November 29, 2015 approved an increase in the issued capital by an amount of EGP 53 359 478 through retained earnings for the independent financial statements dated December 31, 2014 fully allocated to the rewards and incentives system For the employees and members of the company's executive board of directors, through a promise to sell the shares in their favor at a special price in accordance with the ministerial resolution.

No. 282 of 2005 amending some provisions of the Executive Regulations of the Joint Stock Companies Law.

No. 159 of 1981 issuing 26,679,739 shares Which was approved by the Financial Regulatory Authority on May 14, 2015, in addition to 1,333,987 shares, which represents the share of the reward and incentive system from the free shares distributed in accordance with the decision of the extraordinary general assembly in its session held on June 13, 2016, bringing the number of system shares to 28 013 725 shares, and the right to sell the entire number of shares of the system has been exercised.

The Extraordinary General Assembly of the company was invited to be held on May 13, 2018 to consider extending the term of the reward and incentive system with the same conditions and previous controls, which decided to extend the term of the system by issuing 39 million shares at a value of 78 million Egyptian pounds are fully allocated to the system and according to the approval of the company's general assembly on April 4, 2019 on this increase, the commercial registry was entered on the date Sep. 26, 2019, **and the fair value of those shares on Sep 30, 2022 amounted to 46 566 000 EGP at a price of 1.194 EGP per share**.

On July 3, 2022, the extraordinary general assembly decided to cancel reward and incentive system for employees, and members of executive board of directors which leads to amendment of the main policies of the company.

41. 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 June 30, 2023 an amount of 5 171 869 EGP is as follows: -

	Balance 30 June 2023 EGP	Balance 31 Dec 2022 EGP
The right of use assets – headquarters rent.	28 437 480	28 437 480
Accumulated depreciation	(23 265 611)	(20 616 884)
Balance on June 30, 2023	**5 171 869**	**7 820 596**

42. 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 June 30, 2023 is EGP 21 583 353 170 after deducting the difference in the present value of EGP 824 168 733 and the share of the partners in an amount of EGP 821 469 441 as follows:

	Balance 30 June 2023 EGP	Balance 31 Dec 2022 EGP
Short term notes receivable	7 073 883 614	6 203 934 816
Deduct: -		
Unamortized discount	23 588 979	25 375 775
Notes receivable of joint venture	307 962 709	281 006 506
The present value of short-term receivables	**6 742 331 926**	**5 897 552 535**
Long term notes receivable	16 155 107 730	14 352 100 857
Deduct: -		
Unamortized discount	800 579 754	629 324 471
Notes receivable of joint venture	513 506 732	265 583 477
The present value for long term notes receivable	**14 841 021 244**	**13 457 192 909**
Balance on June 30, 2023	**21 583 353 170**	**19 354 745 444**

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 2.637 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 year ending on Dec 31, 2022 or June 30, 2023 until the delivery of these properties to the clients in accordance with Egyptian Accounting Standard No. (48) Revenue from contracts with customers (Note 55).

43. Notes receivable for undelivered units

The net present value of notes receivable is for units not delivered to customers On June 30, 2023 an amount of 7 472 227 416 Egyptian pounds is as follows: -

	Balance 30 June 2023 EGP	Balance 31 Dec 2022 EGP
Short term notes receivable	2 811 990 501	2 913 720 621
Deduct:		
Unamortized discount	285 150 142	220 770 726
Notes receivable of joint venture	233 040 335	144 022 131
The present value of short-term receivables	**2 293 800 024**	**2 548 927 764**
Long term notes receivable	**11 641 466 036**	**12 879 581 703**
Deduct:		
Unamortized discount	5 687 095 085	5 338 385 856
Notes receivable of joint venture	775 943 559	932 790 312
The present value of long-term notes	**5 178 427 392**	**6 608 405 535**
Balance on June 30, 2023	**7 472 227 416**	**9 157 333 299**

- 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 year ending on December 31, 2022 or June 30, 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. 55).

