

MOSTAFA SHAWKI & CO

*Translation Of Financial Statements
Originally Issued In Arabic*

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

Report on Limited Review of Interim Consolidated Financial Statement**To: The Board of Directors of Palm Hills Developments Company (S.A.E)****Introduction**

We have performed a limited reviewed the accompanying consolidated balance sheet of Palm Hills Developments Company (S.A.E) as of 30 June 2015 and the related consolidated statements of income, changes in equity and cash flows for the six months then ended, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and fair presentation of these interim consolidated financial statements in accordance with Egyptian Accounting Standards. Our responsibility is to express a conclusion on these interim financial statements based on our review.

Scope of Limited Review

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

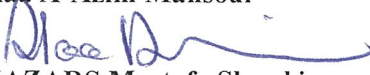
Conclusion

Based on our limited review, nothing has come to our attention that causes us to believe that the accompanying interim consolidated financial statements do not give a true and fair view of the consolidated financial position of Palm Hills Developments Company (S.A.E) as of 30 June 2015, and of its consolidated financial performance and its consolidated cash flows for the six months then ended in with Egyptian Accounting Standards.

Emphasis of Matter

Without qualifying our opinion, the cost of land is recorded according to preliminary contracts and allotment letters received from Urban Communities Authority (6th of October, new Cairo). Transfer and register of title for the mentioned plots of land depends on the fulfilment of financial standards and construction rules imposed by Urban Communities Authority.

The financial statements and the related auditors report have been originally issued in Arabic and translated upon request of the management. However it shouldn't be used or circulated to any third parties.

Alaa A-Azim Mansour
MAZARS Mostafa Shawki**Public Accountants & Consultants***Cairo, August 13, 2015*

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

As of 30 June 2015

	<u>Note no.</u>	<u>30/6/2015</u> <u>EGP</u>	<u>31/12/2014</u> <u>EGP</u>
<u>Long term assets</u>			
Investments in associates	(8c,11b,29)	77 366 009	77 163 454
Investment property	(11f, 30)	854 664 787	1 085 976 898
Held-to-maturity investments	(11d)	31 952 470	19 657 226
Notes receivable - long term	(16-31)	5 222 734 793	2 660 382 446
Projects under construction	(12-32)	842 860 376	857 379 279
Advance payments for investments acquisition	(39)	204 110 633	204 110 633
Fixed assets (net)	(13-33)	326 078 613	312 468 739
Deferred tax assets	(22b)	3 721 616	3 998 815
Other long term assets		1 390 734	1 390 734
Total long term assets		7 564 880 031	5 222 528 224
<u>Current assets</u>			
Works in process	(14-34)	6 703 446 799	6 074 901 015
Cash and cash equivalents	(28-35)	430 354 386	194 949 064
Notes receivable - short term	(16-31)	589 392 468	1 571 753 888
Investments at fair value through profit and loss	(11e)	52 747 196	56 856 080
Accounts receivable	(36)	826 100 814	1 121 983 423
Suppliers - advance payments		458 370 862	373 201 558
Debtors and other debit balances	(37)	182 263 479	116 796 819
Due from related parties	(25-38-58)	148 942 226	105 748 551
Total current assets		9 391 618 230	9 616 190 398
<u>Current liabilities</u>			
Banks - credit balances	(40)	36 517 318	39 197 560
Advances from customers	(41)	5 802 626 194	5 001 684 303
Completion of infrastructure liabilities	(20)	76 584 089	133 837 879
Provisions	(18)	108 628 860	9 063 024
Current portion land purchase liabilities	(19-42a)	223 238 055	216 568 788
Due to related parties	(25-43-58)	607 182 781	646 313 369
Investment purchase liabilities	(44)	44 256 746	44 256 746
Notes payable - short term	(45a)	888 623 281	805 227 757
Current portion of term loans	(46)	446 512 387	174 410 000
Suppliers & contractors		554 402 947	405 055 090
Income tax payable	(22a)	92 781 283	83 978 776
Creditors & other credit balances	(47)	393 411 787	410 672 236
Total current liabilities		9 274 765 728	7 970 265 528
Working capital		116 852 502	1 645 924 870
Total investment		7 681 732 533	6 868 453 094
<u>Financed as follows:</u>			
<u>Shareholders' equity</u>			
Share capital	(48)	2 696 640 000	2 696 640 000
Legal reserve	(50)	584 508 056	566 469 569
Special reserve		524 212 885	524 212 885
Retained earnings (deficit)		(535 337)	(272 361 289)
Net profit for the period		645 945 319	353 290 475
Equity attributable to equity holders of the parent		4 450 770 923	3 868 251 640
Non-controlling interest		266 159 585	255 951 133
Total shareholders' equity		4 716 930 508	4 124 202 773
<u>Long term liabilities</u>			
Land purchase liabilities	(19-42b)	365 817 510	350 433 822
Notes payable - long term	(45b)	401 355 596	536 510 993
Other long term liabilities – Residents' Association	(49)	439 306 093	395 362 285
Loans	(46)	1 758 322 826	1 461 943 221
Total long term liabilities		2 964 802 025	2 744 250 321
Total equity and non-current liabilities		7 681 732 533	6 868 453 094

- Auditor's Report "attached"

- The accompanying notes from (1) to (63) form an integral part of these financial statements and are to be read therewith

