

Translation from Arabic

**Sixth of October for Development and Investment Company “SODIC”
(An Egyptian Joint Stock Company)
Consolidated Interim Financial Statements
For The Financial Period Ended March 31, 2015
And Limited Review Report**

**kpmg Hazem Hassan
Public Accountants & Consultants**

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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 March 31, 2015 and the related consolidated statements of income, cash flows and changes in equity for the three-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 March 31, 2015, and of its consolidated financial performance and its consolidated cash flows for the three-months then ended in accordance with Egyptian Accounting Standards.

KPMG Hazem Hassan

Cairo, May 14, 2015

Sixth of October for Development and Investment Company "SODIC"
(An Egyptian Joint Stock Company)
Consolidated Balance Sheet
As at March 31, 2015

	Note No.	31/3/2015 L.E	31/12/2014 L.E
Long - term assets			
Fixed assets (Net)	(6)	112 152 891	115 286 494
Projects under construction	(7)	12 560 773	11 408 573
Biological Assets		5 054 472	4 838 507
Investments in associates and joint ventures	(8)	-	-
Investments - available for sale	(9)	4 250 000	4 250 000
Investment properties (Net)	(10)	17 884 063	17 952 289
Trade, notes receivables and debtors (Net)	(11)	3 708 424 582	3 318 910 585
Total long - term assets		3 860 326 781	3 472 646 448
Current assets			
Other assets (Net)	(13)	4 470 165	4 505 289
Completed units ready for sale	(14)	14 838 289	15 486 539
Works in process	(15)	6 581 334 536	6 239 706 098
Trade and notes receivable (Net)	(16)	1 776 355 624	1 540 039 286
Debtors and other debit balances (Net)	(17)	360 007 282	327 225 601
Loans to Joint Ventures	(18)	-	-
Investments in treasury bills	(19)	336 210 831	28 623 232
Cash at banks and on hand	(20)	1 609 852 949	2 076 334 737
Total current assets		10 683 069 676	10 231 920 782
Current liabilities			
Provision for completion	(21)	62 200 526	68 382 052
Provisions	(22)	8 448 344	8 425 682
Bank - overdraft		90 620	1 373 763
Bank - credit facilities	(23)	2 440 626	158 845 076
Loans - Short term	(34)	93 306 428	78 117 009
Advances - customers	(24)	6 904 507 442	6 096 915 049
Contractors, suppliers and notes payable	(25)	924 146 494	723 600 322
Creditors and other credit balances	(26)	713 070 971	594 964 708
Total current liabilities		8 708 211 451	7 730 623 661
Working capital		1 974 858 225	2 501 297 121
Total investments		5 835 185 006	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)	20 004 359	20 004 359
Net profit for the period / year		75 563 121	142 443 522
Total equity attributable to the Company		3 063 768 204	2 994 043 210
Non controlling interest	(27)	84 015 934	94 430 992
Total equity		3 147 784 138	3 088 474 202
Long-term liabilities			
Loans - long term	(34)	933 022 045	961 037 423
Notes payable	(35)	1 750 717 496	1 921 001 002
Deferred tax liabilities	(12)	3 661 327	3 430 942
Total long-term liabilities		2 687 400 868	2 885 469 367
Total equity and long - term liabilities		5 835 185 006	5 973 943 569

The accompanying notes from (1) to (52) are an integral part of these consolidated interim financial statements and to be read therewith.

Financial & Administration
Executive Director

Hany Henry

Chief Financial Officer

Omar Elhamawy

Managing Director

Ahmed Demerdash Badrawi

Chairman

Hani Sarie El Din

* Limited review report "attached"

Sixth of October for Development and Investment Company "SODIC"

(An Egyptian Joint Stock Company)

Consolidated Income Statement

For The Financial Period Ended March 31, 2015

		Three months ended 31/3/2015	Three months ended 31/3/2014
	Note		
	No.	L.E	L.E
Sales of real estate and lands	(36)	266 357 290	291 957 454
Service revenues of Beverly Hills City		6 456 622	6 011 016
Service revenues of Sodic West		8 940 128	1 384 360
Revenues from golf course		2 097 262	1 852 056
Total operation revenues		283 851 302	301 204 886
Cost of sales of real estate and lands	(37)	(139 234 973)	(198 294 517)
Service costs of Beverly Hills City		(7 089 426)	(7 017 634)
Service costs of Sodic West		(6 212 071)	(1 188 000)
Cost of golf course		(3 593 317)	(2 979 014)
Total operation costs		(156 129 787)	(209 479 165)
Gross profit		127 721 515	91 725 721
Other operating revenues	(38)	34 610 337	32 528 982
Selling and marketing expenses	(39)	(24 457 794)	(25 117 344)
General and administrative expenses	(40)	(30 947 815)	(29 932 328)
Other operating expenses	(41)	(7 289 347)	(16 319 072)
Operating profit		99 636 896	52 885 959
Finance income	(42)	35 911 635	7 700 221
Finance cost	(43)	(22 325 817)	(15 668 154)
Net finance Income(cost)		13 585 818	(7 967 933)
Net profit for the period before income tax		113 222 714	44 918 026
Income tax expense	(44)	(33 912 780)	(4 590 295)
Net profit for the period		79 309 934	40 327 731
Share of the holding Company		75 563 121	38 687 423
Non controlling interest share in profits and losses of subsidiaries		3 746 813	1 640 308
Net profit for the period		79 309 934	40 327 731
Earnings per share (L.E / Share)	(45)	0.22	0.43

