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Egyptian Resorts Company
"Egyptian Joint Stock Company"

The consolidated Financial Statements
For the financial year ended December 31, 2014
And Auditor's Report

KPMG

Hazem Hassan
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Auditor's Report

To the Shareholders of Egyptian Resorts Company

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Egyptian Resorts Company (S.A.E), which comprise the consolidated balance sheet as at December 31, 2014, and the consolidated income statement, statement of changes in equity and statement of cash flows for the financial year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

These financial statements are the responsibility of Company's management. Management is responsible for the preparation and fair presentation of these financial statements in accordance with the Egyptian Accounting Standards and in the light of the prevailing Egyptian laws, management responsibility includes, designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; management responsibility also includes selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Egyptian Standards on Auditing and in the light of the prevailing Egyptian laws. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Egyptian Resorts Company (SAE) as of December 31, 2014, and of its financial performance and its consolidated cash flows for the year then ended in accordance with the Egyptian Accounting Standards and the Egyptian laws and regulations relating to the preparation of these financial statements.

Emphasis of matter

Without considering the following as qualifications:

1 As disclosed in detail in note no. (30-2) of the notes to the financial statements, there is a lawsuit before court which is raised by one of the lawyers against the General Authority for Touristic Development in order to annul the allocation contract of all lands for Egyptian Resorts Company at Sahl Hasheesh. On February 28, 2011 the company's management decided to become a part of this lawsuit in order to undertake the legal procedures and submit the documents supports the company's position. The lawsuit is now still pending before the state attorneys' authority in its preliminary, whom decided to postpone the lawsuit for a hearing on June 12, 2014. The company's management & legal consultant believes the integrity of the company's legal position in light of the defenses presented from them, though it would be difficult for the time being to predict the results of the lawsuit in this early stage of dispute along with the ruling ruled by the court. Though the extent of the negative effects, that may result, on the company's economics and financial position that may result because of this lawsuit is not yet determined.

2 As disclosed in detail in note no. (30-4) of the notes to the financial statements, the General Authority of Touristic Development has informed ERC that it has decided to withdraw its previous consent for the company on development of phase 3 lands at Sahl Hasheesh (zone c) in which its area is 20 million square meter in its resolution dated March 31, 2011. Knowing that Work in process in connection with this phase amounted to L.E 73.136 million on December 31, 2014. The company raised a lawsuit to cancel the administrative decision issued by the General Authority Of Touristic Development referred to above & submitted to administrative court on September 21, 2011. The company's management & legal consultant believes the integrity of the company's legal position in light of the provisions of the contract concluded between The Authority & the company dated October 24, 1995 in which the terms were executed by the company. The court decided to submit the lawsuit to the state attorneys to prepare a report with the legal opinion. The lawsuit is postponed for a hearing on April 20, 2015 though it would be impossible for the time being to predict the results of the lawsuit in this early stage of dispute along with the ruling ruled by the court. Though the extent of the negative effects, that may result, on the company's economics and financial position that may result because of this lawsuit is not yet determined.

Hesham Gamal El-Afandy
Auditors' register
At the Egyptian Financial Supervisory
Authority No. (100)
KPMG Hazem Hassan

Cairo, March 31, 2015

KPMG Hazem Hassan
Public Accountants and Consultants
(5)

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Egyptian Resorts Company
(Egyptian Joint Stock Company)

The Consolidated Balance Sheet of the Company and its Subsidiaries
As December 31, 2014

	Note No.	31/12/2014 EGP	31/12/2013 EGP
Non current Assets			
Fixed assets (Net)	(3-2,4)	138 726 945	142 126 790
Real estate investment	(3-3,5)	179 094 631	183 455 364
Projects in progress	(3-4,6)	350 704	10 733 126
Accounts & notes receivable - long term (Net)	(3-9,9)	65 113 251	16 365 265
Total non current Assets		**383 285 531**	**352 680 545**
Current Assets			
Work in process	(3-7,7)	538 265 306	520 308 844
Inventory	(3-6,8)	2 637 130	2 309 116
Accounts & notes receivable - short term (Net)	(3-9,9)	276 850 802	312 551 765
Sundry debtors and other debit balances	(10)	11 644 795	12 008 099
Cash on hand & at banks	(3-11,11)	98 143 235	108 919 067
Total Current Assets		**927 541 268**	**956 096 891**
Current Liabilities			
Claims Provision	(3-13,12)	13 757 323	12 526 294
Receivables - advance payments	(13)	14 133 675	13 140 268
Sundry creditors and other credit balances	(3-14,14)	140 133 931	89 761 473
Due to Authority of Touristic Development	(15)	35 741 768	33 353 530
Estimated cost for development of sold land	(3-8)	67 856 496	78 740 568
Banks-Credit Facilities	(16)	5 430	8 793 201
Total Current Liabilities		**271 628 623**	**236 315 334**
Working capital		**655 912 645**	**719 781 557**
Total Investments		**1039 198 176**	**1072 462 102**
Financed as follows:			
Owners' Equity			
Issued and fully paid in capital	(17)	1050 000 000	1050 000 000
Legal reserve	(29)	131 664 379	131 664 379
Carried forward losses		(410 766 580)	(369 336 624)
Net loss for the year		(37 474 611)	(41 429 956)
Holding Companies' Equity		**733 423 188**	**770 897 799**
Minority Interest	(25)	**45 156 547**	**49 128 018**
Total Shareholders' Equity		**778 579 735**	**820 025 817**
Long-term Liabilities			
Purchase of land creditors	(3-7)	256 118 876	248 906 076
Deferred tax liabilities (net)	(3-20, 24-2)	4 499 565	3 530 209
Total Long-term Liabilities		**260 618 441**	**252 436 285**
Total shareholders' equity & Long-term Liabilities		**1039 198 176**	**1072 462 102**

(*) The accompanying notes from page (5) to page (34) form an integral part of these financial statements and to be read therewith.

Financial Controller	Managing Director	Chairman
Mr. Wael Abou Alam	Mr. Mohamed Ibrahim Kamel	Mr. Adel Hammad

Auditor's report (attached),,,

Egyptian Resorts Company
(Egyptian Joint Stock Company)

The Consolidated Income Statement of the Company and its Subsidiaries
For the financial year ended December 31, 2014

	Note No.	From 1/1/2014 to 31/12/2014 EGP	From 1/1/2013 to 30/12/2013 EGP
Operating Revenue	(3-16,18-1)	71 886 539	8 686 868
Sales return	(3-16,18-2)	(62 315 767)	(12 198 681)
Revenue from rendered services	(3-16,18-3)	41 746 930	32 425 589
Total revenues		**51 317 702**	**28 913 776**
Less:			
Cost of sales	(3-17,19-1)	(35 134 570)	(9 829 914)
Cost of returned sold land	(3-17,19-2)	5 049 001	7 319 209
Operating cost of rendered services	(3-17,19-4)	(63 673 245)	(49 536 225)
Gross Operating (loss)		**(42 441 112)**	**(23 133 154)**
Other operating revenue	(20)	2 975 066	18 390 330
		(39 466 046)	**(4 742 824)**
Add/(Less):			
Net Interest recalled from deferred income		427 775	1 349 727
Delay Penalties in sold installement		11 015 148	14 326 390
Loss from reversed property investment previously sold	(21)	(885 541)	-
Selling & marketing expenses	(3-17,26)	(9 879 999)	(1 900 775)
General and administrative expenses	(3-17,22)	(28 390 359)	(31 675 356)
Impairment in receivables	(3-12,9)	(11 484 386)	(24 309 937)
Reverse of impairment in the balances of receivables (net)	(3-12,19-3)	35 955 072	-
Impairment in debitors & other debit balances		-	(1 383 254)
Claims Provision	(3-13,12)	(1 251 029)	(1 770 614)
Loss resulted from operating activity		**(43 959 365)**	**(50 106 643)**
Change in evaluation of investment funds	(3-5,11)	2 178 895	4 265 651
Financing revenue (costs) (net)	(3-18,23)	1 303 744	2 731 958
Net (loss) before tax		**(40 476 726)**	**(43 109 034)**
Income tax	(3-20,24-1)	-	(467 775)
Deferred tax (expense)	(3-20,24-2)	(969 356)	(4 151 765)
Net profit after income tax		**(41 446 082)**	**(47 728 574)**
The Holding Company's share in the year's loss		(37 474 611)	(41 429 956)
The Minority Interest's share in the year's loss	(25)	(3 971 471)	(6 298 618)
		(41 446 082)	**(47 728 574)**

(*) The accompanying notes from page (5) to page (34) form an integral part of these financial statements and to be read therewith.

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Egyptian Resorts Company
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Consolidated Statement of Changes in Shareholders' Equity for the company & its subsidiaries
For the financial year ended December 31, 2014

	Paid in Capital EGP	Legal Reserve EGP	Carried Forward (losses) EGP	The Holding Company's share in year's net (loss) EGP	Minority Interest EGP	Total EGP
Balance as at January 1, 2013	**1050 000 000**	**131 664 379**	**(269 860 682)**	**(99 475 942)**	**55 426 636**	**867 754 391**
Transferred to retained earnings (loss)	-	-	(99 475 942)	99 475 942	-	-
Net loss for the year	-	-	-	(41 429 956)	(6 298 618)	(47 728 574)
Balance as at December 31, 2013	**1050 000 000**	**131 664 379**	**(369 336 624)**	**(41 429 956)**	**49 128 018**	**820 025 817**
Transferred to retained earnings (loss)	-	-	(41 429 956)	41 429 956	-	-
Net (loss) for the year	-	-	-	(37 474 611)	(3 971 471)	(41 446 082)
Balance as at December 31, 2014	**1050 000 000**	**131 664 379**	**(410 766 580)**	**(37 474 611)**	**45 156 547**	**778 579 735**

(*) The accompanying notes from page (5) to page (34) form an integral part of these financial statements and to be read therewith.