44. 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 June 30, 2023 The amount of EGP 6 634 778 114 which is as follows:

	Balance 30 June 2023 EGP	Balance 31 Dec 2022 EGP
Total work carried out until Jan, 1 2023	39 232 714 706	34 955 192 967
Add:		
Work carried out for the six Months ended June, 30 2023	3 251 132 891	4 277 521 739
Net works executed until June 30, 2023	**42 483 847 597**	**39 232 714 706**
Deduct: excluded from income statement until June, 30 2023	35 849 069 483	32 946 423 799
The Balance of Work in progress as of June, 30 2023	**6 634 778 114**	**6 286 290 907**
Represented As follows:		
Land acquisition cost *	2 709 672 704	3 040 777 638
Cost of construction and facilities **	3 925 105 410	3 245 513 269
Balance on June 30, 2023	**6 634 778 114**	**6 286 290 907**

* The Extraordinary General Assembly held on the first of April 2021 decided to cede an area of approximately 641.6 acres, equivalent to 50% of the total registered land area owned by the company in the new city of Sphinx, to the New Urban Communities Authority, with a total area of approximately 1283 acres, to transform the activity from an agricultural area to an urban residential space (Note 8/C).

** Some of the dues of the New Urban Communities Authority were also cleared, as an area of approximately 641.6 acres was assigned to the former conversion of their activity to an urban residential space in the new city of Sphinx to the New Urban Communities Authority and the clearing product was included in the revenues of the activity (Note 8/C, 65).

*** 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 year ended June 30, 2023 amounted to EGP 557 101 325 (Note NO. 52).

45. ACCOUNTS RECEIVABLE

The present value of accounts receivable - debit balances on June 30, 2023 amounted to EGP 4 801 019 426 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:

	Balance 30 June 2023 EGP	Balance 31 Dec 2022 EGP
Palm Hills Developments Company	1 044 682 113	531 892 768
Palm Hills Middle East Company for Real Estate Investment	231 711 101	138 766 863
Royal Gardens for Real Estate Investment Company	3 927 826	4 109 495
New Cairo for Real Estate Developments	1 873 665	1 305 829
Gawda for Trade Services	691 295	692 178
Saudi Urban Development Company	70 583 356	32 240 224
Rakeen Egypt for Real Estate Investment	103 653 782	87 843 962
East New Cairo for Real Estate Development	96 676 565	84 723 445
Middle East Company for Real Estate and Touristic Investment	1 774 696	2 018 860
United Engineering for Construction	3 600 284	3 600 284
Palm Real Estate Investment	93 192 683	93 206 809
Palm for Investment and Real Estate Development	345 045 007	287 492 624
Palm Hills Development of Tourism and Real Estate	276 690 909	194 808 047
Palm Hills Properties	6 144 356	2 594 638
Palm for Urban Development	2 379 201 220	1 160 277 719
Palm for Clubs Management	10 174 393	10 317 152
Palm for Construction	95 248 190	46 658 048
Palm Sports for Clubs	9 999 588	6 338 263
Palm Alexandria	31 460 721	22 761 782
Total	**4 806 331 750**	**2 711 648 990**
Less: Expected credit losses	5 312 324	4 135 613
Balance on June 30, 2023	**4 801 019 426**	**2 707 513 377**

46. DEBTORS AND OTHER DEBIT BALANCE

The consolidated balance of debtors and other debit balances as of June 30 2023 amounted to 2 466 688 840 as follows:

	Balance 30 June 2023 EGP	Balance 31 Dec 2022 EGP
Paid under land account	205 254 923	--
Residents' Association *	823 144 925	779 890 900
Investment's debtors	4 867 721	4 867 721
Deposits with others	178 968 206	42 240 789
Prepaid expenses	104 048 696	83 191 364
Accrued Revenues	46 474 058	30 267 404
Commissions paid in Advance	970 031 837	741 651 663
Withholding tax	6 806 057	13 196 960
Letter of Guarantee	38 054 489	39 463 989
Loans to employee & custodies	17 624 968	10 592 353
Other debit balances	73 088 674	114 625 328
Total	**2 468 364 554**	**1 859 988 471**
Less: Expected credit losses	1 675 714	1 361 744
Balance on June 30, 2023	**2 466 688 840**	**1 858 626 727**

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

47. DUE FROM RELATED PARTIES – Debit Balances

The consolidated balance of due from related parties as of June 30, 2023 amounted to 362 993 157 as follows:

	Balance 30 June 2023 EGP	Balance 31 Dec 2022 EGP
Al Ethadia for Real Estate S.A.E	275 053 689	272 499 858
Al Naeem for investments	48 755 256	48 755 256
Debtors of dividends	33 246 612	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	4 641 881	5 230 598
The cookery co for catering and restaurant	3 630 000	3 630 000
Mercure Ismailia Hotel S.A.E	2 793 487	805 881
Palm Hills. Saudi _ELBaltan	269 320	269 320
Total	368 410 720	**364 458 005**
Less: Expected credit losses	5 417 568	5 407 447
Balance on June 30, 2023	362 993 157	**359 050 558**

