Sixth of October for Development and Investment Company "SODIC"

(An Egyptian Joint Stock Company)

Consolidated Interim Financial Statements

For The Financial Period Ended June 30, 2015

Limited Review Report

KPMG Hazem Hassan
Public Accountants & Consultants

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Translation of financial statements
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Report on Limited Review of Interim Consolidated Financial Statements

To The Board of Directors of Sixth of October for Development and Investment Company "SODIC"

Introduction

We have performed a limited review for the accompanying consolidated financial statements of Sixth of October for Development and Investment Company "SODIC" which comprise the consolidated balance sheet as of June 30, 2015 and the related consolidated statements of income, changes in equity and cash flows for the six-months then ended, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and fair presentation of these interim consolidated financial statements in accordance with Egyptian Accounting Standards. Our responsibility is to express a conclusion on these interim consolidated financial statements based on our limited review.

Scope of Limited Review

We conducted our limited review in accordance with Egyptian Standard on Review Engagements (2410) "Limited Review of Interim Financial Statements Performed by the Independent Auditor of the Entity." A limited review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters in the Company, and applying analytical and other limited review procedures. A limited review is substantially less in scope than an audit conducted in accordance with Egyptian Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on these interim consolidated financial statements.

Conclusion

Based on our limited review, nothing has come to our attention that causes us to believe that the accompanying interim consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Company as at June 30, 2015, and of its consolidated financial performance and its consolidated cash flows for the six-months then ended in accordance with Egyptian Accounting Standards.

KPMG Hazem Hassan

KPMG Hazem Hassan
Public Accountants and Consultants
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Cairo, August 19, 2015

Sixth of October for Development and Investment Company "SODIC"
(An Egyptian Joint Stock Company)
Consolidated Interim Balance Sheet
As at June 30, 2015

	Note No.	30/6/2015 L.E	31/12/2014 L.E
Long - term assets			
Fixed assets (Net)	(6)	165 493 108	115 286 494
Projects under construction	(7)	11 454 217	11 408 573
Biological Assets		5 389 737	4 838 507
Investements in associates and joint ventures	(8)	-	-
Investments - available for sale	(9)	4 250 000	4 250 000
Investment properties (Net)	(10)	104 232 322	17 952 289
Trade, notes receivables and debtors (Net)	(11)	3 886 038 914	3 318 910 585
Total long - term assets		**4 176 858 298**	**3 472 646 448**
Current assets			
Other assets (Net)	(13)	4 434 019	4 505 289
Completed units ready for sale	(14)	12 090 639	15 486 539
Works in process	(15)	6 612 499 719	6 239 706 098
Trade and notes receivable (Net)	(16)	1 918 839 564	1 540 039 286
Debtors and other debit balances (Net)	(17)	396 999 995	327 225 601
Loans to Joint Ventures	(18)	-	-
Investments in treasury bills	(19)	483 316 877	28 623 232
Cash at banks and on hand	(20)	1 487 602 139	2 076 334 737
Total current assets		**10 915 782 952**	**10 231 920 782**
Current liabilities			
Provision for completion	(21)	56 565 178	68 382 052
Provisions	(22)	6 234 915	8 425 682
Bank - overdraft		-	1 373 763
Bank - credit facilities	(23)	45 192 794	158 845 076
Loans - Short term	(34)	112 593 249	78 117 009
Advances - customers	(24)	7 450 996 101	6 096 915 049
Contractors, suppliers and notes payable	(25)	896 643 182	723 600 322
Creditors and other credit balances	(26)	746 916 946	594 964 708
Total current liabilities		**9 315 142 365**	**7 730 623 661**
Working capital		**1 600 640 587**	**2 501 297 121**
Total investments		**5 777 498 885**	**5 973 943 569**
These investments are financed as follows:			
Equity			
Issued & paid in capital	(28)	1 355 638 292	1 355 638 292
Legal reserve	(29)	184 428 817	181 352 693
Special reserve - share premium	(30)	1 338 296 569	1 338 296 569
Carried forward losses / retained earnings		94 157 012	(39 372 259)
Profit from sale of treasury shares	(31)	3 692 867	3 692 867
Shares kept for incentive & bonus plan	(32)	(8 012 833)	(8 012 833)
Set aside amount for incentive & bonus plan	(33)	20 122 736	20 004 359
Net profit for the period / year		145 746 885	142 443 522
Total equity attributable to the Company		**3 134 070 345**	**2 994 043 210**
Non controlling interest	(27)	86 810 198	94 430 992
Total equity		**3 220 880 543**	**3 088 474 202**
Long-term liabilities			
Loans - long term	(34)	952 128 950	961 037 423
Notes payable	(35)	1 601 979 258	1 921 001 002
Deferred tax liabilities	(12)	2 510 134	3 430 942
Total long-term liabilities		**2 556 618 342**	**2 885 469 367**
Total equity and long - term liabilities		**5 777 498 885**	**5 973 943 569**

The accompanying notes from (1) to (53) are an integral part of these consolidated interim financial statements and to be read therewith.

Financial & Administration Executive Director	Chief Financial Officer	Managing Director	Chairman
Hany Henry	Omar Elhamawy	Ahmed Demerdash Badrawi	Hani Sarie El Din

* Limited review report "attached"

Sixth of October for Development and Investment Company "SODIC"
(An Egyptian Joint Stock Company)
Consolidated Interim Income Statement
For The Financial Period Ended June 30, 2015

	Note No.	*From 1/1/2015 till 30/6/2015* L.E	*Three months ended* at of 30/6/2015 L.E	*From 1/1/2014 till 30/6/2014* L.E	*Three months ended* at of 30/6/2014 L.E
Sales of real estate and lands	(36)	555 184 239	288 826 949	615 567 562	323 610 108
Service revenues of Beverly Hills City		12 498 323	6 041 701	11 970 341	5 959 325
Service revenues of SODIC WEST		13 013 077	4 072 949	3 525 400	2 141 040
Revenues from golf course		4 316 262	2 219 000	3 815 429	1 963 373
Total operation revenues		**585 011 901**	**301 160 599**	**634 878 732**	**333 673 846**
Cost of sales of real estate and lands	(37)	(308 742 664)	(169 507 691)	(380 121 826)	(181 827 309)
Service costs of Beverly Hills City		(13 648 539)	(6 559 113)	(13 665 124)	(6 647 490)
Service costs of SODIC WEST		(10 389 037)	(4 176 966)	(2 695 174)	(1 507 174)
Cost of golf course		(8 384 902)	(4 791 585)	(6 549 086)	(3 570 072)
Total operation costs		**(341 165 142)**	**(185 035 355)**	**(403 031 210)**	**(193 552 045)**
Gross profit		**243 846 759**	**116 125 244**	**231 847 522**	**140 121 801**
Other operating revenues	(38)	77 862 960	43 252 623	51 604 960	16 444 503
Selling and marketing expenses	(39)	(53 034 598)	(28 576 804)	(52 803 492)	(27 686 148)
General and administrative expenses	(40)	(65 708 560)	(34 760 745)	(59 692 459)	(29 760 131)
Other operating expenses	(41)	(15 271 303)	(7 981 956)	(37 308 665)	(20 989 593)
Operating profit		**187 695 258**	**88 058 362**	**133 647 866**	**78 130 432**
Finance income	(42)	70 008 959	34 097 324	13 396 804	8 328 058
Finance cost	(43)	(46 646 272)	(24 320 455)	(38 857 980)	(23 189 826)
Net finance Revenue / (Cost)		**23 362 687**	**9 776 869**	**(25 461 176)**	**(14 861 768)**
Net profit for the period before income tax		**211 057 945**	**97 835 231**	**108 186 690**	**63 268 664**
Income tax expense	(44)	(58 769 983)	(24 857 203)	(17 651 062)	(13 060 767)
Net profit for the period		**152 287 962**	**72 978 028**	**90 535 628**	**50 207 897**
Share of the holding Company		145 746 885	70 183 764	79 350 069	40 662 646
Non controlling interest share in profits and losses of subsidiaries		6 541 077	2 794 264	11 185 559	9 545 251
Net profit for the period		**152 287 962**	**72 978 028**	**90 535 628**	**50 207 897**
Earnings per share (L.E / Share)	(45)	0.43	0.77	0.88	0.45

The accompanying notes from (1) to (53) are an integral part of these consolidated interim financial statements and to be read therewith.

Sixth of October for Development and Investment Company "SODIC"
(An Egyptian Joint Stock Company)
Consolidated Interim Statement of Changes in Equity
For The Financial Period Ended June 30, 2015

	Issued and paid in capital L.E	Legal reserve L.E	Special reserve-share premium L.E	Profit from selling of treasury share L.E	Shares kept for bonus and incentive plan L.E	Set aside amount for bonus and incentive plan L.E	Retained earnings Carried forward losses L.E	Net profit for the period / year L.E	Equity attributable to the Company L.E	Non-controlling interest L.E	Total equity L.E
Balance as at December 31, 2013	362 705 392	181 352 693	1 316 921 569	3 692 867	(80 007 242)	25 323 711	407 765 882	(447 138 141)	1 770 616 731	80 030 306	1 850 647 037
Amount transferred to retained earnings	-	-	-	-	-	-	(447 138 141)	447 138 141	-	-	-
Executed bonus and incentive plan	-	-	1 956 270	-	31 844 680	-	-	-	33 800 950	-	33 800 950
Amortized of Set a side of incetive and bouns plan used	-	-	-	-	-	(9 092 346)	-	-	(9 092 346)	-	(9 092 346)
Non-controlling intereset decrease in subsidary	-	-	-	-	-	-	-	-	-	2 504 689	2 504 689
Net profit for the period	-	-	-	-	-	-	-	79 350 069	79 350 069	11 185 559	90 535 628
Balance as at June 30, 2014	362 705 392	181 352 693	1 318 877 839	3 692 867	(48 162 562)	16 231 365	(39 372 259)	79 350 069	1 874 675 404	93 720 554	1 968 395 958
Balance as at December 31, 2014	1 355 638 292	181 352 693	1 338 296 569	3 692 867	(8 012 833)	20 004 359	(39 372 259)	142 443 522	2 994 043 210	94 430 992	3 088 474 202
Amount transferred to retained earnings	-	-	-	-	-	-	142 443 522	(142 443 522)	-	-	-
Amount transferred to legal reserve	-	3 076 124	-	-	-	-	(3 076 124)	-	-	-	-
Interest from dividends of Set a side of incetive and bouns plan used	-	-	-	-	-	118 377	-	-	118 377	-	118 377
Elimination of Non-controlling interest in subsidaries	-	-	-	-	-	-	(5 838 127)	-	(5 838 127)	(14 161 871)	(19 999 998)
Net profit for the period	-	-	-	-	-	-	-	145 746 885	145 746 885	6 541 077	152 287 962
Balance as at June 30, 2015	1 355 638 292	184 428 817	1 338 296 569	3 692 867	(8 012 833)	20 122 736	94 157 012	145 746 885	3 134 070 345	86 810 198	3 220 880 543

The accompanying notes from (1) to (53) are an integral part of these consolidated interim financial statements and to be read therewith.