The accompanying notes from (1) to (52) 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 Statement of Changes in Equity
For The Financial Period Ended March 31, 2015**

	Issued and paid in capital <u>L.E</u>	Legal reserve <u>L.E</u>	Special reserve- share premium <u>L.E</u>	Profit from selling of treasury share <u>L.E</u>	Shares kept for bonus and incentive plan <u>L.E</u>	Set aside amount for bonus and incentive plan <u>L.E</u>	Retained earnings Carried forward losses <u>L.E</u>	Net profit for the period / year <u>L.E</u>	Equity attributable to the Company <u>L.E</u>	Non-controlling interest <u>L.E</u>	Total equity <u>L.E</u>
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	-	-	-
Non-controlling interest decrease in subsidiary	-	-	-	-	-	-	-	-	-	2 504 688	2 504 688
Net profit for the period	-	-	-	-	-	-	-	38 687 423	38 687 423	1 640 308	40 327 731
Balance as at March 31, 2014	362 705 392	181 352 693	1 316 921 569	3 692 867	(80 007 242)	25 323 711	(39 372 259)	38 687 423	1 809 304 154	84 175 302	1 893 479 456
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)	-	-	-	-
Elimination of Non-controlling interest in subsidiaries	-	-	-	-	-	-	(5 838 127)	-	(5 838 127)	(14 161 871)	(19 999 998)
Net profit for the period	-	-	-	-	-	-	-	75 563 121	75 563 121	3 746 813	79 309 934
Balance as at March 31, 2015	1 355 638 292	184 428 817	1 338 296 569	3 692 867	(8 012 833)	20 004 359	94 157 012	75 563 121	3 063 768 204	84 015 934	3 147 784 138

The accompanying notes from (1) to (52) 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 Statement of Cash Flows
For The Financial Period Ended March 31, 2015

		Three months ended 31/3/2015	Three months ended 31/3/2014
	Note No.	L.E	L.E
<u>Cash flows from operating activities</u>			
Net profit for the period before income tax		113 222 714	44 918 026
<u>Adjustments :-</u>			
Depreciation of fixed assets and rented units		3 763 699	4 289 326
Capital gains		(535 308)	(1 736 501)
Impairment loss of debtors, trade receivables & loans to joint ventures	(41)	4 141 279	-
Provisions formed	(21) , (22)	8 995 666	7 287 890
Operating profit before changes in working capital items		129 588 050	54 758 741
<u>Changes in working capital items</u>			
Change in other assets		35 124	(177 124)
Change in finished units available for sale		648 250	8 315 400
Change in works in process		(341 628 438)	(29 015 224)
Change in constructions under process		-	973 274
Change in trade and notes receivables		(626 041 598)	(248 597 552)
Amount due from customers-construction		-	1 069 820
Change in debtors and other debit balances		(36 711 697)	(595 841)
Provisions used	(21) , (22)	(15 154 530)	(24 843 943)
Change in advances from customers		807 592 393	304 526 560
Change in Due to customers - constructions		-	(2 729 533)
Change in contractors, suppliers and notes payable		30 262 666	34 092 671
Change in creditors and other credit balances		84 957 137	(23 149 883)
Restricted cash		(110 000 000)	(150 000 000)
Net cash (used in) operating activities		(76 452 643)	(75 372 634)
<u>Cash flows from investing activities</u>			
Payments for purchase of fixed assets, projects under construction and biological assets		(1 933 448)	(2 222 908)
Payments for Investments in treasury bills		(307 587 599)	(2 935 424)
Proceeds from sale of fixed assets		5 452	1 791 547
Net cash (used in) investing activities		(309 515 595)	(3 366 785)
<u>Cash flows from financing activities</u>			
Bank -Overdraft		-	1 347 353
Bank - credit facilities		(156 404 450)	(38 508 645)
Banks - long-term loans		(12 825 959)	17 573 899
Non-controlling interest		(19 999 998)	2 504 688
Net cash (used in) financing activities		(189 230 407)	(17 082 705)
Net change in cash and cash equivalents during the period		(575 198 645)	(95 822 124)
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)	1 199 762 329	307 310 393