Chief Financial Officer
Ali Thabet

Chairman
Yasseen Mansour

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

	<u>Note No.</u>	Financial period from 1/1/2015 to 30/6/2015 <u>EGP</u>	Financial period from 1/1/2014 to 30/6/2014 <u>EGP</u>	Financial period from 1/4/2015 to 30/6/2015 <u>EGP</u>	Financial period from 1/4/2014 to 30/6/2014 <u>EGP</u>
Revenues	(27a, 51)	1 471 197 784	841 694 606	729 373 852	441 292 398
		1 471 197 784	841 694 606	729 373 852	441 292 398
Deduct:-					
Cost of revenues	(26, 52)	818 447 104	559 194 607	423 190 208	285 391 136
Cash Discount		26 573 543	4 443 191	10 132 023	--
Total cost		845 020 647	563 637 798	433 322 231	285 391 136
Gross profit		626 177 137	278 056 808	296 051 621	155 901 262
Deduct:-					
Interest expenses – amortization of discount on land liability		6 258 998	13 892 266	3 129 500	6 946 133
General administrative, selling and marketing expenses	(53)	190 568 535	94 726 028	99 559 738	52 519 832
Administrative depreciation		4 227 551	4 820 135	2 153 690	2 376 609
Provision		99 662 374	182 400	99 662 374	182 400
Finance costs & interests		30 430 989	32 576 144	27 563 042	18 763 857
Interest on land purchase liabilities		108 457 946	71 233 037	59 885 930	34 447 757
		439 606 393	217 430 010	291 954 274	115 236 588
<u>Add:</u>					
Gains on investments in fair value through profit or loss	(55)	2 348 307	2 475 384	1 133 563	1 132 112
Interest income – amortization of discount on notes receivables		46 099 030	68 125 067	23 049 516	34 062 534
) – Palm Hills Net operating profit (loss Club	(54)	5 110 466	(4 789 848)	3 709 752	(3 497 609)
Interest income	(27f)	782 490	2 117 214	706 772	1 935 429
Capital gains on investment property		425 735 602	--	425 739 602	--
Other revenues	(56)	18 467 845	18 704 186	7 471 163	12 268 400
		498 543 740	86 632 003	461 806 368	45 900 866
Net profit for the period before income tax & non-controlling interest		685 114 484	147 258 801	465 903 715	86 565 540
Deduct:-					
Income tax expense	(22a)	10 411 769	451 597	9 225 720	451 597
Deferred tax	(22b)	200 000	120 000	140 000	60 000
Net profit for the period before & non-controlling interest		674 502 715	146 687 204	456 537 995	86 053 943
Deduct:-					
Non-controlling interest share-subsidiaries		28 557 396	12 248 855	25 293 303	1 338 657
Net profit for the period after income tax & non-controlling interest		645 945 319	134 438 349	431 244 692	84 715 286

- The accompanying notes from (1) to (63) form an integral part of these financial statements and are to be read therewith.

Chief Financial Officer
Ali Thabet

Chairman
Yasseen Mansour

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

	<u>Note No.</u>	<u>30/6/2015</u> <u>EGP</u>	<u>30/6/2014</u> <u>EGP</u>
Net profit for the period before income tax & non-controlling interest		685 114 484	147 258 801
<u>Adjustments to reconcile net profit to net cash from operating activities</u>			
Administrative depreciation	(33)	10 404 087	11 926 957
Provision formed		99 662 374	182 400
Interest expenses – amortization of discount on land liability	(42)	6 258 998	13 892 266
Interest on land purchase liabilities	(44)	108 457 946	71 233 037
Finance costs & interests		30 430 989	32 576 144
Gain on disposal of property & equipment	(30)	(1 458 973)	(118 266)
Share of profit/ loss of associates	(29)	(202 555)	948 134
Gains on investments in fair value through profit or loss		(2 348 307)	(2 475 384)
Interest income		(782 490)	(2 117 214)
Capital gain on investment property		(425 735 602)	--
Interest income – amortization of discount on notes receivables	(31)	(46 099 030)	(68 125 067)
Operating profit before changes in working capital items		463 701 921	205 181 808
<u>Changes in working capital items</u>			
Change in work in process	(14-34)	(610 720 222)	(251 578 315)
Change in notes receivables	(16-31)	(1 533 891 897)	(540 440 229)
Change in investments in fair value through profit or loss	(11e)	4 108 884	7 291 358
Change in accounts receivable	(36)	295 882 609	98 850 097
Change in suppliers - advance payments		(85 169 304)	(283 148 145)
Change in debtors & other debit balances	(37)	(65 466 660)	12 405 578
Change in due from related parties	(25-38)	(43 193 675)	(10 877 783)
Change in land purchase liabilities		--	(12 614 052)
Advance payments for investments acquisition		--	(5 000 00)
Change in advances from customers	(41)	800 941 891	332 817 232
Change in completion of infrastructure liabilities	(20)	(57 253 790)	(22 028 170)
Provisions		(96 538)	(38 480)
Change in due to related parties	(25-43)	(39 130 588)	19 537 509
Change in investment purchase liabilities	(44)	--	(13 808 104)
Change in notes payable	(45)	(160 217 819)	(135 828 653)
Change in Suppliers & contractors		149 347 857	350 461 384
Income tax paid		(1 609 262)	--
Change in creditors and other credit balances	(47)	(17 260 449)	40 161 814
Change in other long term – Residents' Association		43 943 808	28 991 922
Net cash (used in) operating activities		(856 083 234)	(179 663 229)
<u>Cash flows from investing activities</u>			
Payments for purchase of fixed assets	(33)	(26 085 759)	(2 820 713)
Proceeds from sale of fixed assets	(33)	1 499 166	1 066 924
proceeds from / payments for projects under construction	(12-32)	14 518 903	(5 068 823)
Proceeds from sale of investment property		657 047 713	--
Payments for held-to-maturity investments	(11d)	(12 295 244)	--
Proceeds from investments in fair value through profit or loss	(55)	2 348 307	2 475 384
Interest received		782 490	2 117 214
Net cash (used in) investing activities		637 815 576	(2 230 014)
<u>Cash flows from financing activities</u>			
Share capital increase		--	600 000 000
Banks - credit balances	(40)	(2 680 242)	(4 186 713)
Banks – overdraft		--	(171 699 464)
Adjustments to retained earnings		(63 426 036)	(98 843 891)
Non-controlling interest		(18 348 944)	(8 408 077)
Deferred tax		77 199	(17)
Repayments of loans	(46)	--	(43 473 357)
Proceeds from loans	(46)	568 481 992	
Finance costs & interests		(30 430 989)	(32 576 144)
Net cash provided by financing activities		453 672 980	240 812 337
Net increase in cash and cash equivalents during the period		235 405 322	58 919 094
Cash and cash equivalents at beginning of the period		194 949 064	111 047 504
Cash and cash equivalents as at 30 June 2015	(28-35)	430 354 386	169 966 598

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

- The accompanying notes from (1) to (63) form an integral part of these financial statements and are to be read therewith.