Sixth of October for Development and Investment Company "SODIC"
(An Egyptian Joint Stock Company)
Consolidated interim Statement of Cash Flows
For The Financial Period Ended June 30, 2015

	Note No.	Six months ended 30/6/2015 L.E	Six months ended 30/6/2014 L.E
Cash flows from operating activities			
Net profit for the period before income tax		211 057 945	108 186 690
Adjustments :-			
Depreciation of fixed assets and rented units	(6) , (10)	9 944 111	8 395 344
Capital gains	(38)	(6 758 894)	(1 240 125)
Impairement loss of debtors, trade receivables & loans to joint ventures	(41)	2 506 267	1 777 146
Revesal of impairement loss of debitors and other debit balances		-	(16 697)
Interest from treasury bills	(42)	(17 768 789)	(1 372 882)
Provisions formed	(21) , (22)	23 781 689	15 145 805
Operating profit before changes in working capital items		**222 762 329**	**130 875 281**
Changes in working capital items			
Change in other assets		71 270	(299 066)
Change in finished units available for sale		3 395 900	11 918 949
Change in works in process		(459 456 887)	(717 118 114)
Change in investment properties		-	129 330
Change in constructions under process		-	973 274
Change in trade and notes receivables		(945 928 607)	(616 921 018)
Change in amount due from customers-construction		-	1 069 820
Change in debtors and other debit balances		(72 280 661)	40 312 283
Provisions used	(21) , (22)	(37 789 330)	(49 273 323)
Change in advances from customers		1 354 081 052	831 695 465
Change in Due to customers - constructions		-	(2 729 533)
Change in contractors, suppliers and notes payable		(145 978 884)	535 340 041
Change in creditors and other credit balances		99 136 768	(48 931 682)
Restricted cash		(114 312 834)	(150 000 000)
Net cash (used in) operating activities		**(96 299 884)**	**(32 958 293)**
Cash flows from investing activities			
Payments for purchase of fixed assets, projects under construction and biological assets		(60 367 870)	(4 055 009)
Payments for Investments in treasury bills		(771 766 217)	(5 188 795)
Proceeds from sale of treasury bills		334 841 361	2 934 948
Payments for purchasing addition shares in subsidaries	(27)	(19 999 998)	-
Proceeds from sale of fixed assets		5 454	1 549 574
Net cash (used in) investing activities		**(517 287 270)**	**(4 759 282)**
Cash flows from financing activities			
Bank - credit facilities		(113 652 282)	71 321 030
Banks - long-term loans		25 567 767	122 573 899
Non-controlling interest		-	2 504 689
Net cash (used in) provideede from financing activities		**(88 084 515)**	**196 399 618**
Net change in cash and cash equivalents during the period		(701 671 669)	158 682 043
Cash and cash equivalents as at the beginning of the period		1 774 960 974	403 132 517
Cash and cash equivalents as at the end of the period	(20)	**1 073 289 305**	**561 814 560**

The accompanying notes from (1) to (53) are an integral part of these consolidated interim financial statements and to be read therewith.

Sixth of October for Development and Investment Company "SODIC"
(An Egyptian Joint Stock Company)
Notes to the consolidated interim financial statements
For the financial period ended June 30, 2015

1. Background and activities

1-1 Sixth of October for Development and Investment Company "SODIC" (the Company) – An Egyptian Joint Stock Company – was incorporated in accordance with the provisions of Law No. 159 of 1981 and its Executive Regulations and considering the provisions of Law No. 95 of 1992 and its Executive Regulations and by virtue of the decree of the Minister of Economy and International Cooperation No. 322 of 1996 issued on May 12, 1996. The Company was registered in Giza Governorate Commercial Registry under No. 625 on May 25, 1996.

1-2 The Company's purpose is represented in the following:

- Land acquisition and the subsequent sale/lease to clients after connecting the relevant infrastructure.
- Operating in the field of construction, integrated construction and supplementary works.
- Planning, dividing and preparing lands for building and construction according to modern building techniques.
- Building, selling and leasing all various types of real estate.
- Developing and reclaiming land in the new urban communities.
- Operating in the field of tourism development and tourism related establishments including, building, managing, selling or utilizing hotels, motels and tourist villages in accordance with applicable Egyptian laws and regulations.
- Building, managing, selling and leasing –residential, service, commercial, industrial and tourism projects.
- Importing and operating as trade agents within the allowable limits of the Company's purpose (not with the purpose of trading)
- Financial leasing in accordance with Law No. 95 of 1995.
- Working in all fields of information technology and systems, hardware and software (computer software and services).
- Operating in fields of communication systems, internet, space stations and transmission except for the field of satellites.
- Investing in the various activities related to petroleum, gas and petrochemicals.
- Operating in the field of coordinating and planting gardens, roads and squares and also providing security, steward - ship, maintenance and cleaning services.
- Operating in the field of ownership and management of sporting, entertainment, medical, educational buildings and also ownership, management and operating of restaurants.
- In addition, the Company may have interest or participate in any manner with companies or others that share similar activities or which may assist it to achieve its purposes in Egypt or abroad.
  Also the Company is entitled to merge into or acquire the aforementioned companies or make them subsidiaries in accordance with the provisions of law and its executive regulations.

1-3 The Company's duration is 50 years starting from the date of registration in the Commercial Registry.

1-4 The Parent Company is listed on the Egyptian Exchange.

1-5 The consolidated financial statements of Sixth of October for Development & Investment Company "SODIC" (the Parent Company) for the financial period ended June 30, 2015 comprise the financial statements of the Company and its subsidiaries (together referred to as the "Group") and the Group's interest in the profit and loss of associates.

The registered office of the Parent Company is located at Km. 38 Cairo / Alexandria Desert Road, Sheikh Zayed City. Dr. Hany Sarie El Din is the Chairman for the Parent Company and Mr. Ahmed Demerdash Badrawi is a Board Member and the Managing Director of the Parent Company.

2. Basis of preparation of the interim consolidated financial statements

2-1 Statement of compliance

- These consolidated financial statements have been prepared in accordance with Egyptian Accounting Standards and relevant Egyptian laws and regulations.
- The financial statements have been authorized by Company's Board of Directors as August 18, 2015

2-2 Basis of measurement

The consolidated financial statements have been prepared on historical cost basis except for the following:

- Financial assets and liabilities recognized at fair values through profits and losses are measured at fair value.
- Held for trading investments are measured at fair value.
- Available for sale investments, which have market values are measured at fair value.
- Assets and liabilities for Subsidiaries under liquidation are measured at fair value.

2-3 Functional and presentation currency

The consolidated financial statements are presented in Egyptian Pound, which is the Group's functional currency.

2-4 Use of estimates and judgments

- The preparation of the consolidated financial statements in conformity with Egyptian Accounting Standards requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about the carrying values of assets and liabilities that are readily apparent from other sources. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the most important items for which estimates and judgments are used:

- Provisions for expected claims
- Useful lives for fixed assets
- Deferred taxes
- Accruals
- Provision for completion
- Valuation of investment properties
- Impairment of fixed assets.
- Impairment of inventory
- Impairment of debtors and other debit balances

3. Significant accounting policies

The accounting policies set out below have been applied consistently to all years presented in these consolidated financial statements. Except for investments policy applied for joint ventures as it's described in details in Note No. (3.1.3) jointly controlled entities

3.1 Basis of consolidation

3.1.1 Subsidiaries

- The consolidated financial statements include all subsidiaries controlled by the Parent Company and which the management intends to continue to control. Control exists when the Group has the power to control the financial and operating policies of an entity so as to obtain benefits from its activities. Such control exists by owning more than 50% of the investees' voting rights. In assessing control, potential voting rights that presently are exercisable are taken into account.
- The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.
- Intergroup balances and transactions, including income, expenses and dividends, are eliminated in full. Profits and losses resulting from intergroup transactions that are recognized in assets, such as inventory and fixed assets, are eliminated in full. Intergroup losses may indicate an impairment that requires recognition in the consolidated financial statements.
- EAS (24) Income Taxes applies to temporary differences that arise from the elimination of profits and losses resulting from intergroup transactions.
- Non-controlling interests shall be presented in the consolidated balance sheet within equity, separately from the Parent shareholder's equity. Non-controlling interests in the profit or loss of the group are separately disclosed.

Subsidiaries are represented in the following:-

Subsidiary name	Country of Incorporation	Ownership As at 30/6/2015 %	Ownership As at 31/12/2014 %
1- SODIC Property Services Co. - S.A.E "under liquidation"	Egypt	100	100
2- Sixth of October for Development and Real Estate Projects Company "SOREAL" - S.A.E	Egypt	99.99	99.99
3- Beverly Hills for Management of Cities and Resorts Co. - S.A.E (A)	Egypt	46.75	58.59
4- SODIC Garden City for Development and Investment Co. S.A.E	Egypt	50	50
5- Move-In for Advanced Contracting Co. - S.A.E	Egypt	85	85
6- El Yosr for Projects and Agriculture Development Co. - S.A.E	Egypt	99.99	99.99
7- SODIC for Development and Real Estate Investment Co. – S.A.E	Egypt	99.99	99.99
8- SODIC SIAC for Real Estate Investment Co. - S.A.E	Egypt	100	86.67
9- SODIC for Golf and Tourist Development Co. - S.A.E	Egypt	100	100
10- Fourteen for Real Estate Investment Co. - S.A.E	Egypt	99.99	99.99
11- La Maison for Real Estate Investment Co. - S.A.E	Egypt	99.99	99.99
12- Tegara for Trading Centers Co. S.A.E	Egypt	95.24	97.50
13- Edara for Services of Cities and Resorts Co. –S.A.E	Egypt	99.97	99.97
14- Soreal for Real Estate Investment	Egypt	99.99	-
15- SODIC for Securitization	Egypt	99.99	-
16- SODIC Syria L.L.C (B)	Syria	100	100
17- Tabrook (C)	Egypt	100	-

A. The legal participation in Beverly Hills for Management of Cities and Resorts Co. amounts to 54.03%, which includes 7.28% transitory shares currently in the name of the Company. The title of these shares will be transferred to the ultimate shareholders (Owners of Beverly Hills Project units).
B. During the period the company has purchased additional shares (13.33%) in SODIC SIAC (note 27).
C. On June 15, 2010, SODIC Syria Co. a Syrian limited liability Co. was established for acquiring a 50% stake of the share capital of Palmyra - SODIC for Real Estate Development L.L.C, a limited liability company registered and operating in Syria.
D. During March 2015 the company has acquired Tabrook Development Company.

3.1.2 Associates

Associates are those entities in which the Group has significant influence, but not a control, over the financial and operating policies. Such influence is presumed to exist when the group holds between 20% and 50% of the voting rights of the investee.

Investments in associates are recorded using the equity method. Under this method the investment in associates is initially recognized at cost and the carrying amount is increased or decreased to recognize the investor's share of the profit or loss of the associate after the date of acquisition. Dividends received from associates reduce the carrying amount of the investment.

Losses of an associate in excess of the Company's interest in that associate are not recognized, unless the Company has incurred legal or constructive obligation or made payments on behalf of the associate.

If the acquisition cost exceeds the Company's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the associate, the excess is recognized as goodwill. The goodwill is included within the carrying amount of the investment and is assessed for impairment as part of the investment.

3.1.3 Jointly controlled entities

Joint ventures are entities in which the Group has joint control over the activities and are established by contractual agreement requiring unanimous consent for strategic financial and operating decisions. Jointly controlled entities are accounted for using the proportionate consolidation. The consolidated financial statements include the Group's share in jointly controlled entities from the date that joint control commences until the date that joint control ceases.

Given the political conditions experienced by the Syrian Arab Republic the company's board adopted a resolution in its meeting held on April 16, 2014 to change the accounting policy for investments in jointly controlled entities from the proportionate consolidation method to the equity method in accordance with the allowed alternative treatment according to EAS (27) to allow the users of the financial statements to compare the financial statements of a number of periods of the entity and to identify the trends of its financial position and its financial performance and its cash flows. Accordingly, the management of the company calculates and records the impact of the change in accounting policy for these investments through the equity method from the beginning of the investment in those entities and show comparative figures for the periods presented in these financial statements in accordance with that policy. The investment is recognized using the equity method with the same fundamentals described in item 3.1.2 of accounting policies.

