

**Sixth of October for Development and Investment Company “SODIC”
(An Egyptian Joint Stock Company)**

**Separate Financial Statements
For The Financial Period Ended March 31, 2015**

Limited Review Report

**kpmg Hazem Hassan
Public Accountants & Consultants**

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Report on Limited Review of Separate Interim 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 separate interim balance sheet of Sixth of October for Development and Investment Company “SODIC”, as at 31 March 2015 and the related separate interim 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 separate interim financial statements in accordance with Egyptian Accounting Standards. Our responsibility is to express a conclusion on these interim 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 financial statements.

Conclusion

Based on our limited review, nothing has come to our attention that causes us to believe that the accompanying separate interim financial statements do not present fairly, in all material respects, the separate financial position of the Company as at March 31, 2015, and of its separate financial performance and 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)**

Separate Balance Sheet

As at March 31, 2015

	Note No.	31/3/2015 L.E	31/12/2014 L.E
<u>Long - term assets</u>			
Fixed assets (net)	(6)	14 262 861	15 791 262
Investments in subsidiaries	(7)	1 340 842 466	1 310 844 466
Investments - available for sale (net)	(8)	4 276 152	4 276 152
Investment properties (net)	(9)	77 556 219	78 076 695
Investment property - advances	(10)	147 035 942	145 000 482
Trade and notes receivable (net)	(11)	1 544 264 448	1 606 815 468
Total long - term assets		3 128 238 088	3 160 804 525
<u>Current assets</u>			
Inventory - Materials		204 205	204 205
Completed units ready for sale	(12)	14 838 289	15 486 539
Works in process	(13)	1 259 844 107	1 274 222 117
Trade & notes receivable (net)	(14)	1 108 643 843	1 075 358 927
Due from related parties (net)	(15)	917 699 224	888 887 464
Debtors & other debit balances (net)	(16)	200 371 176	189 318 215
Treasury stock investments		306 398 761	-
Cash at banks & on hand	(17)	936 504 897	1 199 609 801
Total current assets		4 744 504 502	4 643 087 268
<u>Current liabilities</u>			
Provision for completion	(18)	58 651 493	65 256 733
Provisions	(19)	8 076 786	8 054 124
Bank - Overdraft		90 620	643 013
Bank - Credit facilities	(20)	2 440 626	101 170 177
Loans - Short term	(31)	93 306 428	78 117 009
Advances from customers	(21)	2 756 498 971	2 832 854 177
Contractors, suppliers & notes payable	(22)	228 954 709	94 931 686
Due to related parties	(23)	218 937 688	212 650 292
Creditors & other credit balances	(24)	676 671 041	602 426 539
Total current liabilities		4 043 628 362	3 996 103 750
Working Capital		700 876 140	646 983 518
Total investments		3 829 114 228	3 807 788 043
These investments are financed as follows:-			
<u>Shareholders' equity</u>			
Issued & fully paid in capital	(25)	1 355 638 292	1 355 638 292
Legal reserve	(26)	184 428 817	181 352 693
Special reserve - share premium	(27)	1 338 296 569	1338 296 569
Retained earnings		340 764 273	282 317 925
Profit from sale of treasury shares	(28)	3 692 867	3 692 867
Shares kept for bonus & incentive plan	(29)	(8 000 000)	(8 000 000)
Set aside amount for bonus & incentive plan	(30)	20 004 359	20 004 359
Net profit for the Period / year		49 341 247	61 522 472
Total shareholders' equity		3 284 166 424	3 234 825 177
<u>Long-term liabilities</u>			
Loans - long term	(31)	517 005 255	545 214 175
Notes payable	(32)	24 306 118	24 306 118
Deferred tax liabilities	(33)	3 636 431	3 442 573
Total long-term liabilities		544 947 804	572 962 866
Total shareholders' equity & long - term liabilities		3 829 114 228	3 807 788 043

The accompanying notes from (1) to (49) are an integral part of these separate 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)
Separate Income Statement
For The Financial Period Ended March 31, 2015