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Egyptian Resorts Company
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The Consolidated Cash Flows Statement for the Company and its Subsidiaries
For the financial year ended December 31, 2014

	Note No.	From 1/1/2014 to 31/12/2014 EGP	From 1/1/2013 to 30/12/2013 EGP
Cash Flows from Operating Activities			
Net (loss) before income tax		(40 476 726)	(43 109 034)
Adjustments to Reconcile Net Loss with Net			
Cash Flows from Operating activities			
Fixed assets' depreciation , amortization and right of use	(4,5)	22 306 011	20 923 981
Impairment in receivables	(9)	11 484 386	24 309 937
Reverse of impairment in receivables	(9)	(35 955 072)	-
Impairment in debtors	(10)	-	1 383 254
Formed claim provision	(12)	1 251 029	1 770 614
Other revenue - capital gain	(20)	-	(16 121 510)
Return on treasury bills	(23)	-	(1 066 870)
Differences in evaluation of foreign monetary balances		1 879 676	11 635 616
		(39 510 696)	(274 012)
Change in working capital			
Change in receivables (net)		19 070 004	13 889 740
Change in inventory		(328 014)	(443 643)
Change in debtors and other debit balances		363 304	(4 009 563)
Change in work in process		(17 956 462)	(20 674 241)
Change in receivables advance payments		(370 136)	8 657 176
Change in creditors and other credit balances		50 372 463	(51 222 014)
Change in estimated cost for development of sold land		(10 884 072)	(8 687 810)
Change in dues to Authority of Touristic Development		1 438 560	505 177
Change in purchase of land creditors		-	(561 578)
Used from claim provision	(12)	(20 000)	(563 184)
Net cash flows provided by (used in) operating activities		**2 174 951**	**(63 383 952)**
Cash Flows from Investing Activities			
Payments for purchase of fixed assets, projects in progress and real estate investments	(4,5)	(4 163 012)	(10 133 750)
Proceeds from sale of fixed assets & real estate investment		-	9 751 727
Changes in value of time deposits (more than three months)	(11)	6 545 500	33 056 089
Proceeds from investments in treasury bills (after tax)		-	1 871 095
Net cash available from investing activities		**2 382 488**	**34 545 161**
Cash Flows from Financing Activities			
Increase in banks credit facilities balance	(16)	(8 787 771)	8 793 201
Cash flows (used in) available from financing activities		(8 787 771)	8 793 201
Net cash & cash equivalent used during the year		(4 230 332)	(20 045 590)
Cash & cash equivalent as at the beginning of the year		88 073 567	108 119 156
Cash & cash equivalent balance at the end of the year	(11)	83 843 235	88 073 566

(*) The accompanying notes from page (5) to page (34) form an integral part of these financial statements and to be read therewith.

Egyptian Resorts Company
(Egyptian Joint Stock Company)

Notes to the Consolidated Financial Statements
For the financial year ended December 31, 2014

1- General Background

(A) General

- Egyptian Resorts Company - Egyptian joint stock Company – established under the provisions of Law No. 159 of 1981 and its executive regulations and also subject to the provisions of Law No. 95 of 1992 and its executive regulations. The company was registered in the commercial register under No. 6514 on 24/4/1996.
- The Company's duration is 50 years starting from the date of registration in the commercial registry.
- The financial year for the company starts from January 1st and ends at December 31st each year.
- The company's head office location is at Sahl Hasheesh – Hurghada – Red Sea, and the location of the company's branch at Cairo Governorate is at 4 A Aziz Abaza Street – Zamalek – Cairo.
- The Chairman of the board of directors is Mr. Adel Hammad – and the Managing director is Mr. Mohamed Ibrahim Kamel Abu Eloyoon.

(B) Company's purpose

B-1 Egyptian Resorts Company

The purpose of the company is generally touristic constructions and establishing a complete touristic residential compound in Sahl Hasheesh area in the Red Sea City, through preparing the land and supplying the needed facilities and basic services; stations and networks for generating electricity, water treatment, sewage services, and roads to embark them for establishing a group of hostelry, touristic, residential and entertainment projects, whether by itself or by other parties. It owns the production and distribution of the electric energy, selling of desalinated water, management of urban resorts and touristic villages and establishment and management of service's stations. The company is allowed to participate in any means with the companies & others which perform activities similar to its activities or could help it to achieve its purpose in Egypt or outside.

B-2 Sahl Hasheesh Company for Touristic Investment

The purpose of the company is establishing 30 hostelry apartments consists of 200 rooms of a 5 stars level, fully completed with its complementary utilities and entertainment services which represented in restaurants, cafeterias, health club, swimming pools, tennis, golf and squash playgrounds, entertainment hall and disco, meeting rooms, wedding halls, gardens and playgrounds for kids, entertainment center, medical unit, marine and all kinds of marine sports. Egyptian Resorts Company owns 78.43 % of Sahl Hasheesh Company for Touristic Investment.

(C) The company is listed under the stock exchange market in Cairo and Alexandria.

2- Basis of preparation of the consolidated financial statements

2-1 Basis for preparation

A- Statement of compliance

The accounting policies set out below have been applied consistently to all financial periods presented in these consolidated financial statements.

B- Basis of measurement

These financial statements have been prepared on the historical cost basis.

C- Functional and presentation currency

These consolidated financial statements are presented in Egyptian pounds, which is the Company's functional currency and its subsidiaries.

D- Use of estimates and judgments

- The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses and the estimates and assumptions related to them when applied are considered according to prior experience and acceptable other factors. The results of these assumptions and estimates represent the base for judgment on the net book values of assets and liabilities in a clearer way than any other source. Actual results may differ from these estimates.
- The assumptions and estimates are reviewed periodically.
- Revisions to accounting estimates are recognized in the period in which the estimate is revised if revision affects this period, in the revision period or in any future periods if the revision affects both of them.

2-2 Principles for consolidation of company's and its subsidiaries financial statements

The attached consolidated financial statements include assets, liabilities and the results of Egyptian Resorts Company's operation and its subsidiaries which is called the "group" in which the holding company controls. The basis for preparation consolidated financial statements is as follows:

- All balances and transactions between the companies of the group were eliminated.
- Minority interest was separated from Owners' equity and companies' results which the holding company controls so it was classified in a separate item in the consolidated financial statements. The percentage of the minority interest in assets and liabilities of the subsidiary companies were computed when acquired.
- Cost of acquisition was classified according to the fair value of owned assets and liabilities as at acquisition date which is equivalent in value to the book value and in the limit of the percentage the holding company obtained on that date.

3- Significant Accounting Policies Applied

The accounting policies set out below have been applied consistently to all financial periods presented in these financial statements and they are the same policies applied in the latest annual issued financial statements.

3-1 Foreign currencies translation

Transactions in foreign currencies are translated based on prevailing exchange rates at the dates of the transactions. At the balance sheet date monetary assets and liabilities denominated in foreign currencies are retranslated to EGP as per the prevailing exchange rates on that date. Any differences resulting from translation are taken to the income statement.

Moreover, the non-monetary assets and liabilities, which are stated at historical cost of the foreign currency, are translated as per the prevailing exchange rate on the date of the transaction.

3-2 Fixed assets and depreciation

A- Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation (3-2-C) and impairment losses (3-12).

Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labor, any other costs directly attributable to bringing the asset to a working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow and its cost can be measured reliably. The other costs are recognized as expenses in the income statement as incurred.

B- Depreciation

Depreciation is recognized in income statement on a straight-line basis over the estimated useful lives of each part of the fixed assets. Land is not depreciated. The estimated useful lives for these assets are as follows:

Buildings	30-50 years
Machinery & Equipments	10 years
Furniture & Fixtures	16 years
Vehicles	5 years
Computers	5 years
Desalination plant and sewage treatment plant	
Structural works	30 years
Mechanical works	10 years
Water tank	30 years
Warehouses	30 years
Networks & Facilities	10 years
Pier	25 years
Hostelry furniture & fixtures	6-10 years
Kitchens & operating supplies	10 years
Networks & internet	5 years
Beach restaurant	10 years

- The company revises the useful lives of the fixed assets periodically at least one time at the end of each financial year.

3-3 Real estate investments

The real estate investments are represented in the lands held and under current preparation to utilize it or hold for sale in the long run along with lands & leased buildings (operating lease) to others. Real estate investments are measured at the historical cost deducting from them accumulated depreciation & accumulated impairment losses –if any (note 3-12). The remaining useful life for real estate investments is reviewed periodically with the estimated useful life. If the remaining useful life was different from the main estimation, then the net book value is depreciated over the remaining useful life after modification.

The fair value for these investments in the balance sheet date is disclosed unless there are cases in which the fair value of any of these investments is difficult to be determined in a feasible way and it is disclosed in such a case.

The following is a description of the estimated useful lives to each item of the real investments items for the purpose of depreciation as follows :

	Estimated useful lives in years
Buildings and constructions	40 years
Building & constructions attachments	
Air conditioning, transformers & electric boards	5 years
Elevators	10 years

3-4 Projects in progress

Primary measurement: Projects in progress are recorded at cost. Cost includes all expenditures that are directly attributable to bringing the asset to a working condition for its intended use and to the purpose in which it was acquired for.