Chief Financial Officer
Ali Thabet

Chairman
Yasseen Mansour

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

	Share capital EGP	Legal reserve EGP	Special reserve EGP	Retained earnings (deficit) EGP	Net profit for the period EGP	Total EGP	Non- controlling interest EGP	Total Shareholders' equity EGP
Balance as at 1 January 2014	2 096 640 000	558 109 843	524 212 885	(186 722 625)	238 888 791	3 231 128 894	245 042 204	3 476 171 098
Transferred to retained earnings	--	--	--	238 888 791	(238 888 791)	--	--	--
Adjustments to retained earnings	--	--	--	(98 843 891)	--	(98 843 891)	(1 850 159)	(100 694 050)
Transferred to legal reserve	--	930 593	--	(930 593)	--	--	833 662	833 662
Adjustments to non-controlling interest	--	--	--	--	--	--	(7 391 580)	(7 391 580)
Share capital increase	600 000 000	--	--	--	--	600 000 000	--	600 000 000
Profit for the period	--	--	--	134 438 349	134 438 349	134 438 349	12 248 855	146 687 204
Balance as at 30 June 2014	2 696 640 000	559 040 436	524 212 885	(47 608 318)	134 438 349	3 866 723 352	248 882 982	4 115 606 334
Balance as at 1 January 2015	2 696 640 000	566 469 569	524 212 885	(272 361 289)	353 290 475	3 868 251 640	255 951 133	4 124 202 773
Transferred to retained earnings	--	--	--	353 290 475	(353 290 475)	--	--	--
Adjustments to retained earnings	--	--	--	(63 426 036)	--	(63 426 036)	--	(63 426 036)
Adjustments to non-controlling interest	--	--	--	--	--	--	(18 348 944)	(18 348 944)
Transferred to legal reserve	--	18 038 487	--	(18 038 487)	--	--	--	--
Profit for the period	--	--	--	645 945 319	645 945 319	645 945 319	28 557 396	674 502 715
Balance as at 30 June 2015	2 696 640 000	584 508 056	524 212 885	(535 337)	645 945 319	4 450 770 923	266 159 585	4 716 930 508

-The accompanying notes from (1) to (63) form an integral part of these financial statements and are to be read therewith

Chief Financial Officer
Ali Thabet

Chairman
Yasseen Mansour

Palm Hills Developments Company
(S.A.E)

Notes to the Consolidated
Financial Statements as of 30 June 2015

1. Background

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

2. Company's Purpose

The company's purpose is to invest in real estate in the New Cities and New Urban Communities including building, constructing, owning and managing residential compounds, resorts, villas and touristic villages, selling and the resale and associated services and facilities, leasing and the construction of integrated projects along with managing the entertainment activities associated with the company's in activities. All such activities are subject to the approval of appropriate authorities.

3. The Company's Location

The company's head office is located at the 6th of October City in the Giza Governorate and the main branch is located in the Smart Village.

4. Commercial Register

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

5. Financial Year

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

6. Authorization Of The Financial Statements

The stand alone financial statements were authorized for issue by the board of directors on 12 August 2015.

7. Stock Exchange Listing

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

8. Existing Projects

The company has several major activities for the development of new urban communities and tourist compounds through:

a) Building and constructing residential compounds

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

b) Other activity

According to a preliminary contract with a related party, the Company obtained a plot of land measuring approximately 1,759.46 acres situated 49 Kms from the beginning of the Cairo-Alexandria Road to be transformed into Botanical Gardens by reclamation and cultivation using modern irrigation methods.

c) Investments in associates and subsidiaries

1- Direct investments in associates and subsidiaries

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

2- Indirect investments in associates and subsidiaries

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

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

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

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

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

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

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

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

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

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

9. Statement of Compliance

These consolidated financial statements of Palm Hills Developments and its subsidiaries (the 'group') were prepared in accordance with Egyptian Accounting Standards and following the same accounting policies applied for the preparation of the previous financial statements.

10. Significant Accounting Policies Applied

a) Basic of consolidated financial statements preparation

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

b) Basic of consolidation

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

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

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

c) Consolidation procedures

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

- 1- Consolidated financial statements shall be prepared using uniform accounting policies. If a member of the group uses accounting policies other than those adopted in the consolidated financial statements, appropriate adjustments are made to its financial statements in preparing the consolidated financial statements.
- 2- The carrying amount of the parent's investment in each subsidiary and the parent's portion of equity of each subsidiary are eliminated. The difference between the cost of acquisition and the Company share in the fair value of the assets and liabilities of the investee is accounted for as a positive goodwill or as a negative goodwill and to be recognized on the consolidated income statement.
- 3- Combining balances and items of balance sheet as well as statements of income, changes in equity and cash flows, taking into account the acquisition date of subsidiaries, appropriate adjustments are made to cost of revenue, work in process and projects under construction which resulting from applying the acquisition method to account for resultant goodwill.
- 4- Intergroup balances, transactions shall be eliminated in full.

