

Mostafa Shawki

**PALM HILLS DEVELOPMENTS COMPANY**

**(An Egyptian Joint Stock Company)**

**Consolidated Financial Statements**

**In 30 June 2022**

**Together with limited Review Report**

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**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 2022 as well as the related interim consolidated statements of profit or loss and comprehensive income for the six-months periods ended, and the interim consolidated statements of changes in equity and cash flows for the six-months period ended 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 review in accordance with the Egyptian standard on review engagement no. (2410) "Review of interim financial information performed by the independent Auditor ,of the entity". A review of interim financial information consists of making inquiries primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Egyptian standards on auditing. Consequently, it does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Consequently; we do not express un audit opinion on ,these interim consolidated 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, 2022, 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 Nos. 30, 31, 65, 66).
- In addition to what was mentioned in the previous two paragraphs, the consolidated financial statements of Palm Hills Development Company have been prepared on June 30, 2022 based on the internal financial statements of the subsidiaries on that date of preparing the accompanying consolidated financial statements.



**PALM HILLS DEVELOPMENTS COMPANY S.A.E'**  
**CONSOLIDATED FINANCIAL POSITION**

As of 30 June 2022

	Note no.	30 June 2022 EGP	31 Dec 2021 EGP
<b>Non-current assets</b>			
Investments in associates	(35, b11, d8)	357 926 385	213 673 757
Investment property	(36, c11)	168 985 923	170 828 879
Fixed assets (net)	(37, 13)	2 643 590 066	2 718 635 212
Projects under construction	(38, 12)	7 977 865	7 640 536
Advance payments for investments acquisition	(39)	59 785 558	194 907 301
Employee stock ownership plan (ESOP)	(40)	46 566 000	77 610 000
Deferred tax assets	(b23)	216 899	788 628
Right of use asset	(41, 28)	12 554 972	15 831 709
Other long-term assets		1 254 293	1 337 915
Notes receivable - long term	(42, 16)	10 936 401 451	10 319 458 233
Notes receivable - long term for undelivered units	(39)	6 211 550 940	4 815 037 989
<b>Total non-current assets</b>		<b>20 446 810 352</b>	<b>18 535 750 159</b>
<b>Current assets</b>			
Works in process	(44, 14)	7 225 993 372	8 698 435 064
Accounts receivable	(45)	2 086 262 748	1 885 116 352
Debtors and other debit balances	(46)	1 456 686 911	1 437 231 691
Suppliers - advance payments		1 003 400 107	657 534 518
Due from related parties	(73, 47, 27)	358 761 706	343 876 737
Financial investments at amortized cost	(48, 33/5)	2 297 716 023	2 435 941 373
Investments at fair value through profit and loss	(33/5)	74 400 551	60 725 679
Notes receivable - short term	(42, 16)	4 474 243 338	4 040 523 707
Notes receivable - short term for undelivered units	(43, 16)	2 106 965 185	1 787 053 580
Cash and cash equivalents	(49, 32)	1 239 818 678	1 017 868 885
<b>Total current assets</b>		<b>22 324 248 619</b>	<b>22 364 307 586</b>
<b>Current liabilities</b>			
Banks - credit balances	(50)	119 659 337	99 796 140
Bank - overdraft	(51)	2 127 326 168	1 661 691 055
Current portion of Short-term loans	(52)	132 281 914	220 788 000
Notes payable - short term	(a 53)	1 210 946 218	1 340 828 591
Advances from customers	(54)	8 478 747 746	8 374 372 531
liabilities for checks received from customers	(55)	8 318 516 124	6 602 091 569
Completion of infrastructure liabilities	(21)	--	58 062 734
Lease contract liabilities - short term	(a56)	6 077 034	5 315 642
Current portion of land purchase liabilities	(a57, 20)	158 663 897	127 785 639
Due to related parties	(73, 58, 27)	5 716 913	4 864 005
Joint shares arrangement - short term	(59)	343 098 794	2 161 334 185
Creditors & other credit balances	(60)	1 152 768 384	1 042 545 113
Suppliers And contractors		1 068 682 412	1 130 851 888
Investments purchase liabilities		20 717 554	20 717 554
Provisions	(19)	315 363 018	182 587 332
Income tax payable	(a23)	343 892 974	166 759 387
Distribution Creditors		152 029 744	--
<b>Total current liabilities</b>		<b>23 954 488 231</b>	<b>23 200 391 365</b>
<b>(Deficit) Working capital</b>		<b>(1 630 239 612)</b>	<b>(836 083 779)</b>
<b>Total investment</b>		<b>18 816 570 740</b>	<b>17 699 666 380</b>
<b>Financed as follows:</b>			
<b>Shareholders' equity</b>			
Share capital	(61)	6 081 189 778	6 162 499 270
Treasury shares - In Cost	(62, 17)	--	(69 839 608)
Legal reserve	(a 63)	834 512 659	809 228 807
Special reserve	(b 63)	--	176 513 271
ESOP Re-Measurement Reserve		(31 434 000)	(390 000)
Retained earning		1 686 908 715	1 235 062 133
Net profit for the Period/Year		558 488 357	824 360 337
<b>Net controlling equities</b>		<b>9 129 665 509</b>	<b>9 137 434 210</b>
Non-controlling equities		449 537 755	454 189 051
<b>Total shareholders' equity</b>		<b>9 579 203 264</b>	<b>9 591 623 261</b>
<b>Non-current liabilities</b>			
Loans long-term	(52)	2 108 016 677	1 877 815 695
Notes payable - long term	(b 53)	1 396 593 679	2 212 834 840
Land purchase liabilities - Long Term	(b57, 20)	131 463 090	84 252 431
Other long-term liabilities - Residents' Association	(64)	4 357 007 641	3 856 263 893
Lease contract liabilities - long term	(b56)	3 720 884	5 998 308
Joint shares arrangement - long term	(59)	991 148 548	70 877 952
Partnership Sukuk		249 416 957	--
<b>Total non-current liabilities</b>		<b>9 237 367 476</b>	<b>8 108 043 119</b>
<b>Total equity and non-current liabilities</b>		<b>18 816 570 740</b>	<b>17 699 666 380</b>

- Auditor's 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 2022**

	<u>Note No.</u>	<u>Period from Jan 1st 2022 Till 30 June 2022 EGP</u>	<u>Period from Jan 1st 2021 Till 30 June 2021 EGP</u>	<u>Period from Apr 1st 2022 Till 30 June 2022 EGP</u>	<u>Period from Apr 1st 2021 Till 30 June 2021 EGP</u>
Revenues	(65-29)	6 940 217 154	4 009 609 436	4 036 429 941	2 031 689 786
<b>Deduct: -</b>					
Cost of revenues	(66-30)	4 570 016 983	2 567 723 563	2 597 105 349	1 322 353 548
Cash discount		36 026 484	23 632 965	23 484 717	12 611 623
<b>Gross profit</b>		<b>2 334 173 687</b>	<b>1 418 252 908</b>	<b>1 415 839 875</b>	<b>696 724 615</b>
<b>Deduct: -</b>					
General administrative, selling and marketing expenses	(67)	973 811 820	593 022 019	638 049 186	280 064 072
Depreciation and amortization	(41-37)	87 130 639	80 937 024	43 579 130	39 942 348
Finance costs & interests	(68-25)	315 297 484	164 760 611	165 032 862	83 502 484
Provision	(c30,19)	135 881 592	5 580 593	134 231 596	2 184 109
(Reversal) Expected credit losses		562 607	(195 485)	(163 394)	(97 743)
<b>Total general, administrative, marketing and financing expenses, depreciation</b>		<b>1 512 684 142</b>	<b>844 104 762</b>	<b>980 729 380</b>	<b>405 595 270</b>
<b>Add</b>					
Amortization of discount on notes receivables		39 271 291	7 648 044	27 288 835	3 824 022
Gains on investments in fair value through profit or loss	(70,33/5)	3 071 145	9 956 880	1 604 130	4 712 326
Credit interest and financial investment returns at amortized cost	(d31)	28 237 744	17 813 740	12 963 847	8 162 460
<b>Total other revenues</b>		<b>70 580 180</b>	<b>35 418 664</b>	<b>41 856 812</b>	<b>16 698 808</b>
<b>Net profit for the Year before income tax &amp; non-controlling equities</b>		<b>892 069 725</b>	<b>609 566 810</b>	<b>476 967 307</b>	<b>307 828 153</b>
<b>Deduct: -</b>					
Income tax	(71-a 23)	329 894 276	113 619 994	220 697 539	29 459 980
Deferred tax	(b 23)	381 840	240 551	280 765	59 075
<b>Net profit for the Year before &amp; non-controlling equities</b>		<b>561 793 609</b>	<b>495 706 265</b>	<b>255 989 003</b>	<b>278 309 098</b>
<b>Deduct: -</b>					
Non-controlling equities share- subsidiaries		3 305 252	34 082 255	(7 533 279)	21 412 588
<b>Net profit for the Year after income tax &amp; non-controlling equities</b>		<b>558 488 357</b>	<b>461 624 010</b>	<b>263 522 282</b>	<b>256 896 510</b>
Earnings per share for profits	(72-26)	0.184	0.152	0.087	0.084