3.2 Foreign currency transactions

Transactions in foreign currencies are translated at the foreign exchange rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the consolidated balance sheet date are translated to Egyptian Pounds at the foreign exchange rate in effect at that date. Foreign exchange differences arising on translation are recognized in the consolidated income statement. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using exchange rate at the date of the transaction.

Financial statements of foreign operations

Foreign operation's financial statements maintained in foreign currencies are translated to Egyptian pounds. Assets and liabilities of those operations are translated at foreign exchange rates prevailing at the consolidated balance sheet date. Revenues and expenses are translated at the average exchange rate used during the period/year. Equity items are translated using the historical exchange rate at the date of acquisition or incorporating the foreign operations. Foreign exchange differences arising from translation are recognized directly in a separate component of equity in the consolidated balance sheet under "Accumulated differences from foreign currency transactions".

3. 3 Fixed assets and depreciation

a. Recognition and measurement

Fixed assets that are used in production, providing goods and services or for administrative purposes are stated at historical cost less accumulated depreciation and cumulative impairment losses resulted from "**impairment**" in the values of fixed assets (3-15) Cost includes expenditures that are directly attributable to the acquisition of the asset and necessary to have the asset ready for use in the purpose for which the asset was acquired also the cost of removing the asset and the settlement of its location.

When parts of an item of fixed assets have different useful lives, they are accounted for as separate items (major components) of fixed assets.

Assets are stated in the construction phase for production or for rent or for administrative purposes at cost less cumulative impairment losses. Cost includes professional fees and all direct costs related to the asset. Deprecation of these assets starts when they are completed and prepared for use as intended.

The cost of self-constructed assets includes the cost of materials, direct labor and any other costs directly attributable to bringing the asset to a working condition for its intended use.

b. Subsequent costs

The Company recognizes in the carrying amount of an item of property, plant and equipment the cost of replacing part, after derecognized the replaced part, of such an item when that cost is incurred if it is probable that future economic benefits embodied with the item will flow to the Company and the cost can be measured reliably. All other costs are recognized in the income statement as an expense as incurred.

c. Depreciation

Depreciation is charged to the income statement on a straight-line basis over the estimated useful lives of each component of the fixed assets (with the exception of Land which is not depreciated). The estimated useful lives are as follows:

Asset	Years
Buildings and construction works	5-10
Caravans	5-10
Vehicles	5
Furniture and fixtures	4-10
Office and communications equipment	5
Generators, machinery and equipment	2-5
Kitchen utensils	10
Wells, pumps and networks	4
Leasehold improvements	5 years or lease term whichever is lower
Golf course assets	
Constructions	20
Irrigation networks	15
Equipment and tools	15

3.4 Intangible assets- Goodwill

Goodwill (positive and/or negative) represents amounts arising on acquisition of subsidiaries or joint ventures. As it represents the difference between the cost of the acquisition and the fair value of the net identifiable assets acquired at acquisition date.

Positive goodwill is stated at cost less impairment losses while negative goodwill will be recognized directly in the income statement. Goodwill resulting from further acquisitions after control is obtained is determined on the basis of the cost of the additional investment and the carrying amount of net assets at the date of acquisition. Goodwill is tested for impairment periodically and whenever there are events or changes in circumstances that indicate the existence of goodwill impairment. Impairment loss of goodwill cannot be reversed subsequently.

3.5 Operating lease

Payments made under operating lease (net of any incentives obtained from the leasor are charged to the income statement based on accrual basis.

3.6 Sale and leaseback

When a company lets a property to a lessee, the legal title of this property is transferred to the lessee according to an executory contract subject to a finance lease contract signed between parties, accordingly any gain or loss resulting from the differences between the sale price and the net book value of the property is deferred and amortized over the period of the lease contract.

When the property is then bought back, any unamortized gains or losses are recognized in the income statement on the buyback date.

3.7 Projects under construction

Projects under construction are recognized initially at cost. Cost includes all expenditures directly attributable to bringing the asset to a working condition for its intended use. Projects under construction are transferred to property, plant and equipment caption when they are completed and ready for their intended use.

3.8 Biological assets

Biological assets under construction are measured at fair value less costs to sell, any change in costs will be recognized in profit or loss, costs to sell includes any costs incurred to sell the biological asset.

3.9 Investment properties

a) **Recognition and initial measurement**

This item includes lands held and not allocated for a specific purpose, and/or lands held for sale on a long term basis. It also includes lands and buildings leased to others (by virtue of operating leases). Real estate investments are valued at cost less the accumulated depreciation and "**impairment**" (note No. 3-15). The fair value of these investments are disclosed at the balance sheet date unless the fair value is difficult to be determined in a reliable manner. In this case such fact shall be disclosed.

b) **Depreciation**

The depreciation is allocated to the income statement according to the straight line method within the estimated production life of each asset,

Represented in the following the expected life for each category:

Asset	Years
Leased units	50
Roads	20
Elevators	10
Agriculture and landscape	10
Air-conditions	5
Sound systems and cameras	2

3.10 Investments

a. Available for sale investments

Financial instruments held by the Company and classified as available-for-sale investment are stated at cost and subsequently measured at fair value, unless this cannot be reliably measured. Changes in fair value are reported as a separate component in equity. When these investments are derecognized, the cumulative gain or loss previously recognized in equity is recognized in consolidated income statement. Except the **impairment** loss, Investments in unlisted securities or where the fair value of investment cannot be determined in a reliable manner such investments are stated at cost less impairment losses (note No. 3-15). Impairment loss is recognized directly in the consolidated income statement.

Financial instruments classified as available-for-sale investments are recognized /derecognized by the Company on the date it commits to purchase / sell the investments.

b. Held for trading investments

Held for trading investments are classified as current assets and are stated at fair value. Any gain or loss resulting from the change in fair value or sale of such investment is recognized in the income statement.

Treasury bills are stated at their net cost after deducting the amortized interest and the Impairment losses (note No. 3-15).

3.11 Units ready for sale

Units ready for sale are stated at the consolidated balance sheet date at lower of cost or net releasable value. Cost calculation is based on the product of total space of units ready for sale remaining on the reporting date multiplied by the cost per meter. (The cost of the units includes land, utilities, construction, construction related professional fees, labor cost and other direct and indirect expenses). Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and selling expenses.

3.12 Work in process

All costs relating to uncompleted works are recorded in work in process account until the completion of the works. Work in process is stated in the consolidated balance sheet at cost or net realizable value whichever is lower. Costs include directly attributable cost needed to bring the units to the selling status.

3.13 Trade, notes receivable and debtors

Trade and notes receivables, debtors and other debit balances, that do not carry interest are stated at their nominal value and are reduced by "impairment" losses note No. (3-15). Impairment losses are formed when there is objective evidence that the Company is not able to collect the due amounts according to the original terms of the contracts. Impairment represents the difference between the book value and net recoverable amount which is represented in the future cash flows that the Company expects. Long-term trade and notes receivables are initially recognized at fair value and subsequently re-measured at amortized cost using the effective interest rate method.

3.14 Cash and cash equivalents

As a basis for preparation of cash flow, cash and cash equivalents comprise cash at banks and on hand, checks under collection and time deposits, that have maturity date less than three months from the purchase date. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management.

3.15 Impairment of assets

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 in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate. An impairment loss in respect of an available-for-sale financial asset is calculated by reference to its current fair value.

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 consolidated income statement. Any cumulative loss in respect of an available-for-sale financial asset recognized previously in equity is transferred to the consolidated 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 available-for-sale financial assets that are debt securities, the reversal is recognized in consolidated income statement. For available-for-sale financial assets that are equity securities, the reversal is recognized directly in equity.

b. Non-financial assets

The carrying amounts of the Company's non-financial assets, other than, investment properties, units ready for sale and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite lives or that are not yet available for use, recoverable amount is estimated at each reporting date.

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 in respect of goodwill is not reversed. In respect of other assets, impairment losses recognized in prior years are assessed at each reporting date for any indications that the loss has decreased or no longer exists. 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 that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

3.16 Provisions

Provisions are recognized when the Company has a legal or constructive obligation as a result of a past event and it's probable that a flow of economic benefits will be required to settle the obligation and the obligation amount can be reliably estimated. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessment of the time value of money and, where appropriate, the risks specific to the liability. Provisions are reviewed at the balance sheet date and amended (when necessary) to reflect the best current estimate.

Provision for completion

A provision for completion of work is formed at the estimated value of the completion of the projects' utility works (relating to the units delivered to customers and the completed units according to the contractual terms and conditions and the completed units for which contracts were not concluded) in their final form as determined by the Company's technical department. The necessary provision is reviewed at the end of each reporting year until finalization of all the project works.

3.17 Borrowing costs

Borrowing costs are recognized in the income statement as an expense when incurred using the effective interest rate.

Borrowing costs related directly to acquire or constructing qualified assets, are capitalized until the date of having these assets available for use, capitalization is temporarily suspended during the periods in which construction of assets is temporarily suspended. Capitalization is permanently stopped when all essential activities to have the asset ready for use are completed according to the alternative accounting treatment stated in the EAS no. (14).

3.18 Interest -bearing borrowings

Interest – bearing borrowings are recognized initially at fair value, net of attributable transaction costs incurred. Borrowings are subsequently stated at amortized cost, any differences between cost and redemption value are recognized in the income statement over the period of the borrowing using the effective interest rate.

3.19 Trade, contractors and other credit balances

Trade, contractors and other credit balances are stated at cost.

3.20 Share capital

Common shares are classified in the owners' equity.

a. Issuance of share capital

Incremental costs directly attributable to the issuance of new ordinary shares are recognized as a deduction from equity net of income tax – if any.

b. Treasury shares

In case of repurchase of the Company's own shares, the amounts paid for repurchase includes all the direct costs attributable to the repurchase and such amount is classified as treasury shares deducted from the shareholders equity.

c. Dividends

Dividends are recognized as a liability in the period in which they are declared.

d. Finance of the incentive and bonus plan

Equity shares issued for the purpose of the incentive and bonus plan of the Company's employees and managers are presented as shares kept for incentive and bonus plan and are included in equity, the resulting outcome from sale of these shares is recognized in equity.

- On February 1, 2015 the extra ordinary general assembly agreed to end the current bonus and incentive plan for employees, executive managers and board of directors members and implementation of a new incentive and bonus plan as disclosed in note No. (51) and (53).

e. Reserves

As per the Companies' law and the Company's articles of incorporation, 5% of the net profit of the year is set aside to form the legal reserve.

Transfer to the legal reserve may be suspended once the reserve reaches 50% of the Company's issued capital. However, if the reserve balance falls below 50% of the Company's issued capital then transfers to the legal reserve become required to be resumed.

The transferred amount can be recorded at the period in which the general assembly authorizes such transfer.

3.21 Share – based payments Equity settled share – based payments

The difference between the grant date fair value of shares and the amount incurred by the beneficiaries is recognized in the income statement over the period that the beneficiaries become unconditionally entitled to those shares. The expected number of beneficiaries from the plan and the extent of their benefit are reviewed at the consolidated financial statements date. Necessary changes are made for the expense to reflect the best estimate and the corresponding amount is included in equity.

3.22 Notes payable – Long-term

Long-term notes payable are stated at amortized cost using the effective interest rate method.