	Note	Three Months Ended 31/3/2015	Three Months Ended 31/3/2014
	<u>No.</u>	<u>L.E</u>	<u>L.E</u>
Sales (net)	(34)	207 079 099	193 814 138
Cost of sales	(35)	(107 903 577)	(128 827 694)
Gross profit		99 175 522	64 986 444
Other operating revenues	(36)	23 374 062	24 030 530
Selling and marketing expenses	(37)	(22 052 160)	(21 795 937)
General and administrative expenses	(38)	(25 532 810)	(26 992 404)
Other operating expenses	(39)	(8 659 132)	(11 432 361)
Operating profit		66 305 482	28 796 272
Finance income	(40)	26 952 328	4 108 444
Finance cost	(41)	(22 121 689)	(13 233 291)
Net finance income / (cost)		4 830 639	(9 124 847)
Net profit for the period - before income tax		71 136 121	19 671 425
Income tax	(42)	(21 794 874)	(198 381)
Net profit for the period		49 341 247	19 473 044
Earnings per share (L.E / Share)	(43)	0.15	0.21

* The accompanying notes from (1) to (49) are an integral part of these separate financial statements and to be read therewith.

*Translation of financial statements
originally issued in Arabic*

Sixth of October for Development and Investment Company "SODIC"
(An Egyptian Joint Stock Company)

Separate Statement of Changes in Equity
For The Financial Period Ended March 31, 2015

	Issued & paid in capital	Legal reserve	Special reserve- share premium	Profit from sale of treasury shares	Shares set aside amount for bonus & incentive plan	Set aside amount for bonus & incentive plan	Retained earnings	Net profit for the period	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>
Balance as at January 1, 2014	362 705 392	181 352 693	1 316 921 569	3 692 867	(80 000 000)	25 323 711	802 786 772	(520 468 847)	2 092 314 157
Transfer to retained earnings	-	-	-	-	-	-	(520 468 847)	520 468 847	-
Net profit for the period	-	-	-	-	-	-	-	19 473 044	19 473 044
Balance as at March 31, 2014	362 705 392	181 352 693	1 316 921 569	3 692 867	(80 000 000)	25 323 711	282 317 925	19 473 044	2 111 787 201
Balance as at January 1, 2015	1 355 638 292	181 352 693	1 338 296 569	3 692 867	(8 000 000)	20 004 359	282 317 925	61 522 472	3 234 825 177
Transferred to legal reserve	-	3 076 124	-	-	-	-	(3 076 124)	-	-
Transfer to retained earnings	-	-	-	-	-	-	61 522 472	(61 522 472)	-
Net profit for the period	-	-	-	-	-	-	-	49 341 247	49 341 247
Balance as at March 31, 2015	1 355 638 292	184 428 817	1 338 296 569	3 692 867	(8 000 000)	20 004 359	340 764 273	49 341 247	3 284 166 424

* The accompanying notes from (1) to (49) are an integral part of these separate financial statements and to be read therewith.

Sixth of October for Development and Investment Company "SODIC"
(An Egyptian Joint Stock Company)
Separate Statement of Cash Flows
For The Financial Period Ended March 31, 2015