48. Financial investments at amortized cost

The consolidated balance for held-to-maturity investments on June 30, 2023 is an amount EGP 4 004 860 857 It represents the value of investment in treasury bills and bonds as follows:

	Face value EGP	Unrecognized investment return EGP	Average return rate %	Purchase price EGP
Palm Hills Development	2 126 800 000	58 466 623	%17,43	2 068 333 377
Palm Hills Middle East Company for Real Estate Investment	187 875 000	4 862 462	%17,41	183 012 538
East New Cairo for Real Estate Development	45 375 000	1 290 543	%17,45	44 084 457
Gawda for Trade Services	2 125 000	78 421	%17,74	2 046 579
Middle East Company for Real Estate and Touristic Investment	4 200 000	98 476	%17,34	4 101 524
Palm Hills For Constructions	79 650 000	2 273 201	%17,52	77 376 799
Palm Hills Development of Tourism and Real Estate	196 625 000	6 532 395	%17,56	190 092 605
Palm for investment and real estate development	478 975 000	8 442 213	%17,47	470 532 787
Palm real estate development	114 050 000	1 615 080	%17,34	112 434 920
Palm Hills for Urban Development Company	229 125 000	5 689 804	%17,46	223 435 196
Rakeen Egypt for Real Estate Investment	208 150 000	6 045 473	%17,43	202 104 527
Royal Gardens for Real Estate Investment Company	90 700 000	3 640 697	%17,75	87 059 303
Palm Alexandria	100 000	2 460	%16,40	97 540
Saudi Urban Development Company	350 650 000	10 501 295	%17,56	340 148 705
Balance on June 30, 2023	4 114 400 000	109 539 143		4 004 860 857

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

49. CASH AND CASH EQUIVALENTES

The consolidated balance of cash and cash equivalent as of June 30, 2023 amounted to 1 823 527 664 as follows:

	Balance 30 June 2023 EGP	Balance 31 Dec 2022 EGP
Banks-current accounts- EGP	1 754 809 189	1 075 814 576
Banks-current accounts- foreign currency	62 271 917	47 169 190
Banks – Deposits- EGP	2 500 000	2 500 000
Cash on hand- EGP	8 339 897	43 633 843
Total	**1 827 821 003**	**1 169 117 609**
Less: Expected credit losses	4 393 339	3 949 811
Balance on June 30, 2023	**1 823 527 664**	**1 165 167 798**

50. BANKS- CREDIT BALANCES

The consolidated balance of Banks credit accounts as of June 30, 2023 amounted to 464 793 855 as follows:

	Balance 30 June 2023 EGP	Balance 31 Dec 2022 EGP
Banks –EGP	450 072 499	172 835 664
Banks-foreign currencies	14 721 356	7 332 055
Balance on June 30, 2023	**464 793 855**	**180 167 719**

51. BANK OVERDRAFT

The consolidated balance of Banks overdraft as of June 30, 2023 amounted to 3 120 030 800 as follows:

	Balance 30 June 2023 EGP	Balance 31 Dec 2022 EGP
Arab Bank	79 179 955	107 569 257
CIB – Bank	1 165 805 686	592 858 499
Arab - Bank	285 974 935	286 914 935
Ahli United Bank	373 904 161	369 160 528
National Bank of Egypt	50 726 319	61 462 059
Bank Of Egypt	154 530 362	--
Arab -African Bank	1 009 909 382	985 956 998
Balance on June 30, 2023	**3 120 030 800**	**2 403 922 276**

52. LOANS

	30 June 2023		31 Dec 2022	
	Short term EGP	Long term EGP	Short term EGP	Long term EGP
Misr bank				
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)	--	1 735 036 729	--	946 412 763
Emirates NBD Egypt				
A credit facility against commercial paper drawn on Palm Hills Development Company, not exceeding 100 million Egyptian pounds, for the purpose of financing the investment needs of the company, United Engineering Company	17 258 406	--	33 276 077	--
Arab African international Bank				
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				
A second sub-limit: a short-term limit for the issuance of initial letters of guarantee, United Engineering Company	359 878 592	--	180 206 137	--
National Bank of Egypt				
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	--	8 953 541	--	--
National Bank of Egypt				
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)	96 886 000	999 414 000	7 195 000	1 089 105 000
Ahli United Bank				
Revolving financing in the amount of 411 million Egyptian pounds in order to finance part of the construction and development costs of the (Palm Alexandria) project.	--	376 903 121	--	--
Ahli United Bank				
Revolving financing in the amount of 428 million Egyptian pounds to finance the Palm Hills Development Company project on an area of 41 acres.	--	268 528 053	--	268 528 053
Ahli United Bank				
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).	35 969 000	332 034 702	57 630 000	393 429 852
Balance on June 30, 2023	**509 991 998**	**3 720 870 146**	**278 307 214**	**2 697 475 668**

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.