3.23 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and is recognized when it is probable that the future economic benefits will flow to the entity and the amount of the revenue can be measured reliably. No revenue is recognized if there are uncertainties regarding the recovery of that consideration due or associated costs.

a. Real estate and land sales

Revenue from sale of residential units, offices, commercial shops, service and villas for which contracts were concluded is recorded when all the ownership risks and rewards are transferred to customers and upon the actual delivery of these villas and units whether the said villas and units have been completed or semi – completed. Revenue from sale of lands is recorded upon the delivery of the sold land to customers and the transfer of all the ownership rewards and risks to the buyer.

Net sales are represented in the selling value of units and lands delivered to customers after excluding the future interests that have not been realized till the consolidated balance sheet date and after deducting the value of sales returns (represented in the saleable value of the sales returns less unrealized interests that have been previously excluded from the saleable value). Discounts granted to customers are recorded within the other operating expenses.

b. Service revenues

Revenue from services is recognized when the service is rendered to the customer.

c. Rental income

Rental income resulting from investment properties (less any discounts) is recognized in the consolidated income statement on a straight-line basis over the terms of the lease.

d. Interest income

Interest income is recognized using the accrual basis, considering the period of time and effective interest rate.

e. Commission revenue

Commission revenue is recognized in the consolidated income statement according to the accrual basis of accounting.

f. Dividends

Dividends income is recognized in the consolidated income statement on the date the Company's right to receive payments is established.

3.24 Cost of sold lands

The cost of sold lands is computed based on the value of the net area of land sold in addition to its respective share in road areas as determined by the Company's technical management, plus its share of the open area cost as well as its share of infrastructure cost.

3.25 Expenses

a. Lease payments

Payments under leases are recognized (net after discounts) in the consolidated income statement on a straight-line basis over the terms of the lease and according to the accrual basis.

b. Employees' pension

1. Pension obligations

The Company contributes to the government social insurance system for the benefit of its personnel in accordance with the social insurance law No. 79 of 1975 and its amendment. Under this law, the employees and the employers contribute into the system on a fixed percentage-of-salaries basis. The Company's liability is confined to the amount of its contribution. Contributions are charged to the consolidated income statement using the accrual basis.

2. Employees' profit sharing

As per the Companies Law, employees are entitled to receive not less than 10% of the distributed profits, after deducting a percentage to support the legal reserve, according to the rules proposed by the Company's board of directors and after the approval of General Assembly Meeting which should not exceed the total employees' annual salaries.

Employees' share in profit is recognized as dividends of profit and shown in the statement of changes in equity and as an obligation in the financial year at which the declaration has been authorized.

c. Income tax

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

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

Deferred tax is recognized using the balance sheet 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 assets/liabilities provided is determined using tax rates enacted at the consolidated balance sheet date.

Deferred tax assets are 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 reduced to the extent that it is no longer probable that the related tax benefit will be realized in the future years.

3.26 Earnings / (losses) per share

Earnings (losses) per share is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period / year.

4. Determination of fair values

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and / or disclosure purposes based on the following methods. Where applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

4.1 Fixed assets

The fair value of fixed assets recognized as a result of a business combination is based on market values. The fair value of fixed assets is the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing where in the parties had each acted knowledgeably, prudently and without compulsion.

4.2 Investments in equity instruments

The fair value of held for trading investments and available -for- sale investment is determined by reference to market value declared to these shares in stock market at the consolidated financial statement date.

4.3 Trade, note receivables and other debtors

The fair value of trade, note receivables and other debtors is estimated as the present value of future cash flows, discounted at the market rate of interest at the consolidated financial statement date.

4.4 Investment properties

The fair value is based on market values, being the estimated amount for which property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

4.5 Share – based payment transactions

The fair value is determined by reference to market value declared at the consolidated balance sheet date without deducting the cost related to transactions.

4.6 Assets and liabilities of subsidiaries under liquidation

Assets and liabilities of subsidiaries under liquidation are recorded with fair values and are included in current assets and/or current liabilities.

5. Financial risk management

The Group is exposed to the following risks from its use of financial instruments:

- credit risk
- liquidity risk
- market risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group management of capital. Further quantitative disclosures are included throughout these consolidated financial statements.

The Board of Directors of the Parent Company has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board also identifies and analyzes the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits.

The Group aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The audit committee and the internal control department assist the company's Board of Directors in its supervisory role, the internal audit department is also responsible for regular and sudden inspection of internal control and the policies associated with the risk management and reports conclusion to the company's Board of Directors.

5.1 **Credit risk**

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur financial loss. This risk is mainly associated with the Company's customers and other receivables.

Trade and other receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the Group's customer base, including the default risk of the industry which has less influence on credit risk.

Almost all of the Group's revenues is attributable to sales transaction with a vast group of customers. Therefore, demographically, there is no concentration of credit risk.

The Group's management has established a credit policy under which each customer is subject to credit valuation before the Company's standard payment and delivery terms and conditions are offered to him. The Company obtained advance payments and cheques covers for the full sales value in advance and before the delivery of units to customers. No previous losses were observed from transactions with customers.

Sales of units are made subject to retention of title clauses and the ownership title is transferred after collection of the full sales value. In the event of non-payment, the unit is returned to the Company and the amounts collected from customers are repaid at the default date after deducting a 5 % to 10 % of this value.

Investments

The Company manages the risk via conducting detailed investment studies which are reviewed by the Board of Directors. Company's management does not expect any counterparty to fail to meet its obligation.

Guarantees

The group extends corporate guarantees to subsidiaries, when needed, after the approval of the Extra Ordinary General Assembly Meeting (EGM). The following corporate guarantees were provided:

- On the 1st of February, 2015, Sixth of October for Development and Investment Company's "SODIC" EGM approved extending a corporate guarantee to SOREAL For Real Estate Investments (99.99 % owned by SODIC).

5.2 **Liquidity risk**

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due.

The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group ensures that it has sufficient cash on demand to meet expected operational expenses for an appropriate period including the cost of servicing financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

In addition, the Group maintains the following lines of credit:

- L.E 5 million as short-term bank facilities guaranteed by treasury bills, which are kept with the bank.
- A facility amounting to L.E 150 million. The facility is fully secured by deposits amounting to L.E 150 million.
- A facility amounting to L.E 150 million. The facility is fully secured by a promissory note of L.E 150 million in addition to a corporate guarantee extended from SODIC.
- A medium term loan in the amount of L.E 900 million.
- A medium term loan in the amount of L.E 300 million.
- A medium term loan in the amount of L.E 950 million.

5.3 **Market risk**

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments.

The objective of market risk management is to manage and control market risk exposure within acceptable parameters, while optimizing the return.

5.4 Currency risk

The Group is exposed to currency risk on sales and financial assets that are denominated in foreign currencies. Such risk is primarily represented in US$ and Syrian lira.

In respect of monetary assets and liabilities denominated in other foreign currencies, the Group ensures that its net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates when necessary to address short- term imbalances.

The Company's investments in its subsidiaries are not hedged as those currency positions are considered long-term in nature.

The parent Company does not enter into hedging contracts for foreign currencies.

5.5 Interest rate risk

The Company adopts a policy to limit the company's exposure for interest risk, therefore the company's management evaluates the available alternatives for finance and negotiates with banks to obtain the best available interest rates and credit conditions. Borrowing contracts are presented to the Board of Directors. The finance position and finance cost is periodically evaluated by the Company's management. The Company does not enter into hedging contracts for interest rates.

5.6 Other market price risk

Equity price risk arises from available-for-sale equity securities and management of the Group monitors the mix of equity securities in its investment portfolio based on market indices or an objective valuation of the financial statements related to these shares.

Material investments within the portfolio are managed on an individual basis and all buy and sell decisions are approved by the Company' Board of Directors.

The primary goal of the Company's investment strategy is to maximize investment returns. Management is assisted by external advisors in this regard.

In accordance with this strategy certain investments are designated at held for trading because their performance is actively monitored and they are managed on a fair value basis.

5.7 Capital management

The Company's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business.

The Board of Directors of the Parent Company monitors the return on capital, which the Company defines as net profit for the period/year divided by total equity. The Board of Directors of the Parent Company also monitors the level of dividends to ordinary shareholders.

There were no changes in the Company's approach to capital management during the period / year. The Company is not subject to externally imposed capital requirements.

6- Fixed assets

This item is represented as follows:-

	Golf course	Land	Building and constructions	Vehicles	Furniture and fixtures	Office equipment and communications	Generators, machinery and equipment	Leasehold improvements	Total
	L.E	L.E	L.E	L.E	L.E	L.E	L.E	L.E	L.E
Cost as at January 1, 2015	93 628 961	23 700 259	10 367 941	15 431 824	19 085 754	18 678 979	23 573 559	13 400 255	217 867 532
Additions during the period	-	32 705 970	21 493 639	731 491	1 090 744	680 579	3 068 573	-	59 770 996
Disposals during the period	-	-	-	(236 820)	-	(220 186)	-	-	(457 006)
Cost as at June 30, 2015	93 628 961	56 406 229	31 861 580	15 926 495	20 176 498	19 139 372	26 642 132	13 400 255	277 181 522
Accumulated depreciation and impairment loss as at January 1, 2015	32 785 603	-	3 587 926	12 417 742	12 202 754	13 537 666	17 377 151	10 672 196	102 581 038
Depreciation of the period	911 625	-	2 505 137	736 495	1 222 612	1 296 227	1 646 096	1 242 686	9 560 878
Accumulated depreciation of disposals	-	-	-	(236 818)	–	(216 684)	–	–	(453 502)
Accumulated depreciation and impairment loss as at June 30, 2015	33 697 228	-	6 093 063	12 917 419	13 425 366	14 617 209	19 023 247	11 914 882	111 688 414
Net book value as at June 30, 2015	59 931 733	56 406 229	25 768 517	3 009 076	6 751 132	4 522 163	7 618 885	1 485 373	165 493 108
Net book value as at December 31, 2014	60 843 358	23 700 259	6 780 015	3 014 082	6 883 000	5 141 313	6 196 408	2 728 059	115 286 494

Fixed assets include fully depreciated assets with an amount of L.E 23 322 116 as at June 30, 2015.

-On May,20 2015 the company repurchased the sales building and the administrative building as it disclosed in financial statements notes (34-1)

7. Projects under construction

This item is represented as follows:

	30/6/2015 L.E	31/12/2014 L.E
Buildings and constructions	5 175 145	6 509 071
Advance payments -fixtures and purchasing of fixed assets	6 279 072	4 899 502
	11 454 217	**11 408 573**

8. Investments in associates and joint ventures

The Group has the following investments in associates and joint ventures:

	Legal Form	Ownership Percentage 30/6/2015 %	Ownership Percentage 31/12/2014 %	Carrying amount 30/6/2015 L.E	Carrying amount 31/12/2014 L.E
Royal Gardens for Investment Property Co. (A)	SAE	20	20	-	-
Palmyra SODIC Real Estate Development (B)	Syrian Ltd.	50	50	-	-
				-	-

Summary of financial information of associates:-

	Assets L.E	Liabilities L.E	Equity L.E	Revenues L.E	Expenses L.E
December 31, 2014					
Royal Gardens for Real Estate Investments Co. (A)	521 120 330	(476 977 020)	(44 143 310)	(278 759 490)	251 549 733
December 31, 2013					
Royal Gardens for Real Estate Investments Co. (A)	741 244 705	(708 489 631)	(32 755 074)	(139 571 794)	141 605 047

	Assets L.E	Liabilities L.E	Equity L.E	Revenues L.E	Expenses L.E
December 31, 2014					
Palmyra SODIC Real Estate Development (B)	240 699 241	(393 636 642)	152 937 401	-	(137 666 621)
December 31, 2013					
Palmyra SODIC Real Estate Development (B)	338 126 168	(379 476 638)	41 350 470	-	(173 175 402)

(A) Royal Gardens for Investment Property Co. was established during the year 2006 in association with Palm Hills Developments and other shareholders. The cost of investment amounted to L.E 3 million which represents 50% of the Parent Company's participation in the share capital of Royal Gardens Co. The Parent Company's share in the unrealized gain resulting from the sale of land by the Parent Company to its associate during 2007 amounted to L.E 32 298 112 out of which only L.E 3 million has been eliminated to the extent of the Company's interest in the associate when preparing the consolidated financial statements. Nonetheless, the Company's share in associate's cumulative gain amounting L.E 5 828 662 as at December, 31 2014 has not been charged to the consolidated income statement.