- 5- Profits and losses resulting from intergroup transactions are eliminated in full unless such transactions were eliminated or transferred to a third party.
- 6- Non-controlling interests in the net equity and in net earnings of subsidiary companies are included in a separate item "non-controlling interest" in the consolidated financial statements.
- 7- A subsidiary company is not included in the consolidated financial statements if the holding company loses its control over the financial and operational policies in this subsidiary starting from the date that control ceases.

d) Business combination

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

e) Intangible assets

1- Goodwill

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

2- Other intangible assets

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

f) Use of estimates and judgments

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

- Revenue
- Estimated cost to complete projects
- Assets impairment
- Usufruct
- Investment Property
- Deferred tax
- Fair value of financial instruments

g) Changes in accounting policies

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

h) Bookkeeping

1- Functional and presentation currency

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

2- Foreign currency transactions and balances

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

i) Segment Reporting

1- Business segment

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

2- Geographical segment

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

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

11. Investments

a) Investments in subsidiaries

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

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

b) Investments in associates

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

c) Financial investments available for sale

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

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

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

d) Held-to-maturity investments

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

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

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

e) Investments at fair value through profit and loss

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

f) Investments properties

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

12. Projects Under Construction

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

13. Fixed Assets

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

<u>Asset</u>	<u>Rate</u>
Buildings	%5
Tools & Equipment	% 25
Furniture & Fixtures	% 25 – %33
Vehicles	% 25

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

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

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

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

14. Work In Process

Work in process includes direct and indirect cost of land allocated to the Company for it to carry out its main activity whether the Company started the marketing 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 percentage of completion to be achieved has not completed yet to be recognized in income statement.

15. Completed Units Ready For Sale

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

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

16. Notes Receivable

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

17. Impairment

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

18. Provision

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

19. Land Purchase Liability

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

20. Completion of Infrastructure Liabilities

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

21. Capitalization of Borrowing Cost

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

22. Income Tax

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

(A) Current income tax

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

(B) Deferred tax

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

23. Share Premium

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

24. Earnings Per Share

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

25. Related Party Transactions

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

26. Matching of Revenues And Costs

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

- **Revenue from land**

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

- **Revenue from constructions**

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

- **Percentage of completion**

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

- **Cost of revenues**

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

Costs of land are fully recorded in income statement plus constructions of contracted units, in which the percentage of completion reached to 100%.

- **Completed units ready for sale**

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

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

- **Provision of completion**

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

27. Revenue Recognition

(A) Sales revenues

1- Villas and townhouses

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

- Revenue from the sale of the plot of land of the villas and townhouses is fully recognized when a sale is concluded and contracts are signed.
- Revenue from the construction of villas and townhouse is recognized based on the completion percentage and when the percentage of completion is reached 100% of the estimated development costs for each phase.

2- Completed units ready for sale

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

(B) Investments in associates and subsidiaries

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

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

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

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

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

(D) Revenues from investment property

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

(E) Revenues from mutual funds

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

(F) Interest income

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

28. Cash And Cash Equivalents

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

29. Investments In Associates

	<u>30 June</u> <u>2015</u> <u>EGP</u>	<u>31 December</u> <u>2014</u> <u>EGP</u>
*Naema for Touristic & Real Estate Investments S.A.E	56 754 609	56 552 054
Villamora for Real Estate Development Company S.A.E	20 366 400	20 366 400
Coldwell Banker -Palm Hills for Real Estate S.A.E	245 000	245 000
Balance as at 30 June 2015	<u><u>77 366 009</u></u>	<u><u>77 163 454</u></u>

30. Investment Property

	<u>Acre</u>	<u>30 June</u> <u>2015</u> <u>EGP</u>	<u>31 December</u> <u>2014</u> <u>EGP</u>
Palm Hills Development Company S.A.E	1759	212 027 278	212 027 278
Palm Hills Middle East Company for Real Estate Investment S.A.E *	2494	529 111 484	577 111 484
Gamsha for Tourist Development S.A.E	22.679	113 526 025	108 228 721
Nile Palm Al-Naeem for Real Estate Development S.A.E **	--	--	188 609 415
Balance as at 30 June 2015	<u><u>4275.679</u></u>	<u><u>854 664 787</u></u>	<u><u>1 085 976 898</u></u>

* Represented in the acquisition cost of a plot of land of a total area of 2,494 which located in El Alamein, Marsa Matrouh Governorate. The Contract between the Company and Marsa Matrouh Governorate regarding acquiring a plot of land of a total area of 2,229 acre has been revoked and it has not been disposed yet. In addition to that, the Company sold 252,000 square meters plot located in North Coast and resulting in a capital gain (Note-57).

** The Company signed a land sale agreement of 13,000 square meters plot in downtown Alexandria and resulting in a capital gain (Note-57).

31. Notes Receivable

	<u>30 June</u> <u>2015</u> <u>EGP</u>	<u>31 December</u> <u>2014</u> <u>EGP</u>
Short term notes receivable	607 532 473	1 663 951 949
Deduct: unamortized discount	<u>18 140 005</u>	<u>92 198 061</u>
	<u>589 392 468</u>	<u>1 571 753 888</u>
Long term notes receivable	5 410 446 530	2 773 109 042
Deduct: unamortized discount	<u>187 711 737</u>	<u>112 726 596</u>
	<u>5 222 734 793</u>	<u>2 660 382 446</u>
Balance as at 30 June 2015	<u>5 812 127 262</u>	<u>4 232 136 334</u>

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

32. Projects Under Construction

	<u>30 June</u> <u>2015</u> <u>EGP</u>	<u>31 December</u> <u>2014</u> <u>EGP</u>
Land	340 104 665	340 104 665
Construction of Golf Club and Hotel in 6th of October City	429 061 100	429 061 100
Consultation and designs fees	44 588 955	59 107 860
Commercial shops - Palm Hills Resort	<u>29 105 656</u>	<u>29 105 654</u>
Balance as at 30 June 2015	<u>842 860 376</u>	<u>857 379 279</u>

Palm Hills Developments S.A.E

Notes To The Consolidated Financial Statements For The Period Ended 30 June 2015

Translation Of Financial Statements
Originally Issued In Arabic

33. Fixed Assets

Fixed assets (net) balance as at 30 June 2015 amounted to EGP 326 078 613 represented as follows:

	<u>Cost as of January 1, 2015</u>	<u>Additions during the period</u>	<u>Disposals during the period</u>	<u>Cost as of June 30, 2015</u>	<u>Accumulated depreciation as of January 1, 2015</u>	<u>Depreciation for the period</u>	<u>Accumulated depreciation of disposals</u>	<u>Accumulated depreciation as of June 30, 2015</u>	<u>Net book value as of June 30, 2015</u>	<u>Net book value as of December 31, 2014</u>
	<u>EGP</u>	<u>EGP</u>	<u>EGP</u>	<u>EGP</u>	<u>EGP</u>	<u>EGP</u>	<u>EGP</u>	<u>EGP</u>	<u>EGP</u>	<u>EGP</u>
Land	18 920 662	--	--	18 920 662	--	--	--	--	18 920 662	18 920 662
Buildings	499 580 380	10 417 451	12 630	509 985 201	164 450 406	7 766 205	--	172 216 611	337 768 590	335 129 974
Machinery & equipment	97 586 019	4 492 460	1 028	102 077 451	84 284 960	2 133 318	--	86 417 335	15 660 116	13 301 059
Vehicles	18 667 880	448 140	4 088 672	15 027 348	17 936 127	294 088	4 061 195	14 169 021	858 327	731 752
Computer equipment	29 659 409	2 665 094	218 829	32 105 674	24 202 136	1 156 924	218 829	25 140 231	6 965 443	5 457 273
Leasehold improvements	17 239 707	4 048 707	--	21 288 414	16 277 545	364 336	--	16 641 880	4 646 534	962 163
Furniture	41 987 813	4 013 907	--	46 001 720	36 982 470	720 822	--	37 703 292	8 298 428	5 005 343
Total cost	723 641 870	26 085 759	4 321 159	745 406 470	344 133 644	12 435 692	4 280 966	352 288 370	393 118 100	379 508 226
Impairment of Macor									(2 500 000)	(2 500 000)
Impairment of assets									(64 539 487)	(64 539 487)
Balance as at 30 June 2015									326 078 613	312 468 739

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

Operating assets-work in process	<u>EGP</u>
Administrative depreciation (income statement)	2 031 605
Depreciation expense of hotel operations	4 227 551
Depreciation expense of Palm Hills Club's assets - club's operating statement	2 502 078
	3 674 458
	12 435 692

- Capital Gains for the period ended 30 June 2015 amounted to EGP 6 649 as follows:

Proceed from sale of fixed assets	<u>EGP</u>
Deduct:	1 499 166
Cost of assets sold	4 321 159
Accumulated depreciation of assets sold	(4 280 966)
Carrying amount of assets sold	40 193
	1 458 973

34. Work In Process

	<u>Cost of sales recognized in income statement</u>			
	<u>Total as at 30 June 2015</u> <u>EGP</u>	<u>As at 31 December 2014</u> <u>EGP</u>	<u>For the period ended 30 June 2015</u> <u>EGP</u>	<u>31 December 2014</u> <u>EGP</u>
Land acquisition cost	4 481 787 980	1 821 072 402	185 249 711	2 475 465 867
Cost of construction	7 595 717 077	2 790 645 712	610 211 988	4 194 859 377
Completed units ready for sale	187 907 169	134 302 287	20 483 327	33 121 555
Balance as at 30 June 2015	12 265 412 226	4 746 020 401	815 945 026	6 703 446 799
				6 074 901 015

* Borrowing cost capitalized on work in process for the year ended 30 June 2015 amounted to EGP 107 160 109 The capitalization rate used to determine the amount of borrowing costs eligible for capitalization is 11.56%.

35. Cash And Cash Equivalents

	<u>30 June 2015</u>	<u>31 December</u>
	<u>EGP</u>	<u>2014</u>
		<u>EGP</u>
Banks-current accounts- EGP	419 138 457	177 320 432
Banks-current accounts- foreign currency	2 804 986	4 916 509
Banks – Deposits-EGP	1 276 879	7 390 217
Cash on hand	7 134 064	5 321 906
Balance as at 30 June 2015	<u>430 345 386</u>	<u>194 949 064</u>

36. Accounts Receivable

	<u>30 June 2015</u>	<u>31 December</u>
	<u>EGP</u>	<u>2014</u>
		<u>EGP</u>
Palm Hills Developments Company customers	216 976 135	374 788 281
Palm Hills Middle East Company for Real Estate Investment customers	125 625 967	160 328 907
New Cairo for Real Estate Developments customers	1 688 153	5 506 434
Royal Gardens for Real Estate Investment Company customers	16 322 496	20 241 482
Gawda for Trade Services customers	2 699 068	2 834 999
Saudi Urban Development Company customers	38 823 358	43 426 830
Rakeen Egypt for Real Estate Investment customers	235 868 454	285 294 244
East New Cairo for Real Estate Development customers	128 780 056	133 471 995
Middle East Company for Real Estate and Touristic Investment customers	59 317 127	96 090 251
Balance as at 30 June 2015	<u>826 100 814</u>	<u>1 121 983 423</u>

37. Debtors And Other Debit Balances

	<u>30 June 2015</u>	<u>31 December</u>
	<u>EGP</u>	<u>2014</u>
		<u>EGP</u>
Tax Authority	23 756 481	23 756 481
Investments debtors	5 000 456	4 483 115
Deposits with others	4 618 629	6 092 067
Prepaid expenses	20 527 597	2 872 715
Loans to employee & custodies	7 000 881	1 661 967
Due from City for Real Estate Development Company	5 522 741	5 522 741
Advance payments for land acquisition	83 264 427	47 260 820
Other debit balances	32 572 266	25 146 913
Balance as at 30 June 2015	<u>182 263 479</u>	<u>116 796 819</u>