53. NOTES PAYABLE

A) Short Term Notes Payable

The consolidated balance of short-term notes payable (net) as of June 30,2023 amounted to 1 913 840 793 as follows:

	30 June 2023 EGP	31 Dec 2022 EGP
* Notes payable- (New Urban Communities Authority)	40 678 019	42 678 018
Deduct: -		
Deferred installments interest	9 465 702	32 615 734
Net Notes payable (short term)- Land	**31 212 317**	**10 062 284**
Add: -		
Other notes payable **	2 323 868 055	1 913 819 658
Deduct: -		
Deferred interest	441 239 579	351 770 290
Net Other Notes payable (short term)	**1 882 628 476**	**1 562 049 368**
Balance as of June 30, 2023	**1 913 840 793**	**1 572 111 652**

B) Long Term Notes Payable

The consolidated balance of long-term notes payable (net) as of June 30,2023 amounted to 1 336 339 765 as follows:

	30 June 2023 EGP	31 Dec 2022 EGP
Notes-payable (New Urban Communities Authority)	162 712 077	161 195 057
Deduct: -		
Deferred installments interest	18 335 033	35 746 528
Net Notes payable (long term)- Land	144 377 044	**125 448 529**
Add: -		
Other notes payable *	2 624 648 986	2 649 834 624
Deduct: Deferred interest	1 432 686 265	1 445 575 184
Net Other Notes payable (Long term)	**1 191 962 721**	**1 204 259 440**
Balance on June 30, 2023	**1 336 339 765**	**1 329 707 969**

* The other notes payable includes about 3.093 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).

54. ADVANCES FROM CUSTOMERS

The present value of Advances from customers account as June 30,2023 amounted to 12 148 338 516 as follows:

	30 June 2023 EGP	31 Dec 2022 EGP
Net contracting Customers	11 782 322 817	9 930 400 153
Advance reservations Customers	366 015 699	284 050 282
Balance on June 30, 2023	**12 148 338 516**	**10 214 450 435**

55. OBLIGATIONS FOR CHECKS RECEIVED FROM CLIENTS

The balance of obligations for checks received from customers on June 30,2023 amounted to 7 472 227 416 Egyptian pounds, and they are as follows:

	30 June 2023 EGP	31 Dec 2022 EGP
Checks received from customers - for undelivered units	14 453 456 538	15 793 302 324
deduct:		
Unamortized discount	5 972 245 228	5 559 156 582
Share of partners in joint ventures	1 008 983 894	1 076 812 443
Balance on June 30, 2023	7 472 227 416	**9 157 333 299**

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 year ending on December 31, 2022 or June 30, 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).

56. LEASE CONTRACT OBLIGATIONS

The net present value of the lease contract obligations as (lessee) of June 30,2023 is 8 896 576 EGP as follows: -

	30 June 2023 EGP	31 Dec 2022 EGP
(a)Lease Contract Obligations – Short Term	7 600 288	6 526 325
(b)Lease Contract Obligations – Long Term	1 296 288	3 124 258
Balance on June 30, 2023	**8 896 576**	**9 650 583**

57. LAND PURCHASE LIABILITIE

The consolidated balance of Land purchase liabilities as of June 30, 2023 amounted to 70 419 037 follows:

	30 June 2023 EGP	31 Dec 2022 EGP
(A) Land purchase liabilities - short term	12 821 390	81 839 239
(B) Land purchase liabilities - long term	57 597 647	22 488 256
Balance on June 30, 2023	**70 419 037**	**104 327 495**

58. DUE TO RELATED PARTIES – Credit Balances

The consolidated balance of Due to related parties as of June 30, 2023 amounted to 3 823 853 as follows:

	30 June 2023	31 Dec 2022
	EGP	EGP
Asten College for Education S.A. E	343 747	343 747
Villamora for Real Estate Development Company S.A. E	3 480 106	3 044 778
Balance on June 30, 2023	**3 823 853**	**3 388 525**

59. Joint Share Arrangement

The share of project partners in the participation system on June 30, 2023 amounted to EGP 2 526 398 199 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:

	30 June 2023	30 June 2023	31 Dec 2022	31 Dec 2022
	Short term	Long term	Short term	Long term
	EGP	EGP	EGP	EGP
Partners in Palm New Cairo-Project	--	--	90 951 914	--
(Badya) Project	--	2 106 145 020	--	1 320 887 890
Partners in Hacienda West	--	420 253 179	--	353 106 194
Balance on June 30, 2023	--	**2 526 398 199**	**90 951 914**	**1 673 994 084**

60. CREDITORS AND OTHER CREDIT BALANCES

The consolidated balance of creditors and other credit balances as of June 30, 2023 amounted to 1 776 432 741 as follows:

	30 June 2023	31 Dec 2022
	EGP	EGP
Other credit balances	400 165 689	328 394 745
Insurance for others	400 113 783	346 638 467
Social insurance	63 675 435	73 127 811
Accounts receivable under settlement	239 554 532	299 684 195
Accrued expenses	672 923 302	338 787 365
Balance on June 30, 2023	**1 776 432 741**	**1 386 632 583**

61. 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:

Issued capital	EGP
– The Company's issued capital was determined at EGP 121 500 000 representing 1 215 000 shares with a par value of EGP 100 per share It was registered in the commercial register on February 22, 2006.	121 500 000
– 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.	307 000 000
– On 13 May 2007, the Company's Board of Directors approved the issued Capital increase amounting to EGP 93,000,000 to be after such increasing amounted EGP 400,000,000 representing 4,000,000 shares with a par value of EGP 100 per share It was registered in the commercial register on May 24, 2007.	400 000 000
– On 15 July 2007, the Company's Board of Directors approved the issued Capital increase amounting to EGP 200,000,000 to be after such increasing amounted EGP 600,000,000 representing 6,000,000 shares with a par value of EGP 100 per share It was registered in the commercial register on August 22, 2007.	600 000 000
– On 6 November 2007, the Company's Board of Directors approved the issued Capital increase amounting to EGP 200,000,000 to be after such increasing amounted EGP 800,000,000 representing 8,000,000 shares with a par value of EGP 100 per share. The Company's Extra-Ordinary General Assembly Meeting held in March 2009 approved a 50-for-1 stock split and the par value of the Company's share reduced to EGP 2 per share It was registered in the commercial register on November 28, 2007.	800 000 000
– On 27 March 2008, the Company's Board of Directors approved the issued Capital increase amounting to EGP 32,000,000 to be after such increasing amounted EGP 832,000,000 representing 416,000,000 shares with a par value of EGP 2 per share It was registered in the commercial register on April 22, 2008.	832 000 000
– On 8 May 2008, the Company's Board of Directors approved the issued Capital increase amounting to EGP 99,840,000 to be after such increasing amounted EGP 931,840,000 representing 465,920,000 shares with a par value of EGP 2 per share It was registered in the commercial register on September 17, 2008.	931 840 000
– 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.	1 397 760 000
– On 28 January 2010, the Company's Extra-Ordinary General Assembly Meeting approved the issued Capital increase amounting to EGP 698,880,000 to be after such increasing amounted EGP 2,096,640,000 representing 1,048,320,000 shares with a par value of EGP 2 per share It was registered in the commercial register on May 12, 2010.	2 096 640 000
– 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.	2 696 640 000
– 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 amountedEGP 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.	4 344 640 000
– 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.	4 397 999 478
– 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.	4 617 899 452

Issued capital	**EGP**
– 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.	6 157 199 270
– 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.	6 235 199 270
– 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.	6 162 499 270
– 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.	6 081 189 778
– 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 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.	6 003 189 778
– 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.	5 883 189 778

62. TREASURY STOCKS

As of March 2,2020 The number of bought shares till June 30, 2023 amount to 36 350 000 shares which is equal 46 990 266 EGP having an average cost per share 1.29 EGP. The Board of directors approved on buying treasury stocks maximum 62 351 992 which is equivalent to 2% of the total capital shares issued by the company. Implementation started from March 2, 2020 till march 15, 2020.

And on January 18, 2021 and in order to support the share price and limit the unjustified decline in the share price, the Board of Directors decided to purchase treasury shares with a maximum amount of 62 351 992 shares representing 2% of the company contributed through the open market, implementation took place from the session on 01/19/2021 until 2/28/2021, and the number of Shares purchased reached 40 654 746 shares, worth 69 839 608 EGP.