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

Chairman

Chief Financial Officer

Yasseen Mansour

Ali Thabet

**PALM HILLS DEVELOPMENTS COMPANY S.A.E**  
**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**For The Six Months Ended In 30 June 2022**

	<u>Period from</u> <u>Jan 1<sup>st</sup> 2022</u> <u>Till</u> <u>30 June 2022</u> <u>EGP</u>	<u>Period from</u> <u>Jan 1<sup>st</sup> 2021</u> <u>Till</u> <u>30 June 2021</u> <u>EGP</u>	<u>Period from</u> <u>Apr 1<sup>st</sup> 2022</u> <u>Till</u> <u>30 June 2022</u> <u>EGP</u>	<u>Period from</u> <u>Apr 1<sup>st</sup> 2021</u> <u>Till</u> <u>30 June 2021</u> <u>EGP</u>
Net profit for the Year	558 488 357	461 624 010	263 522 282	256 896 510
Other comprehensive income	--	--	--	--
<b>Total comprehensive income for the Year, net of tax</b>	<b><u>558 488 357</u></b>	<b><u>461 624 010</u></b>	<b><u>263 522 282</u></b>	<b><u>256 896 510</u></b>
<b><u>Attributable to: -</u></b>				
Equity holders of the parent	558 488 357	461 624 010	263 522 282	256 896 510
Non-controlling equities	3 305 252	34 082 255	7 533 279	21 412 588
	<b><u>561 793 609</u></b>	<b><u>495 706 265</u></b>	<b><u>271 055 561</u></b>	<b><u>278 309 098</u></b>

- The accompanying notes are integral part of the financial statements

**Chairman**

**Chief Financial Officer**

**Yasseen Mansour**

**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 June 30, 2022**

	Note No.	30 June 2022 EGP	30 June 2021 EGP
<b>Net profit for the year before income tax &amp; non-controlling equities</b>		<b>892 069 725</b>	<b>609 566 810</b>
<b>Adjustments to reconcile net profit to net cash from operating activities</b>			
Installments interest – lands		63 364 950	33 629 220
Provisions	(30c ,19)	135 881 592	5 580 593
Depreciation & amortization	(41 ,37)	100 007 444	91 317 830
Finance cost & interest	(25)	251 932 534	131 131 391
(reversal) Expected credit loss		562 607	(195 485)
Losses (gains) on investments in Associates	(35)	2 554 921	(296 686)
(Gain) on disposal of fixed assets	(37)	(119 750)	(10 400 407)
Amortization of current value deduction for notes receivables		(39 271 291)	(7 648 044)
Gain on investment at fair value through profit or loss	(33/5)	(3 071 145)	(9 956 880)
Credit Interest	(d31)	(28 237 744)	(17 813 740)
<b>Operating profits before changes in working capital</b>		<b>1 375 673 843</b>	<b>824 914 602</b>
<b>Cash flow from operation activities</b>			
Change in work in process	(44 ,14)	1 510 932 698	(651 709 068)
Change In Financial investments at amortized cost	(48,33/5)	138 225 350	(725 484 717)
Change in notes receivables	(43 ,16)	(1 011 391 556)	(1 078 022 904)
Change in notes receivables for units not delivered yet	(33/5)	(1 716 424 555)	--
Change in investments at fair value through profit or loss	(45)	(13 674 872)	53 874 760
Change in accounts receivables		(201 146 396)	(211 277 697)
Change in suppliers – advanced payments		(345 865 590)	(95 230 655)
Change in Debtors and other debit balances	(73,47,27)	(19 454 385)	(43 872 367)
Change in due from related parties	(54)	(15 429 645)	(13 204 116)
Change in accounts receivables – advance payments		104 375 216	463 530 392
Obligations for checks received from customers		1 716 424 555	--
Lease liabilities		(2 440 634)	--
Change in facilities completion liabilities		(58 062 733)	--
Change from provision	(c30,19)	(3 105 906)	945 955
Change in notes payable	(53)	(1 009 488 484)	644 509 291
Change in due to related parties	(73,58,27)	852 908	--
Change in suppliers & contractors		(62 169 479)	360 212 888
Income taxes	(70)	(152 760 689)	(37 247 048)
Change in creditors & other credit balances	(60)	110 223 269	68 584 587
Change in Partners share in joint arrangements	(59)	(897 964 795)	326 817 684
Change in long term liabilities – Residents' Association	(64)	500 743 748	438 211 919
<b>Net cash provided by (used in) operating activities</b>		<b>(51 928 132)</b>	<b>325 553 506</b>
<b>Cash flows from investing activities</b>			
Payments for purchase of fixed assets	(37)	(21 048 945)	(33 450 168)
Proceeds from sale of fixed assets	(37)	119 750	10 520 436
Payments for associate's investment	(35)	(149 880 818)	(10 367 500)
Proceeds for associate's investment		3 073 268	--
proceeds from other assets		83 622	83 623
Proceeds from investments in fair value through profit or loss	(33/5)	3 071 145	9 956 880
Proceeds From Financial investments at amortized cost		28 237 744	17 813 740
<b>Net cash provided by (used in) investing activities</b>		<b>(136 344 234)</b>	<b>(5 442 989)</b>
<b>Cash flows from financing activities</b>			
Share capital decreasing – treasury shares execution		--	(72 700 000)
Payments for Banks - credit balances	(61)	19 863 197	(1 761 390)
Proceeds from Banks – overdraft	(50)	465 635 114	94 786 184
Treasury stocks		--	(22 849 342)
dividends		(197 029 744)	(337 843 877)
Adjustments to retained earnings		(9 640 298)	(253 889 376)
Non-controlling equities dividends		(7 956 548)	41 184 938
Deferred tax	(b23)	189 889	787 385
Proceeds from Partnership Sukuk		249 416 957	--
Payment of loans	(52)	(185 000 000)	(481 095 047)
Proceeds from loans	(52)	326 694 897	262 090 519
Finance costs & interests paid	(25)	(251 932 534)	(131 131 391)
<b>Net cash (used in) financing activities</b>		<b>410 240 930</b>	<b>(902 421 397)</b>
<b>Net increase in cash and cash equivalents during the year</b>		<b>221 968 564</b>	<b>(582 310 880)</b>
<b>Cash and cash equivalents at beginning of the year</b>		<b>(18 771)</b>	<b>--</b>
<b>Expected credit impact (losses)</b>		<b>1 017 868 885</b>	<b>1 579 250 273</b>
<b>Cash and cash equivalents as of 30 June 2022</b>	(49 ,32)	<b>1 239 818 678</b>	<b>996 939 393</b>

- 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

Ali Thabet

Chairman

Yasseen Mansour

**Palm Hills Developments Company**  
**(S.A.E)**  
**Notes to the Consolidated**  
**Financial Statements As Of June 30, 2022**

**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 located in the Smart Village.

**4. COMMERCIAL REGISTER**

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

**5. Financial Year**

The company's financial year begins on 1 January and ends on 31 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 six months ended in June 30, 2022 were authorized for issue by the board of directors on 16 August 2022.

**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 1,392.20 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 3262.05 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) Investments in Associates and subsidiaries**

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

	<b><u>Percentage share %</u></b>
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%
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%

	<u>Percentage share %</u>
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	15.36%

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

	<u>Percentage share %</u>
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**

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

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

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

- **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 June 18, 2019.

- **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 June, 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 6<sup>th</sup> 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-up 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 6<sup>th</sup> 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 6<sup>th</sup> of October City - owned by Palm Hills Development Company as of 1st January 2020

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

Palm for Real Estate Development S.A.E is registered in Egypt under commercial registration number 83974 under the provisions of the Companies' Law No. 159 of 1981 and the statutes of the Capital Market Law No. 95 of 1992. The company is engaged in real estate investment.

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

Palm for Investment & Real Estate Development S.A.E is registered in Egypt under commercial registration number 85861 under the provisions of the Companies' Law No. 159 of 1981 and the statutes of the Capital Market Law No. 95 of 1992. The company is engaged in real estate investment and real estate marketing.

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

Palm Hills Development of Tourism and Real Estate S.A.E is registered in Egypt under commercial registration number 92998 under the provisions of the Companies' Law No. 159 of 1981 and the statutes of the Capital Market Law No. 95 of 1992. The company is engaged in real estate investment and real estate marketing.

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

Palm Hills for Tourism Investment S.A.E is registered in Egypt under commercial registration number 31569 under the provisions of the Companies' Law No. 159 of 1981 and the statutes of the Capital Market Law No. 95 of 1992. The company began to carry out its main activity by investing in the capital of the Disney investment company.

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

Palm Hills Resorts S.A.E is registered in Egypt under commercial registration number 93163 under the provisions of the Companies' Law No. 159 of 1981 and the statutes of the Capital Market Law No. 95 of 1992. The company is engaged in real estate investment and real estate marketing.