	Note <u>No.</u>	Three Months Ended 31/3/2015 <u>L.E</u>	Three Months Ended 31/3/2014 <u>L.E</u>
<u>Cash flows from operating activities</u>			
Net profit for the period - before income tax		71 136 121	19 671 425
<u>Adjustments for :</u>			
Depreciation of fixed assets and leased units		2 266 650	2 415 571
Capital Gain		(2 040)	-
Impairment losses due from related parties		7 021 025	-
Provision for completion - formed	(18)	8 549 290	7 264 303
Provisions formed	(19)	22 662	22 662
Operating profit before changes in working capital items		88 993 708	29 373 961
<u>Changes in working capital items</u>			
Change in completed units ready for sale		648 250	8 315 400
Change in works in process		14 378 010	(21 062 482)
Change in trade & notes receivables		29 266 105	(285 968 061)
Change in due from related parties		(35 832 785)	(12 990 104)
Change in debtors & other debit balances		(11 052 961)	5 272 051
Provisions - used	(18)	(15 154 530)	(24 178 929)
Change in advances from customers		(76 355 206)	291 274 485
Change in contractors, suppliers & notes payable		134 023 022	25 082 351
Change in due to related parties		6 287 396	6 591 587
Change in creditors & other credit balances		52 643 486	39 768 241
Net cash flow provided from operating activities		187 844 495	61 478 500
<u>Cash flows from investing activities</u>			
Payments for purchase of fixed assets & projects under construction		(221 185)	(944 340)
Payment for acquisition of investment in subsidiaries.	(7)	(29 998 000)	-
Payments for acquisition of investment properties	(10)	(2 035 460)	(5 745 565)
Payments for acquisition of treasury bills		(306 398 761)	-
Proceeds from sale of fixed assets		5 454	16 464
Net cash flow used in investing activities		(338 647 952)	(6 673 441)
<u>Cash flows from financing activities</u>			
Credit Banks & facilities	(20)	(98 729 552)	(31 411 767)
Net change in short-term and long-term Loans		(13 019 502)	17 573 899
Net cash flow used in financing activities		(111 749 054)	(13 837 868)
Net change in cash & cash equivalents during the period		(262 552 511)	40 967 191
Cash & cash equivalents at the beginning of the period		1198 966 788	285 965 532
Cash & cash equivalents at the end of the period		936 414 277	326 932 723
<u>Deduct:</u>			
Restricted cash (Facilities guarantee)		260 000 000	100 000 000
Cash available at the end of the period	(17)	676 414 277	226 932 723

* The accompanying notes from (1) to (49) are an integral part of these separate financial statements and to be read therewith.

Sixth of October for Development and Investment Company “SODIC”
(An Egyptian Joint Stock Company)
Notes to the separate 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” – An Egyptian Joint Stock Co. – 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 Register.

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

1-5 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

2- Basis of preparation of the financial statements

2-1 Statement of compliance

- These separate 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 separate 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.
- Held for trading investments measured at fair values.
- Available-for-sale investments measured at fair values.
- Liabilities for cash settled share - based payments transactions measured at fair values.

2-3 Functional currency and presentation currency

The separate financial statements are presented in Egyptian Pounds which is the Company's functional currency.

2-4 Use of estimates and judgments

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

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

- Provisions for claims
- Fixed assets useful life
- Deferred tax
- Accruals
- Provision for completion
- Valuation of investment in subsidiaries
- Valuation of investment properties
- Impairment of debtors and other debit balances
- Impairment of fixed assets

2-5 Consolidated financial statement

The Company has subsidiaries and according to the Egyptian Accounting Standards No. (17) "consolidated and separate financial statements" and Article 188 of the executive regulations for Companies' law No. 159 of 1981, the Company is preparing consolidated financial statements for the Group which should be used as a reference to understand the financial position, financial performance and cash flows for the group as a whole.

3- Significant accounting policies

The accounting policies set out below have been applied consistently to all years presented in these financial statements:-

3-1 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 balance sheet date are translated to Egyptian Pounds at the foreign exchange rate in effect at that date. Foreign exchange differences arising from translation are recognized in the 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.

3-2 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 impairment losses (note No. 3-11). 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.
- Where parts of an item of fixed assets have different useful lives, they are accounted for as separate items of property, plant and equipment.
- The assets under construction for production or rent or administrative purposes are registered at their cost less impairment losses, where the cost includes professional fees and all other direct expenditures that are directly attributable to the acquisition of the asset. Thus, calculation of depreciation begins when the asset is substantially completed and ready for its intended use.
- The cost of self-constructed assets includes the cost of materials, direct labor and any other cost directly attributable to bringing the asset to a working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located.

b) Subsequent costs

The Company recognizes the cost of replacing part of an item in the carrying amount of such an item of fixed assets, after disposal of the cost of this replacing part, when that cost is incurred and if it is probable that future economic benefits will flow to the Company as a result of replacing this part of such an item 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 Property, plant and equipment. The estimated useful lives are as follows: (Land is not depreciated)

<u>Asset</u>	<u>Years</u>
Buildings of the Company's premises	5 – 10
Vehicles	5
Furniture and office equipment	10
Office equipment and communications	5
Generators, machinery and equipment	5
Leasehold improvements	5 or lease term whichever is lower

3-3 Operating Lease

Payments made under Operating Lease (net of any incentives obtained from the leaser) are charged to the income statement based on accrual basis.