And on the first of April 2021 36 350 000 shares representing treasury shares that had been in place for more than a year, with a purchase value of 46 990 266 Egyptian pounds, were executed in exchange for a capital reduction in the nominal value of those shares, with a total of 72 700 000 Egyptian pounds, and the difference between the nominal value and the purchasing value was charged to Retained earnings in accordance with the decision of the held extraordinary general assembly.

And on the 16 of June 2022 40 654 746 shares representing treasury shares that had been in place for more than a year, with a purchase value of 69 839 608 Egyptian pounds, were executed in exchange for a capital reduction in the nominal value of those shares, with a total of 81 309 492 Egyptian pounds, and the difference between the nominal value and the purchasing value was charged to Retained earnings in accordance with the decision of the held extraordinary general assembly in 30 June 2022.

On July 3, 2022, the Extraordinary General Assembly decided to cancel the reward and incentive system for workers and managers. With a value of 78 million Egyptian pounds for 39 million shares, the value was fully included in the treasury shares, and legal measures are being taken to reduce the capital by the value of the shares.

On August 16, 2022, the company's board of directors decided to purchase treasury shares with a maximum of approximately 5% of the company's total shares through the open market, and the number of shares purchased reached until September 30, 2022 the number of 60 000 000 shares amounting to 90 146 032 Egyptian pounds. The extraordinary general assembly was held on first of march 2023, decided to agree on execute these shares.

63. RESERVES

Legal reserve

The net balance of the legal reserve on June 30,2023 amounted to 886 637 966 as follows:

	30 June. 2023 EGP	31 Dec. 2022 EGP
Beginning balance	834 679 344	809 228 807
Transferred from the prior year profit	51 958 622	25 450 537
Balance as of June 30, 2023	**886 637 966**	**834 679 344**

a) Special reserve

The net balance of the special reserve on June 30, 2023, amounted to Zero EGP after amortization. The special reserve is the value of the reserve formed to meet the expected decline in the value of some real estate investments of the company and its subsidiaries in implementation of the decision of the company's Ordinary General Assembly in its session held on June 30, 2012 through Transferred profits , as the position of some real estate investments was settled by exclusion in exchange for reducing the reserve for the same value for some of the lands invested in it through one of the subsidiary companies for the lack of economic viability and the withdrawal of the allocation. The value of the reduction during the year 2019 amounted to EGP 223 521 385, leading to the reduction of the balance by 176 513 271 EGP for the period ended in 31 Dec 2022.

64. 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 June 30, 2023 amounted to 6 752 712 980 Egyptian pounds.

REVENUES

The net revenues of the activity for the nine months ended On June 30, 2023, the amount of 6 919 045 896 Egyptian pounds, as follows:

	30 June 2023 EGP	30 June 2022 EGP
Net Revenue from Real estate development *	6 545 658 226	6 567 995 290
Revenue from contracting activity	--	17 323 021
The owner's share in the profits of operating the hotels	117 930 327	166 948 018
Other revenues **	88 829 916	64 087 361
Revenues from commercial and service activities	65 432 099	27 508 968
Revenues from Palm Hills Club	101 195 328	96 354 496
Total as of June 30, 2023	**6 919 045 896**	**6 940 217 154**

-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 of 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.

-The revenues include the result of clearing some of the dues of the New Urban Communities Authority, where an area of approximately 641.6 acres was assigned to the transfer of their activity to an urban residential space in the new city of Sphinx to the New Urban Communities Authority (note 8/c, 44).

** **OTHER REVENUES**

	30 June 2023 EGP	30 June 2022 EGP
Transfer fees and delay penalties	92 982 162	155 847 097
Gain from selling fixed asset	213 072	119 750
Profit from associates	--	(2 554 921)
Investments profits	5 325 315	13 536 092
Retrieve the value of the utilities	19 409 778	--
Total as of June 30, 2023	117 930 327	166 948 018

66. COST OF SALE

The net cost of sale for the six months ended On June 30, 2023, the amount of 4 557 836 327 Egyptian pounds, as follows:

	30 June 2023 EGP	30 June 2022 EGP
Cost of Real estate development	4 441 524 858	4 475 642 217
Cost of Commercial and service activity	66 277 162	56 152 195
Cost of Contracting activity	--	169 015
Cost of Palm Hills Club operation	36 544 056	25 176 751
Depreciation of club assets	8 289 740	7 450 046
Depreciation of Fixed assets – Macor investments	5 200 511	5 426 759
Total as of June 30, 2023	**4 557 836 327**	**4 570 016 983**