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

Palm for Urban Development S.A.E is registered in Egypt under commercial registration number 99183 under the provisions of the Companies' Law No. 159 of 1981 and the statutes of the Capital Market Law No. 95 of 1992. The company is engaged in real estate investment.

- **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 Properties S.A.E is registered in Egypt under commercial registration number 88228 under the provisions of the Companies' Law No. 159 of 1981 and the statutes of the Capital Market Law No. 95 of 1992. The company is engaged in real estate investment and real estate marketing. The Company has not started its business yet.

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

Palm for Club Management S.A.E is registered in Egypt under commercial registration number 101134 under the provisions of the Companies' Law No. 159 of 1981 and the statutes of the Capital Market Law No. 95 of 1992. The company is engaged in real estate marketing, establishing, managing, ownership, sale and rental of apartments and commercial malls and establishing and operating of hotels, motels, apartments, hotel suites and tourist villages.

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

Palm Alexandria for Real Estate S.A.E is registered in Egypt under commercial registration number 101133 under the provisions of the Companies' Law No. 159 of 1981 and the statutes of the Capital Market Law No. 95 of 1992. The company is engaged in real estate investment in new cities and urban communities. The issued and paid-up capital is 250,000 and the company shareholding is 99.2 from the capital. The company started its main activity by acquiring a large plot of a land 13800m in the eastern expansions.

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

United Engineering for Construction S.A.E is registered in Egypt under commercial registration number 56910 under the provisions of the Companies' Law No. 159 of 1981 and the statutes of the Capital Market Law No. 95 of 1992. The company is located at 40 Lebanon Street-Mohandessin-Giza. The company is engaged in construction.

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

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

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

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

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

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

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

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

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

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

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

Royal Gardens for Real Estate Investment Company S.A.E. is registered in Egypt under commercial registration number 21574 under the provisions of the Investment Guarantees and Incentives Law No. 8 of 1997 and the Companies' Law No. 159 of 1981 and the statutes of Capital Market Law No. 95 of 1992. The company is located in 11 El-Nakhil Street- Dokki-Giza.

The 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**

Nile Palm Al-Naeem for Real Estate Development S.A.E is registered in Egypt under commercial registration number 27613 under the provisions of the Investment Guarantees and Incentives Law No. 8 of 1997 and the Companies' Law No. 159 of 1981.

The paid-up capital is 99,186,000 and the company contribution is 51% of the issued capital.

The company started its activity by acquiring 3,2029 acres from the issued capital.

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

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

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 6<sup>th</sup> of October in addition to 39,533 acres (faddan) at New Cairo.

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

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

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

Palm October for Hotels S.A.E is registered in Egypt under commercial registration number 15970 under the provisions of the Companies' Law No. 159 of 1981.

The paid-up capital is 500,000 and the company contribution is 49% of the issued capital.

**The company has not started its buss yet.**

- **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 (Incolease)**

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%.

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

	<b><u>Percentage share %</u></b>
Middle East Company for Real Estate and Touristic Investment S.A.E	87.50%
Palm North Coast Hotels S.A.E	97.412%
Palm Gamsaha 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**

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

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

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

- **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 Eovernorate.

- **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.

- International Company for Financial Leasing (Incolase)

- **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 stock company subject to law no. (159) of 1981 and investment law no. (72) of 2017 and their executive regulation.

The main purpose of the company is to stablish, mange or operate schools without prejudice the applicable laws & regulations and on the condition that the necessary licenses are is issued.

The company was registered in commercial registry no. 162856 on 4 March 2021, the issued capital is 3 million EGP at 25%

The capital of Palm resorts company, while contributes to the capital of inspired education - Egypt by 48%.

- **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.

**d) 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**

These consolidated financial statements of Palm Hills Developments and its subsidiaries (the 'group') were prepared in accordance with new Egyptian Accounting Standards issued by ministerial resolution NO. 110 of 2015 and amended pursuant to ministerial resolution NO. 69 of 2019 and following the same accounting policies applied for the preparation of the previous financial statements on December 31, 2021 which were not undergoes any amendments or any update, except for what was 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 June 30 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:

	<b><u>Percentage</u></b> <b><u>share %</u></b>	<b><u>Nature</u></b>
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 policies 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 financial period ending on March 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 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 6<sup>th</sup> 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 its original assessed standard of performance and useful life and should be charged to the income statement. Carrying amount of fixed assets after initial measurement is stated at historical cost less accumulated depreciation and cumulative impairment losses (if any). The estimated useful lives are as follows:

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

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

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

An impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized, and it is limited so that the asset's carrying amount (as a result of the impairment loss reversal), its recoverable amount or The book value that would have been determined (net of depreciation) unless the loss resulting from the impairment of the value of the asset is recognized in previous years, and the response is recorded in any loss resulting from the impairment of the value of an asset in the income statement (profits and losses)

#### **14. WORK IN PROCESS**

Work in process includes direct and indirect cost of land allocated to the Company for it to carry out its main activity whether the Company started the marketing activities for such lands or not, as well as construction and infrastructure costs and other indirect construction costs, that are related to contracted units, in which the required criteria of percentage of completion to be achieved has not yet been met to be recognized in income statement recognizing revenues in light of the application of Egyptian accounting standard no. (48) by measuring the progress in meeting performance obligations to be included in the income statement (profit & losses).

#### **15. COMPLETED UNITS READY FOR SALE**

Completed units ready for sale represent those units the Company started to build before or in conjunction with their marketing strategy and in accordance with the Master Plan.

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

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

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

#### **16. NOTES RECEIVABLE**

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

## **17. TREASURY STOCKS**

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

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

## **18. IMPAIRMENT IN ASSETS**

### **18/1 Financial Assets**

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

#### **Stage one: 12-month expected credit loss**

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

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

#### **Stage 2: Lifetime ECL - with no credit impairment**

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

At the end of each reporting 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 revenues:**

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 revenues:**

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**

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 process of selling those investments and transferring ownership - in principle - to the buyer, and these revenues are proven as selling 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 to the principle of entitlement.

**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 liabilities are excluded when the contractual obligations are discharged, canceled or expired.

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

On derecognition of financial liabilities, the difference between the carrying amount 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.

	<u>NOTE</u> <u>NO.</u>
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)

### b. 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 the 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 the 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, 2022 amounted to an amount EGP 357 926 385 as follows**

	<u>30 June 2022</u>	<u>31 Dec 2021</u>
	<u>EGP</u>	<u>EGP</u>
Naema for Touristic & Real Estate Investments S.A.E	81 142 773	86 770 963
Disney Beach S.A.E	104 121 304	104 121 304
International Financial Leasing Company - Incolease	149 880 818	--
EFS palm for facilities services S.A.E	6 633 373	6 633 373
Villamora for Real Estate Development Company S.A.E	2 535 617	2 535 617
Palm Hills for Real Estate S.A.E-Coldwell Banker	245 000	245 000
Inspired Egypt for Education S.A.E	367 500	367 500
Egyptian International for Higher Education S.A.E	10 000 000	10 000 000
The Cookery - Co for catering and restaurants S.A.E	3 000 000	3 000 000
<b>Balance on June 30, 2022</b>	<b><u>357 926 385</u></b>	<b><u>213 673 757</u></b>

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

	<u>Assets</u>	<u>Liabilities</u>	<u>Shareholders' equity</u>	<u>Revenues</u>	<u>Expenses</u>
Naema for Touristic & Real Estate Investments	191 579 041	29 274 285	162 304 756	17 346 311	6 978 045
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, 2022 amounted to 168 985 923 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:

<u>Real estate investments - land</u>	<u>Acre</u>	<u>30 June 2022</u>	<u>31 Dec 2021</u>
		<u>EGP</u>	<u>EGP</u>
Gamsha for Tourist Development S.A.E	22,679	115 958 756	115 958 756
<b>Total real estate investment - land</b>		<b>115 958 756</b>	<b>115 958 756</b>
<u>Real Estate Investments - Buildings</u>			
<u>Commercial shops - Palm Hills Resort</u>			
Cost of shops (88 Street Mall)		69 111 647	68 954 767
Accumulated depreciation		(20 084 480)	(18 084 644)
<b>Net cost of shops (88 Street Mall)</b>		<b>49 027 167</b>	<b>50 870 123</b>
Villas at villa mora resort		4 000 000	4 000 000
<b>Balance on June 30, 2022</b>		<b>168 985 923</b>	<b>170 828 879</b>

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 on June 30, 2022 amounted to EGP 2 643 590 066 presented by fixed administrative assets on the site and the headquarter as follows:

	Cost as of Jan. 1, 2022 EGP	Additions during the Period EGP	Disposals during the Period EGP	Cost as of 30 June 2022 EGP	Accumulated depreciation as of Jan. 1, 2022 EGP	Depreciation for the Period EGP	Depreciation of Disposals EGP	Accumulated depreciation as of 30 June 2022 EGP	Net book value as 30 June 2022 EGP
* land	33 145 821	--	--	33 145 821	--	--	--	--	33 145 821
* Buildings	723 519 800	2 970 501	--	726 490 301	287 742 293	14 304 901	--	302 047 194	424 442 846
Machinery & equipment	206 479 321	5 275 969	52 732	211 702 558	149 713 646	7 649 255	52 732	157 310 169	54 392 107
Vehicles	33 172 286	1 855 105	135 000	34 892 391	23 718 574	1 823 321	135 000	25 406 895	9 485 497
Computer equipment	97 922 360	1 566 695	--	99 489 056	82 318 592	3 844 488	--	86 163 080	13 325 976
Leasehold improvements	21 131 909	--	--	21 131 909	21 083 013	7 518	--	21 090 531	41 378
Furniture	114 780 707	9 380 676	--	124 161 383	75 829 585	7 279 568	--	83 109 153	41 052 229
Golf Courses	2 412 319 396	--	--	2 412 319 397	283 430 420	61 185 306	--	344 615 726	2 067 703 670
<b>Total cost</b>	<b>3 642 471 600</b>	<b>21 048 945</b>	<b>187 832</b>	<b>3 663 332 814</b>	<b>923 836 123</b>	<b>96 094 357</b>	<b>187 732</b>	<b>1 019 742 748</b>	<b>2 643 590 066</b>

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

d. The total depreciation of fixed assets for the six months ending on June 30, 2022 amounted to 96 094 357 EGP as follows:

Operating assets-work in process	EGP	
Administrative depreciation (income statement)	2 288 088	
Depreciation expense of hotel operations	80 929 464	
Depreciation expense of Palm Hills Club's assets - club's operating statement	5 426 759	
<b>Total depreciation of fixed assets during the year</b>	<b>7 450 046</b>	
<b>Capital Gains for the six months ending on June 30, 2022 amounted to EGP 119 750 as follows:</b>	<b>EGP</b>	<b>EGP</b>
Proceed from sale of fixed assets		119 750
<b>Deduct:</b>		
Cost of assets sold	177 732	
Accumulated depreciation of assets sold	177 732	
<b>Carrying amount of assets sold</b>		
<b>Gain on sale of fixed assets as of June 30, 2022</b>		<b>119 750</b>

\* 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 in 31 DEC 2021 amounted to EGP 2 718 635 212 presented by fixed administrative assets on the site and the headquarter as follows:**

	Cost as of Jan. 1, 2021 EGP	Additions during the year EGP	Disposals during the year EGP	Cost as of 31 DEC 2021 EGP	Accumulated depreciation as of Jan. 1, 2021 EGP	Depreciation for the year EGP	Depreciation of Disposals EGP	Accumulated depreciation as of 31 DEC, 2021 EGP	Net book value as 31 DEC 2021 EGP
* land	33 145 821	--	--	33 145 821	--	--	--	--	33 145 821
* Buildings	635 895 516	87 624 285	--	723 519 801	261 903 206	25 839 347	--	287 742 553	435 777 248
Machinery & equipment	204 705 001	23 086 525	21 312 204	206 479 322	154 273 146	16 749 549	21 309 048	149 713 647	56 765 675
Vehicles	28 215 158	7 165 185	2 208 057	33 172 286	22 494 033	3 409 286	2 184 744	23 718 575	9 453 711
Computer equipment	90 197 217	11 638 582	3 913 437	97 922 362	77 434 991	8 590 139	3 706 533	82 318 597	15 603 765
Leasehold improvements	21 244 693	--	112 784	21 131 909	20 563 265	632 531	112 784	21 083 012	48 897
Furniture	102 360 738	19 643 112	7 223 147	114 780 703	68 032 647	13 125 323	5 328 386	75 829 584	38 951 119
Golf Courses	2 412 302 955	16 441	--	2 412 319 396	161 060 721	122 369 699	--	283 430 420	2 128 888 976
<b>Total cost</b>	<b>3 528 067 099</b>	<b>149 174 130</b>	<b>34 769 629</b>	<b>3 642 471 600</b>	<b>765 762 009</b>	<b>190 715 874</b>	<b>32 641 495</b>	<b>923 836 388</b>	<b>2 718 635 212</b>

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

f. Fixed assets depreciation for the year Ended in 31, Dec 2021 amounted To EGP 190 715 874 and allocated as follows:

Operating assets-work in process	EGP	8 302 120
Administrative depreciation (income statements)		160 900 940
Depreciation expense of hotel operations		9 336 562
Depreciation expense of Palm Hills Club's assets - club's operating statement		12 176 252
<b>Total depreciation of fixed assets during the year</b>	<b>EGP</b>	<b>190 715 874</b>
<b>Capital Gains for the year ended in 31, Dec 2021 amounted to EGP 10 908 789 as follows:</b>	<b>EGP</b>	<b>13 036 923</b>
Proceed from sale of fixed assets		
Deduct:		
Cost of assets sold		34 769 629
Accumulated depreciation of assets sold		32 641 495
<b>Carrying amount of assets sold</b>		<b>2 128 134</b>
<b>Gain on sale of fixed assets as of December 31, 2020</b>		<b>10 908 789</b>

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, 2022 amounted to EGP 7 977 865 and is the value of the cost of land and construction work for service areas and recreational areas in the residential complexes of the Palm Hills Group, as follows:

	<u>30 June 2022</u>	<u>31 Dec 2021</u>
	<u>EGP</u>	<u>EGP</u>
Consultation and designs fees	7 977 865	3 889 384
Schools Construction cost	--	3 751 152
<b>Balance on June 30, 2022</b>	<b><u>7 977 865</u></b>	<b><u>7 640 536</u></b>

### **39. ADVANCE PAYMENTS FOR INVESTMENTS ACQUISITION**

The consolidated balance of advance payments for investments acquisitions as of June 30, 2022 amounted to 59 785 558 as follows:

	<u>Nature of</u>	<u>30 June 2022</u>	<u>31 Dec 2021</u>
	<u>transaction</u>	<u>EGP</u>	<u>EGP</u>
Palm Hills – Saudi	Establishment	--	135 121 743
Al Naeem for Hotels and Touristic Villages	Acquisition	41 303 890	41 303 890
Kenzie company for restaurant	Establishment	4 209 316	4 209 316
Gamsha for Tourist Development S.A.E	Acquisition	4 010 000	4 010 000
Middle East Company for Real Estate and Touristic Investment	Acquisition	10 262 352	10 262 352
<b>Balance on June 30, 2022</b>		<b><u>59 785 558</u></b>	<b><u>194 907 301</u></b>

- 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 June 26, 2019, and the fair value of those shares on June 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 are represented in the right of use assets(lessee) the rents of offices and administrative headquarters, and the balance has reached On June 30, 2022 an amount of 12 554 972 EGP is as follows: -

	<u>30 June 2022</u>	<u>31 Dec 2021</u>
	<u>EGP</u>	<u>EGP</u>
The right of use assets – headquarters rent.	26 229 273	26 229 273
Accumulated depreciation	(13 674 301)	(10 397 564)
Balance on June 30, 2022	<u>12 554 972</u>	<u>15 831 709</u>

#### **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 consolidated balance of the receivables reached on June 30, 2022 is EGP

15 410 644 789 after deducting the difference in the present value of EGP 285 294 986 and the share of the partners in an amount of EGP 983 253 419 as follows:

	<u>30 June 2022</u>	<u>31 Dec 2021</u>
	<u>EGP</u>	<u>EGP</u>
Short term notes receivable	4 819 549 523	4 317 607 103
<b>Deduct: -</b>		
Unamortized discount	35 644 430	13 426 429
Notes receivable of joint venture	309 661 755	263 656 967
Current value for short term notes receivable	<u>4 474 243 338</u>	<u>4 040 523 707</u>
<b>Long term notes receivable</b>	<b>11 859 643 671</b>	<b>11 161 076 139</b>
<b>Deduct: -</b>		
Unamortized discount	249 650 556	264 524 974
Notes receivable of joint venture	673 591 664	577 092 932
Current value for long term notes receivable	<u>10 936 401 451</u>	<u>10 319 458 233</u>
Balance on June 30, 2022	<u>15 410 644 789</u>	<u>14 359 981 940</u>

According to the Central Bank of Egypt's Board of Directors No.1906 of 2007 concerning the regulations and rules governing banking finance to real estate development companies operating

in the field of housing units and construction for the purpose of their sale, Bank cannot discount trade and notes receivable, unless contracted units be delivered to customers.