3-4 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 are ready for their intended use.

3-5 Investment properties

a) Initial recognition and measurement

This item includes lands held and not allocated for a specific purpose and/or lands held for sale on long term as well as the lands and buildings leased to others (by virtue of operating leases). Real estate investments are valued at cost less the accumulated depreciation and "impairment" (3-11). The fair value of these investments are disclosed at the balance sheet date unless if there are cases where the fair value of these investments are difficult to be determined in a reliable manner. In this case such fact shall be disclosed.

b) Depreciation

Depreciation is charged to the income statement on a straight-line basis over the estimated useful lives of each type of investment properties. The estimated useful lives are as follows:

<u>Asset</u>	<u>Years</u>
Leased out units	50
Constructions of golf course	20
Irrigation networks	15
Golf course tools and equipment	15

3-6 Investments

a) Investments in subsidiaries

Subsidiary companies are the entities in which the "Company" investor has the ability to control its financial and operating policies of the entity this ability exists by possessing half of the voting power or more in the related subsidiary.

Investments in subsidiaries are stated – when acquired – at its acquisition cost. If a decline in the recoverable amount exists for any investment below the carrying amount "Impairment" (note No. 3-11), the carrying amount of the investment will be adjusted by the amount of such impairment and will be charged to the income statement for each investment.

b) Available -for- sale investments

Financial instruments held by the Company and classified as available-for-sale investment are initially 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 income statement except impairment losses. 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. 3-11).

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

c) **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 recognized by the net value less amortization and impairment losses (note No. 3-11).

3-7 **Units ready for sale**

Units ready for sale are stated at the consolidated balance sheet date at lower of cost or net releasable value. 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.

3-8 **Work in process**

All costs relating to uncompleted works are recorded in work in process account until the completion of works. Work in process is stated in the 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 or its determined purpose.

3-9 **Trade and notes receivables, debtors and other debit balances**

Trade and notes receivables are non- interest bearing and are stated at their nominal value and reduced by impairment losses note (3-11). Impairment is recognized 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 is the difference between the book value and the recoverable amount which represents the expected cash in flow for the Company.

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.

3-10 **Cash and cash equivalents**

For the purpose of preparing statement of cash flows, cash and cash equivalents comprise cash at banks and on hand, time deposits and Checks under collection which 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 Company's cash management.

3-11 **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 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 income statement. Any cumulative loss in respect of an available-for-sale financial asset recognized previously in equity is transferred to the income statement.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognized for financial assets measured at amortized cost and available-for-sale financial assets that are debt securities, the reversal is recognized in 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 property, 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.

3-12 Provisions

Provision is recognized in the balance sheet when the Company has a present legal or constructive obligation as a result of past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. 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 revised - when necessary - to reflect the current best estimate.

a- Provision for completion

A provision for completion of work is formed at the estimated value of the completion of the projects (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) this is based on technical studies and measurement to estimate the cost, which are prepared by the Company's technical departments. The necessary provision is reviewed at the end of each reporting period until finalization of all the project works.

3-13 Borrowing costs

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

3-14 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.

3-15 Suppliers, contractors and other credit balances

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

3-16 Share capital

Common shares are classified in the owners' equity.

a) Issuance of ordinary shares

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 which are financed by the Company 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 extraordinary general assembly approved the end of current incentive and bonus plan for employees and managers and B.O.D members and Implementation of new bonus and incentive plan as its disclosed at note No.49.

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 are required to be resumed by setting aside at least 5% of the net profit for the year.