38. Due From Related Parties

	<u>30 June</u>	<u>31 December</u>
	<u>2015</u>	<u>2014</u>
	<u>EGP</u>	<u>EGP</u>
Al Ethadia for Real Estate S.A.E	97 370 625	86 700 732
United Engineering for Construction S.A.E	45 056 259	15 544 536
Coldwell Banker -Palm Hills for Real Estate S.A.E	20 480	20 480
Novotel Cairo 6th Of October S.A.E	1 943 462	891 050
Palm Hills Education S.A.E	184 125	184 125
Mercure Ismailia Hotel	4 097 955	2 138 308
Baltan Group	269 320	269 320
Balance as at 30 June 2015	<u>148 942 226</u>	<u>105 748 551</u>

39. Advance Payments For Investments Acquisition

	<u>Nature of transaction</u>	<u>30 June 2015</u>	<u>31 December</u>
		<u>EGP</u>	<u>2014</u>
		<u>EGP</u>	<u>EGP</u>
Palm Hills – Saudi	Establishment	135 121 743	135 121 743
Villamora for Real Estate Development Company S.A.E	Acquisition	3 900 000	3 900 000
Gamsha for Tourist Development S.A.E	Acquisition	4 010 000	4 010 000
United Engineering for Construction S.A.E	Establishment	19 775 000	19 775 000
Al Naeem for Hotels and Touristic Villages	Acquisition	41 303 890	41 303 890
Balance as at 30 June 2015		<u>204 110 633</u>	<u>204 110 633</u>

40. Banks- Credit Balances

	<u>30 June 2015</u>	<u>31 December</u>
	<u>EGP</u>	<u>2014</u>
	<u>EGP</u>	<u>EGP</u>
Banks –EGP	34 957 023	37 658 893
Banks-foreign currencies	1 560 295	1 538 667
Balance as at 30 June 2015	<u>36 517 318</u>	<u>39 197 560</u>

41. Advances From Customers

	<u>Palm Hills Development Company S.A.E EGP</u>	<u>Palm Hills Middle East Company for Real Estate Investment S.A.E EGP</u>	<u>Rakeen Egypt for Real Estate Investment S.A.E EGP</u>	<u>Middle East Company for Real Estate and Touristic Investment S.A.E EGP</u>	<u>New Cairo for Real Estate Developments S.A.E EGP</u>	<u>Royal Gardens for Real Estate Investment Company S.A.E EGP</u>	<u>Saudi Urban Development Company S.A.E EGP</u>	<u>East New Cairo for Real Estate Development S.A.E EGP</u>	<u>Gawda for Trade Services S.A.E EGP</u>	<u>Balance as at 30 June 2015 EGP</u>
Down payments	75 845 056	8 595 208	8 914 793	16 854 162	--	1 238 119	8 885 265	2 743 726	--	123 076 329
Advances for contracting	6 891 543 455	2 415 928 799	1 711 951 468	536 044 828	293 852 860	939 978 072	773 763 368	1 722 349 155	341 806 885	15 627 218 888
	<u>6 967 388 511</u>	<u>2 424 524 007</u>	<u>1 720 866 261</u>	<u>552 898 990</u>	<u>293 852 860</u>	<u>941 216 191</u>	<u>782 648 633</u>	<u>1 725 092 881</u>	<u>341 806 885</u>	<u>15 750 295 217</u>
Exclude:-										
amounts recognized in income statements as at 30 June 2015	5 015 581 443	1 482 553 326	386 204 282	369 535 927	283 701 309	641 869 515	2 554 464	651 151 616	334 638 288	9 167 790 171
Advances from customers (net)	<u>1 951 807 068</u>	<u>941 970 681</u>	<u>1 334 661 979</u>	<u>183 363 063</u>	<u>10 151 551</u>	<u>299 346 676</u>	<u>780 094 169</u>	<u>1 073 941 265</u>	<u>7 168 597</u>	<u>6 582 505 047</u>
Unamortized discount - accounts receivable	246 711 365	130 806 570	119 214 707	23 607 680	6 188 191	34 429 685	65 001 031	153 919 624	--	779 878 852
Balance as at 30 June 2015	<u>1 705 095 703</u>	<u>811 146 111</u>	<u>1 215 447 271</u>	<u>159 755 383</u>	<u>3 963 360</u>	<u>264 916 990</u>	<u>715 093 138</u>	<u>920 021 641</u>	<u>7 168 597</u>	<u>5 802 626 194</u>

42. Land Purchase Liabilities

A) Land purchase liabilities - short term

	<u>30 June</u> <u>2015</u> <u>EGP</u>	<u>31 December</u> <u>2014</u> <u>EGP</u>
Land purchase liabilities - short term	224 733 191	243 620 378
Deduct:		
unamortized discount	1 495 136	27 051 590
Balance as at 30 June 2015	<u><u>223 238 055</u></u>	<u><u>216 568 788</u></u>

B) Land purchase liabilities - long term

	<u>30 June</u> <u>2015</u> <u>EGP</u>	<u>31 December</u> <u>2014</u> <u>EGP</u>
Land purchase liabilities - long term	370 581 373	421 513 653
Deduct		
Delayed installments interest	--	60 309 305
Unamortized discount	4 763 863	10 770 526
Balance as at 30 June 2015	<u><u>365 817 510</u></u>	<u><u>350 433 822</u></u>

43. Due To Related Parties

	<u>30 June</u> <u>2015</u> <u>EGP</u>	<u>31 December</u> <u>2014</u> <u>EGP</u>
El Mansour & El Maghraby Investment and Development	514 199 421	529 035 086
Due to shareholders	36 296 015	47 819 225
Advance payments for capital increase	45 592 568	62 030 239
Villamora for Real Estate Development Company S.A.E	11 094 777	7 428 819
Balance as at 30 June 2015	<u><u>607 182 781</u></u>	<u><u>646 313 369</u></u>