(B) On June 15, 2010 SODIC Syria was established - a limited liability company – to acquire a 50% stake in Palmyra - SODIC Real Estate Development Co., Ltd. - a limited liability company - registered and operating in the Syrian Arab Republic. The direct investment cost amounts to LE 243 million.

(C) Due to the current political circumstances in the Syrian Arab Republic and the confiscation of assets and documents related to Palmyra - SODIC Real Estate Development Co by the state government, the management of SODIC addressed the Embassy of the Syrian Arab Republic in Egypt and commissioned a law firm to handle the issue and protect the interest of SODIC's shareholders.

(D) This situation, coupled with the unstable political environment witnessed in Syria led SODIC's Board of Directors to take the view that the invested amounts in Syria are non-recoverable. As such, SODIC recognized a loss arising from the inability to recover its investments. The recognized impairment loss of the investment and the foreign accumulated translation differences amounted to L.E. 481 051 416 as of December 31, 2013.

9. Available for sale investments

This item is represented as follows:

	Legal Form	Ownership %	Paid amount of Participation %	Carrying amount as at 30/6/2015 L.E	Carrying amount as at 31/12/2014 L.E
Egyptian Company for Development and Management of Smart Villages	S.A.E	1.8	100	4 250 000	4 250 000
				4 250 000	**4 250 000**

- Exposure to market risk related to available for sale investments is considered limited since these investments represent equity instruments that are not traded in an active market and are denominated in Egyptian Pound.

10. Investment properties

The net carrying amount of the investment properties as at June 30, 2015 amounted to L.E 104 232 322. The amount includes commercial / residential units leased out to others.

The movement of the investment properties account and its associated depreciation during the period as follows:-

Description	Leased out units (A) L.E	Leased out units HUB L.E	Total
Cost as at 1/1/2015	18 568 793	-	18 568 793
Additions during the period **(10-1)**	2 179 006	84 484 260	86 663 266
Total cost of investment properties as at 30/6/2015	**20 747 799**	**84 484 260**	**105 232 059**
Accumulated depreciation as at 1/1/2015	(616 504)	-	(616 504)
Depreciation for the period	(143 697)	(239 536)	(383 233)
Accumulated depreciation as at 30/6/2015	**(760 201)**	**(239 536)**	**(999 737)**
Net carrying amount as at June 30, 2015	19 987 598	84 244 724	104 232 322
Net carrying amount as at December 31, 2014	17 952 289	-	17 952 289

(A) The fair value of completed residential units leased out to others amounts to L.E 35 314 300 as at June 30, 2015.

(10-1) this additions during the period include 84 484 260 L.E transferred from WIP HUB, Note (4-15).

11. Trade, notes receivable and debtors – Long-term

This item represents the present value of long-term trade and notes receivable and debtors balance as follows:-

	30/6/2015 L.E	31/12/2014 L.E
Trade receivable	13 903 984	6 024 232
Sundry debtors (11-1)	9 844 400	9 844 400
Notes receivable	3 954 227 672	3 410 589 350
	3 977 976 056	3 426 457 982
Deduct: Unamortized interest	91 937 142	107 547 397
	3 886 038 914	**3 318 910 585**

(11-1) This balance represents the remaining amount from the sale value of the Group's stakes in the share capital of El Sheikh Zayed for Real Estate Development Co. during 2010. According to the sale agreement, this debit balance will be collected after September 15, 2016.

- The Group's exposure to credit, and currency risks related to trade and notes receivable is disclosed in note no. (46).

12. Deferred tax assets and liabilities

	30/6/2015		31/12/2014	
	Assets	Liabilities	Assets	Liabilities
	L.E	L.E	L.E	L.E
Fixed assets	-	(2 578 555)	-	(3 498 562)
Provisions	68 421	-	67 620	-
Total deferred tax asset/(liability)	**68 421**	**(2 578 555)**	**67 620**	**(3 498 562)**
Net deferred tax (liability)	-	**(2 510 134)**	-	**(3 430 942)**

13. Other assets

	30/6/2015	31/12/2014
	L.E	L.E
Assets – Companies under liquidation (net)	2 683 724	2 683 724
Inventories and letters of credit	1 750 295	1 821 565
	4 434 019	**4 505 289**

14. Completed units ready for sale

	30/6/2015	31/12/2014
	L.E	L.E
Cost of completed commercial units	5 348 572	5 348 572
Cost of units purchased for resale (14-1)	6 742 067	10 137 967
	12 090 639	**15 486 539**

(14-1) This item represents the acquisition cost of 10 units in Casa project (Semi Finished) that were purchased from Royal Gardens Co. for Real Estate Investment – an associated company for the purpose of resale to others.

15. Work in process

This item represents the total costs related to works currently being undertaken. Details of these works are as follows:

	30/6/2015	31/12/2014
	L.E	L.E
Allegria project costs	443 479 016	464 668 726
Westown project costs	805 203 767	799 302 539
Kattamya Plaza project costs	32 121 887	59 931 161
Eastown project costs **(15-1)**	1 603 991 088	1 467 856 946
Villette project costs (15 -2)	2 775 718 816	2 631 710 059
Al Yosr for projects and agriculture development project costs	333 660 796	332 831 205
Polygon project costs	341 957 159	321 732 935
Cost of **Tabrook** work (15-3)	194 552 441	-
The Strip project costs	68 716 743	70 737 973
Westown Hub project costs **(15-4)**	–	79 277 574
Beverly Hills project costs	11 122 287	9 681 261
Tegara for trading centers projects costs	1 975 719	1 975 719
	6 612 499 719	6 239 706 098

(15-1) East town project costs include the present value of foreign exchange differences (land purchasing), resulting from the amendment of contract pertaining to settlement of dispute between one of the housing ministry's subsidiaries and the new urban communities authority on April 14,2014 for the land plot **(B)** mentioned above. As the subsidiary has settled 900 000 000 L.E on 7 years installments, 5 years executive time schedule.

On February 16.2010 one of the subsidiaries has signed a sub-developing agreement with El-Sheikh Zayed for real estate development Co. to improve and develop square no.8 located in east town project by a space amounting to 7439 m2. According to the following terms:

- As soon as all the agreement terms are met the subsidiary pledges to sell the project to El-Sheikh Zayed for real estate development Co.
- El-Sheikh Zayed for real estate development Co. is permitted to operate in project development as independent sub-developer not as an agent according to the project's general plan.
- The subsidiary guarantees that El-Sheikh Zayed for real estate development Co. has the right (as an independent developer not an agent) to pursue developing and investing in the project according to this agreement. The company will take all required procedures to allow and facilitate the development process to El-Sheikh Zayed for real estate development Co. according to the agreement terms.
- The company pledges to take all required procedures to allow transfer of title and ownership of the project to El-Sheikh Zayed Co., once all agreement terms are met.
- Amount of 3 371 400 fully received during 2010 in return for the sub-improvement work, and will be recognized as revenue as soon as all sub-development agreement terms are met.

(15-2) Villete project costs include 301.48 acres land amounting to 2.5 billion owed to the one of the company's subsidiaries, the acquisition of which amounting to 2.5 billion L.E from the new urban communities authority on June 9,2014.

(15-3) Tabrook development costs include cost of purchasing 172 000 m2 land plot in the northern coast and Ras-Elhekmah .

(15-4) The **HUB** project has been finished during the financial period ended in June 30, 2015 and the project's cost ,which amounted 84 484 260, has been categorized as investment properties note No. (10).

16. Trade and notes receivable – current

	30/6/2015 L.E	31/12/2014 L.E
Trade receivable	123 104 270	119 860 964
Notes receivable	1 823 797 470	1 432 439 992
	1 946 901 740	**1 552 300 956**
Deduct : unamortized interest – notes receivable	27 803 654	12 003 148
	1 919 098 086	**1 540 297 808**
Impairment losses of trade and notes receivable	(258 522)	(258 522)
	1 918 839 564	**1 540 039 286**

- The Group's exposure to credit, currency risks related to trade and notes receivable is disclosed in note no. (46).

17. Debtors and other debit balances

	30/6/2015	31/12/2014
	L.E	L.E
Contractors and suppliers – advance payments	219 149 695	121 262 060
Due from related parties – Joint Venture	35 191 620	35 191 620
Interests receivable	71 468 737	68 618 927
Due from related parties	6 283 349	6 283 377
Prepaid expenses	153 552 421	155 967 298
Deposits with others	2 212 805	5 694 821
Tax Authority	2 307 268	2 079 268
L / G 's margins	3 150 000	3 150 000
Due from the bonus and incentives plan to employees and managers fund **(17-1)**	122 737	18 004 359
Advance- operating lease	-	3 615 681
Other debit balances	13 240 648	14 821 959
	506 679 280	**434 689 370**
Deduct :-		
Impairment loss on debtors and other debit balances	109 679 285	107 463 769
	396 999 995	**327 225 601**

(17-1) This item represents the amount due from the bonus and incentives plan to employees and managers. The amount represents the value of dividends of the shares of the bonus and incentives plan for the financial year ended December 31, 2010 as per the resolution of the Ordinary General Assembly Meeting held on April 12, 2011, and the interest due for these dividends and issue rights sales value relating to bonus and incentives plan shares of employees and executive managers.

18. Loans to Joint Ventures

	30/6/2015	31/12/2014
	L.E	L.E
This item represents the loan granted to the Joint Venture project by the Group on August 16, 2010 for a total amount of USD 19.5 million. The loan carries an interest rate of 8.5% per annum. The principal together with interest were scheduled for payment before June 30, 2011. The loan was renewed until December 31, 2015 with an interest rate of 12.5% per annum.	135 485 960	135 485 960
This item represents the utilized amount of the bridge loan granted to the Joint Venture project on October 28, 2010 for a total amount of USD 7 659 025. The loan carries an interest rate of 8.5% per annum. The principal together with interest are scheduled for payment before December 31, 2015.	54 415 053	54 139 883
	189 901 013	**189 625 843**
Deduct :-		
Impairment for loans to joint ventures	**(189 901 013)**	**(189 625 843)**
	-	-

19. Investments in treasury bills

	30/6/2015 L.E	31/12/2014 L.E
Treasury bills with a maturity	489 250 000	31 229 098
Unearned return on treasury bills	(5 933 123)	(2 605 866)
	483 316 877	**28 623 232**

- The Group's exposure to market risk related to the trading investments is disclosed in note No. (46).

20. Cash at banks and on hand

	30/6/2015 L.E	31/12/2014 L.E
Bank - time deposits **(20-1)**	1 234 293 329	1 936 272 391
Bank - current accounts	224 691 220	113 235 177
Checks under collection	24 968 820	25 567 899
Cash on hand	3 648 770	1 259 270
	1 487 602 139	**2 076 334 737**

(20-1) Deposits include an amount of L.E 414 million restricted as a guarantee for the credit facility granted to the Parent Company from a commercial bank. In addition, it includes an amount of L.E 142 million representing the value of deposits collected from customers on account of the regular maintenance expenses.