67. GENERAL ADMINISTRATIVE, SELLING AND MARKETING EXPENSES

Administrative, general and marketing expenses for the six months ended On June 30, 2023, the amount of 959 613 529 Egyptian pounds, as follows:

	30 June 2023 EGP	30 June 2022 EGP
salaries and wages	282 445 013	238 669 836
Selling and marketing expenses	359 406 394	232 368 343
Professional and Government fees	27 732 535	68 423 198
Bank charges	7 890 974	8 065 850
Other administrative expenses	264 793 835	408 827 460
Contribution Symbiotic	17 344 778	17 457 133
Total as of June 30, 2023	**959 613 529**	**973 811 820**

68. Financing costs and Interests

The financing costs and interests for the six months ended On June 30, 2023, the amount of 627 712 207 Egyptian pounds, as follows:

	30 June 2023 EGP	30 June 2022 EGP
Land Installment interest	30 076 369	63 364 950
Financing costs and interests	597 635 838	251 932 534
Total as of June 30, 2023	**627 712 207**	**315 297 484**

69. Expected credit losses (ECL):

The value of expected credit losses (reverse losses) for the six months ended On June 30, 2023, the amount of 1 944 331 Egyptian pounds, as follows:

	30 June 2023 EGP	30 June 2022 EGP
Losses of customer receivable balances (Note 45)	1 176 711	--
Losses (Reverse Losses) of receivable and other debit balances (Note No. 46)	313 970	(834)
(Reverse Losses) of balances owed by related parties (Note No. 47)	10 122	544 670
Losses (Reverse Losses) of cash balances (Note No. 49)	443 528	18 771
Balance on June 30, 2023	**1 944 331**	**562 607**

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

The Gains on Investments in Fair value through profit or loss for the nine months ended On June 30, 2023, the amount of 6 406 982 Egyptian pounds, as follows:

	30 June 2023 EGP	30 June 2022 EGP
Profits from selling investment documents	6 406 982	3 071 145
Total as of June 30, 2023	**6 406 982**	**3 071 145**

71. INCOME TAX

The consolidated balance Income Tax for the nine months ended On June 30, 2023, the amount of 220 649 611 Egyptian pounds, as follows:

	30 June 2023 EGP	30 June 2022 EGP
Net profit before income tax	859 804 088	892 069 725
Adjustments to the accounting net profit to arrive at the net tax profit, stage losses and depreciation differences	120 860 850	574 127 057
Net taxable profit	**980 664 938**	**1 466 196 782**
Tax At (22.5%)	**220 649 611**	**329 894 276**

72. EARNINGS PER SHARE

The basic share in the consolidated profits for the nine months ended On June 30, 2023, the amount of 0,204 Egyptian pounds, as follows:

	30 June 2023 EGP	30 June 2022 EGP
Net profit for the Period	608 047 803	558 488 357
Divided by: Weighted average number of shares during the Period	2 985 351 795	3 040 594 889
Earnings per share in the consolidated profits	**0,204**	**0,184**

For the purpose of calculating the earnings per share for the year ended on June 30, 2023 the profit per share was calculated on the basis of the average number of shares outstanding during the period weighted by time factor and this is after deducting treasury shares which is 60 000 000 shares (note 62).

73. Notes receivable not included in the items of the financial statements

The balance of notes receivable not included in the items of the financial statements on June 30, 2023, amounted to an amount 2 845 472 369 Egyptian pounds, which is the value of checks for the non-delivered units contracted during the period from January 1, 2023, to June 30, 2023, 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:

	30 June 2023 EGP
Notes receivable due in 2023	195 066 818
Notes receivable due in 2024	390 018 119
Notes receivable due in 2025	401 015 548
Notes receivable due in 2026	395 207 826
Notes receivable due in 2027	1 464 164 058
Balance on June 30, 2023	**2 845 472 369**

74. 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:

Party	party type	The nature of the transaction	Balance at the beginning of the period debit / (credit)	Net transactions for the period debit / (credit)	Balance at the end of the period debit / (credit)
			EGP	EGP	EGP
Palm Hills Middle East Company for Real Estate Investment S.A.E	Subsidiary	Current account	841 082 528	(219 462 633)	621 619 895
Royal Gardens for Real Estate Investment Company S.A.E	Subsidiary	Current account	244 239	94 709	338 948
New Cairo for Real Estate Development	Subsidiary	Current account	9 266 963	(2 055 227)	7 211 736
Middle East Company for Real Estate and Touristic Investment S.A.E	Subsidiary	Current account	(128 083 578)	4 758 053	(123 325 525)
Gawda For Trading Company S A.E	Subsidiary	Current account	(49 434 370)	(424 855)	(49 859 225)
Rakeen Egypt For Real Estate Development S.A.E	Subsidiary	Current account	516 751 596	(138 631 843)	378 119 753
Saudi Urban Development S.A.E	Subsidiary	Current account	(23 509 251)	2 124 887	(21 384 364)
Nile Palm El-Naeem S.A.E	Subsidiary	Current account	(44 059 080)	--	(44 059 080)
Gamsha Tourism Development S.A.E	Subsidiary	Current account	71 146 980	15 833	71 162 813
El Naeem Hotels and Touristic Villages S.A.E	Subsidiary	Current account	(125 160 109)	--	(125 160 109)
East New Cario for Real Estate Development	Subsidiary	Current account	(549 304 115)	(616 344 389)	(1 165 648 504)

Party	party type	The nature of the transaction	Balance at the beginning of the period debit / (credit)	Net transactions for the period debit / (credit)	Balance at the end of the period debit / (credit)
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	100 405 013	--	100 405 014
Palm Hills For Education S.A.E	Subsidiary	Current account	16 946 668	57 500	17 004 168
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	80 609 574	33 252 353	113 861 927
Palm for Investment and Real Estate Development	Subsidiary	Current account	1 220 757 666	(13 229 872)	1 207 527 794
Palm Hills Properties S.A.E	Subsidiary	Current account	(977 650)	9 952 822	8 975 172
Palm Hills for Real Estate and and Tourism Development	Subsidiary	Current account	464 864 653	(108 181 388)	356 683 265
Palm Hills for Investment Tourism	Subsidiary	Current account	57 957 834	25 833	57 983 667
Palm Hills Resorts	Subsidiary	Current account	3 928 355	25 000	3 953 355
Palm for Urban Development S.A.E	Subsidiary	Current account	743 833 564	405 622 312	1 149 455 876
Palm Club Management S.A.E	Subsidiary	Current account	(956 683)	(756 090)	(1 712 774)
Palm Alexandria For Real Estate Investment	Subsidiary	Current account	49 073 453	(2 274 677)	46 798 776
Asten College for Education	Subsidiary	Current account	--	5 000	5 000
Palm for Constructions And Real Estate Development S.A.E	Subsidiary	Current account	(201 787 636)	(2 186 453)	(203 974 089)
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	63 322 950	16 445 242	79 768 192
Palm Hills Holding For Financial Investment	Subsidiary	Current account	6 250 000	150 309 543	156 559 543
The ko Korean Restaurants	Associate company	Current account	3 630 000	--	3 630 000
ColdWell Banker	Associate company	Current account	20 480	--	20 480
Aletehadia for Real Estate Development	Associate company	Current account	261 742 206	16 100 815	277 843 021

75. 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 2009**: These years have been inspected and settled with the Tax Authority
- **Years 2010 to 2012**: The company's examination has been completed and the examination differences have been Paid.
- **Years 2013 to 2021**: The company submits the tax return on the legal dates and pays the tax.

B) Payroll tax

- **Years from the beginning of the activity - 2009**: the examination, assessment and payment of tax differences were settled.
- **Years 2010-2014**: The examination was completed, and the examination differences were paid.
- **Years 2015 - 2019**: The examination was completed and in the process of settlement.
- **years 2020 – Sep 30,2022**: the company deducts the tax amounts from employees and settle them on a regular basis within the legal dates.

C) Stamp tax

- The company is subject to the Law No. 111 of 1980 and its amendments and executive regulations.
- **The period from the beginning of the activity - July 31, 2006:** The company was notified by tax forms and the taxes due were paid according to as per these forms.
- **The period from August 1, 2006 - December 31, 2012** This period has been inspected and the differences has been settled.
- **Years 2013 – Sep 30, 2022:** 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.

76. NON-CASH TRANSACTIONS

The effect of the settlement of the transfer of ownership of 3,647,345 shares of the Inco-lease Company from Palm Hills Development to Palm Holding for Financial Investments, amounting to 149,869,406 Egyptian pounds, was excluded.

77. 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 in June 30, 2023 amount 1 213 937 337 EGP as follows:

	31 Dec 2022
	EGP
Total value of sukuk issuance (32 510 000)	3 251 000 000
Deduct: issuance account balance at June 30, 2023	2 037 062 663
Net used balance from the sukuk Till June 30, 2023	**1 213 937 337**