Projects in progress are transferred to fixed assets as soon as these projects were finished and are ready for their intended use.

Projects in progress are evaluated on the balance sheet date deducted from it impairment losses – if any (note 3-12).

3-5 Investments in trading securities

The fair value of investments in trading securities are stated by referring to the declared market value for these investments in the date of financial statements. The differences resulted from revaluation are recognized in the income statement.

3-6 Inventory

Inventory is stated at cost or net realizable value which is lower. Net realizable value is represented in estimated sale price during the ordinary activity less the estimated completion cost and selling expenses, disbursed from inventory is valued using weighted average method. Cost includes all costs the company bears to purchase the inventory till reaching its site and its current position.

3-7 Work in process

Primary measurement: work in process is recorded at cost and it includes all actual costs related to the land, direct and indirect expenditures necessary to complete the development of the land and supplying the necessary infrastructure and facilities. The cost related to the work in process are recorded in the work in progress account and at sale, the share of sold land is settled from the cost of work in process according to the actual cost of the meters sold from the actual cost. Work in progress is recorded at cost or the net realizable value, which is lower in the balance sheet.

3-8 Estimated cost for development of sold land

Primary measurement: the cost of sold land is recorded initially based on the share of meters sold from the total cost estimated for the development and supplying facilities to the lands for each phase and then the estimated cost shall be adjusted by the work in process which includes the actual cost development of lands for each phase as per the share of meters sold (3-7) in order to reach the remaining cost for development and supplying facilities' works for the remaining sold land for each phase. The estimated cost shall be studied all over again based on the technical study of the total estimated cost for each phase prepared annually by the technical department and this study shall be approved by the project consultant. The differences results from the re-estimation shall be charged to the income statement.

3-9 Receivables, debtors and other debit balances

Receivables, debtors and other short-term debit balances are stated at nominal value less any amounts expected to be uncollected which is estimated when its probable not to collect all the amount. The balances of receivables and debtors are reduced by the amount of bad debts when identified. These balances are recorded at cost less impairment losses (Note No. 3-12). Long –term receivables are measured by present value of expected cash flows which is computed by using actual return rate.

3-10 Cash flow statement

Cash flow statement is prepared according to indirect method.

3-11 Cash and cash equivalent

For the purpose of preparing the cash flow statement, cash and cash equivalents comprise cash at banks and on hand, call deposits, balance of bank overdrafts that are payable on demand and form an integral part of the company's cash management.

3-12 Impairment

A. Financial assets

- A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.
- An impairment loss related to financial asset which has been measured at amortized cost is calculated based on the difference between the book value and the present value of estimated future cash flows discounted at the current interest price.
- Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.
- All impairment losses are recognized in the income statement.
- An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognized for financial assets measured at amortized cost and financial assets considered as debt instrument is recognized in the income statement.

B. Non-financial assets

- The carrying amounts of the non-financial assets, other than inventory and deferred tax assets are reviewed at the balance sheet date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated.
- An impairment loss is recognized if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups. Impairment losses are recognized in the income statement.
- The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.
- An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent of the assets' carrying amount which has been determined after discounting depreciation or amortization if no impairment loss had been recognized such that the asset's carrying amount does not exceed the recoverable amount.

3-13 Provisions

A provision is recognized in the balance sheet when the Company has a legal or constructive obligation as a result of past events, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax to take such effect into consideration in which reflects the current estimate of the monetary value in the market and the risks related to this liability if it is suitable. Provisions are reviewed at each balance sheet date and adjusted, (if required), to reflect the best current estimate.

3-14 Creditors and other credit balances

Creditors and other credit liabilities are recorded at cost.

3-15 Employees' pension plan

The company contributes in the social insurance system for the benefit of employees according to law of Social Insurance Authority. The employer and the employees contribute in the system by a fixed percentage from salaries as per this law and the company's liability is limited to this contribution. The company charges this contribution to the income statement according to the accrual basis.

3-16 Revenue recognition

- Activity's revenues

Revenue from sales of land (through installments) is recognized in accordance with the contract terms and handing over to customers, under which the payment of the corresponding installments will be recognized at the cash sales price (without interest) as revenue on the date of sale. The cash sales price is determined by deducting the due installments by using appropriate discount rate to show the difference between the total sale price and the cash price deducted from the customers' balances which are recognized as revenue over its accrual period.

Units' revenue owned by the subsidiary company

The restaurant revenues are recognized once the service is rendered to the restaurant's customer. Also, the revenue specific to the hostelry apartments and shops rent is recognized according to the accrual basis.

Dividends Revenue

Dividends revenue is recognized in income statement when a company's right to receive dividends from the companies invested in and realized after the date of acquisition.

Interest income

Interest income is recorded according to the accrual basis.

3-17 Expenses

Expenses are recognized according on accrual basis.

3-18 Financial revenues (costs) (net)

Financial costs include all debit and credit interests on the invested money in addition to the foreign exchange differences.

3-19 Interest expenses

Interest expenses related to loans are charged to income statement using actual interest rate method.

3-20 Income Tax

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognized in the income statement except to the extent that it relates to items recognized directly in equity, in this case, it is recognized in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

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 measured using tax rates enacted at the balance sheet date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. Deferred tax assets are reviewed in the balance sheet date and reduced to by the value of the portion that it is no longer probable that the related tax benefit will be realized during the next years.

3-21 Governmental treasury bills

Governmental treasury bills are recognized at net cost after disposing amortization and losses from impairment in assets' value (3-12)

3-22 Purchase of capital's shares

The amounts paid for Company's capital shares and all costs related are included in Owners' equity as a change. Purchased shares are classified as treasury shares and to be presented deducted from total owners' equity.

3-23 Dividends

The dividends recorded as liability in the period they are declared.

3-24 Basic earnings per share

Earnings per share is computed by dividing the profit or loss related to shareholders who represent their contribution in company's capital over the weighted average of common stock shares outstanding during the year.

4- Fixed Assets

The balance of fixed assets (net) shown in the consolidated balance sheet as at December 31, 2014 is represented as follows:-

Description	Cost as at 1/1/2014	Additions of the year	Cost as at 31/12/2014	Accumulated Depreciation as at 1/1/2014	Depreciation of the year	Accumulated Depreciation as at 31/12/2014	Net book value as at 31/12/2014	Net book value as at 31/12/2013
	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP
Land	521 610	-	521 610	-	-	-	521 610	521 610
Buildings	34 640 276	-	34 640 276	4 933 136	1 053 537	5 986 673	28 653 603	29 707 140
Administrative & operating furniture & fixtures	6 914 747	373 368	7 288 115	2 036 185	516 865	2 553 050	4 735 065	4 878 562
Transportation & vehicles	992 387	-	992 387	824 926	101 145	926 071	66 316	167 461
Electronic tools & devices & Computers	9 066 939	939 249	10 006 188	6 938 594	1 346 315	8 284 909	1 721 279	2 128 345
Kitchens & Operating Facilities	1 383 542	304 703	1 688 245	224 646	144 984	369 630	1 318 615	1 158 896
Internet & Communications	1 260 517	10 560	1 271 077	442 345	252 660	695 005	576 072	818 172
Tools & Equipment	2 365 785	21 350	2 387 135	1 430 616	163 970	1 594 586	792 549	935 169
Network & Facilities	88 415 286	2 425 345	90 840 631	33 340 084	8 968 733	42 308 817	48 531 814	55 075 202
Sewage Treatment Plant	21 775 252	-	21 775 252	5 653 711	963 524	6 617 235	15 158 017	16 121 541
Water tank	8 950 096	-	8 950 096	1 427 736	298 307	1 726 043	7 224 053	7 522 360
Water desalination plant	29 060 055	10 345 824	39 405 879	13 449 703	3 683 288	17 132 991	22 272 888	15 610 352
Pier	7 566 571	-	7 566 571	302 663	302 663	605 326	6 961 245	7 263 908
Beach restaurant	242 532	-	242 532	24 460	24 253	48 713	193 819	218 072
Total	**213 155 595**	**14 420 399**	**227 575 994**	**71 028 805**	**17 820 244**	**88 849 049**	**138 726 945**	**142 126 790**

* Fixed assets included assets which are fully depreciated as at December 31, 2014 as follows:

	31/12/2014	31/12/2013
	EGP	EGP
Transportation vehicles	658 237	377 437
Machinery & equipments	754 642	754 642
Furniture	214 384	166 857
Buildings (Caravans)	142 973	82 830
Computers	4 442 471	3 149 841
	6 212 707	**4 531 607**

5- Real Estate Investment

The balance of real estate investment (net) shown in the consolidated balance sheet as at December 31, 2014 is represented as follows:-

Description	Cost as at 1/1/2014	Additions of the year	Cost as at 31/12/2014	Accumulated Depreciation as at 1/1/2014	Depreciation of the year (**)	Accumulated Depreciation as at 31/12/2014	Net book value as at 31/12/2013	Net book value as at 31/12/2012
	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP
Lands (*)	109 956 692	-	109 956 692	-	-	-	109 956 692	109 956 692
Buildings	66 927 662	125 036	67 052 698	3 341 026	1 674 054	5 015 080	62 037 618	63 586 636
Air Conditioning	9 400 377	-	9 400 377	3 760 150	1 880 076	5 640 226	3 760 151	5 640 227
Elevators	2 949 205	-	2 949 205	589 840	294 920	884 760	2 064 445	2 359 365
Transformers & Electric Boards	3 183 586	-	3 183 586	1 271 142	636 719	1 907 861	1 275 725	1 912 444
Total	**192 417 522**	**125 036**	**192 542 558**	**8 962 158**	**4 485 769**	**13 447 927**	**179 094 631**	**183 455 364**