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

3-17 Share – based payments transactions

a) 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 as an expense over the year 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 financial statements date. Necessary changes are made for the expense to reflect the best estimate and the corresponding amount is included in equity under "set aside amount for the bonus and incentive plan" caption.

b) Cash settled share - based payments

Share Appreciation Rights are granted to some of the Company's directors as part of their salaries and compensation packages that entitles them to future cash payments based on the increase in the share price of the Company over a pre-determined level for a certain year of time. The amount or the value of the purchased services and incurred liabilities is measured at the fair value of the said liability and until the settlement of such liability, the Company re-measures the fair value of the liability at each financial position date and at settlement date and takes into account any changes in the recognized fair value of the liability in the income statement.

3-18 Notes payable

Notes payable are stated at amortized cost using the effective interest rate method.

3-19 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 associated with the transaction will flow to the company and the amount of the revenue can be measured reliably. No revenue is recognized if there are uncertainties regarding the recovery of the consideration due or associated costs.

a) Sales revenue

Revenue from sale of residential units, offices, commercial, service units and villas for which contracts were concluded is recorded when all the ownership risks and rewards are transferred to customers 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 buyer. Net revenue from sales are recorded after deducting discounts and sales returns. 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 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), and also, after excluding the value of any given discounts to the customers. The discounts are recognized as other operating expenses.

b) Rental income

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

c) Construction contracts revenue:

It includes revenue from construction contracts initial value of each contract as well as contract change orders, incentives or subsequent claims subject to the availability of predicted values.

When the outcome of a contract can be estimated reliably revenue is recognized according to parentage of completion method, and the percentage of completion is determined through actual performance of the contract. In case of inability to determine the exact result of the contract, revenue will be recognized up to cost incurred and expected to be recovered. Expected losses provision is formed during the financial period those losses are estimated.

Cost-plus revenues are recognized when the final outcome can be estimated and includes the following criteria:

It's possible for the entity to achieve economic benefits resulting from that contract.

All the costs relating to the contract whether recoverable or non- recoverable can be identified and measured.

d) Interest income

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

e) Dividends

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

3-20 Cost of sold lands

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

3-21 Expenses

a) Lease payments

Payments under leases are recognized in the income statement (less any discounts), on a straight-line basis over the terms of the lease, using the accrual basis of accounting.

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 as amended. 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 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 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 a liability in the financial year at which the declaration has been authorized by the shareholders.

3-22 Income tax

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

3-23 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 in which financial statements are prepared.

4- Determination of fair values

The Company'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 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 financial statements date.

4-2 Trade, note receivables and other debtors

The fair value of trade, notes receivable and other debtors is estimated as the present value of future cash flows, discounted at the market rate of interest at the financial statements date.

4-3 Investment property

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 in free well.

4-4 Share – based payment transactions

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

5- Financial risk management

The Company has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

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

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The management 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 Company, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations. The Board of Directors of the Company is assisted in its oversight role by the Audit Committee and Internal Audit. Internal Audit undertakes both regular and sudden reviews of risk management controls and procedures, the result of which are reported to the 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 Company's customer base, including the default risk of the industry which has a little effect on a credit risk.

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

The Company'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 a detailed investment studies which 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 Board of directors. The following corporate guarantees were provided:

- On the 1st of February, 2015, Six of October Development and Investment Company's "SODIC" EGM approved extending a corporate guarantee to SOREAL For Real Estate Investments (99% owned by SODIC) a loan provided.

5-2 Liquidity risk

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

The Company'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 Company's reputation.

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

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

- A facility amounting to L.E 150 million. The facility is fully secured by deposits amounting to L.E 150 million.
- A medium term loan in the amount of L.E 900 million.
- A medium term loan in the amount of L.E 300 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 Company's income and expenses 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 Company is exposed to currency risk on sales and financial assets, primarily the US dollar.

In respect of other monetary assets and liabilities denominated in other foreign currencies, the Company 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 to be long-term in nature. The Company does not enter into currency risk hedging contracts.

5-5 Interest rate risk

The company adopts a policy to limit the company's exposure to interest rate risk, therefore the Company's management evaluate the available alternatives for finance and negotiates with banks to obtain the best available interest rates and 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 Company 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 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 Board'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 monitors the return on capital, which the Company defines as net profit for the period / year divided by total shareholders' equity. The Board of Directors 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 separate financial statements (Cont.)