The accompanying notes from (1) to (52) 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 March 31, 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 March 31, 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 May 14, 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:-

<u>Subsidiary name</u>	<u>Country of Incorporation</u>	<u>Ownership</u>	
		<u>As at 31/3/2015</u>	<u>As at 31/12/2014</u>
		<u>%</u>	<u>%</u>
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 70.92%, which includes 24.17% 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. 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.
- C. During March 2015 the company controlled a hundred percent of 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 (3-14) 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. Depreciation 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:

<u>Asset</u>	<u>Years</u>
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 lessor are charged to the income statement based on accrual basis.

3.6 **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.

3.7 **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.

3.8 **Investment properties**

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. 3-14). 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.

3.9 **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. 3-14). 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. 3-14).

3.10 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.

3.11 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.

3.12 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. (3-14). 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.

3.13 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.

3.14 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.

3.15 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.

3.16 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).

3.17 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.

3.18 Trade, contractors and other credit balances

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

3.19 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).

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.

3.20 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.

3.21 Notes payable – Long-term

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

3.22 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.

3.23 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.

3.24 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.

3.25 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 July, 2014, SOREAL's EGM approved extending in kind guarantees to SOREAL For Real Estate Investment's loan with a total value of EGP 950 million excluding interest and fees.
- 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% 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 1.5 million as short-term bank facilities guaranteed by treasury bills, which are kept with the bank.
- A facility amounting to L.E 300 million. The facility is fully secured by deposits amounting to L.E 300 million.
- A facility amounting to L.E 150 million. The facility is guaranteed 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.

Sixth of October for Development and Investment Company "SODIC"

"An Egyptian Joint Stock Company"

Notes to the consolidated interim financial statements (Cont.)

For The Financial Period Ended March 31, 2015

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
	<u>L.E</u>	<u>L.E</u>	<u>L.E</u>	<u>L.E</u>	<u>L.E</u>	<u>L.E</u>	<u>L.E</u>	<u>L.E</u>	<u>L.E</u>
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	-	-	-	87 438	121 445	270 965	85 435	-	565 283
Disposals during the period	-	-	-	(6 820)	-	(207 035)	-	-	(213 855)
Cost as at March 31, 2015	93 628 961	23 700 259	10 367 941	15 512 442	19 207 199	18 742 909	23 658 994	13 400 255	218 218 960
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	455 814	-	137 710	377 179	598 196	663 037	842 194	621 343	3 695 473
Accumulated depreciation of disposals	-	-	-	(6 820)	-	(203 622)	-	-	(210 442)
Accumulated depreciation and impairment loss as at March 31, 2015	33 241 417	-	3 725 636	12 788 101	12 800 950	13 997 081	18 219 345	11 293 539	106 066 069
Net book value as at March 31, 2015	60 387 544	23 700 259	6 642 305	2 724 341	6 406 249	4 745 828	5 439 649	2 106 716	112 152 891
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 24 415 267 as at March 31, 2015.

7. Projects under construction

This item is represented as follows:

	31/3/2015	31/12/2014
	<u>L.E</u>	<u>L.E</u>
Advance payments -fixtures and purchasing of fixed assets	5 066 209	4 899 502
Buildings and constructions	7 494 564	6 509 071
	<u>12 560 773</u>	<u>11 408 573</u>

8. Investments in associates and joint ventures

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

	Legal Form	Ownership percentage	Carrying amount
		31/3/2015	31/12/2014
		<u>%</u>	<u>%</u>
		<u>L.E</u>	<u>L.E</u>
Royal Gardens for Investment Property Co. (A)	SAE	20	20
Palmyra SODIC Real Estate Development (B)	Syrian Ltd.	50	50
		<u>-</u>	<u>-</u>
		<u>-</u>	<u>-</u>

Summary of financial information of associates:-

	Assets	Liabilities	Equity	Revenues	Expenses
	<u>L.E</u>	<u>L.E</u>	<u>L.E</u>	<u>L.E</u>	<u>L.E</u>
<u>December 31, 2014</u>					
Royal Gardens for Real Estate Investments Co. (A)	521 120 330	(476 977 020)	(44 143 310)	(278 759 490)	251 549 733
<u>December 31, 2013</u>					
Royal Gardens for Real Estate Investments Co. (A)	741 244 705	(708 489 631)	(32 755 074)	139 571 794	(141 605 047)
	<u>Assets</u>	<u>Liabilities</u>	<u>Equity</u>	<u>Revenues</u>	<u>Expenses</u>
	<u>L.E</u>	<u>L.E</u>	<u>L.E</u>	<u>L.E</u>	<u>L.E</u>
<u>December 31, 2014</u>					
Palmyra SODIC Real Estate Development (B)	240 699 241	(393 636 642)	152 937 401	-	(137 666 621)
<u>December 31, 2013</u>					
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 in 2014, 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. 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 31/3/2015 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 March 31, 2015 amounted to L.E 17 884 063. 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:-