(*) Lands item includes an amount of L.E 104 117 692 represented in the value of lands acquired with the knowledge of Sahl Hasheesh For Touristic Investment Co. (subsidiary compa & under current planning to be utilized with the knowledge of the company's management

(**) Real estate investment depreciations as of December 31,2014 was classified among operating depreciations included in the cost of sales item in the income statement (Note 19-4)

6- Projects in progress

Projects in progress shown in the consolidated balance sheet among the non-current assets item are represented in the following:

	31/12/2014 EGP	31/12/2013 EGP
Raising the level of the drainage network station	255 000	2 306 411
Sea Bridge	-	210 000
Construction of water wells desalination station with a capacity of 4000 meters cube	-	8 211 715
Miscellaneous projects	36 237	-
Technical study for constructing an electric station	52 317	-
Suppliers-advance payments	7 150	5 000
	350 704	**10 733 126**

7- Work in Progress

The actual cost for the work in progress account shown in the Consolidated balance sheet among the current assets is represented as follows:-

		31/12/2014 EGP	31/12/2013 EGP
7-1	Cost of the lands haven't been sold yet - Phase 1	25 534 105	28 674 982
7-2	Cost of the lands haven't been sold yet - Phase 2	195 380 295	177 693 011
7-3	Cost of project's lands – Phase 3	304 586 838	303 139 715
7-4	Cost of Sawary Project	10 530 274	10 530 274
7-5	Cost of Jomran Project	2 233 794	270 862
		538 265 306	**520 308 844**

(*) Based on the events occurred in Arab Republic of Egypt during year 2011, and what followed this of a governmental resolutions by taking the lands of phase three in which current legal procedures are being taken in note (7-3) below which would affect on the data, information and the technical assumptions in connection with estimation of the cost elements aforementioned. Based on the financial and technical data currently available for the company, it prepared a financial estimations for those elements to compute cost till terminating all the obstacles hinder completing this study in a proper way with the help of the experts aforementioned.

7-1 First Phase Lands

- The General Authority for Touristic Development allocated an area of six million meter square by virtue of a contract for sale and leasing of desert land at Sahl Hasheesh at Red Sea for the purpose of touristic development concluded on October 24, 1995. The amounts due to the authority for this phase has been paid in full. As per the contract, the authority is entitled for 7.5% of the sales price as a commission with a minimum amount of EGP 11.25 per meter and to be increased by a 10% annually according to the sales contract concluded presented from the company.

According to the prime minister's decree No. 1026 of 2005 published in the official gazette issue No.28 on July 14, 2005 stating that the lands sold for the purpose of constructing a touristic project, US$ 1.75 is due to the authority per meter sold.

- Based on the geographical survey for phase 1 made on 2008, which was prepared by the company's experts, the total area of that phase is 5 604 817 meter square in which the sold area is 4 862 347 meter square.

The total cost estimated for development as at December 31, 2014 for the execution of the first phase of the project based on the revised study prepared by the company's experts amounted to EGP 251 742 815 in which the estimated cost per meter amounted to LE 51.773 approximately.

7-2 Second Phase Lands

- The company rented the second phase's lands 6 million meters as an extension to the touristic development of phase one.
- On March 30, 2003, the company got an initial approval from the General Authority for touristic development (Ministry of Tourism) to sell the area allocated from the touristic center for the second phase (6 million m²). A decision no.(82) dated 5/6/2006 for final allocation of the phase's land has been made after full payment of stipulation and allocation expenses.
- In light of the final settlement for the Authority's share in the conductance made by the company on the lands of phase 1, 2 and 3 from Sahl Hasheesh Company mentioned in (7-1), an agreement has been made to account the Authority's share on the same basis adopted in phase 1 for the conductance conducted before the date of the Prime Minister's resolution on July 28, 2005. Therefore, the Authority's share is accounted by US Dollar 1.75 / meter for the conductance over the land pieces specified for hostelry use or US Dollar 5 for the land pieces specified for touristic housing.
- Based on the geographical survey for the second phase made on 2008 which is mentioned in (7-1), the total area of that phase is 7 032 867 meter square and the area to be sold from this phase is 6 542 922 meter square.
- The estimated cost as at December 31, 2014 for the project's second phase according to the study prepared by the company's experts amounted to EGP 392 607 701 with estimated cost of EGP 60.

7-3 Third phase lands

- The company rented the third phase's lands (20 million m²) as an extension to touristic development of the first and second phase as per the main agreement with the Authority for Touristic Development on 24/10/1995.
- On March17, 2005 the company communicated the General Authority for Touristic Development to issue a letter confirming the company's rights in developing the project's third phase. On March 20, 2005, the Authority for Touristic Development replied that there are no restrictions on studying the company's proposal as long as the company fulfills the terms of the contract and the authority will notify the company with the results of the study. According to the authority's letter dated February 26, 2007, the price of the meter was determined by USD 1.40/m.
- Moreover, as per the geographical survey prepared by the expertise whom the company used during year 2008, the total area of the third phase is 28 312 296 m^2.

The cost of land purchased from the Authority of Touristic Development (including the contractual and allocation expenses) amounted to USD 42 411 819 which is equivalent to EGP 231 450 740. This cost is included in Work In Progress – Phase 3 and the total payments were USD 7 567 359 as at June 30,2014. The remaining amount due to the Authority based on the aforementioned is EGP 249 190 505 equivalent to USD 34 851 819 and included in purchase of land creditors.

- Cost of works done in this phase as of December 31, 2014 amounted EGP 73 136 095 against EGP 71 688 975 as at December 31,2013.
- The General Authority for Touristic Development notified the company to annul its previous consent that issued for the company to develop the land of the third phase of Sahl Hasheesh (Area C) and of an area of 20 million meter square in its resolution dated March 31, 2011. The company appealed to the resolution of the General Authority for Touristic Development to annul its previous consent referred to in 27 May 2011 and the company did not receive any reply in this concern. The company raised a lawsuit to cancel this resolution, which is issued from TDA of taking the land of phase 3 back in front of the administrative court which was postponed to a session of April 20, 2015 according to what was stated in details in the company's legal position (Note No. 30-4)

7-4 Cost of work in process (Sawary project)

The item is represented in the following:

7-4-1 Based on the project undertaken by the company which will be a luxurious compound to be established on an area of 2.583 million meter square from the lands of phase 2, the company concluded an agreement with Orascom Co. for Development and Management (FZC) (as developer) on April 28, 2010 in order to obtain the services associated with the development, management, marketing and sale of project units in accordance with the master plan agreed upon.

7-4-2 Trademarks represented in the value against use of trademark for Orascom Co. for Development and Management (FZC) located in Ras al-Khaimah in United Arab of Emirates as for the supervision over execution, promotion & propaganda for Sawary project mentioned above.

The company is in process of following up the procedures, which allow the continuance of the project works since that a part of the areas on which the project established upon interferes with phase 3 lands which are under dispute with The General Authority For Tourism (Note 7-3).

7-5 Jomran Project

The item mentioned above is represented in the value of the cost incurred to execute works of phase 2 project for the villas region in addition to conduction of building villas units by the company for the favor of those lands' clients which is commensurate with the integrated urban planning for this region.

8- Inventory

Balance of inventory shown in the consolidated balance among the current assets is represented in the following:

	31/12/2014 EGP	31/12/2013 EGP
The Egyptian Resorts Company		
Maintenance supplies & spare parts in the location	2 485 870	2 250 395
Sahl Hasheesh Company For Touristic Development		
Food store	39 811	17 724
Beverage store	111 449	40 997
	2 637 130	**2 309 116**

9- Accounts & Notes Receivable (Net)

The balance of accounts & notes receivable shown in the Consolidated balance sheet among current assets is represented as follows:

	31/12/2014	31/12/2013
	EGP	EGP
Land receivables	332 115 492	408 578 225
Accounts and notes receivable of Jomran project	76 098 151	9 882 601
Receivables – services and managing the resort	32 549 798	28 221 768
Sold real estate – receivables	-	13 897 000
	440 763 441	**460 579 594**
Less: Deferred interest	(11 817 815)	(1 265 234)
Less: Impairment in receivables (**)	(86 981 573)	(130 397 330)
	341 964 053	**328 917 030**

For presentation purposes, the accounts & notes receivable as at December 31, 2014 are classified as follows:

	31/12/2014	31/12/2013
	EGP	EGP
Accounts & notes receivable – long term assets	65 113 251	16 365 265
Accounts & notes receivable – current assets	276 850 802	312 551 765

(**) Impairment in receivables balance shown above is represented in the value of impairment in receivables balances according to the study prepared by the management's knowledge as a result of the current situations in Arab Republic Of Egypt and its reflection over the company's activity which led to some financial difficulties for some clients in addition to the effect of market decline because of the financial difficulties facing generally the tourism sector. Thus, the company's management has made a study based on several assumptions to determine the amount of impairment in receivables as a result of the indicators mentioned above. The study has been prepared in light of the following :

- Assuming the continuation of engagement with the clients and following up the collection process with them.
- Expected future cash flows in light of number of expected payments on the level of each client separately.
- Deducting the expected cash flows using rates of return on similar investments according to the nature of the currency related to each client.
- The movement of impairment in receivables balance during the year is represented in the following :

	EGP
Beginning balance	130 397 330
Impairment in value of receivables during the year	11 484 386
Reverse the impairment in accounts receivable during the year (Note 19-3)	(35 955 072)
Used from the balance during the year (*)	(18 945 071)
Ending Balance	**86 981 573**

(*) The used balance includes an amount of EGP 11 344 319 represents the loss from returned land which was previously sold as referred to note (18-2) from the disclosed notes to the financial statements.