For The Financial Period Ended March 31, 2015

Translation of financial statements
originally issued in Arabic

6- Fixed assets

This item is represented as follows:

	Buildings of the Company's premises	Vehicles	Furniture and office fixtures	Office equipments and communication	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>
Cost as at 1/1/2015	1 315 286	7 644 706	9 076 959	16 710 353	6 299 119	12 426 863	53 473 286
Additions during the period	-	-	4 650	216 535	-	-	221 185
Disposals during the period	-	-	-	(207 035)	-	-	(207 035)
Cost as at 31/3/2015	1 315 286	7 644 706	9 081 609	16 719 853	6 299 119	12 426 863	53 487 436
Accumulated depreciation as at 1/1/2015	724 276	7 433 664	4 153 420	11 864 037	5 375 227	8 131 400	37 682 024
Depreciation during the period	43 382	74 835	223 522	587 473	195 618	621 343	1 746 173
Accumulated depreciation for disposals	-	-	-	(203 622)	-	-	(203 622)
Accumulated depreciation as at 31/3/2015	767 658	7 508 499	4 376 942	12 247 888	5 570 845	8 752 743	39 224 575
Net book value as at March 31, 2015	547 628	136 207	4 704 667	4 471 965	728 274	3 674 120	14 262 861
Net book value as at December 31, 2014	591 010	211 042	4 923 539	4 846 316	923 892	4 295 463	15 791 262

- Fixed assets include fully depreciated assets costing L.E 15 893 048 as at March 31, 2015

7- Investments in subsidiaries

	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
SODIC Property Services Co.	S.A.E	51	100	510 000	510 000
Sixth of October for Development and Real Estate Projects Co. (SOREAL)	S.A.E	99.99	100	807 334 516	807 334 516
SOREAL for Real Estate Investment Co. (7-1)	S.A.E	99.99	100	499 999 970	499 999 970
SODIC for Development and Real Estate Investment Co.	S.A.E	99.99	100	2 999 980	2 999 980
Tabrook Development Co. (7-2)	S.A.E	99.99	100	29 998 000	-
				1 340 842 466	1 310 844 466

(7-1) SOREAL for Real estate investment was established on June 23, 2014 ,and the company's shareholding percentage is 99.9997% from the company invested capital amounted to LE 100 million (one hundred million),the capital distributed over 10 million shares (ten million) with a par value of LE 100 per share.. On November 27, 2014 the Board of Directors agreed to increase the issued capital with an amount of LE 400 to reach LE 500 million and to be fully allocated to Sixth of October for Development and Investment Company "SODIC". The capital increase has been 100% paid.

(7-2) Acquisition of Tabrook Development Co. took place on March 2015.

8- Investments – available for sale

	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	1.08	100	4 250 000	4 250 000
SODIC for Golf and Tourist Development Co.	S.A.E	0.0025	25	1 250	1 250
Beverly Hills Co. for Management of Cities and Resorts	S.A.E	0.06	100	26 152	26 152
				4 277 402	4 277 402
Impairment of available for sale investments				(1 250)	(1 250)
				4 276 152	4 276 152

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

9- Investment properties

The net carrying amount of investment properties as at March 31, 2015 amounted to L.E 77 556 219. Following is the movement on the investment properties account and its associated depreciation during the period:-

Description	Units leased out to others	Golf course	Total
<u>Cost</u>	<u>L.E</u>	<u>L.E</u>	<u>L.E</u>
At January 1, 2015	17 842 713	99 377 533	117 220 246
At March 31, 2015	17 842 713	99 377 533	117 220 246
<u>Accumulated depreciation</u>			
At January 1, 2015	609 378	6 837 173	7 446 551
Depreciation for the period	64 664	455 812	520 476
At March 31, 2015	674 042	7 292 985	7 967 027
<u>Deduct:</u>			
Impairment of investment properties (a)	-	31 697 000	31 697 000
Net value as at March 31, 2015	17 168 671	60 387 548	77 556 219
Net value as at December 31, 2014	17 233 335	60 843 360	78 076 695

- (a) This item represents the impairment of the golf course by L.E 31 697 000 which shows the increase in its book value over its recoverable amount which has been measured by the value in use.
- There is a difficulty in determining the fair value of the investment properties of the golf course reliably for the purpose of disclosure because of the rarity of such business in Egypt and due to the unavailability of an active market.
 - The fair value of units leased out to others amounts to L.E 35 314 300 as at March 31, 2015.