<u>Description</u>	<u>Leased out units (a)</u>
<u>Cost</u>	<u>L.E</u>
As at 1/1/2015	18 568 793
Total cost of investment properties as at 31/3/2015	18 568 793
<u>Accumulated depreciation</u>	
As at 1/1/2015	(616 504)
Depreciation for the period	(68 226)
Accumulated depreciation as at 31/3/2015	(684 730)
Net carrying amount as at March 31, 2015	17 884 063
Net carrying amount as at December 31, 2014	17 952 289

- (a) The fair value of completed residential units leased out to others amounts to L.E 35 314 300 as at March 31, 2015.

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:-

	<u>31/3/2015</u>	<u>31/12/2014</u>
	<u>L.E</u>	<u>L.E</u>
Trade receivable	13 903 984	6 024 232
Sundry debtors (11-1)	9 844 400	9 844 400
Notes receivable	3 793 023 451	3 410 589 350
	3 816 771 835	3 426 457 982
Deduct: Unamortized interest	108 347 253	107 547 397
	3 708 424 582	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

	31/3/2015		31/12/2014	
	Assets	Liabilities	Assets	Liabilities
	L.E	L.E	L.E	L.E
Fixed assets	-	(3 728 947)	-	(3 498 562)
Provisions	67 620	-	67 620	-
Total deferred tax asset/(liability)	67 620	(3 728 947)	67 620	(3 498 562)
Net deferred tax (liability)	-	(3 661 327)	-	(3 430 942)

13. Other assets

	31/3/2015	31/12/2014
	<u>L.E</u>	<u>L.E</u>
Assets – Companies under liquidation (net)	2 683 724	2 683 724
Inventories and letters of credit	1 786 441	1 821 565
	4 470 165	4 505 289

14. Completed units ready for sale

	31/3/2015	31/12/2014
	<u>L.E</u>	<u>L.E</u>
Cost of completed commercial units	5 348 572	5 348 572
Cost of units purchased for resale (14-1)	9 489 717	10 137 967
	14 838 289	15 486 539

(14-1) This item represents the acquisition cost of 13 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:

	<u>Note</u>	31/3/2015	31/12/2014
	<u>No.</u>	<u>L.E</u>	<u>L.E</u>
Allegria project costs		452 681 249	464 668 726
Westown project costs		796 203 843	799 302 539
Kattamya Plaza project costs		41 704 408	59 931 161
Eastown project costs (15-1)		1 529 548 724	1 467 856 946
Villette project costs (15 -2)		2 722 047 461	2 631 710 059
Al Yosr for projects and agriculture development project costs		332 831 205	332 831 205
Polygon project costs		351 308 462	321 732 935
Cost of Tabrook work (15-3)		191 397 397	-
The Strip project costs		69 431 571	70 737 973
Westown Hub project costs		81 815 072	79 277 574
Beverly Hills project costs		10 389 425	9 681 261
Tegara for trading centers projects costs		1 975 719	1 975 719
		6 581 334 536	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 pledge 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 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) Vilete** project costs include 301.8 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

16. Trade and notes receivable - current

	31/3/2015	31/12/2014
	<u>L.E</u>	<u>L.E</u>
Trade receivable	136 027 642	119 860 964
Notes receivable	1 659 883 176	1 432 439 992
	1 795 910 818	1 552 300 956
Deduct : unamortized interest – notes receivable	19 085 409	12 003 148
	1 776 825 409	1 540 297 808
Impairment losses of trade and notes receivable	(469 785)	(258 522)
	1 776 355 624	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

	31/3/2015	31/12/2014
	<u>L.E</u>	<u>L.E</u>
Contractors and suppliers – advance payments	163 089 256	121 262 060
Due from related parties – Joint Venture	35 191 620	35 191 620
Interests receivable	71 829 859	68 618 927
Due from related parties	6 283 377	6 283 377
Prepaid expenses	151 243 184	155 967 298
Deposits with others	5 924 853	5 694 821
Tax Authority	2 368 827	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)	18 004 359	18 004 359
Advance- operating lease	2 528 233	3 615 681
Other debit balances	11 787 499	14 821 959
	471 401 067	434 689 370
Impairment loss on debtors and other debit balances	111 393 785	107 463 769
	360 007 282	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