10- Sundry Debtors & Other Debit Balances

Sundry debtors & other debit balances item shown in the consolidated balance among current assets is represented in the following:

	31/12/2014 EGP	31/12/2013 EGP
Letters of guarantee covers	50 000	50 000
Cash impests and loans (*)	25 454	171 190
Prepaid expenses	1 231 402	2 751 020
Deposits with others	426 170	448 384
Sale of fixed assets debtors (**)	227 405	835 648
Accrued revenue	436 980	421 809
Contractors & suppliers-advance payments (*)	4 422 470	2 773 616
Sundry debtors (*)	738 555	541 854
Withholding Tax – Debit	432 219	360 438
Income Tax paid for reversed sales (***)	5 105 072	5 105 072
	13 095 727	**13 459 031**
Less: Impairment in sundry debtors & other debit balances (*)	(1 450 932)	(1 450 932)
	11 644 795	**12 008 099**

(**) Receivable from sold fixed assets balance as at December 31,2014 represents the due balance from related parties-receivable equivalent to USD 31 805 related to selling hostelry units in the old city during year 2013.

(***) The balance is represented in the rest of paid in excess to the tax authority amounting EGP 5 105 672 as of judicial persons' income as of the financial year 2008 in light of the internal committee's decision shown in form no.36 payment dated March 31, 2012. The value of what has been settled during this year with the authority from this balance amounted EGP 1 303 894. This indebtedness will be settled with the authority in exchange with tax claims emerged from the incoming financial years.

11- Cash on Hand and at Banks

This item shown in the Consolidated balance sheet among current assets is represented in the following:-

	31/12/2014 EGP	31/12/2013 EGP
Cash on hand	264 510	207 095
Banks – current accounts	10 398 521	10 748 083
Banks – time deposit (less than three months)	45 750 000	34 768 250
Banks-time deposit-US$ (more than three months) (*)	14 300 000	20 845 500
Investment funds in fund market tools –Jaman (**)	27 430 204	42 350 139
Balance	**98 143 235**	**108 919 067**

(*) The balances of deposits in US Dollars (more than three months) shown above in the value equivalent to 2 million US Dollars due during periods ranging between more than three months and less than one year from the balance sheet date with an interest of 2%.

(**) The item is represented in the market value for 169 626 documents out of investment fund in fund market tool documents – Jaman (daily) which is administered by the knowledge of Arab African Bank for administrating the investments. The declared price of the document has amounted to EGP 161.71 as of December 31, 2014. The value of change in investment's market value recognized in the income statement during the year has amounted to EGP 2 178 895.

- For the purpose of cash flow statements, the cash & cash equivalent item is represented in the following :

	31/12/2014 EGP	31/12/2013 EGP
Cash on hand & bank	98 143 235	108 919 067
Deducted:		
Time deposit (more than three months)	(14 300 000)	(20 845 500)
Cash & cash equivalent according to cash flow statement	**83 843 235**	**88 073 567**

12- Claims Provision

This item shown in the balance sheet among current liabilities is represented in the following:-

	31/12/2014 EGP	31/12/2013 EGP
Beginning Balance	**12 526 294**	**12 622 758**
Formation during the year	1 251 029	1 770 614
Used during the year	(20 000)	(1 867 078)
Ending Balance	**13 757 323**	**12 526 294**

(*) Provision for claims includes the value of expected tax differences emerging from tax inspection of the Egyptian Resorts Company as mentioned in details in note No. (27) tax position as of the years from activity start till 2008. These tax differences will be settled from credit balance due to the company from the Egyptian Tax Authority.

13- Advance Payments from clients

Receivables advance payments shown in the consolidated balance sheet among current liabilities represented as follows:

	31/12/2014 EGP	31/12/2013 EGP
Advances lands reservations	11 883 199	9 656 596
Advances lands reservations-Sawary project units	1 648 979	2 654 727
Advances lands reservations-Jamran project units	213 553	330 285
Advances shops reservations using rental system – subsidiary company	387 944	498 660
	14 133 675	**13 140 268**

14- Sundry Creditors & Other Credit Balances

The balance shown in the consolidated balance sheet among the current liabilities is represented in the following:

	31/12/2014 EGP	31/12/2013 EGP
Suppliers and contractors	8 778 758	5 160 627
Contractors' retention	953 915	1 115 052
Contractors-social insurance	1 781 393	1 805 589
Due to governmental authorities	19 877 666	15 362 665
Accrued expenses	665 580	1 228 390
Retentions-Contracts of distributing electricity	428 000	250 000
Maintenance deposits	2 259 873	1 995 850
Deposits from others (shops-subsidiary company)	2 728 525	2 667 017
Dividends payable	393 499	393 499
Deferred revenues(*)	44 383 997	10 015 587
Other credit balances (**)	43 881 000	39 606 450
Sundry Creditors	14 001 725	10 160 747
	140 133 931	**89 761 473**

(*) Deferred revenue includes an amount of EGP 43 349 523 which is the value of building paid in advance from Jomran project's clients which will be recognized once their receipt by the clients upon execution of building villas.

(**) The balance includes an amount of USD 5.7 million equivalent to EGP 40 755 000 paid from one of the company's customers as a contractual payment or purchasing land in phase 2. Thus , the company has sued to terminate the contract with the customer and refund the contractual amount due to customer's delay to fulfill his commitments up to date. The company has provided all legal documents that support its situation through its legal advisory as shown in details in note (30-1) legal status.

Also, the balance includes an amount of EGP 3.126 million represents the collected amounts under negotiations regarding consigning the real estate investment owned to the related company as at December 31,2014.

15- Due to the General Authority for Touristic Development

The due to the General Authority for Touristic Development shown among current liabilities in the balance sheet is represented in an amount of EGP 35 741 768 (EGP 33 353 530 as of December 31, 2013) which is the value of The Authority's share in the company's conductance in the lands of the three phases. Current Continuance of final settlement for the value of the due to the General Authority for Touristic Development from the company as conductance with selling the lands according to the basis of accounting agreed upon with the Authority and mentioned in details in Note No. (7) works in process.

16- Banks – Credit Facilities

The balance amounting EGP 5 430 as at December 31,2014 (against EGP 8 793 201 as at December 31,2013) shown in the balance sheet among the current liabilities is represented in the unpaid portion from the credit facility with a maximum withdrawal of 88 million Egyptian Pounds with a guarantee of investment funds in fund markets with an interest of 3% adding to the loan rate from the Central Bank Of Egypt with a maximum of 13.75%. The current balance will be paid at the end of financing period on August 4,2014. The facility was renewed for a period ended June 30, 2015.

17- Capital

The company's authorized capital amounted to EGP 700 000 000 (only seven hundred million Egyptian pounds) and the issued capital amounted to EGP 350 000 000 (only three hundred and fifty million Egyptian pounds) divided over 3 500 000 share at par value of EGP 100, and the shareholders paid one fourth of the par value of the shares, the paid in capital amounted to EGP 210 000 000 (paid from the dividends declared by the General Assembly Meeting for the approved financial statements from 1999 till 2003) thus the amount paid from the share is EGP 60.

Based on the decision of the Extraordinary General Assembly Meeting held on 28/11/2004 unanimously agreed upon reducing the issued capital from EGP 350 million to EGP 210 million, by reducing the par value of the shares from EGP 100 to EGP 60 for the same number of shares (3.5 million shares) accordingly the company's issued capital is fully paid, to organize the company's position according to the procedures and continuation of the registration of the stocks in the stock exchange market.

And also it has been approved to split the par value of the shares from EGP 60 to EGP 10 then the number of shares will be 21 million shares instead of 3.5 million shares, thus the company's issued and fully paid in capital amounted to EGP 210 million divided over 21 million shares at a par value of EGP 10.

Based on the decision of the Extraordinary General Assembly Meeting held on 11/5/2006 and the decision of the company's board of directors on 24/5/2006 which agreed on increasing the company's issued and paid in capital became EGP 262 500 000 represented in 26 250 000 shares in which the nominal value of the share is EGP 10. There was annotation in the commercial register on 18/7/2006.

Based on the decision of the Extraordinary General Assembly Meeting held on 23/12/2006 the nominal value of the share was amended to be EGP 1 instead of EGP 10 and the share was splitted to be ten shares though the number of issued and fully paid shares became 262 500 000 shares then issued and fully paid in capital amounted to EGP 262 500 000 distributed on 262 500 000 shares with nominal value EGP 1 for each share. There was annotation in the commercial register on 21/2/2007.

Based on the decision of the Extraordinary General Assembly Meeting held on April 11, 2007 all the members unanimously approved on the increase of the authorized capital to become 2 000 000 000 (Two billion Egyptian pounds) increasing the company's issued and paid in capital to be EGP 437 500 000 represented in 437 500 000 shares in which the nominal value of the share is EGP 1 which were fully financed by the shareholders' dividends of year 2006. There was annotation in the commercial register on 26/4/2007.

Issued and paid in capital was increased by an amount of EGP 262.5 million (two hundred sixty two million and five hundred thousand Egyptian pounds) which was fully paid by the subscription of old shareholders in capital as per the decision of the board of directors on 25/3/2007.