- For the purpose of preparing the consolidated statement of cash flows, cash and cash equivalents item is represented as follows:

	30/6/2015 LE	31/12/2014 L.E
Cash at banks and on hand	1 487 602 139	2 076 334 737
Less:		
Bank-Overdraft	-	1 373 763
Restricted-Time Deposits	414 312 834	300 000 000
Cash and cash equivalents in the consolidated statement of cash flows	**1 073 289 305**	**1 774 960 974**

- The Group's exposure to interest rate risk for financial assets is disclosed in note No. (46).

21. Provision for completion

Movement on provisions during the period is represented as follows:-

	Balance as at 1/1/2015 L.E	Formed during the period L.E	Used during the period L.E	Balance as at 30/6/2015 L.E
Provision for completion of works (21-1)	68 382 052	23 733 159	(35 550 033)	56 565 178
	68 382 052	**23 733 159**	**(35 550 033)**	**56 565 178**

(21-1) This provision is formed against the estimated costs expected to be incurred to complete the execution of the delivered units.

22. Provisions

	Balance as at 1/1/2015 L.E	Formed during the period L.E	Used during the period L.E	Balance as at 30/6/2015 L.E
Provision for expected claims	8 425 682	48 530	(2 239 297)	6 234 915
	8 425 682	**48 530**	**(2 239 297)**	**6 234 915**

- The provision is formed in relation to existing claims on the company's transactions with other parties. The Company's management reviews the provisions annually and makes any amendments if needed according to the latest agreements and negotiations with those parties.
- The Company did not disclose all of the information required by the Egyptian accounting standards with those parties as the management assumes that the disclosure of such information shall seriously affect the company`s negotiations with those parties.

23. Bank - credit facilities

This item is represented in the following:

	30/6/2015 L.E	31/12/2014 L.E
Represents the amounts drawn down from the LE 150 million fully secured overdraft facility signed between Bank Audi and SODIC. The facility is fully secured by deposits amounting to L.E 150 million.	45 114 622	101 170 177
Represents the amounts drawn down from the LE 150 million fully secured overdraft facility signed with Bank Audi and SOREAL. The facility is fully secured by deposits amounting to L.E 150 million.	--	56 346 130
Represents the balance of the credit facility granted to one of the subsidiaries from the National Bank of Egypt with an amount of L.E 5 million.	78 172	1 328 769
	45 192 794	**158 845 076**

24. Advances from customers

This item represents the advance payments and contracting for units and land as follows:

	30/6/2015 L.E	31/12/2014 L.E
Advances _ SODIC West	4 373 833 640	3 208 260 688
Advances _ SODIC East	3 077 162 461	2 888 654 361
	7 450 996 101	**6 096 915 049**

25. Contractors, suppliers and notes payable

	30/6/2015 L.E	31/12/2014 L.E
Contractors	97 772 037	80 287 724
Suppliers	5 140 989	8 964 648
Notes payable **(25-1)**	921 459 246	787 222 239
	1 024 372 272	876 474 611
Deduct: Unamortized interest-notes payable	127 729 090	152 874 289
	896 643 182	**723 600 322**

(25-1) This amount includes LE 807 Million which represents the amount due to the New Urban Communities Authority, Also includes 110 Million due to buying land from one of subsidiaries.

- The Group's exposure to currency and liquidity risks related to suppliers, contractors and notes payable is disclosed in note no. (46).

26. Creditors and other credit balances

	30/6/2015 L.E	31/12/2014 L.E
Amounts collected on account for management, operation and maintenance of projects	394 371 057	296 618 767
Due to related parties	6 798 269	6 798 273
Accrued expenses	89 299 607	84 804 737
Customers - Beverly Hills – capital contributions	10 945 235	10 123 706
Customers – credit balances	18 203 597	18 138 400
Tax Authority	70 815 016	57 626 936
Dividends payable	91 643	91 643
Accrued compensated absence	1 085 734	3 714 681
Insurance Deposits collected from customers – Against modifications	494 615	344 615
Social insurance	531 133	438 805
Customers –down payments for sub-development **(26-1)**	3 371 400	3 371 400
Unearned revenue	6 021 043	1 196 355
Retentions	6 702 015	8 958 796
Due to Bonyan for development and trading Co.	107	107
Due to SIAC	5 277 878	3 634 857
Due to beneficiaries from Incentive plan	1 192 600	1 192 600
Deposits from others	14 840 631	13 082 859
Deferred capital gain	-	6 665 857
Premiums of Eastown club	77 543 678	56 404 368
Sundry creditors	39 331 688	21 756 946
	746 916 946	**594 964 708**

(26-1) This amount represents sub-development from Sheikh Zayed for Real Estate Development, disclosed in note no. (15-1).

- The Group's exposure to currency and liquidity risks related to creditors is disclosed in note no. (46).

27. Non-controlling interest

Non-controlling interest balance as at June 30, 2015 represents the interest shares in subsidiary's equity as follows:

	Percentage	Profit /(loss) for the period	Non-controlling interest excluding profit / (loss) for the period	as at 30/6/2015	as at 31/12/2014
	%	L.E	L.E	L.E	L.E
Sixth of October for Development and Real Estate Projects Co. "SOREAL"	0.01	2 873	56 278	59 151	56 278
Beverly Hills for Management of Cities and Resorts Co.	41.41	425 264	28 496 464	28 921 728	28 496 464
SODIC Garden City for Development and Investment Co.	50	6 022 842	49 017 270	55 040 112	49 017 270
El Yosr for Projects and Agriculture Development Co.	0.001	(9)	26 997	26 988	26 997
SODIC for Development and Real Estate Investment Co.	0.001	-	20	20	20
SODIC SIAC for Real Estate Development Co.	13.33	-	-	-	14 161 871
Tegara for Trading Centers Co.	4.76	90 022	2 671 757	2 761 779	2 671 757
Edara for Services of Cities and Resorts Co.	0.003	85	331	416	331
Fourteen for Real Estate Investment Co.	0.004	-	2	2	2
La Maison for Real Estate Investment Co.	0.004	-	2	2	2
		6 541 077	**80 269 121**	**86 810 198**	**94 430 992**

(*) During the period the company has purchased additional shares of 13.33% in SODIC SIAC (subsidiary) amounted by 19 999 998 L.E, which reflected by increasing in company's percentage from 86.67% to 100%, and decreasing in minority's by 14 161 871 L.E, also increasing in retained earnings by 5 838 127 L.E.

28. Share capital

- The authorized capital of the Company is L.E. 2 800 000 000.
- The Company had an issued and paid in capital of L.E 1,355,638,292 distributed over 338,909,573 shares with a par value of L.E 4 per share, the commercial register was notified on December 7, 2014.

-The capital structure for the holding company represented as follow:

Shareholder	Number of shares	Share value	Ownership percentage
		L.E	%
Olayan Saudi Investment Company.	43 121 432	172 485 728	12.72
RA Six Holdings Limited	31 992 544	127 970 176	9.44
Rashed Abdelrahman Al Rashed & Sons Co	15 586 983	62 347 932	4.60
EFG Hermes Holdings Financial Group.	15 183 111	60 732 444	4.48
NORGES Bank	13 888 392	55 553 568	4.10
Al- Majid Investments LLC.	11 148 092	44 592 368	3.29
Abdel Monem Rashed Abdel Rahman Al Rashed	9 897 756	39 591 024	2.92
Other shareholders	198 091 263	792 365 052	58.45
	338 909 573	**1 355 638 292**	**100**

29. Legal Reserve

According to the Parent Company's statutes, the Company is required to set aside 5% of annual net profit to form a legal reserve. This transfer to legal reserve ceases once the reserve reaches 50% of the issued share capital. The reserve balance as at June 30, 2015 is represented as follows:-

	L.E
Legal reserve balance as at 1/1/2003	6 530 455
Add:	
Increase of the legal reserve with the difference between the par value of the treasury shares and its actual cost (according to the Company's Extra-Ordinary General Assembly Meeting held on July 10, 2003).	4 627 374
Increase of the legal reserve with part of capital increase share premium with limits of half of the Company's issued share capital during 2006. (note No. 30).	123 409 151
Increase of the legal reserve with part of capital increase share premium during year 2007 with limits of half of the Company's issued share capital. (Note no. 30).	5 000 000
Increase of the legal reserve by 5% of the net profit for year 2008.	2 339 350
Increase of the legal reserve with part of the capital increase share premium with limits of half of the Company's issued share capital during year 2010 (Note No. 30)	39 446 365
Increase in legal reserve by 5% of 2014 net income	3 076 124
Deduct:	
The amount used to increase the issued share capital during the year 2011.	2
	184 428 817

30. Special reserve – share premium

The balance is represented in the remaining amount of capital increase share premium for a number of 11 million shares during 2006 and share premium increase of one million share for the incentive and bonus plan during 2007 share premium increase of 7 857 143 shares during 2010 after deducting the amounts credited to the legal reserve, and also after deducting the issuance expenses of such increase in addition to the amount credited to the share capital according to the Extra Ordinary General Assembly Meeting decision as follows:-

Description	L.E
Total value of the capital increase share premium collected during 2006, 2010	1 455 017 340
Add:	
Share premium of the employees' incentive and bonus plan issued during year 2007	90 000 000
The value of selling 712 500 share which has been sold through beneficiaries of incentive and bonus plan during 2014 with LE 30 per share (after split)	21 375 000
Deduct:	
Amounts transferred to the legal reserve	(167 855 516)
Capital increase – related expenses	(55 240 255)
Amount used for share capital increase during 2008	(5 000 000)
	1 338 296 569

31. Profit from sales of treasury shares

On August 14, 2011, the Board of Directors of the Parent Company approved the purchase of one million treasury shares at L.E 18 per share (the par value is L.E 4 per share) with a total amount of 18 018 000 L.E from the Egyptian Exchange. On August 13, 2012 the Company's Board of Directors agreed to sell these shares for a total value of L.E 21 710 867 resulting in a profit of L.E 3 692 867.

32. Shares kept for bonus and incentive plan

This item represents the remainder of the amount paid by the Parent Company in return for issuing 2.5 million ordinary shares with a fair value of L.E 40 per share (before splitting) under account and in favor of the incentive and bonus plan of the Parent Company's employees and managers which are kept in Arab African International Bank.

33. Amount set aside for incentive and bonus plan

The balance represents the remaining balance from the difference between the grant date fair value of shares and the amount incurred by the beneficiary from the incentive and bonus plan for the Parent Company's managers and employees for the shares issued during year 2007 in addition to the share of the shares of the incentive plan in dividends.