	31/3/2015	31/12/2014
	<u>L.E</u>	<u>L.E</u>
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.	54 255 705	54 139 883
	<u>189 741 665</u>	<u>189 625 843</u>
Impairment for loans to joint ventures	<u>(189 741 665)</u>	<u>(189 625 843)</u>
	-	-

19. Investments in treasury bills

	31/3/2015	31/12/2014
	<u>L.E</u>	<u>L.E</u>
Treasury bills with a maturity	340 350 000	31 229 098
Unearned return on treasury bills	(4 139 169)	(2 605 866)
	<u>336 210 831</u>	<u>28 623 232</u>

- 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

	31/3/2015	31/12/2014
	<u>L.E</u>	<u>L.E</u>
Bank - time deposits (20-1)	1 280 552 685	1 936 272 391
Bank - current accounts	301 696 052	113 235 177
Checks under collection	23 988 573	25 567 899
Cash on hand	3 615 639	1 259 270
	<u>1 609 852 949</u>	<u>2 076 334 737</u>

- (20-1) Deposits include an amount of L.E 410 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 122.5 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:

	31/3/2015	31/12/2014
	<u>L.E</u>	<u>L.E</u>
Cash at banks and on hand	1 609 852 949	2 076 334 737
Less:		
Bank-Overdraft	90 620	1 373 763
Restricted-Time Deposits	410 000 000	300 000 000
Cash and cash equivalents in the consolidated statement of cash flows	1 199 762 329	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	Formed during the period	Used during the period	Balance as at 31/3/2015
	<u>L.E</u>	<u>L.E</u>	<u>L.E</u>	<u>L.E</u>
Provision for completion of works (21-1)	68 382 052	8 973 004	(15 154 530)	62 200 526
	68 382 052	8 973 004	(15 154 530)	62 200 526

(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	Formed during the period	Used during the period	Balance as at 31/3/2015
	<u>L.E</u>	<u>L.E</u>	<u>L.E</u>	<u>L.E</u>
Provision for expected claims	8 425 682	22 662	-	8 448 344
	8 425 682	22 662	-	8 448 344

- 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:

	31/3/2015 <u>L.E</u>	31/12/2014 <u>L.E</u>
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.	2 440 626	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.	--	1 328 769
	<u>2 440 626</u>	<u>158 845 076</u>

24. Advances from customers

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

	31/3/2015 <u>L.E</u>	31/12/2014 <u>L.E</u>
Advances _ SODIC West	3 783 623 758	3 208 260 688
Advances _ SODIC East	3 120 883 684	2 888 654 361
	<u>6 904 507 442</u>	<u>6 096 915 049</u>

25. Contractors, suppliers and notes payable

	31/3/2015 <u>L.E</u>	31/12/2014 <u>L.E</u>
Contractors	75 335 223	80 287 724
Suppliers	18 334 419	8 964 648
Notes payable (25-1)	968 446 063	787 222 239
	<u>1 062 115 705</u>	<u>876 474 611</u>
<u>Deduct:</u> Unamortized interest-notes payable	(137 969 211)	(152 874 289)
	<u>924 146 494</u>	<u>723 600 322</u>

(25-1) This amount includes LE 822 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

	31/3/2015	31/12/2014
	<u>L.E</u>	<u>L.E</u>
Amounts collected on account for management, operation and maintenance of projects	347 091 112	296 618 767
Due to related parties	6 798 273	6 798 273
Accrued expenses	100 139 409	84 804 737
Customers - Beverly Hills – capital contributions	10 715 569	10 123 706
Customers – credit balances	8 160 283	18 138 400
Tax Authority	89 376 664	57 626 936
Dividends payable	91 643	91 643
Accrued compensated absence	641 160	3 714 681
Insurance Deposits collected from customers – Against modifications	419 615	344 615
Social insurance	695 205	438 805
Customers –down payments for sub-development (26-1)	3 371 400	3 371 400
Unearned revenue	7 212 922	1 196 355
Retentions	6 727 117	8 958 796
Due to Bonyan for development and trading Co.	107	107
Due to SIAC	4 819 370	3 634 857
Due to beneficiaries from Incentive plan	1 192 600	1 192 600
Deposits from others	13 915 417	13 082 859
Deferred capital gain (26-2)	6 132 588	6 665 857
Premiums of Eastown club	71 413 652	56 404 368
Sundry creditors	34 156 865	21 756 946
	<u>713 070 971</u>	<u>594 964 708</u>

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

(26-2) The amount represents the capital gain resulted from the sale of the land and the buildings of the administrative building, which is deferred and amortized over the lifetime of the financial lease contract as it is shown in details in note No. (34-1)

- 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 March 31, 2015 represents the interest shares in subsidiary's equity as follows:

		<u>Non-controlling interest</u>			
			excluding		
		Profit /(loss)	profit	as at	as at
	Percentage	for the period	/ (loss)	31/3/2015	31/12/2014
	%	<u>L.E</u>	<u>L.E</u>	<u>L.E</u>	<u>L.E</u>
Sixth of October for Development and Real Estate Projects Co. "SOREAL"	0.01	1 838	56 278	58 116	56 278
Beverly Hills for Management of Cities and Resorts Co.	41.41	169 947	28 496 464	28 666 411	28 496 464
SODIC Garden City for Development and Investment Co.	50	3 483 066	49 017 270	52 500 336	49 017 270
El Yosr for Projects and Agriculture Development Co.	0.001	(8)	26 997	26 989	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)	14 161 871	–	14 161 871
Tegara for Trading Centers Co.	4.76	91 904	2 671 757	2 763 661	2 671 757
Edara for Services of Cities and Resorts Co.	0.003	66	331	397	331
Fourteen for Real Estate Investment Co.	0.004	–	2	2	2
La Maison for Real Estate Investment Co.	0.004	–	2	2	2
		(10 415 058)	94 430 992	84 015 934	94 430 992

28. Share capital

- The authorized capital of the Company is L.E. 2 800 000 000.
- As of December 31, 2014 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.

Shareholder	Number of shares	Share value <u>L.E</u>	Ownership percentage <u>%</u>
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 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
Juma 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 March 31, 2015 is represented as follows:-

	<u>L.E</u>
Legal reserve balance as at 1/1/2003	6 530 455
<u>Add:</u>	
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
<u>Deduct:</u>	
The amount used to increase the issued share capital during the year 2011 (Note No.28).	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:-

<u>Description</u>	<u>L.E</u>
Total value of the capital increase share premium collected during 2006, 2010	1 455 017 340
<u>Add:</u>	
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
<u>Deduct:</u>	
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)
	<hr/> 1 338 296 569 <hr/>

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 L.E 18 018 000 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

	31/3/2015 <u>L.E</u>	31/12/2014 <u>L.E</u>
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 project including the following developments Allegría, Westown Residences, Polygon, Forty West, Westown Hub, and other areas located in SODIC West.	420 963 883	433 983 384
<u>Guarantees:</u>		
- First degree real estate mortgage on Al Yosr land plot		
- Share pledge on Al Yosr Company shares in favor of the security agent		
- Assignment of receivables generated from sale and lease contracts		
- Pledge of project account, associated sub accounts, and debt service account in favor of the security agent		
- Promissory notes		
<u>Interest:</u>		
- 3% above the CBE's lending rate per annum.		
- Interest is paid monthly.		
- Administrative fee of 0.05% on the highest outstanding balance per quarter.		
<u>Grace period:</u> 12 months from the date of the first drawdown		
<u>Repayment:</u> 4 years after the end of the grace period.		
On July 16, 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 Westown previously owned by Solidere International.	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.	416 016 790	415 823 248
<u>Guarantees:</u>		
- Assignment of receivables generated from sale and lease contracts		
- Pledge of project account, associated sub accounts, and debt service account in favor of the security agent		
- Promissory notes		
- Corporate guarantee from SODIC for the total loan value plus associated interest and fees		
<u>Availability period:</u>		
Commences from the signing date till December 31, 2017.		
<u>Grace period:</u>		
3 months after the end of availability period,		
<u>Repayment:</u>		
For 8 consecutive quarters after the end of the grace period, Dec.13 ,2019		
<u>Deduct:</u> Current portion		
Arab African International Bank	93 306 428	78 117 009
	933 022 045	961 037 423

34-1 The Company has concluded a medium term financing contract (sale and lease back - financial lease) with an amount of L.E 75 132 399 with financing percentage representing 75% out of the value of the assets sold to the financial lease Company, the lease with a total amount of L.E 95 366 168 is to be settled over 20 quarterly installment, the contract terms are as follows:

1- PIRAEUS Bank Egypt – Lender (first party)

2- PIRAEUS Company “for financial lease” – the lessor and attorney of the guarantee (second party)

3-Sixth of October for Development and Investment Company “SODIC” (Third party)

- The purpose of the finance: using that finance to settle the capital expenditures the Company committed with
- The period of finance: 5 years

In addition, the above-mentioned financing operation has proceeded by the sale to PIRAEUS Company “for financial lease”:

- 1- The whole land and buildings of the administrative building located on plot No.26 in the area 17 at Westown Project – Beverly Hills – El-Sheikh Zayed – 6th of October city – Giza, with a total area of 22 086 m², sold for an amount of L.E 32 178 922.
- 2- The whole land and buildings of the sales building located on plot Building 1 Block 1 the seventeenth avenue next to the desert road show rooms 38 km Cairo Alex desert road with an area of 4 977 m², sold for an amount of L.E 42 953 477.