The share was issued by a nominal value of EGP 1 in addition to issuance premium of 25 piaster for each share. As per the certificate from Misr Iran Bank dated June 20, 2007, the issued and paid in capital amounted to EGP 700 million. There was annotation in the commercial register on 16/7/2007.

As per the decision of General Assembly Meeting held on 11/9/2007 there was a verification on the dividend distribution of EGP 140 million from the realized profits in the financial statements for the financial period for six months ended June 30, 2007 as a bonus shares for shareholders and the board of directors was delegated to take the necessary procedures for capital increase in the limit of the authorized capital amounted to EGP 2 000 000 000 and the capital after this free increase became EGP 840 million. Articles 6 and 7 of the company's articles of associations were amended by distributing one bonus share for each five outstanding share of issued capital, which is amounted to EGP 700 million then the issued capital becomes EGP 840 million. There was annotation in the commercial register on 27/11/2007.

As per the decision of General Assembly Meeting held on 24/4/2008 there was a verification on the distribution project by an amount of EGP 210 million from the realized profits on the financial statements for the financial year ended December 31, 2007 as a bonus shares for shareholders and the board of directors was delegated to take the necessary procedures for capital increase in the limit of the authorized capital amounted to EGP 2 billion though the issued capital will be EGP 1 050 000 000. Articles 6 and 7 of the company's articles of associations were amended by distributing one bonus share for each four outstanding share of issued capital which is amounted to EGP 840 million. There was annotation in the commercial register on 29/7/2008.

18- Operating Revenue

18-1. Land Sales

	2014 EGP	2013 EGP
Sales of lands – Phase 1 (*) – The parent company	33 743 592	5 380 357
Land sales – Jomran Project (phase 1)	32 800 865	-
Add:		
Subsidiary Company's operating revenues		
Shops & hostelry apartments rentals	1 481 404	719 037
Maintenance revenues	714 756	545 307
Restaurant & beach revenues	2 912 392	1 942 165
Other operating revenues	233 530	100 002
	71 886 539	**8 686 868**

(*) As shown in details in note (21-2) , the sales of parent company in land (phase 1) included the sales amount of the contract dated June 26,2014 of land no.3 (part of piece 9-A) with an area of 7 500 m² in favor of Oscar Company For Development , Property & Touristic Marketing with a total amount of USD 3 million equivalent to EGP 21.450 which was previously returned to the company upon which the company bears an amount of USD 3 million to terminate the contract according to a partial termination contract dated 2/6/2014 which is recorded among cost of sales (Note No. 19-1) Sahl Hasheesh For Touristic Investment Co. "Affiliated Company".

18-2. Sales Returns –Land

	2014 EGP	2013 EGP
Sales return land- phase 2 (*)	(62 122 967)	-
Area settlement differences – phase 1	(192 800)	-
Sales returns – Lands sales of Sawary project	-	(12 198 681)
	(62 315 767)	**(12 198 681)**

(*) Sales return of land shown in the income statement for the financial year ended December 31,2014 is represented in returning the sale contract of land no.(43) from one of the customers with a total area of 84000 m² approximately in phase 2 which was previously sold by an **initial** contract dated June 30,2008 amended by contract dated September 28,2009 by an amount of USD 11 611 779 equivalent to EGP 62 122 967 at that date. On 10/8/2014 , an agreement to terminate the contract and return sales between the company and all related parties whom represent the customer against return part of the payments paid to the land after deducting its administrative expenses and the company consigned all lawsuits against the customer regarding this contract which previously form an impairment to the customer by EGP 47 299 319.

18-3. Revenue from services rendered

	2014 EGP	2013 EGP
Revenue from water supplied	9 079 559	9 467 980
Revenue from electricity supplied	20 045 658	11 622 482
Revenue from irrigation water supplied	3 048 479	2 238 524
Revenue from communication services supplied	139 707	142 891
Revenue from resort services (*)	9 433 527	8 953 712
Total	**41 746 930**	**32 425 589**

(*) Revenue from resort services shown above is represented in the value of due from the company's clients as of the financial year ended December 31, 2014 valuing 2.76 EGP /meter from the lands sold to them against rendering management, maintenance, security and cleaning services and operation of all the networks and facilities by the company. This includes repairing and replacement works for the energy facilities and infrastructure for Sahl Hasheesh center in light of the agreement concluded with Sahl Hasheeh's investors community on October 22, 2012 in which an agreement has been made to render the service for three years valuing 2.5 EGP / meter square with an annual increase of 5% annually starting from 1/1/2013.

19- Operating Cost

19-1 Cost of sales

	2014 EGP	2013 EGP
Cost of lands sales – Phase 1 (*)	(22 900 486)	(1 046 890)
Cost of sales- Jomran project – phase 1	(2 361 537)	–
Added:		
Cost of sales- Subsidiary company (**)	(10 272 547)	(8 783 024)
Total	**(35 134 570)**	**(9 829 914)**

(*) As shown in details in notes No. (18 and 21/2) , cost of sold lands (phase 1) includes the amount incurred by the company according to the partial terminated contract dated 2nd June 2014 for the primary contract dated 1st December, 2003 between the company and Sahl Hasheesh For Tourism Investment (subsidiary company) in relation to the land (no.3) with area 7 500 m^2, which resold on 26th June 2014 for one of the holding company's customers.

(**) Cost of activity for the subsidiary company mentioned above is represented in expenses of beach and restaurant & operating activity of renting units owned by the subsidiary company in the old town region in Sahl Hasheesh resort in Hurghada. The following is a description of these costs on December 31,2014 :

	2014 EGP	2013 EGP
Cost of beach & restaurant	2 141 053	1 532 790
Cost of maintenance, cleaning, security & guard	1 181 903	805 846
Operating depreciations	5 155 751	5 096 625
Salaries, wages & their equivalents	1 121 103	1 213 952
Others	272 737	133 811
	9 872 547	**8 783 024**

19-2 Cost of lands sales returns

	2014 EGP	2013 EGP
Cost of land sales return –phase one (*)	5 049 001	-
Cost of lands sales returns- Sawary project	-	7 319 209
	5 049 001	**7 319 209**

(*) Cost of land sales return which amounted EGP 5.049 represented in the amount of refunding cost of sales no.43 – phase 2 which was previously sold for one of the customers and it is recorded during the last years and that in light of signing a comprehensive agreement contract dated in 10/8/2014 between the company and all represented parties according to what is mentioned above in note (18-2).

19-3 Reverse of impairment in receivables balances – net

	EGP
Impairment in receivable balance referred to in note (18/2)	47 299 391
(Deduct):	
Loss of refunded lands previously sold referred to in notes (9) and (18/2) (*)	(11 344 319)
Value of reversing the impairment in receivables balances net (Note-9)	**35 955 072**

(*) The value of loss from reversing this sold land in previous years in the value of reversing credit exchange rate differences amounted EGP 13.429 million related to evaluation of dollar balance due from land piece 43 during the period from the date of contract concluded on year 2008 till the date of contract annulment and settling the related balances in 10/8/2014 (Note 20-2). This is after deducting the value of what was deducted from the client amounting EGP 2.085 million against refunding the company's expenses related to this contract.

19-4 Cost of operating services rendered

Cost operating services rendered shown in the consolidated income statement is represented in the following:-

	2014 EGP	2013 EGP
Electricity cost	24 545 753	15 859 157
Water cost	3 482 598	3 446 343
Water irrigation cost	713 783	682 882
Operating fixed assets depreciation (Note-4)	15 709 800	14 699 826
Salaries, wages & their equivalents	8 272 019	7 514 793
Temporary labor contracts	9 369 747	7 272 385
Cleaning expenses	1 978 758	1 763 294
Rentals	2 057 405	1 883 573
Other expenses	4 719 380	3 869 554
	70 849 243	**56 991 807**
Less: Transferred during the year to works in process as of the share of unsold lands	(7 175 998)	(7 455 582)
Total	**63 673 245**	**49 536 225**

These costs were distributed as follows :

	2014 EGP	2013 EGP
Cost of electricity, water, water irrigation & communication services	45 955 312	33 245 554
Cost of managing the resort service	17 717 933	16 290 671
Total	**63 673 245**	**49 536 225**

20- Other operating revenues

Other operating revenues recognized in the income statement is represented in the following :

	2014 EGP	2013 EGP
Capital gains- Sale of real estate investments	-	16 121 510
Extension of facilities to clients' lands	123 795	145 646
Revision of graphical drawings	320 817	144 330
Lands rental for communication towers	1 406 643	1 217 127
Pier rental	240 000	522 000
Beach rental	311 199	206 700
Rental of arrival piazza	218 200	-
Miscellaneous	354 412	33 017
	2 975 066	**18 390 330**

21- Reversal of real estate losses previously sold

The value of real estate losses previously sold – in the subsidiary company- is represented in the following :