44. Investment purchase liabilities

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

45. Notes Payable

A) Short Term Notes Payable

	<u>30 June</u> <u>2015</u> <u>EGP</u>	<u>31 December</u> <u>2014</u> <u>EGP</u>
Notes payable- Land (New Urban Communities Authority)	646 006 105	580 075 984
Add:		
Notes payable- Others	242 617 176	225 151 773
Balance as at 30 June 2015	888 623 281	805 227 757

B) Long Term Notes Payable

	<u>30 June</u> <u>2015</u> <u>EGP</u>	<u>31 December</u> <u>2014</u> <u>EGP</u>
Notes payable- Land (New Urban Communities Authority)	638 175 715	753 070 640
Deduct:-		
Delayed installments interest	318 677 171	342 859 837
	319 498 544	410 210 803
Add:-		
Other notes payable	81 857 052	126 300 190
Balance as at 30 June 2015	401 355 596	536 510 993

46. Loans This item is represented as follows:

	<u>June 2015 30</u>		<u>31 December 2014</u>	
	<u>Short term</u> <u>EGP</u>	<u>long term</u> <u>EGP</u>	<u>Short term</u> <u>EGP</u>	<u>long term</u> <u>EGP</u>
<u>Misr Bank</u>				
Revolving medium term loan with the Misr Bank in the amount of EGP 500 million to be settled with a minimum of 100 million EGP annually in case of full utilization of the facility with an interest rate 2% over the LIBOR three months rate.	415 319 387	--	166 939 000	166 890 086
<u>Arab African International Bank (AAIB)</u>				
A medium term loan with the Arab African International Bank (AAIB) amounted to EGP 2.4 billion secured by the assignment of projects' cash and bears an interest rate of 3.25% above deposit corridor rate.	--	1 723 600 657	--	1 218 658 750
<u>Arab African International Bank (AAIB)</u>				
A medium term loan with Arab African International Bank (AAIB) amounted to EGP 225 million secured by the assignment of projects' cash flow and bears an interest rate of 2.75% above deposit corridor rate and is repayable on quarterly installments from 30 June 2013 to June 2018.	31 193 000	--	7 471 000	52 293 623
<u>Abu Dhabi Islamic Bank (ADIB)</u>				
Mudaraba Contract with Abu Dhabi Islamic Bank (ADIB) amounted to EGP 96 403 044 for 3 years.	--	34 722 169	--	24 100 762
Balance as at 30 June 2015	446 512 387	1 758 322 826	174 410 000	1 461 943 221

47. Creditors And Other Credit Balances

	<u>30 June 2015</u>	<u>31 December 2014</u>
	<u>EGP</u>	<u>EGP</u>
Other credit balances	170 706 594	134 940 734
Increase in construction area liabilities	95 500 000	95 500 000
Accounts receivable under settlement	82 857 654	141 053 877
Accrued expenses	44 347 539	39 177 625
Balance as at 30 June 2015	<u>393 411 787</u>	<u>410 672 236</u>

48. Capital

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

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

The subscription to capital increase was closed on 3 June 2015 where its value was covered in full which is amounted to EGP 1 648 000 000 and was deposited at The Arab African International Bank (Note-63).

49. Other Long Term Liabilities- Residents' Association

Other long term liabilities represent time deposit checks received from residents or customers due on the sold units to finance the maintenance and other running expenses, such time deposit checks are temporarily invested in favor of residents until the compound has separate legal personality and separate assets and liabilities, then the compound's management and its General Assembly will be responsible for running the compound's assets and liabilities according to the Buildings & Housing Law No.119 for 2008. Other long term liabilities balance as at 30 June 2015 amounted to EGP 439 306 093.

50. Legal Reserve

	<u>30 June</u> <u>2015</u> <u>EGP</u>	<u>31 December</u> <u>2014</u> <u>EGP</u>
Beginning balance	566 469 569	558 109 843
Transferred from the prior period's profit	2 452 637	8 359 726
Balance as at 30 June 2015	568 922 206	566 469 569

51. Revenues

	<u>30 June</u> <u>2015</u> <u>EGP</u>	<u>30 June</u> <u>2014</u> <u>EGP</u>
Sale of land development	1 120 709 695	596 065 271
Revenue from construction contracts	397 905 373	285 038 549
Sale of completed units ready for sale	26 768 207	3 021 250
Revenue from hospitality activities	15 365 735	5 640 773
Deduct:-		
Unamortized discount- notes receivable	89 551 225	48 071 237
Total as at 30 June 2015	1 471 197 784	841 694 606

52. Cost of Revenues

	<u>30 June</u> <u>2015</u> <u>EGP</u>	<u>30 June</u> <u>2014</u> <u>EGP</u>
Cost of land development	185 249 711	211 535 907
Constructions and infrastructure	610 211 988	342 256 555
Cost of completed units ready for sale	20 483 327	2 926 643
Depreciation of Fixed Assets – Macor for Securities Investment Company	2 502 078	2 475 502
Total as at 30 June 2015	818 447 104	559 194 607

53. General Administrative, Selling And Marketing Expenses

	<u>30 June</u> <u>2015</u> <u>EGP</u>	<u>30 June</u> <u>2014</u> <u>EGP</u>
Wages and salaries	89 634 388	49 547 363
Selling and marketing expenses	37 002 020	30 291 982
Professional and Government fees	41 787 133	8 520 242
Communications expenses	592 472	377 020
Utilities	9 005 022	953 332
Maintenance and Insurance	4 365 960	1 920 620
Travel and transportation	1 145 230	471 257
Bank charges	2 235 406	1 500 770
Other administrative expenses	4 800 904	1 143 440
Total as at 30 June 2015	<u><u>190 568 535</u></u>	<u><u>94 726 028</u></u>