The Company shall account for the financial lease assets according to the Egyptian Accounting Standard No. (20) as an operating lease.

35. Long-term notes payable

This item is represented as follows:

	31/3/2015	31/12/2014
	<u>L.E</u>	<u>L.E</u>
Total present value of the checks issued to New Urban Communities Authority which are due as of May 2, 2016	26 510 466	26 510 466
Total present value of the checks issued to New Urban Communities Authority which are payable during the period from Jan 1, 2016 till Jan. 1, 2021.	750 000 000	750 000 000
Total present value of the checks issued to New Urban Communities Authority which are payable during the period from March 9, 2016 till June 9, 2018.	1 372 007 127	1 540 327 440
Unamortized interest - notes payable	(347 800 097)	(395 836 904)
	<u>1 750 717 496</u>	<u>1 921 001 002</u>

- 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:

	Three months ended 31/3/2015	Three months ended 31/3/2014
	<u>L.E</u>	<u>L.E</u>
Revenues from the sale of units in Allegria	87 587 953	87 696 558
Revenues from the sale of units in Kattameya Plaza project	31 097 945	34 978 808
Revenues from the sale of units in The Strip	16 351 910	10 998 852
Revenues from the sale of units in Forty West	32 890 905	46 091 019
Revenues from the sale of units in CASA	1 042 017	13 698 540
Revenues from the sale of units in Westown Residences	85 558 224	46 328 021
Revenues from the sales of Polygon	11 828 336	52 165 656
	266 357 290	291 957 454

37. Cost of real estate and land sold

	Three months ended 31/3/2015	Three months ended 31/3/2014
	<u>L.E</u>	<u>L.E</u>
Cost from the sale of units in Allegria	35 505 258	58 017 831
Cost from the sale of units in Kattameya Plaza	18 420 813	26 349 093
Cost from the sale of units in The strip	5 406 555	5 028 825
Cost from the sale of units in Forty West	23 882 492	38 190 452
Cost from the sale of units in CASA	648 251	8 315 400
Cost from the sale of units in Westown Residences	47 867 576	24 304 011
Cost from the sales of Polygon	7 504 028	38 088 905
	139 234 973	198 294 517

38. Other operating revenues

	Three months ended 31/3/2015 <u>L.E</u>	Three months ended 31/3/2014 <u>L.E</u>
Interest income realized from installments during the period	20 285 802	19 299 205
Assignment, cancellation dues and delay penalties	12 089 456	4 823 871
Other income	1 699 771	6 652 708
Capital gain	535 308	1 736 501
Provisions no longer required and impairment reversal of trade receivables	–	16 697
	34 610 337	32 528 982

39. Selling and marketing expenses

	Three months ended 31/3/2015 <u>L.E</u>	Three months ended 31/3/2014 <u>L.E</u>
Salaries and wages	4 088 226	4 146 356
Sales commissions	8 672 064	6 235 729
Advertising expenses	5 178 685	8 124 965
Conferences and Exhibitions	732 839	1 453 994
Rent	3 914 884	3 882 739
Donations	103 750	34 740
Maintenance, cleaning and agriculture	517 024	645 682
Travel, transportation and cars	31 963	4 030
Professional and consultants fees	99 900	90 000
Gifts	52 829	83 785
Depreciation	54 277	39 282
Employees vacation	–	94 467
Others	1 011 353	281 575
	24 457 794	25 117 344

40. General and administrative expenses

	Three months ended 31/3/2015 <u>L.E</u>	Three months ended 31/3/2014 <u>L.E</u>
Salaries, wages and bonuses (40-1)	12 304 062	8 027 769
Board of Directors' remunerations and allowances	1 449 609	1 536 849
Training, medical care, meals & uniforms	1 175 629	1 394 748
Maintenance, cleaning, agriculture, security and guarding	2 872 818	5 507 429
Professional and consultancy fees	948 118	2 936 004
Advertising, exhibitions and conferences	554 246	24 213
Donations and gifts	458 705	723 865
Administrative depreciation of fixed assets and rented units	2 608 924	2 937 272
Reception and hospitality	214 765	260 923
Printings and office supplies	777 610	966 437
Communication, electricity, telephone and water	736 609	754 542
Subscriptions and governmental dues	536 327	359 357
Rent	3 652 013	2 695 095
Travel and transportation	440 351	388 065
Bank charges	958 003	555 190
Employees vacation	320 812	109 528
Insurance installments	109 062	97 505
Others	830 152	657 537
	30 947 815	29 932 328

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

	Three months ended 31/3/2015 <u>L.E</u>	Three months ended 31/3/2014 <u>L.E</u>
Salaries	1 320 450	1 136 250
	1 320 450	1 136 250