34. Long-term loans

	30/6/2015 L.E	31/12/2014 L.E
On December 19, 2013 the company signed a medium-term syndicated loan contract with a group of banks represented by the Arab African International Bank "facility agent" with a total amount of LE 900 million to finance SODIC West projects located in Kilo 38 Cairo/Alex desert road -Giza- Egypt. On May 6, 2015 the company has made a supplement to amend the mentioned loan agreement, adding land plots in SODIC WEST project and using the facility to refinance the outstanding debt to PIRIUS Egypt bank. **Guarantees:** - Unconditional and irrevocable revenue transfer by which the lender and some of its subsidiaries transfer all current and future proceeds, selling and lease contracts of the current and foreseeable project units in favour of the "Guarantee agent". - Accounts mortgage contracts: debt interest and all amounts deposited therein are pledged for the interest of the "guarantee agent". - Promissory note from the borrower. **Grace period:** 12 months from the date of the first drawdown **Repayment:** Started from march 31, 2015 Immediately payable (16) quarterly installments unequally.	459 161 917	433 983 384
On July16, 2014 the company signed a medium-term loan contract with Commercial International Bank (CIB) for a total amount of LE 300 million to finance specific areas in West town previously owned by Solidere International to extended and paying the amount of segment (A) and financing any cash flow deficit related to the development of WEST TOWN RESIDANT land phase (B) segment (B).	189 347 800	189 347 800
On July 3, 2014 a company's subsidiary signed a medium term facility agreement with Arab African International Bank (**AAIB**) for a total amount of LE 950 million to finance Villette projects' cost. **Guarantees:** - A solidarity collateral from 6th of October for development and investment company "SODIC" - The company is obligated to transfer the project revenue either before or after the facility agreement date to the project account. -Signing a mortgage contract and bank draft of the debt service account and the project account including all the accounts deposited in favor of the bank. - Promissory note from the borrower. **Availability period:** Commences from the signing date till December 31, 2017. **Grace period:** 3 months after the end of availability period, **Repayment:** For 8 consecutive quarters after the end of the grace period, Dec.13 ,2019	416 212 482	415 823 248
Deduct: Current portion		
Arab African International Bank	112 593 249	78 117 009
	952 128 950	**961 037 423**

34-1 - The Company has signed a medium term financing contract (sale and lease back - financial lease) with PIRAEUS bank Egypt and PIRAEUS company "for financial lease" with an amount of L.E 75 132 399 which includes land and buildings values to both the Administration and sales buildings.

- On May 20, 2015 the company has signed a contract with PIRAEUS company "for financial lease" to buy the two lands that mentioned previously, as above, amounted of 50 213 271 L.E and has been paid in full, the medium term financial lease contract has been ended, and those assets have been recorded as fixed assets during the financial period ended June 30, 2015.

35. Long-term notes payable

This item is represented as follows:

	30/6/2015 L.E	31/12/2014 L.E
Total present value of the checks issued to New Urban Communities Authority which are due as of May 2, 2016	-	26 510 466
Total present value of the checks issued to New Urban Communities Authority which are payable during the period from Jan 1, 2017 till Jan. 1, 2021.	700 000 000	750 000 000
Total present value of the checks issued to New Urban Communities Authority which are payable during the period from July 9, 2016 till June 9, 2018.	1 206 561 154	1 540 327 440
Unamortized interest - notes payable	(304 581 896)	(395 836 904)
	1 601 979 258	**1 921 001 002**

- The Company's exposure to credit risk related to long-term notes payable are disclosed in Note No. (46).

36. Real estate and land sales

The Group's operations are considered to fall into one broad class of business, sale of real estate units and lands and hence, segmental analysis of assets and liabilities is not considered meaningful. The Group's revenues can be analyzed as follows:

	Six months ended 30/6/2015 L.E	Six months ended 30/6/2014 L.E
Revenues from the sale of units in **Allegria**	139 890 078	191 962 428
Revenues from the sale of units in **Kattameya Plaza project**	44 794 143	79 888 509
Revenues from the sale of units in **The Strip**	31 569 889	64 299 927
Revenues from the sale of units in **Forty West**	52 003 892	73 997 674
Revenues from the sale of units in **CASA**	5 494 291	19 326 617
Revenues from the sale of units in **Westown Residences**	240 106 755	79 286 804
Revenues from the sales of **Polygon**	41 325 191	106 805 603
	555 184 239	**615 567 562**

37. Cost of real estate and land sold

	Six months ended 30/6/2015 L.E	Six months ended 30/6/2014 L.E
Cost from the sale of units in **Allegria**	63 132 416	109 897 515
Cost from the sale of units in **Kattameya Plaza**	28 573 150	58 443 446
Cost from the sale of units in **The strip**	12 380 989	16 779 598
Cost from the sale of units in **Forty West**	38 738 299	60 678 179
Cost f PIRAEUS rom the sale of units in **CASA**	3 395 900	11 918 950
Cost from the sale of units in **Westown Residences**	134 328 474	44 242 894
Cost from the sales of **Polygon**	28 193 436	78 161 244
	308 742 664	**380 121 826**

38. Other operating revenues

	Six months ended 30/6/2015 L.E	Six months ended 30/6/2014 L.E
Interest income realized from installments during the period	39 067 821	24 080 630
Assignment, cancellation dues and delay penalties	22 302 986	13 225 149
Other income	4 883 710	7 693 708
Dividends share from sister companies	4 849 549	5 348 651
Capital gain	6 758 894	1 240 125
Provisions no longer required and impairment reversal of trade receivables	-	16 697
	77 862 960	**51 604 960**

39. Selling and marketing expenses

	Six months ended 30/6/2015 L.E	Six months ended 30/6/2014 L.E
Salaries and wages	8 252 993	8 741 943
Sales commissions	17 793 817	11 163 260
Advertising expenses	14 563 140	19 881 770
Conferences and Exhibitions	1 915 890	2 620 597
Rent	6 443 241	7 778 032
Donations	203 750	34 740
Maintenance, cleaning and agriculture	1 031 098	1 246 490
Travel, transportation and cars	86 837	9 901
Professional and consultants fees	568 004	306 000
Gifts	146 284	108 535
Depreciation	167 777	81 941
Employees vacation	-	219 922
Others	1 861 767	610 361
	53 034 598	**52 803 492**

40. General and administrative expenses

	Six months ended 30/6/2015 L.E	Six months ended 30/6/2014 L.E
Salaries, wages and bonuses (40-1)	22 610 647	18 030 224
Board of Directors' remunerations and allowances	2 902 635	8 435 683
Training, medical care, meals & uniforms	3 179 480	2 150 438
Maintenance, cleaning, agriculture, security and	8 560 256	5 059 844
Professional and consultancy fees	3 670 112	3 873 797
Advertising, exhibitions and conferences	593 546	74 313
Donations and gifts	1 550 902	1 816 636
Administrative depreciation of fixed assets and rented	7 348 204	5 603 332
Reception and hospitality	616 750	514 866
Printings and office supplies	1 816 338	1 867 266
Communication, electricity, telephone and water	1 894 606	1 552 558
Subscriptions and governmental dues	969 805	789 523
Rent	5 105 316	5 462 470
Travel and transportation	702 320	671 807
Bank charges	2 042 030	1 243 960
Employees vacation	534 293	320 390
Insurance installments	288 276	201 389
Others	1 323 044	2 023 963
	65 708 560	**59 692 459**

(40-1)This item includes salaries for the executive Board of Directors as follows:

	Six months ended 30/6/2015 L.E	Six months ended 30/6/2014 L.E
Salaries	2 640 900	2 289 650
	2 640 900	**2 289 650**

The Parent Company has bonus and incentive plan for the share settled share based payment as the current plan has been ended and a new plan will be implemented as its disclosed at notes No. (51) and (53).

41. Other operating expenses

	Six months ended 30/6/2015 L.E	Six months ended 30/6/2014 L.E
Discount for early payment	8 867 924	31 684 367
Provision of claims	48 530	451 248
Impairment loss of trade receivables debtors and loans to joints ventures	2 506 267	1 777 146
Loss from liquidation of investments	104 516	3 308 261
Penalties	167 481	87 643
Expenses of HUB	3 576 585	-
	15 271 303	**37 308 665**

42. Finance income

	Six months ended 30/6/2015 L.E	Six months ended 30/6/2014 L.E
Interest income	50 781 981	11 963 271
Interest income from loans to Joint Venture	17 768 789	1 372 882
Income from revaluation and sale of investments income	-	60 651
Net foreign exchange translation	1 458 189	-
	70 008 959	**13 396 804**

43. Finance cost

	Six months ended 30/6/2015 L.E	Six months ended 30/6/2014 L.E
Interest expense	44 491 404	30 119 599
Installments interest Sheikh Zayed land	2 154 868	3 054 929
Net foreign exchange translation	-	5 683 452
	46 646 272	**38 857 980**

44. Income tax expense

	Six months ended 30/6/2015 L.E	Six months ended 30/6/2014 L.E
Current income tax expense	59 690 576	17 060 159
Deferred income tax (benefit)	(920 593)	590 903
	58 769 983	**17 651 062**

45. Earnings per share

Earnings per share are calculated on June 30, 2015 based on the Parent Company's share in earnings per share for the period using the weighted average number of shares outstanding during the period as follows:

	Six months ended 30/6/2015 L.E	Six months ended 30/6/2014 L.E
Net profit for the period	145 746 885	79 350 069
Weighted average number of shares outstanding during the period	338 909 573	90 676 348
Profit per share (L.E / share)	**0.43**	**0.88**

46. Financial instruments

46.1 Credit risk

Exposure to credit risk

The carrying amount of financial assets represented in the balances of trade and notes receivables, debtors and cash and cash equivalent, loans to joint venture and investments in trading securities.
The maximum exposure to credit risk as at June 30, 2015 is amounting to L.E 7 796 446 597 (December 31, 2014: L.E 7 012 644 813).

46.2 Liquidity risk

The following are the contractual maturities of financial liabilities:

June 30, 2015	Carrying amount L.E	Less than 1 year L.E	1-2 years L.E	2-5 years L.E
Banks – credit facilities	45 192 794	45 192 794	-	-
Short-term loans	112 593 249	112 593 249	-	-
Long – term loans	952 128 950	-	225 491 059	726 637 891
Contractors and suppliers	102 913 026	102 913 026	-	-
Other creditors	746 916 950	495 756 792	242 025 617	9 134 541
Notes payable – long term	1 601 979 258	-	778 560 929	823 418 329
Notes payable – short term	793 730 156	793 730 156	-	-
	4 335 454 383	**1 550 186 017**	**1 246 077 605**	**1 559 190 761**

December 31, 2014	Carrying amount L.E	Less than 1 year L.E	1-2 years L.E	2-5 years L.E
Banks – credit facilities	158 845 076	158 845 076	-	-
Banks – overdraft	1 373 763	1 373 763	-	-
Short-term loans	78 117 009	78 117 009	-	-
Long – term loans	961 037 423	-	225 671 359	735 366 064
Contractors and suppliers	89 252 372	89 252 372	-	-
Other creditors	594 964 708	354 286 261	213 023 249	27 655 198
Notes payable – long term	1 921 001	-	679 044 377	1 241 956 625
Notes payable – short term	634 347 950	634 347 950	-	-
	4 438 939	**1 316 222 431**	**1 117 738 985**	**2 004 977 887**

46.3 Currency risk

Exposure to currency risk

The Group's exposure to foreign currency risk with main currencies was as follows:

June 30, 2015

Description	**USD**	**Euro**
Cash at banks	2 486 651	282 142
Creditors and other credit balances	(331 606)	-
Surplus of foreign currencies	**2 155 045**	**282 142**

December 31, 2014

Description	**USD**	**Euro**
Cash at banks	1 944 671	273 963
Surplus of foreign currencies	**1 944 671**	**273 963**

46.4 Interest rate risk

At the date of consolidated financial statements, the interest rate profile of the Group's financial instruments was as follows:-

	Carrying amount	
	30/6/2015	**31/12/2014**
Fixed rate instruments	**L.E**	**L.E**
Financial assets	7 522 488 684	4 858 949 871
Financial liabilities	(2 395 709 414)	(2 555 348 952)
	5 126 779 270	**2 303 600 919**
Variable rate instruments		
	(1 109 914 993)	(1 199 373 271)
Financial liabilities	**(1 109 914 993)**	**(1 199 373 271)**

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss and the Company does not designate derivatives (interest rate swaps) as hedging instruments under a fair value hedge accounting model. Therefore, a change in interest rates at the consolidated financial statements date would not affect the consolidated income statement.