Description	**Amount EGP Gain (Loss)**
21-1 Reversing the value of capital gains (in the subsidiary company) as a result of selling a piece of land no.3 from the piece (9-A) with an area of 7 500 square meter previously recognized according to a preliminary sale contract to Oscar Company For Development & Real Estate & Touristic Development on June 19,2013 with a value totaling USD 3 million. This is in light of disagreement by Tourism Development Authority during year 2014 over utilization of this piece by sale by Sahl Hasheesh For Real Estate Investment before the continuance of the project for which the land was purchased.	(13 783 943)
21-2 Recognition of net result from partial annulment of contract related to land piece no.3 from the piece (9-A) with an area of 7 500 square meter dated on June 2, 2014 as of preliminary sale contract dated on December 1 , 2003 concluded between the Company and Egyptian Resorts Company (The Company's main shareholder) to purchase the piece (9-A) with a total area of 42 389 square meter. The partial annulment of contract agreed upon has reached an amount of USD 3 million with the subsidiary company's commitment towards fulfilling the due share to Tourism Development Authority for this piece amounted EGP 1 073 841 equivalent to an amount of USD 150 188	13 225 478
21-3 The value of settling the balance of deferred interests resulting from recognizing the transactions mentioned above	(327 076)
Total as of December 31,2014	**(885 541)**

22- General and Administrative Expenses

General and administrative expenses among the consolidated income statement are represented in the following:

	2014 EGP	2013 EGP
Salaries, wages, allowances and its related expenses	12 287 740	12 222 131
Attendance allowances of board of directors & executive committees	1 647 458	1 589 300
End of service benefits	70 734	1 012 353
Consultancy fees	2 423 730	3 009 667
Legal fees expenses	4 650 057	3 458 729
Judicial compensations	-	4 260 650
Administrative fixed assets depreciation	1 440 460	1 127 530
Banking fees	65 081	49 084
Rentals	1 570 988	1 536 815
Stationary, printings & computer expenses	386 705	211 394
Traveling & transportation expenses	811 031	957 679
Others	3 036 375	2 240 024
	28 390 359	**31 675 356**

23- Financing revenues (costs) (net)

Financing revenues (cost) (net) shown in the consolidated income statement represented in the following:

	2014 EGP	2013 EGP
Burden of financing bank credit facilities (note-16)	(1 182 508)	(1 949 487)
Credit Currency evaluation differences	717 274	1 366 881
Return on investments in treasury bills	-	1 066 870
Interest revenue from bank deposits	1 768 978	2 247 694
	1 303 744	**2 731 958**

24- Income tax expense

24-1 Income tax expense shown in the consolidated income statement is represented in the following :

	2014 EGP	2013 EGP
Current tax (*)	-	(467 775)
	-	**(467 775)**

(*) The value of current tax for the comparative year represented in the value of tax over return on investments in treasury bills (independent tax base). The tax withheld from source and supplied to the tax authority according to law provisions No. 114 for year 2008.

24-2 The value of deferred tax benefit (expense) shown in the income statement is represented in the following:

	2014 EGP	2013 EGP
Deferred tax – expense	(969 356)	(4 151 765)
	(969 356)	**(4 151 765)**

- The balance of deferred taxes whether asset or liability represented in the following:

	31/12/2013		Movement of the year		31/12/2014	
	Assets	**Liabilities**	**Asset**	**Liability**	**Asset**	**Liability**
	EGP	**EGP**	**EGP**	**EGP**	**EGP**	**EGP**
Fixed assets and intangible assets	-	(16 413 685)	696 527	-	-	(15 717 158)
Provisions & impairment of receivables	11 320 206	-	-	(102 613)	11 217 593	-
Carried forward losses	1 563 270	-	-	(1 563 270)	-	-
Total	**12 883 476**	**(16 413 685)**	**696 527**	**(1 665 883)**	**11 217 593**	**(15 717 158)**
Balance		**(3 530 209)**		**(969 356)**		**(4 499 565)**

24-3 Unrecognized deferred tax which results in an asset

Deferred tax which results in an asset are not recognized in the following items :

	31/12/2014
	EGP
– Carried forward losses	47 688 767
– Provisions & impairment in receivables and debtors	14 329 864

- The deferred tax which results in an asset which is related in the items previously mentioned were not recognized because there is no current expectation for the usage of the asset to decrease taxable profits due from the company in future years.

25- Minority Interest

The balance shown in the consolidated balance sheet as at December 31, 2014 is represented in their share in owners' equity in the subsidiary company as follows:

	EGP
Balance as at 1/1/2014	**49 128 018**
Add:	
Minority's share in the losses for the financial year ended December 31, 2014 for the subsidiary	(3 971 471)
Balance as at December 31, 2014	**45 156 547**

26- Selling and marketing expenses

Selling and marketing expenses classified among the consolidated income statement presented in the following:

	2014	**2013**
	EGP	**EGP**
Salaries & wages	1 393 568	658 401
Promotion and advertising expenses	2 729 206	404 711
Land sale commissions	4 096 361	281 625
Marketing consultations	993 420	269 750
Others	667 444	286 288
	9 879 999	**1 900 775**

27- Tax Position

First: Tax position for the holding company (Egyptian Resorts Company) as per what was presented in the separate financial statements as of December 31, 2013 which complies with the tax system of Arab Republic of Egypt in practice

Corporate tax

The company is subject to tax law provisions no.157 for year 1981 till date of issuance of new tax law no.91 for year 2005. The company enjoys an exemption form income tax for ten years starting from the first financial year subsequent to activity inception on January 1,1998 till December 31,2007 according to fourth subject of law No. 43 for year 1981 related to deserted lands owned by the State amended by law no.72 for year 1996 with the same explanations noted in law no.59 for year 1979 related new urban societies.

- On June 4,2014 , law no.44 for year 2014 was issued in which an additional annual temporary tax is imposed for years starting from the current tax period with a percentage of 5% over what exceeds one million Egyptian Pounds in terms of tax base on natural and judicial persons according to income tax law. They can be assessed and collected according to provisions of this law. The law is applied starting from June 5, 2014.
- The tax returns are submitted as of years from 2005 till 2013 according to law provisions no.91 for year 2005 in the legal dates.

Years since activity inception till year 2004

The company's books were inspected by the Tax Authority of corporate companies since company's activity inception till year 2000 and there was an assessment as per the resolution of the appeal committee and tax due was fully paid. There was tax inspection for years from 2001 till 2004 and the company was informed by form (18) and the dispute was assigned to an internal committee by the Tax Authority which declared that there were no tax differences. Also, the movables taxes were inspected for these years by Corporation tax authorities and payment was made.

Years from 2005 till 2007

- The tax inspection for the years from 2005 till 2007 has been made based on the provisions of Law No. 91/2005, and the company received form (19) taxes for separate tax pools and movable tax. The company has appealed to the inspection results on the legal due dates and has been assigned to an internal committee.
- The internal committee considered the disputes and reached to an agreement in all the points of dispute except for the debit foreign exchange differences. The tax file was submitted to the specialized committee as of the foreign differences item so as not to be a basis for accounting in the subsequent years. The tax differences as per the internal committee results amounted to EGP 139 839 excluding the fines and delay interests. The credit balance for the company has been settled from the authority's side.

Year 2008

- The tax inspection has been made for the year 2008 and the company received a notification with the elements of the tax assessment (form 19) on July 14, 2011. The company settled some disputed issues and the internal committee decided that the differences resulted from the amounts paid in excess for the tax return of year 2008 should be booked in the company's books which amounted to EGP 6 408 965 and also claiming the company to pay an amount of EGP 473 670 for the unpaid amount related to tax pool of article No. (56) other than the delay interests and also cancelling the estimations of the tax authority concerning tax pool of article No. (57) commissions.
- Therefore, there is credit balance for the company from the tax authority. Current settlement of the authority's dues from the credit balance is currently made.

Years from 2009 till 2013

- The company submitted the tax returns in its legal dates based on the provisions of law No. 91/2005.
- The financial year 2009 is under current inspection. The inspection has not been ended until to date.

Payroll tax

Years from start of activity till year 2004

- The payroll tax for the company was inspected until year 2004. Payment and assessment from the credit balance has been made at the authority's side.

Years from 2005 till 2008

- Year 2005 has been inspected resulting with tax differences accrual amounted EGP 31 665
- The company has inspected years from 2006 till 2007. The inspection has resulted in differences amounted EGP 521 221
- Year 2008 has been inspected. Form (38-salaries) has been issued with differences amounted EGP 3.806 million. The form was objected and an internal committee was made in which the company has agreed upon some items according to the committee's result in which the due tax amounted EGP 1.486 million. Meanwhile, it has objected over some other items and the penalties resulting from them amounted EGP 1.862 EGP. Points of objection were submitted to the specialized committee to be decided.

Years from 2009 till 2013

The company pays under the account of salary tax due monthly and there is no inspection for these years yet.

Sales tax

- There has been an inspection from the date of activity's inception till year 2007 by the Tax Authority and there has been an assessment and it has been paid.
- Years from 2008 till 2010 have been inspected. The due tax has reached EGP 359 793. An offset has been made with the credit balance for the company from the authority.
- Years from 2011 till 2013 have been inspected. The Company was not supplied with forms (15) specific to the Authority inspection results.

Stamp tax

There has been an inspection from the date of activity's inception till 31/7/2006 by the Tax Authority and there has been an assessment and it has been paid.

Second: Tax position for the subsidiary company (Sahl Hasheesh for touristic investment) as per what was presented in the consolidated financial statements as at December 31, 2014 which complies with the tax system of Arab Republic of Egypt in practice

Corporate income tax

- The company is subject to the provisions of law No. 8/1997 related to the issuance of guarantee and incentive investments law and its executive regulations. Based on this law which has been issued on November 9, 2008, the company is exempted from corporate tax from 1/2/2008 till December 31, 2018 for the specified purpose mentioned in the company's tax card.

Years from activity inception till year 2004

Inspection has been made till year 2004.