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

41. Other operating expenses

	Three months ended 31/3/2015 <u>L.E</u>	Three months ended 31/3/2014 <u>L.E</u>
Discount for early payment	2 802 220	14 428 673
Provision of claims	22 662	23 587
Loss from liquidation of investments	95 603	1 825 134
Penalties	307 442	41 678
Impairment loss of trade receivables debtors and loans to joints ventures	4 061 420	–
	7 289 347	16 319 072

42. Finance income

	Three months ended 31/3/2015 <u>L.E</u>	Three months ended 31/3/2014 <u>L.E</u>
Interest income	27 570 807	6 977 905
Interest income from loans to Joint Venture	7 215 652	722 316
Income from revaluation and sale of investments income	1 125 176	–
	35 911 635	7 700 221

43. Finance cost

	Three months ended 31/3/2015 <u>L.E</u>	Three months ended 31/3/2014 <u>L.E</u>
Interest expense	22 325 817	15 501 111
Net foreign exchange translation	–	167 043
	22 325 817	15 668 154

44. Income tax expense

	Three months ended 31/3/2015 <u>L.E</u>	Three months ended 31/3/2014 <u>L.E</u>
Current income tax expense	33 682 395	4 470 834
Deferred income tax (benefit)	230 385	119 461
	33 912 780	4 590 295

45. Earnings per share

Earnings per share are calculated on March 31, 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:

	Three months ended 31/3/2015 <u>L.E</u>	Three months ended 31/3/2014 <u>L.E</u>
Net profit for the period	75 563 121	38 687 423
Weighted average number of shares outstanding during the period	338 909 573	90 676 348
Profit per share (L.E / share)	0.22	0.43

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 March 31, 2015 is amounting to L.E 7 472 903 190 (December 31, 2014: L.E 7 012 644 813).

46.2 Liquidity risk

The following are the contractual maturities of financial liabilities:

<u>March 31, 2015</u>	Carrying amount	Less than 1 year	1-2 years	2-5 years
	<u>L.E</u>	<u>L.E</u>	<u>L.E</u>	<u>L.E</u>
Banks – credit facilities	2 440 626	2 440 626	–	–
Banks – overdraft	90 620	90 620	–	–
Short-term loans	93 306 428	93 306 428	–	–
Long – term loans	933 022 045	–	225 671 359	707 350 686
Contractors and suppliers	93 669 642	93 669 642	–	–
Other creditors	713 070 971	420 697 831	246 663 621	45 709 519
Notes payable – short term	830 476 852	830 476 852	–	–
Notes payable – long term	1 750 717 496	–	666 074 796	1 084 642 700
	4 416 794 680	1 440 681 999	1 138 409 776	1 837 702 905

<u>December 31, 2014</u>	Carrying amount	Less than 1 year	1-2 years	2-5 years
	<u>L.E</u>	<u>L.E</u>	<u>L.E</u>	<u>L.E</u>
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	1 921 001 002	–	679 044 377	1 241 956 625
Notes payable – short term	634 347 950	634 347 950	–	–
	4 438 939 303	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:

March 31, 2015

Description	USD	Euro
Cash at banks	1 849 401	282 435
Surplus of foreign currencies	1 849 401	282 435

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	
	31/3/2015	31/12/2014
<u>Fixed rate instruments</u>	<u>L.E</u>	<u>L.E</u>
Financial assets	5 484 780 206	4 858 949 871
Financial liabilities	(2 581 194 348)	(2 555 348 952)
	2 903 585 858	2 303 600 919
<u>Variable rate instruments</u>		
	1 028 859 719	(1 199 373 271)
Financial liabilities	(1 028 859 719)	(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

<u>Party / Relationship</u>	<u>Nature of transaction</u>	<u>31/3/2015</u>
		<u>L.E</u>
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

<u>Party</u>	<u>Item as shown in the consolidated balance sheet</u>	<u>31/3/2015</u> <u>L.E</u>	<u>31/12/2014</u> <u>L.E</u>
Bonyan Development and Trade Co.	Creditors and other credit balances	107	529 955
Palmyra – SODIC for Real Estate Development	Loans to Joint Ventures	189 625 843	188 700 868
	*Accrued interest on loan under debtors caption	65 482 130	65 482 130
	Accrued management fees under debtor caption	4 342 500	4 342 500

- 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 Fadden 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 May 17, 2015 as to the trial session. On November 24, 2014 6 of October partial court decided to dissuade its decline decree of previous proof procedures dated February 22, 2010.

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 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 third quarter of 2014 and the Company did not receive any tax claims until 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 March 31, 2015 amounted LE 13 725 010 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's 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 March 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

52. Comparative Figures

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

Income Statement

LE

2 631 475	Other operating revenue
(2 631 475)	Finance income