\*Notes receivables balances included an amount of 2.015 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 December 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, 2022 an amount of 8 318 516 125 Egyptian pounds is as follows: -

	<u>30 June 2022</u>	<u>31 Dec 2021</u>
	<u>EGP</u>	<u>EGP</u>
Short term notes	2 383 593 680	2 107 031 941
<b><u>Deduct:</u></b>		
Deduction of the difference in the present value	148 074 165	127 798 483
The share of partners in joint ventures is deducted	128 554 330	192 179 878
<b>The present value of short-term receivables</b>	<b><u>2 106 965 185</u></b>	<b><u>1 787 053 580</u></b>
<b>Long term notes</b>	<b><u>10 517 191 752</u></b>	<b><u>8 881 914 976</u></b>
<b><u>Deduct:</u></b>		
Deduction of the difference in the present value	3 707 975 724	3 061 423 808
The share of partners in joint ventures is deducted	597 665 088	1 005 453 179
<b>The present value of long-term notes</b>	<b><u>6 211 550 940</u></b>	<b><u>4 815 037 989</u></b>
<b>Balance on June 30, 2022</b>	<b><u>8 318 516 125</u></b>	<b><u>6 602 091 569</u></b>

- 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, 2022 The amount of EGP 7 225 993 372 which is as follows:

	<u>Balance</u> <u>30 June 2022</u> <u>EGP</u>	<u>Balance</u> <u>31 Dec 2021</u> <u>EGP</u>
Total work carried out until Jan, 1 2022	34 955 192 967	30 228 401 999
<b>Add:</b>		
Work carried out for the six Months ended June 30 2022	1 862 761 007	4 726 790 968
<b>NET work carried out as of June, 30 2022</b>	<b>36 817 953 974</b>	<b>34 955 192 967</b>
<b>Less: excluded from income statement until June, 30 2022</b>	<b>29 591 960 602</b>	<b>26 256 757 903</b>
<b>The Balance of Work in progress as of June, 30 2022</b>	<b>7 225 993 372</b>	<b>8 698 435 064</b>
<b>Represented As follows:</b>		
Land acquisition cost	3 389 197 034	4 088 394 590
Cost of construction and facilities	3 836 796 338	4 610 040 474
<b>Balance on June 30, 2022</b>	<b>7 225 993 372</b>	<b>8 698 435 064</b>

\* The company decided to make a settlement for some of its liabilities to NUCA, it waived a space of approximately 481, 25 fed a to NUCA

\* 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 Period ended June 30, 2022 amounted to EGP 102 561 752 (Note NO. 52).

#### 45. ACCOUNTS RECEIVABLE

The present value of accounts receivable - debit balances on June 30, 2022 amounted to EGP 2 086 262 748 This due balance is represented in the difference between the contractual value of some contracted units and the advance of reservation and the installments paid for those units, without paying or depositing cash notes receivable or any other credit instruments for due installments, and it also includes the value of returned checks or non-collected checks from some clients as followings:

	<u>30 June 2022</u> <u>EGP</u>	<u>31 Dec 2021</u> <u>EGP</u>
Palm Hills Developments Company	681 940 963	706 279 376
Palm Hills Middle East Company for Real Estate Investment	115 180 790	135 123 177
Royal Gardens for Real Estate Investment Company	4 526 577	4 812 075
New Cairo for Real Estate Developments	1 309 980	1 308 515
Gawda for Trade Services	786 992	830 691
Saudi Urban Development Company	47 523 787	63 945 174
Rakeen Egypt for Real Estate Investment	87 740 675	88 438 038
East New Cairo for Real Estate Development	85 114 533	99 555 902
Middle East Company for Real Estate and Touristic Investment	2 188 862	2 579 888
United Engineering for Construction	--	349 602
Palm Real Estate Development	48 590 263	37 551 354
Palm for Investment and Real Estate Development	247 641 055	390 354 314
Palm Hills Development of Tourism and Real Estate	41 494 923	15 919 815
Palm Hills Properties	9 895 218	10 009 217
Palm for Urban Development	661 331 881	301 281 734
Palm for Clubs Management	10 017 089	10 195 048
Palm for Construction	38 233 718	19 545 025
Palm Sports for Clubs	3 986 493	1 958 858
Palm Alexandria	3 626 400	--
<b>Total</b>	<b>2 091 184 199</b>	<b>1 890 037 803</b>
<b>Less: Expected credit losses</b>	<b>4 921 451</b>	<b>4 921 451</b>
<b>Balance on June 30, 2022</b>	<b>2 086 262 748</b>	<b>1 885 116 352</b>

#### **46. DEBTORS AND OTHER DEBIT BALANCES**

The consolidated balance of debtors and other debit balances as of June 30, 2022 amounted to 1 456 686 911 as follows:

	<u>30 June 2022</u>	<u>31 Dec 2021</u>
	<u>EGP</u>	<u>EGP</u>
Paid under land account	41 445 076	53 488 759
Residents' Association	594 644 546	722 969 129
Investment's debtors	4 817 723	4 944 721
Deposits with others	80 885 583	62 755 953
Prepaid expenses	142 818 290	119 989 831
Accrued Revenues	15 925 601	27 617 480
Payments to joint venture partners	482 898 749	336 986 986
Withholding tax	8 106 149	3 216 705
Letter of Guarantee	39 463 989	39 463 989
Loans to employee & custodies	10 373 876	6 552 072
Other debit balances	35 320 980	59 260 551
<b>Total</b>	<b>1 456 700 562</b>	<b>1 437 246 176</b>
<b>Less: Expected credit losses</b>	<b>13 651</b>	<b>14 485</b>
<b>Balance on June 30, 2022</b>	<b>1 456 686 911</b>	<b>1 437 231 691</b>

\* 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, 2022 amounted to 358 761 706 as follows:

	<u>30 June 2022</u>	<u>31 Dec 2021</u>
	<u>EGP</u>	<u>EGP</u>
Al Ethadia for Real Estate S.A.E	268 648 471	265 204 050
Al Naeem for investments	48 755 256	48 755 256
Debtors of dividends	33 246 618	22 221 612
Palm Hills for Real Estate S.A.E-Coldwell Banker	20 480	20 480
Novotel Cairo 6th Of October S.A.E	3 161 692	3 769 519
The cookery co for catering and restaurant	3 880 000	3 380 000
Mercure Ismailia Hotel S.A.E	1 864 869	796 830
Palm Hills. Saudi _ELBaltan	269 320	269 320
<b>Total</b>	<b>359 846 706</b>	<b>344 417 067</b>
<b>Less: Expected credit losses</b>	<b>1 085 000</b>	<b>540 330</b>
<b>Balance on June 30, 2022</b>	<b>358 761 706</b>	<b>343 876 737</b>

#### **48. Financial investments at amortized cost**

The consolidated balance for held-to-maturity investments on June 30, 2022 is an amount EGP 2 297 716 023 It represents the value of investment in treasury bills and bonds as follows:

	<u>Face value</u>	<u>Unrecognized investment</u>	<u>Average return rate</u>	<u>Purchase price</u>
	<u>EGP</u>	<u>EGP</u>	<u>%</u>	<u>EGP</u>
Palm Hills Development	1 202 260 000	43 126 690	%10	1 159 133 310
Palm Hills Middle East Company for Real Estate Investment	131 850 000	7 658 559	%10	124 191 441
East New Cairo for Real Estate Development	29 375 000	1 281 169	%10	28 093 831
Gawda for Trade Services	2 225 000	38 788	%10	2 186 212
Middle East Company for Real Estate and Touristic Investment	3 825 000	152 448	%10	3 672 552
Palm Hills For Constructions	21 100 000	488 380	%10	20 611 620
Palm Hills Development of Tourism and Real Estate	146 850 000	4 581 488	%10	142 268 512
Palm for investment and real estate development	297 525 000	14 843 608	%10	282 681 392
Palm real estate development	89 625 000	4 167 894	%10	85 457 106
Palm Hills for Urban Development Company	45 800 000	1 510 019	%10	44 289 981
Rakeen Egypt for Real Estate Investment	158 225 000	7 369 401	%10	150 855 599
Royal Gardens for Real Estate Investment Company	72 100 000	1 626 503	%10	70 473 497
Saudi Urban Development Company	190 900 000	7 099 030	%10	183 800 970
<b>Balance on June 30, 2022</b>	<b>2 391 660 000</b>	<b>93 943 977</b>		<b>2 297 716 023</b>

*\*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, 2022 amounted to 1 239 818 678 as follows:

	<u>30 June 2022</u>	<u>31 Dec 2021</u>
	<u>EGP</u>	<u>EGP</u>
Banks-current accounts- EGP	1 159 300 009	949 470 970
Banks-current accounts- foreign currency	61 884 193	54 421 198
Banks – Deposits- EGP	2 499 999	2 500 000
Cash on hand- EGP	16 236 119	11 559 588
<b>Total</b>	<b>1 239 920 319</b>	<b>1 017 951 756</b>
<b>Less: Expected credit losses</b>	<b>101 642</b>	<b>82 871</b>
<b>Balance on June 30, 2022</b>	<b>1 239 818 678</b>	<b>1 017 868 885</b>

#### **50. BANKS- CREDIT BALANCES**

The consolidated balance of Banks credit accounts as of June 30, 2022 amounted to 119 659 337 as follows:

	<u>30 June 2022</u>	<u>31 Dec 2021</u>
	<u>EGP</u>	<u>EGP</u>
Banks –EGP	114 108 707	95 285 607
Banks-foreign currencies	5 550 630	4 510 533
<b>Balance on June 30, 2022</b>	<b>119 659 337</b>	<b>99 796 140</b>

## **51. BANK OVERDRAFT**

The consolidated balance of Banks overdraft as of June 30, 2022 amounted to 2 127 326 168 as follows:

	<u>30 June 2022</u>	<u>31 Dec 2021</u>
	<u>EGP</u>	<u>EGP</u>
Arab Bank	153 055 784	49 088 003
CIB – Bank	523 036 763	484 569 836
Arab - Bank	293 185 934	298 946 331
Ahli United Bank	307 565 387	124 382 726
National Bank of Egypt	42 381 441	--
Arab -African Bank	808 100 859	704 704 159
<b>Balance on June 30, 2022</b>	<b><u>2 127 326 168</u></b>	<b><u>1 661 691 055</u></b>

## **52. LOANS**

	<u>30 June 2022</u>		<u>31 Dec 2021</u>	
	<u>Short term</u>	<u>Long term</u>	<u>Short term</u>	<u>Long term</u>
	<u>EGP</u>	<u>EGP</u>	<u>EGP</u>	<u>EGP</u>
<b><u>Emirates NBD Bank</u></b>				
A credit facility contract in the amount of EGP 100 million in order to finance the needs of the invested capital of United Engineering Company.	13 572 891	--	--	--
<b><u>Misr Bank</u></b>				
Long-term co- financing of 2.5 billion Egyptian pounds to finance part of the investment cost of the Palm New Cairo project.	--	320 943 624	--	151 655 686
<b><u>Arab African international Bank</u></b>				
short term multi-purpose financing in the amount of 240 million Egyptian pounds	54 106 023	--	--	--
<b><u>National Bank of Egypt</u></b>				
long-term co-financing of EGP 1.28 billion to finance the Palm Hills Development- Crown project.		1 096 300 000	185 000 000	1 096 300 000
<b><u>Ahli United Bank</u></b>				
Revolving financing of 428 million Egyptian pounds for the purpose of financing the project of Palm Hills Development Company on an area of 41 acres.	--	268 528 053	--	216 832 118
<b><u>Ahli United Bank</u></b>				
Revolving financing of 505 million Egyptian pounds for the purpose of financing the projects of Palm Hills Development Company (Palm Parks project).	64 603 000	422 245 000	35 788 000	413 027 891
<b>Balance on June 30, 2022</b>	<b><u>132 281 914</u></b>	<b><u>2 108 016 677</u></b>	<b><u>220 788 000</u></b>	<b><u>1 877 815 695</u></b>

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, 2022 amounted to 1 210 946 218 as follows:

	<u>30 June 2022</u>	<u>31 Dec 2021</u>
	<u>EGP</u>	<u>EGP</u>
* Notes payable- (New Urban Communities Authority)	70 503 065	472 743 425
<b><u>Deduct: -</u></b>		
Deferred installments interest	17 375 650	116 870 855
<b>Net Notes payable (short term)- Land</b>	<b>53 127 415</b>	<b>355 872 570</b>
<b><u>Add: -</u></b>		
Other notes payable **	1 379 041 927	1 166 057 101
<b><u>Deduct: -</u></b>		
Deferred interest	221 223 124	181 101 080
<b>Net Other Notes payable (short term)</b>	<b>1 175 818 803</b>	<b>984 956 021</b>
<b>Balance as of June 30, 2022</b>	<b>1 210 946 218</b>	<b>1 340 828 591</b>

#### B) Long Term Notes Payable

The consolidated balance of long-term notes payable (net) as of June 30, 2022 amounted to 1 396 593 679 as follows:

	<u>30 June 2022</u>	<u>31 Dec 2021</u>
	<u>EGP</u>	<u>EGP</u>
Notes-payable (New Urban Communities Authority)	581 463 117	1 901 464 327
<b><u>Deduct: -</u></b>		
Deferred installments interest	88 870 871	469 943 467
<b>Net Notes payable (long term)- Land</b>	<b>492 592 246</b>	<b>1 431 520 860</b>
<b><u>Add: -</u></b>		
Other notes payable **	1 823 388 147	1 510 605 756
<b><u>Deduct: Deferred interest</u></b>	<b>919 386 714</b>	<b>729 291 776</b>
<b>Net Other Notes payable (Long term)</b>	<b>904 001 433</b>	<b>781 313 980</b>
<b>Balance on June 30, 2022</b>	<b>1 396 593 679</b>	<b>2 212 834 840</b>

\*\*The other notes payable includes about 2.244 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, 2022 amounted to 8 478 747 746 as follows:

	<u>30 June 2022</u>	<u>31 Dec 2021</u>
	<u>EGP</u>	<u>EGP</u>
Net contracting Customers	8 206 247 554	8 180 826 054
Advance reservations Customers	272 500 192	193 546 477
<b>Balance on June 30, 2022</b>	<b><u>8 478 747 746</u></b>	<b><u>8 374 372 531</u></b>

#### 55. Obligations for checks received from clients

The balance of obligations for checks received from customers on June 30, 2022 amounted to 8 318 516 124 Egyptian pounds, and they are as follows:

	<u>30 June 2022</u>	<u>31 Dec 2021</u>
	<u>EGP</u>	<u>EGP</u>
Checks received from customers - for undelivered units	12 900 785 430	10 988 946 917
<b>deduct:</b>		
Discounting the present value difference	3 856 049 889	3 189 222 291
Share of partners in joint ventures	726 219 417	1 197 633 057
<b>Balance on June 30, 2022</b>	<b><u>8 318 516 124</u></b>	<b><u>6 602 091 569</u></b>

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, 2022 is 9 797 918 EGP as follows: -

	<u>30 June 2022</u>	<u>31 Dec 2021</u>
	<u>EGP</u>	<u>EGP</u>
(a)Lease Contract Obligations – Short Term	6 077 034	5 315 642
(b)Lease Contract Obligations – Long Term	3 720 884	5 998 308
<b>Balance on June 30, 2022</b>	<b><u>9 797 918</u></b>	<b><u>11 313 950</u></b>

## **57. LAND PURCHASE LIABILITY**

The consolidated balance of Land purchase liabilities as of June 30, 2022 amounted to 290 126 987 follows:

	<u>30 June 2022</u>	<u>31 Dec 2021</u>
	<u>EGP</u>	<u>EGP</u>
Land purchase liabilities - short term	158 663 897	127 785 639
Land purchase liabilities - long term	131 463 090	84 252 431
<b>Balance on June 30, 2022</b>	<b>290 126 987</b>	<b>212 038 070</b>

## **58. DUE TO RELATED PARTIES – Credit Balances**

The consolidated balance of Due to related parties as of June 30, 2022 amounted to 5 716 913 as follows:

	<u>30 June 2022</u>	<u>31 Dec 2021</u>
	<u>EGP</u>	<u>EGP</u>
Al-Mansour and Al-Mughrabi S.A. E	2 328 388	2 328 388
Asten College for Education S.A. E	343 747	--
Villamora for Real Estate Development Company S.A. E	3 044 778	2 535 617
<b>Balance on June 30, 2022</b>	<b>5 716 913</b>	<b>4 864 005</b>

## **59. Joint Share Arrangement**

The share of project partners in the participation system on June 30, 2022 amounted to EGP 1 334 247 342 which is the net share of the partners (the owner) in exchange for the value of the land and the preparation of external facilities in accordance with the contracts concluded in this regard, which are paid in light of the approved timelines for the payment of annual payments This is represented in the following:

	<u>30 June 2022</u>	<u>30 June 2022</u>	<u>31 Dec 2021</u>	<u>31 Dec 2021</u>
	<u>Short term</u>	<u>Long term</u>	<u>Short term</u>	<u>Long term</u>
	<u>EGP</u>	<u>EGP</u>	<u>EGP</u>	<u>EGP</u>
Partners in Palm New Cairo-Project (Badya) Project	328 710 461	--	1 279 443 772	--
Partners in Hacienda West	--	835 092 493	846 004 099	--
<b>Balance on June 30, 2022</b>	<b>14 388 333</b>	<b>156 056 055</b>	<b>35 886 314</b>	<b>70 877 952</b>
	<b>343 098 794</b>	<b>991 148 548</b>	<b>2 161 334 185</b>	<b>70 877 952</b>

## **60. CREDITORS AND OTHER CREDIT BALANCES**

The consolidated balance of creditors and other credit balances as of June 30, 2022 amounted to 1 152 768 384 as follows:

	<u>30 June 2022</u>	<u>31 Dec 2021</u>
	<u>EGP</u>	<u>EGP</u>
Other credit balances	302 737 214	268 888 386
Insurance for others	268 427 209	245 127 412
Social insurance	48 768 135	48 899 656
Accounts receivable under settlement	263 931 099	279 847 840
Accrued expenses	268 904 727	199 781 819
<b>Balance on June 30, 2022</b>	<b>1 152 768 384</b>	<b>1 042 545 113</b>

## 61. CAPITAL

The authorized capital was set at EGP 10 000 000 000 (10 billion Egyptian pound) and the issued and paid-up capital amounted to EGP 6 081 189 778 (six billion eighty-one million one hundred and eighty-nine thousand seven hundred seventy-eight Egyptian pounds) distributed over 3 040 594 889 shares with a nominal value of EGP 2 per share, and the following is the development of the company's capital from the date of incorporation to the date:

<u>Issued capital</u>	<u>EGP</u>
- The Company's issued capital was determined at EGP 121 500 000 representing 1 215 000 shares with a par value of EGP 100 per share.	<u>121 500 000</u>
- On 20 Dec. 2006, the Company's Extra-Ordinary General Assembly Meeting approved the issued Capital increase amounting to EGP 185,500,000 to be after such increasing amounted EGP 307,000,000 representing 3,070,000 shares with a par value of EGP 100 per share.	<u>307 000 000</u>
- On 13 May 2007, the Company's Board of Directors approved the issued Capital increase amounting to EGP 93,000,000 to be after such increasing amounted EGP 400,000,000 representing 4,000,000 shares with a par value of EGP 100 per share.	<u>400 000 000</u>
- On 15 July 2007, the Company's Board of Directors approved the issued Capital increase amounting to EGP 200,000,000 to be after such increasing amounted EGP 600,000,000 representing 6,000,000 shares with a par value of EGP 100 per share.	<u>600 000 000</u>
- On 6 November 2007, the Company's Board of Directors approved the issued Capital increase amounting to EGP 200,000,000 to be after such increasing amounted EGP 800,000,000 representing 8,000,000 shares with a par value of EGP 100 per share. The Company's Extra-Ordinary General Assembly Meeting held in March 2009 approved a 50-for-1 stock split and the par value of the Company's share reduced to EGP 2 per share.	<u>800 000 000</u>
- On 27 March 2008, the Company's Board of Directors approved the issued Capital increase amounting to EGP 32,000,000 to be after such increasing amounted EGP 832,000,000 representing 416,000,000 shares with a par value of EGP 2 per share.	<u>832 000 000</u>
- On 8 May 2008, the Company's Board of Directors approved the issued Capital increase amounting to EGP 99,840,000 to be after such increasing amounted EGP 931,840,000 representing 465,920,000 shares with a par value of EGP 2 per share.	<u>931 840 000</u>
- On 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.	<u>1 397 760 000</u>
- On 28 January 2010, the Company's Extra-Ordinary General Assembly Meeting approved the issued Capital increase amounting to EGP 698,880,000 to be after such increasing amounted EGP 2,096,640,000 representing 1,048,320,000 shares with a par value of EGP 2 per share.	<u>2 096 640 000</u>
- On 22 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.	<u>2 696 640 000</u>
- On 8 February 2015, the Company's Extra-ordinary General Assembly Meeting approved the issued Capital increase amounting to EGP 1 648 000 000 to be after such increasing amounted EGP 640 000 4 344 representing 2 172 320 000 shares with a par value of EGP 2 per share.	<u>4 344 640 000</u>
- On 29 November 2015, the Company's Extra-Ordinary General Assembly Meeting approved the issued Capital increase out of retained earnings amounting to EGP 53 359 478 to be after such increasing amounted EGP 4 397 999 478 representing 2 198 999 739 shares with a par value of EGP 2 per share.	<u>4 397 999 478</u>
- On 13 March 2016, the Company's Extra-Ordinary General Assembly Meeting approved the issued Capital increase out of retained earnings via the issuance of bonus shares amounting to EGP 53 359 478 to be after such increasing amounted EGP 4 397 999 478 representing 2 308 949 726 shares with a par value of EGP 2 per share.	<u>4 617 899 452</u>
- On 6 December 2018, the Company's Extra-Ordinary General Assembly Meeting approved the issued Capital increase out of retained earnings via the issuance of bonus shares amounting to EGP 769 649 909 to be after such increasing amounted EGP 6 157 199 270 represent 3 078 599 635 shares with a par value of EGP 2 per share.	<u>6 157 199 270</u>
- The issued capital after the increase in the amount of EGP 78 000 000 in favor of the employee compensation shares, through the dividends carried out in accordance with the resolution of the Extraordinary General Assembly on April 4, 2019 distributed over the number of 3 117 599 635 shares, the nominal value of the share is 2 EGP and has been marked in the commercial register on 26 June 2019.	<u>6 235 199 270</u>
- The issued capital after reducing the value of treasury shares in accordance with the decision of the extraordinary general assembly held on the first of April 2021 in the amount of 72 270 000 Egyptian pounds for 36 350 000 shares with a nominal value of 2 Egyptian pounds per share. The shares were registered in the commercial registry on the date May 20, 2021, so the issued capital will be distributed over 3,081,249,635 shares.	<u>6 162 499 270</u>
- The issued capital after reducing the value of treasury shares in accordance with the decision of the extraordinary general assembly held on the end of March 2022 in the amount of 81 309 492 Egyptian pounds for 40 654 746 shares with a nominal value of 2 Egyptian pounds per share. The shares were registered in the commercial registry on the date June 16, 2022, so the issued capital will be distributed over 3,040,594,889 shares.	<u>6 081 189 778</u>



## **62. TREASURY STOCKS**

**As Of March 2, 2020** The number of bought shares till June 30, 2022 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 31 march 2022.

## **63. RESERVES**

### **a) Legal reserve**

The net balance of the legal reserve on June 30, 2022 amounted to 834 512 659 as follows

	<b><u>30 June. 2022</u></b>	<b><u>31 Dec. 2021</u></b>
	<b><u>EGP</u></b>	<b><u>EGP</u></b>
Beginning balance	809 228 807	779 730 041
Transferred from the prior year profit	<u>25 283 852</u>	<u>29 498 766</u>
<b>Balance as of June 30, 2022</b>	<b><u>834 512 659</u></b>	<b><u>809 228 807</u></b>

### **b) Special reserve**

The net balance of the special reserve on June 30, 2022 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 299 550 896 EGP, leading to the reduction of the balance by 176 513 271 EGP for the period ended in 30 June, 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, 2022 amounted to 4 357 007 641 EGP.

#### **65. REVENUES**

The net revenues of the activity as of June 30, 2022 amounted to EGP 6 940 217 154 as follows:-

	<u>30 June 2022</u>	<u>30 June 2021</u>
	<u>EGP</u>	<u>EGP</u>
Revenue from Real estate development revenue	6 567 995 290	3 834 787 459
Revenue from Service	55 668 837	--
Revenue from contracting activity	17 323 021	800 084
Other revenues	166 948 018	82 817 307
Revenues from commercial and service activities	8 418 524	23 481 305
The owner's share in the profits of operating the hotels	27 508 968	9 360 934
Revenues from Palm Hills Club	96 354 496	58 362 347
<b>Total as of June 30, 2022</b>	<b><u>6 940 217 154</u></b>	<b><u>4 009 609 436</u></b>

-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.

#### **\* OTHER REVENUES**

	<u>30 June 2022</u>	<u>30 June 2021</u>
	<u>EGP</u>	<u>EGP</u>
Transfer fees and delay penalties	155 847 097	65 408 418
Gain from selling fixed asset	119 750	10 400 407
Investments Losses	(2 554 921)	--
Retrieve the value of the utilities	13 536 092	5 797 248
Other Revenues	--	1 211 234
<b>Total as of June 30, 2022</b>	<b><u>166 948 018</u></b>	<b><u>82 817 307</u></b>

## **66. COST OF SALE**

The net cost of sale as of June 30, 2022 amounted to EGP 4 570 016 983 as follows:

	<u>30 June 2022</u>	<u>30 June 2021</u>
	<u>EGP</u>	<u>EGP</u>
Cost of Real estate development	4 475 642 217	2 527 781 241
Cost of Services	42 148 003	--
Cost of Contracting activity	169 015	934 611
Cost of Commercial and service activity	14 004 192	10 061 572
Cost of Palm Hills Club operation	25 176 751	18 565 332
Depreciation of club assets	7 450 046	5 741 961
Depreciation of Fixed assets – Macor investments	5 426 759	4 638 846
<b>Total as of June 30, 2022</b>	<b><u>4 570 016 983</u></b>	<b><u>2 567 723 563</u></b>

## **67. GENERAL ADMINISTRATIVE, SELLING AND MARKETING EXPENSES**

The general administrative, selling and marketing expenses as of June 30, 2022 amounted to EGP 973 811 820 as follows: -

	<u>30 June 2022</u>	<u>30 June 2021</u>
	<u>EGP</u>	<u>EGP</u>
salaries and wages	238 669 836	218 663 215
Selling and marketing expenses	232 368 343	208 944 775
Telephone, post, and fax	1 967 485	1 465 470
Utilities	139 945 452	22 424 567
Professional and Government fees	68 423 198	55 614 012
Maintenance and Insurance	41 726 075	36 445 522
Travel and transportation	678 547	1 614 901
Bank charges	8 065 850	4 884 972
Other administrative expenses	224 509 901	32 861 706
Contribution Symbiotic	17 457 133	10 102 879
<b>Total as of June 30, 2022</b>	<b><u>973 811 820</u></b>	<b><u>593 022 019</u></b>

## **68. Financing costs and Interests**

The financing costs and interests as of June 30, 2022 amounted to the amount of 315 297 484 EGP, as follows:

	<u>30 June 2022</u>	<u>30 June 2021</u>
	<u>EGP</u>	<u>EGP</u>
Land Installment Benefits	63 364 950	--
Financing costs and benefits	251 932 534	164 760 611
<b>Total as of June 30, 2022</b>	<b><u>315 297 484</u></b>	<b><u>164 760 611</u></b>

**69. Expected credit losses (ECL):**

The value of (response) expected credit losses as of June 30, 2022 amounted to 562 607 EGP, as follows:

	<u>30 June 2022</u>	<u>30 June 2021</u>
	<u>EGP</u>	<u>EGP</u>
Losses of customer receivable balances (Note 45)	--	256 339
(Reversal) Losses of receivable and other debit balances (Note No. 46)	(834)	(8 739)
(Reversal) Losses of balances owed by related parties (Note No. 47)	544 670	(441 466)
(Reversal) Losses of cash balances (Note No. 49)	18 771	(1 619)
<b>Balance on June 30, 2022</b>	<b><u>562 607</u></b>	<b><u>(195 485)</u></b>

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

The Gains on Investments in Fair value through profit or loss for the year ended June 30, 2022 amounted to 3 071 145 EGP as follows: -

	<u>30 June 2022</u>	<u>30 June 2021</u>
	<u>EGP</u>	<u>EGP</u>
Profits from selling investment documents	3 071 145	9 956 880
<b>Total as of June 30, 2022</b>	<b><u>3 071 145</u></b>	<b><u>9 956 880</u></b>

**71. Income Tax**

The consolidated balance Income Tax as of June 30, 2022 amounted to 329 894 276 EGP as follows:

	<u>30 June 2022</u>	<u>30 June 2021</u>
	<u>EGP</u>	<u>EGP</u>
Net profit before income tax	892 069 725	609 371 325
Adjustments to the accounting net profit to arrive at the net tax profit, stage losses and depreciation differences	574 127 057	(104 393 574)
<b>Net taxable profit</b>	<b><u>1 466 196 782</u></b>	<b><u>504 977 751</u></b>
<b>Tax At (22.5%)</b>	<b><u>329 894 276</u></b>	<b><u>113 619 994</u></b>

**72. EARNINGS PER SHARE**

The basic share in the consolidated profits on June 30, 2022 amounted to 0.184 EGP per share, as follows:

	<u>30 June 2022</u>	<u>30 June 2021</u>
	<u>EGP</u>	<u>EGP</u>
Net profit for the year	558 488 357	461 428 526
<b>Divided by:</b>		
Weighted average number of shares during the year	<u>3 040 594 889</u>	<u>3 040 594 889</u>
<b>Earnings per share</b>	<b><u>0,184</u></b>	<b><u>0,152</u></b>

For the purpose of calculating the earnings per share for the year ended on June 30, 2022 the profit per share was calculated on the basis of the average number of shares outstanding during the period weighted by time factor after excluding treasury shares of 40 654 746 shares, in addition to not preparing a distribution project for the Nine Months Ended on June 30, 2022 (Note 61).

### **73. TRANSACTION WITH RELATED PARTIES**

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

<u>Party</u>	<u>Item as in balance sheet</u>	<u>Beginning balance EGP</u>	<u>Net transactions EGP</u>	<u>Ending balance EGP</u>
Palm Hills Middle East Company for Real Estate Investment S.A.E	Due from (to) related parties	1 358 451 378	(448 478 824)	909 972 554
Royal Gardens for Real Estate Investment Company S.A.E	Due from (to) related parties	110 397	(19 201)	91 196
New Cairo for Real Estate Development	Due from (to) related parties	7 740 417	1 800 810	9 541 227
Middle East Company for Real Estate and Touristic Investment S.A.E	Due from (to) related parties	(138 620 523)	9 391 480	(129 229 043)
Gawda For Trading Company S.A.E	Due from (to) related parties	(50 917 351)	899 084	(50 018 267)
Rakren Egypt For Real Estate Development S.A.E	Due from (to) related parties	434 205 931	67 800 123	502 006 054
Saudi Urban Development S.A.E	Due from (to) related parties	3 506 245	(21 498 809)	(17 992 564)
Nile Palm El-Naem S.A.E	Due from (to) related parties	(44 059 080)	--	(44 059 080)
Gamsha Tourism Development S.A.E	Due from (to) related parties	70 901 608	99 451	71 001 059
El Naem Hotels and Touristic Villages S.A.E	Due from (to) related parties	(125 170 108)	9 999	(125 160 109)
East New Cairo for Real Estate Development	Due from (to) related parties	(439 360 720)	(91 379 109)	(530 739 829)
Palm Hills – Saudi Baltan S.A.E	Due from (to) related parties	269 320	--	269 320
Palm October For Hotels S.A.E	Due from (to) related parties	11 340 559	27 499	11 368 058
Palm Hills Hotels S.A.E	Due from (to) related parties	100 405 014	--	100 405 014
Palm Hills For Education S.A.E	Due from (to) related parties	15 655 888	1 062 091	16 717 979
Palm Gemsha for Hotels S.A.E	Due from (to) related parties	85 050	--	85 050
Palm North Coast Hotels S.A.E	Due from (to) related parties	54 358	--	54 358
United Engineering for Construction	Due from (to) related parties	(11 083 043)	--	(11 083 043)
Palm for Real Estate Development S.A.E	Due from (to) related parties	66 218 302	8 886 613	75 104 915
Palm for Investment and Real Estate Development	Due from (to) related parties	192 605 480	1 109 266 740	1 301 872 220
Palm Hills Properties S.A.E	Due from (to) related parties	1 001 537	(4 140)	997 397
Palm Hills for Real Estate and and Tourism Development	Due from (to) related parties	234 616 315	(35 646 494)	198 969 821
Palm Hills for Investment Tourism	Due from (to) related parties	57 689 675	138 969	57 828 644
Palm Hills Resorts	Due from (to) related parties	3 638 244	197 600	3 835 844
Palm for Urban Development S.A.E	Due from (to) related parties	(114 861 350)	834 354 297	719 492 947
Palm Club Management S.A.E	Due from (to) related parties	(5 002 144)	4 751 917	(250 227)
Palm Alexandria For Real Estate Investment	Due from (to) related parties	52 122 821	(5 984 810)	46 138 011
Asten College for Education	Due from (to) related parties	389 612	(389 612)	--
Palm for Constructions And Real Estate Development S.A.E	Due from (to) related parties	( 115 404 354)	(47 875 558)	(163 279 912)
khedra for management of tourist and urban resorts	Due from (to) related parties	500	5 684 852	5 685 352
Palm sports for Clubs S.A.E	Due from (to) related parties	(8 377 081)	64 891 074	56 513 993
The ko Korean Restaurants	Due from (to) related parties	3 380 000	500 000	3 880 000
ColdWell Banker	Due from (to) related parties	20 480	--	20 480
Maghrabi And Mansour Company	Due from (to) related parties	(2 328 389)	--	(2 328 389)
Alatehadia for Real Estate Development	Due from (to) related parties	254 135 994	3 444 427	257 580 421

## **74. 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 final claim has not been received to date
- Years 2013 to 2020**: 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 carried out and the examination differences were settled.
- **Years 2015 - 2019**: the examination was carried out and in the process of settlement
- **years 2020 – June 30, 2022**: the company deducts the tax amounts from employees and 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.
- From inception till 31/7/2006 The company was notified by tax forms and the taxes due were paid according to as per these forms.
- From 1/8/2006 till 31/12/2012 This period has been inspected and the differences has been settled.
- Years 2013 – June 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.

**75. Non-cash transactions**

- The increase in the item of dividend payables against the unpaid dividends in the amount of 152 029 744 Egyptian pounds has been excluded.
- The reduction in the balance of the special reserve was excluded by the amount of 176 513 271 Egyptian pounds in return for excluding the reduction in a paid account under the investments account in the amount of 135 121 743 Egyptian pounds and the work in progress amounted to 41 391 528 pounds.
- The effect of the increase in the balance of impairment losses amounting to 174 195 575 Egyptian pounds has been excluded in return for excluding the reduction in the investment account in subsidiary companies amounting to 174 195 575 Egyptian pounds.
- The capital reduction was excluded by disposing treasury shares by an amount of EGP 81 309 492, in exchange for excluding the reduction in treasury shares by an amount of EGP 69 839 608 and the difference in treasury shares of EGP 11 469 884

**76. 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, 2022 amount 249 416 957 EGP, as follows:

	<b>30 June 2022</b>
	<b>EGP</b>
Total value of sukuk issuance (32 510 000)	3 251 000 000
<b><u>Deduct:</u></b> issuance account balance at June 30, 2022	<u>2 920 183 750</u>
<b>The used balance from sukuk till June 30, 2022</b>	<b>330 816 250</b>
<b><u>Deduct:</u></b> returns paid to sukuk holders from the project collections	<u>(81 399 293)</u>
<b>Net used balance from the sukuk</b>	<b><u>249 416 957</u></b>