Years from 2005 till 2008

The company paid the tax due based on the approved tax return in its due dates according to the provisions of law No. 91/2005. There has been inspection for these years and inspection differences have amounted EGP 441 543. Payment of due tax to the company has been done taking into consideration that there is a material error in the inspection result represented in losses of 2006 which were not carried forward amounted EGP 692 343. The error was corrected resulting with a credit balance to the Company with an amount of EGP 192 909.

Year 2009

Year 2009 has been inspected and claimed tax differences have amounted EGP 686 302.An internal committee is currently made.

Years from 2010 till 2012

These years have been inspected by tax authority. The result of the inspections is currently received from tax authority.

Year 2013

The authenticated tax return was submitted in the legal dates in light of law provisions No. 91 for year 2005.

Payroll tax

Years form activity inception till year 2009

Inspection for year 2009 has been made. Payment of differences resulting from inspection has been made.

Years from 2010 till December 31, 2011

Years from 2010 until 2011 have been made. There is a credit balance carried forward to the company from the authority's side amounting EGP 132 274.

Years 2012, 2013

Taxes on salaries paid to the employees are deducted. Year 2012 is under current inspection.

Stamp Tax

Years form activity inception until year 2009

The company was accounted and paid all tax differences due to the Authority..

Years from 2010 till December 31,2012

These years were inspected. The inspection result is currently received from Tax Authority.

Withholding tax

The company submits all kinds of tax due which results from the company's regular transactions with others to the Tax Authority in its due dates. Tax years are under current inspection until year 2013 in Hurghada tax authority.

28- Financial Instruments and Risk Management

The Company's financial instruments are represented in financial assets (cash at banks and on hand, financial investments, accounts & other notes receivables, debtors & debit balances) and the financial liabilities (creditors, receivables credit balances, purchase of land creditors, suppliers and contractors and other credit balances).

28-1 Fair Value

Fair value of the financial instruments reflects the reciprocal value of the asset or settlement of a liability between parties has the desire and the capability to trade with a free will, the book value of the financial instruments as at the balance sheet date is almost equivalent to its fair value.

28-2 Foreign Currency Fluctuation Risk

Foreign currency risk represents the risk of fluctuation in exchange rates, which in turn affects the company's cash inflows and outflows in foreign currency as well as the value of its foreign monetary assets and liabilities as of the date of the financial position the company has foreign currency assets & liabilities equivalent to EGP 323 318 717 and EGP 342 713 830 respectively. The Company's net balances in foreign currencies at the balance sheet date are as follows:-

Foreign currencies	Surplus
USD	(2 780 563)
Euro	40 294
Sterling Pound	212

As mentioned in Note (3-1) "foreign currency transactions translation" the assets and liabilities in foreign currency were revaluated at the prevailing exchange rate at the balance sheet date.

28-3 Credit Risk

Credit risk is represented in the inability of customers who are offered credit to settle amounts due from them. But the company faces this risk by selecting customers with good reputation who have the ability to settle their obligations. The contracts of land sale in which the company conclude with its customers are preliminary contracts with keeping the ownership of the land till the customers settle the full value of the land.

29- Legal Reserve

As per the Company's articles of associations 5 % of the net profit for the year is set aside to form the legal reserve until the balance reaches 50% of the Company's paid–in capital. The legal reserve is used to cover any losses or to increase company's capital.

30- Legal Position

1- The company has filed a lawsuit in order to annul a contract concluded with one of the clients as the client has breached the contract terms. With the hearing of April 26,2012, the lawsuit was submitted to an expert. A session was stipulated for that purpose on July 26, 2012 to present the nature of relationship between the two parties of the lawsuit and the obligations of each one of them towards the other and presenting the extent of breach in executing these obligations and the party responsible for this breach. The company, through its legal consultant, has submitted all the documents which support its position in the lawsuit.The sessions in front of the court were in succession due to the absence of the expert's report.The lawsuit was postponed to the session dated June 26,2014 due to receipt of the expert's report then to December 25,2014 for decision. The expert has deposited his report in the session dated March 26,2015 which was not in the Company's favor. The Company has applied for a request for postponement in this session to oversee the expert's report and submit a memo with objections over this report. A postponement has been made a session of May 7,2015. The Company's legal consultant sees according to his report in this matter the validity of the Company's legal position according to law provisions. The lawsuit has a gain probability in favor of Egyptian Resorts Company. This does not compromise what has been mentioned in the expert's report since that it is a subject of material and gross objections from the Company's side supported by documents to be submitted to the court with a request of resubmitting the lawsuit to the experts and mandating a tripartite committee. It is probable that this report will be amended.

2- There is a lawsuit raised in front of the administrative court against the General Authority For Touristic Investment from one of the law lawyers for the annulment of allocation contract of all the lands of The Egyptian Resorts Company in Sahl Hasheesh region. The company's management has decided on February 28, 2011 to enter as a party in this lawsuit to take the legal procedures and present the documents supporting the company's situation. The lawsuit is now pending in front of the state attorneys. It is in its primary phases and postponed to present the documents request by the company from The General Authority For Touristic Development including the photocopies of the similar contracts that prove that selling price of Sahl Hasheesh Land is the same price adapted in all the authority's contracts to session of June 12, 2014 for the same reason. In this session , the lawsuit was reserved due to receipt of state commissioners' report. The report has not been received till the date of the legal consultant's report dated March 12, 2015. The company's management and its legal consultant see the integrity of the company's legal position in light of the legal defenses presented. It is impossible now to predict the result of the state attorneys' report in this early stage of the dispute and also the ruling ruled by the court.

3- Pyramisa Resorts Company has raised a lawsuit against state council in which it demanded for the annulment of contract included between the General Authority For Touristic Development and The Egyptian Resorts Company concerning Sahl Hasheesh land dated October 24,1995 and return of the land to the Authority except for made upon complete projects. The state commissioner has postponed the lawsuit to session of April 2,2015 for overseeing and reply from the Company's side over the documents' portfolio submitted from Pyramisa Company's side. The Company's management and its legal consultant see the validity of the Company's legal position in light of the legal defenses submitted.

4- The General Authority For Toursitic Development has informed the company that it has decided to withdraw its previous consent for the company on development of phase 3 lands at Sahl Hasheesh (zone c) in which its area is 20 million square meter in its resolution dated March 31, 2011. The company has raised a lawsuit to cancel the administrative specific to the withdrawal of Phase 3 land issued from the General Authority for Touristic Development in front of administrative court on September 21, 2011. The court has decided to submit the lawsuit to the state attorneys to prepare a report about the legal opinion. The lawsuit is postponed to a session of October 21,2013 to enable the company to reply and submit the documents. In this session, Pyramisa Company has attended and demanded to interfere offensively in the lawsuit and extracting the documents from the Authority. It was postponed to a session of June 16, 2014 after licensing Pyamisa to interfere offensively and extract the documents from the Authority in the session of December 16,2013. In this session , it was judged by unacceptance of Pyramisa Company's interference according to law No. 32 for year 2014 after licensing in a session of December 16 , 2013 for Pyramisa Company to interfere in the lawsuit and extract the documents from the Authority. In this session , postponement has been made to January 19,2015 according to request by the General Authority Of Touristic Development to submit the documents. In this session , documents portfolio has been submitted requested later by Pyramisa Company for viewing. The state commissioner has decided to postpone to the session of April 20,2015 for viewing. The Company's management and sees that in light of the report made by its legal consultant dated March 20,2015 that the defenses submitted from it support the Company's legal position in light of the contract provisions concluded between the Company and the Authority date October 24,1995 in which the Company has executed its items. In addition to keeping ERC's rights concerning the resort to court , The Egyptian Company has made a second appeal to the General Authority for Touristic Development dated July 22,2013 in an another attempt to avert its decision to revoke the land. It is not probable currently to determine what will the state commissioners' authority's report will conclude in this dispute and also the judgment ruled by the court.

5- There is an arbitration lawsuit from a lands' client concerning his contract concluded with The Egyptian Resorts Company concerning the client's desire not to comply with the sole purpose from purchasing the land under contract which is the establishment of an integrated housing project for labor. In the session of June 28,2012, the court has issued its ruling for recruitment of the recommended arbitrator among the arbitrators listed in the ministry of justice. According to the corrective court's ruling, the name of the recommended arbitrator has been determined on January 30,2013 in which the client has appealed over the ruling of his recruitment through the appeal court. A session of August 17,2013 has been decided for it to inspect it. Postponement has been made several times in a row to a session of January 21,2014 in which a ruling has been issued for the cancellation of the corrective ruling by naming the recommended ruling without naming another ruling. The company has appealed over this ruling on 20/3/2014 due to a mistake in applying the law. The client has raised a new lawsuit to request the employment of an arbitrator from ERC. It has been postponed to a session of May 22,2014 and then to a session of 5/6/2014. In this session , a sub lawsuit has been raised to annul the formation of arbitrary authority. It has been postponed to session of June 26,2014 for the sub lawsuit and declaration. The court has decided to reserve the sub lawsuit with a session of Jule 24,2014. In this session , postponement has been made to November 13,2014 to interrogate the sides of the lawsuit. The sessions were successive relating to this lawsuit. The lawsuit is postponed to session of April 7 ,2015 for viewing and notes. Since that the dispute from the legal aspect is considered to be in its beginning therefore it is impossible to predict what the arbitrary authority will conclude in ruling. The Company sees that the defenses submitted from it support its legal position in light of the estimating authority for the court.

31- Comparative Figures

The comparative figures have been reclassified to agree with the classification of the current year without affecting the results of the comparative figures.