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

	<u>30 June</u> <u>2015</u> <u>EGP</u>	<u>30 June</u> <u>2014</u> <u>EGP</u>
Revenues	21 671 364	11 000 792
<u>Less:</u>		
Cost of revenue	<u>5 535 655</u>	<u>5 007 517</u>
	16 135 709	5 993 275
<u>Less:</u>		
General administrative expenses	7 806 463	6 949 716
Depreciation of Fixed Assets	<u>3 674 458</u>	<u>4 631 320</u>
	11 480 921	11 581 036
<u>Add:</u>		
Other revenues	<u>455 678</u>	<u>797 913</u>
Net operating profit (Loss)	<u><u>5 110 466</u></u>	<u><u>(4 789 848)</u></u>

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

	<u>30 June</u> <u>2015</u> <u>EGP</u>	<u>30 June</u> <u>2014</u> <u>EGP</u>
Gains on sale of mutual funds certificates	2 348 307	2 475 384
Total as at 30 June 2015	<u>2 348 307</u>	<u>2 475 384</u>

56. Other Revenues

	<u>30 June</u> <u>2015</u> <u>EGP</u>	<u>30 June</u> <u>2014</u> <u>EGP</u>
E-compound revenues	11 346 510	7 251 000
Gains from the sale of fixed assets	1 458 973	57 267
Miscellaneous revenues	5 662 362	11 395 919
Total as at 30 June 2015	<u>18 467 845</u>	<u>18 704 186</u>

57. Capital Gain on Investment Property

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

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

58. Transaction With Related Parties

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

a- Transaction with related parties

<u>Party</u>	<u>Relationship</u>	<u>Nature of transaction</u>	<u>Amount of transaction EGP</u>
Palm Hills Middle East Company for Real Estate Investment S.A.E	A subsidiary	Finance	600 529 443
Royal Gardens for Real Estate Investment Company S.A.E	A subsidiary	Finance	32 015 246
Middle East Company for Real Estate and Touristic Investment S.A.E	A subsidiary	Finance	97 463 909
Gawda for Trade Services S.A.E	A subsidiary	Finance	36 160 549
Rakeen Egypt for Real Estate Investment S.A.E	A subsidiary	Finance	319 610 521
Saudi Urban Development Company S.A.E	A subsidiary	Finance	13 133 740
Nile Palm Al-Naeem for Real Estate Development S.A.E	A subsidiary	Finance	241 900 470
Al Ethadia for Real Estate S.A.E	A Related party	Finance	29 048 838
East New Cairo for Real Estate Development S.A.E	A subsidiary	Finance	234 040 715
Palm October for Hotels S.A.E	A subsidiary	Finance	407 920
New Cairo for Real Estate Development S.A.E	A subsidiary	Finance	97 298 195
Al Naeem for Hotels and Touristic Villages S.A.E	A subsidiary	Finance	261 051 832
Gemsha for Tourist Development S.A.E	A subsidiary	Finance	45 224 000
United Engineering for Construction S.A.E	A subsidiary	Finance	17 629 428
El Mansour & El Maghraby Investment and Development	A main shareholder	Finance	63 492 993
Palm Gemsha for Hotels S.A.E	A subsidiary	Finance	61 000
Palm North Coast Hotels S.A.E	A subsidiary	Finance	61 000

b- Resulting balances from these transactions

<u>Party</u>	<u>Item as in balance sheet</u>	<u>30 June 2015 EGP</u>
Royal Gardens for Real Estate Investment Company S.A.E	Due from related parties	481 596
Palm October for Hotels S.A.E	Due from related parties	52 397 308
Palm Hills Hospitality S.A.E	Due from related parties	100 254 292
Rakeen Egypt for Real Estate Investment S.A.E	Due from related parties	156 598 455
Saudi Urban Development Company S.A.E	Due from related parties	147 594 143
Palm Hills Middle East Company for Real Estate Investment S.A.E	Due from related parties	916 106 421
Gemsha for Tourist Development S.A.E	Due from related parties	36 284 992
Al Ethadia for Real Estate S.A.E	Due from related parties	89 574 384
Coldwell Banker Palm Hills for Real Estate	Due from related parties	20 480
Palm Hills Education S.A.E	Due from related parties	184 125
United Engineering for Construction S.A.E	Due from related parties	14 590 453
East New Cairo for Real Estate Development S.A.E	Due from related parties	137 631 646
Baltan Group	Due from related parties	269 320
Palm North Coast Hotels S.A.E	Due from related parties	56 586
Palm Gemsha for Hotels S.A.E	Due from related parties	53 394
Nile Palm Al-Naeem for Real Estate Development S.A.E	Due from related parties	122 949 559
New Cairo for Real Estate Developments S.A.E	Due to related parties	20 919 446
Middle East Company for Real Estate and Touristic Investment S.A.E	Due to related parties	59 952 977
Al Naeem for Hotels and Touristic Villages S.A.E	Due to related parties	106 828 974
Gawda for Trade Services S.A.E	Due to related parties	76 250 123
Shareholders – credit balances	Due to related parties	41 796 015
El Mansour & El Maghraby Investment and Development	Due to related parties	548 912 170

59. Tax Status

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

60. Financial Instruments & Fair Value

- Financial instruments

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

- Financial instruments fair value

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

61. Risk Management

- Interest rate risk

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

- Credit risk

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

62. Comparative Figures

Some comparative figures were reclassified to conform to the current year's presentation of the financial statements.

Assets and liabilities combination of Middle East for Development and Investment Touristic as of 31 December 2013 was eliminated due to changes in ownership and management structure, where the Company sold 100% of Middle East for Development and Investment Touristic co' equity.

63. Relevant Issue “Capital Increase”

On February 8, 2015 the Company’s Extra-ordinary General Assembly Meeting approved to increase both the company's authorized capital by EGP 2.5 billion to EGP 6 billion from EGP 3.5 billion currently, and the company's issued capital from EGP 2 696 640 000 EGP to EGP 4 344 640 000 ,and inviting original shareholders to subscribe to a rights issue at the nominal value of the share amounting to EGP 2 to finance the expansion plans in both residential and commercial sectors. The capital increase was recorded in the commercial register on 13 July 2015.