46.5 Fair values

Fair values versus carrying amounts

The main financial instruments for the Company are represented in the balances of cash at banks, investments, trade and notes receivables, its associates, suppliers, contractors, notes payables, creditors and other credit balances and the monetary items included in debtors and creditors. The main purpose of these instruments is to finance the Company`s activities.

According to the applied evaluation basis in evaluating the Company`s assets and liabilities the carrying amounts for these financial instruments shows reasonable evaluation for their fair values.

47. Transactions with related parties

Related parties are represented in the Parent Company' shareholders, Board of Directors, executive directors and companies in which they own directly or indirectly shares giving them significant influence or control over the Group. The Parent Company made several transactions with related parties during the year and these transactions have been made in accordance with the terms determined by the Board of Directors of the Group and all transactions excluded added value. Summary of significant transactions concluded during the year and the resulting balances of the related parties at the consolidated balance sheet date were as follows:-

a) Transactions with related parties

Party / Relationship	Nature of transaction	30/6/2015 Amount of transaction L.E
Executive managers and Board of Directors (Parent Company)	Executive and Board of Directors	(See note No. 40).
Palmyra – SODIC for Real Estate Development	Loan for joint projects	–
	Management fees	–

b) Balances resulting from transactions with related parties

Party	Item as shown in the consolidated balance sheet	30/6/2015 L.E	31/12/2014 L.E
Bonyan Development and Trade Co.	Creditors and other credit balances	107	107
Palmyra – SODIC for Real Estate Development	Loans to Joint Ventures	189 901 013	189 625 843
	*Accrued interest on loan under debtors caption	65 482 130	65 482 130
	Accrued management fees under debtor caption	35 191 620	35 191 620

- Impairment in dues from Palmyra – SODIC for Real Estate Development has been recorded as its described in note No.(8)

48. Legal status

There is a dispute between the Parent Company and a party regarding the contract concluded between them on February 23, 1999 which is related to delivering this party a plot of land as a usufruct right for indefinite period of time in return for an annual rental with a minimal amount for a total of 96 Acres approximately and which has not been delivered up till this date as the management of this party did not abide by the detailed conditions of the contract. There are exchanged notifications concerning this land between the management of the Parent Company and the management of the third party. During 2009, this party raised a court case No. 3 of 2009 Civil 6th of October against the Parent Company for the delivery of the allocated land. A preliminary sentence was issued by the court in its session held on February 22, 2010 to refer this matter to Experts and to delegate the Experts Office of the Ministry of Justice to embark this case and set a session to be held on April 26, 2010 for the expert to present his report .The session was postponed several times and the last one will be held on November 24, 2014

The Company's legal counselor is of the opinion that the Company has the right to maintain and exploit this land under the contract as the said contract has not been effective and no usufruct right has been arisen to this party since its effect was based on conditions that have not been met. In addition, in case of any dispute raised by this party to possess the land, the Company has the actual and physical possession of the land and hence it has the right to continue in possessing the land until settlement of this dispute in front of the court, the opponent has appealed and the court scheduled August 15, 2015.

49. Tax status

On June 4, 2014, Law No. (44) for the year 2014 has been issued to impose a temporary three year additional tax amounting to (5%) starting from the current taxable period. This additional tax is imposed on the tax pool over an amount of One Million Egyptian pounds by individuals or corporates as stipulated in the articles of the Income tax Law. This additional tax should be assessed and collected according to those articles. This law came into force starting from June 5, 2014.

On June 30, 2014, Law No. (53) For the year 2014 has been issued by a presidential decree. This law included amendments for some articles of Law No. (91) For the year 2005. The most important amendments are as follows:

- Imposing a tax on Dividends.
- Imposing a tax on the capital gains resulted from sale of capital contribution shares and securities.

As the executive regulations related to the previously mentioned law has not been issued yet, that may result in inconsistency in interpreting the articles of the new law, the Parent Company's management has assessed and quantified the impact of application of the tax law according to its interpretation, never the less, this assessment and quantification may differ upon issuance of the executive regulations of this law.

Summary of the Parent Company's tax status at the consolidated financial statements date is as follows:

Corporate tax

- A ten years corporate tax exemption period starting from the year following the date of the activity inception as of 1/1/1998 until 31/12/2007 has been previously granted to the Parent Company according to Law No. 59 of 1979 concerning the New Urban Communities.

  During the month of January 2011, the Company submitted a request to the Tax Authority demanding the amendment of the tax exemption period to start from the date of the actual handing over of the units in the year 2002.
- On January 18, 2011, the Disputes Dispersal Committee of the Tax Authority considered and studied the Company's request in the light of the date of the actual handing over of the units and the regulations applicable to similar companies. Accordingly, the said committee decided to approve the Parent Company's request thus considering the date of the actual business activity of the Company to be the year 2002, hence, the Parent Company shall be entitled to tax exemption from 1/1/2003 to 31/12/2012, and the amendment was annotated in the Company's tax card. The amended tax return for year 2008 was submitted to the Tax Authority.
- Years from 1996 till 2001 has been inspected and the company were notified and tax differences are under settlement.
- The inspection has been carried out for years from 2002 till 2004 and it has been linked by estimation by Tax Authority, the company was not notified by any claims and has been appealed on the forms and these years have been delivered to the internal committee which decided to send back the file to the head office to repeat inspection for these years.

- The inspection of the period from 2006 till 2008 has been notified, and a notification by the form (19) as at April 29, 2012 for the year 2006 by estimation and has been appealed as at May 3, 2012 and re inspection for the year 2006 has been requested and re inspection is carried on.
- The company notified by form (19) as at April 2, 2013 for the years 2007,2008 by estimation and has appealed as at April 9, 2013 and has switched to the appeal committee Cairo Tax (51) which has decided to return the file to large tax payers to re inspect it..
- The company notified by form (19) as at April 7, 2015 for the years 2009, 2010 estimation and the company has appealed as at April 7, 2015 and the inspection request is in process for the mentioned period.
- The Company submits its annual tax return on due dates in accordance with Law No. 91 of 2005.

Salary tax

- Years to 2004 were inspected and the Company paid the tax differences.
- Years from 2005 till 2012 are under inspection and the Company has not received any tax claims till authorizing these financial statements for issuance.

Withholding tax

Tax inspection was carried out for the previous years until the first quarter of 2015 till authorizing these financial statements for issuance.

Stamp tax

- Tax inspection was carried out for the previous years till 31/12/2010 and. The tax inspection was made and the resulting differences were paid.
- Years from 2011 till 2012 are under tax inspection and no claims has been issued till now.
- The company regularly provides stamp tax returns.

Sales tax

- The Company was inspected from the starting date till December, 2013 and tax differences and additional tax were paid.

Real estate property tax

The Company submitted its real estate property tax returns of year 2009 on due dates in accordance with Law No. 196 of 2008.

50. Capital commitments

Capital commitments as at June 30, 2015 amounted LE 11 453 259 is represented in contracted and unexecuted works (December 31, 2014: L.E 13 725 010).

51. Incentive and bonus plan of the Parent Company's employees and managers

On October 16, 2006, the Parent Company's Extra - Ordinary General Assembly unanimously agreed to approve the incentive and bonus plan of the Parent Company, and authorizing the Parent Company's Board of Directors to issue million share with a fair value of L.E 100 per share before splitting and appointing an independent committee for supervising the execution of this plan formed by non – executive members in the Board of Directors.

The following are the main features of the incentive and bonus plan of the Parent Company's employees, managers and executive board directors:

- The incentive and bonus plan works through allocation of shares for the Parent Company's employees, managers and executive board directors and to sell these shares in favor of them in preferential conditions.

- Duration of the plan is four years starting from the date of approval of the plan by the Parent Company's Shareholders meeting and each beneficiary is allocated during this year a specified number of shares each year over the plan years according to the allocated shares outlined in the appendix of this plan.
- The price of share was determined for the beneficiary at L.E 75 per share (before splitting).
- The Parent Company shall finance the issuance of the shares of the increase allocated in application of the plan and the value of shares due to the Parent Company will be paid from the proceeds of sale.
- The Company signed a custody agreement with Arab African International Bank on April 15, 2007, to save bonus and incentive shares. The shares of the plan were issued and financed by the Parent Company. Annotation of this increase in the Commercial Registry was on July 5, 2007.
- On September 23, 2007, the Supervisory Committee of the incentive and bonus plan of the Parent Company's employees, executive directors and managers agreed to the selection of the beneficiaries and also the number of shares allocated to each one of them. Accordingly, the whole shares of the plan were allocated in full.
- During December 2007, a number of 200 000 shares from the incentive and bonus plan were exercised with average selling price of L.E 226.63 per share. The amounts due to beneficiaries were set aside in special account held by Arab African International Bank until the completion of the prohibition period according to the incentive and bonus plan.
- The number of shares allocated to the plan was increased by 500 000 additional shares.
- On July 3, 2008 the Supervisory Committee of the incentive and bonus plan of the Parent Company's employees, executive directors approved the allocation of 495 000 shares of the total shares to some of the Parent Company's employees and executive directors. Allocation contracts for these shares were signed with the employees and the executive directors during October 2008.
- On December 7, 2009, the Parent Company's Extraordinary General Assembly agreed on the amendment of some articles of the bonus and incentives plan and the allocation contracts of the shares that were approved by the Egyptian Financial Supervisory Authority as follows:
  - Extension of the year of the exercise right stated in the bonus and incentive plan and the allocation contract to be ended on March 2015 instead of March 2011.
  - Amendment of the bonus and incentive plan and the allocation contract to enable the beneficiary from the plan to transfer the title of the shares allocated to him to be in his name after ending the prohibition period provided the payment of the share price stated in the plan and in this case, the beneficiary is entitled to all rights as determined on the Company' shares.
  - Amendment of article No. (11) of the bonus and incentive plan to give the Board of Directors the right – when necessary – to replace a Supervisory Committee member with another one provided that this member to be from non-executive members.

  - On April 26, 2010, the Company was notified by the consent of the Egyptian Financial Supervisory Authority on the approval of the amendments made on the bonus and incentive plan.
  - On February 1, 2015 the extra ordinary general assembly agreed on the following:

- End of current bonus and incentive plan for employees and executive managers by the end of May 31, 2015 "expired" and changing the remaining shares amounting to 737 500 shares that has not been exercised to treasury shares according to its related regulations.
- Implementation of new bonus and incentive plan through allocation of shares with special conditions to employees and Board of Director's members
- On May 31, 2015, the Egyptian Financial Supervisory Authority has notified the company that the authority has nothing against carrying out the procedures of transferring the number of 737 500

shares out of the shares of the bonus and incentive plan system for employees to treasury shares with a new code both with Egyptian Stock Market and Misr for Clearing, Settlement and Central Depository (MCSD), applying the legal provisions and rules regarding dealing with treasury shares.

- Required procedures are carried out to transfer the number of 737 500 shares out of the shares of the bonus and incentive plan system for employees and executive managers to treasury shares.

52. Comparative Figures

Comparative figures has been modified to be conformed with current financial statement classification

Income Statement

LE	
5 427 464	Other operating revenue
(5 427 464)	Finance income

53. Subsequent events

- The Board of directors of the Holding Company has approved in its session held on July 15, 2015, to submit a suggestion to the Extraordinary General Assembly of the Holding Company regarding the cancelation of the bonus and incentive plan system for employees, managers and executive board members of the Holding Company, which is authorized by the Extraordinary General Assembly of the Holding Company on February 1, 2015 , and was not submitted to the Egyptian Financial Supervisory Authority for authorization.