10- Investment properties advances

This item amounted to L.E 147 035 942 as at March 31, 2015 (2014: L.E 145 000 482) It shows the amounts paid to SODIC - SIAC for Real Estate Investment Co. (a subsidiary) on account of the acquisition of building No. (1) of the **Polygon project**, to be leased out for others, with total value of L.E 141 740 480 according to the contract concluded between the Company and SODIC SIAC for Real Estate Investment Co. dated January 5, 2010. The building will be received during a maximum period of three years from the contract date. This item includes an amount of L.E 5 295 462 representing the amount paid under maintenance, management and operation expenses of the project's public utilities related to the building for three years.

11- Long - term trade and notes receivable

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

	31/3/2015 <u>L.E</u>	31/12/2014 <u>L.E</u>
Trade receivables	14 956 506	14 956 506
Notes receivable	1 602 240 094	1 661 242 988
	1 617 196 600	1 676 199 494
<u>Deduct:</u> unamortized interest – Notes receivable	72 932 152	69 384 026
	1 544 264 448	1 606 815 468

- The Company's exposure to credit and currency risks - related to trade and notes receivable is disclosed in note No. (44).

12- Completed units ready for sale

This item represents the cost of the completed units ready for sale as follows:

	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 (12-1)	9 489 717	10 137 967
	<u>14 838 289</u>	<u>15 486 539</u>

12-1 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.

13- Work in process

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

	31/3/2015	31/12/2014
	<u>L.E</u>	<u>L.E</u>
Allegria project cost	453 011 104	464 998 581
Westown project cost	796 203 843	799 302 539
Fourth phase costs (4A, 4B), showrooms and others	10 629 160	9 920 997
	<u>1 259 844 107</u>	<u>1 274 222 117</u>

14- Trade and notes receivable - Current

	31/3/2015	31/12/2014
	<u>L.E</u>	<u>L.E</u>
Trade receivables (14-1)	143 884 187	127 716 953
Notes receivable	973 754 360	956 746 982
	<u>1 117 638 547</u>	<u>1 084 463 935</u>
<u>Deduct:</u> Unamortized interest – notes receivables	8 794 704	8 905 008
	<u>1 108 843 843</u>	<u>1 075 558 927</u>
Impairment loss of trade and notes receivables	(200 000)	(200 000)
	<u>1 108 643 843</u>	<u>1 075 358 927</u>

14-1 This item includes an amount of L.E 7.976 million which represents the amount due from SODIC Garden City for Development and Investment Co. (subsidiary).

- The Company's exposure to credit and currency risks related to trade and notes receivable is disclosed in note No. (44).

15- Due from related parties

	31/3/2015 <u>L.E</u>	31/12/2014 <u>L.E</u>
Sixth of October for Development and Real Estate Projects (SOREAL) – a subsidiary	46 393 168	21 764 284
SOREAL for Real Estate Co – a subsidiary.	551 171	200 534 320
Tabrook Development Co. – a subsidiary.	162 106 376	–
SODIC for securitization – a subsidiary.	-	69 429
Greenscape for Agriculture and Reclamation Co. – a subsidiary (under Liquidation)	6 219 961	6 219 961
Move-In for Advanced Contracting Co. – a subsidiary	23 766 270	23 094 187
El Yosr for Projects and Agriculture Development Co. – a subsidiary	43 741 789	43 171 855
SODIC for Development and Real Estate Investment Co. – a subsidiary	288 314 628	268 297 628
SODIC SIAC for Real Estate Investment Co. – a subsidiary	267 695 266	247 539 834
SODIC Syria Co. – a subsidiary	433 732 931	433 717 351
Fourteen for Real Estate Investment Co. – a subsidiary	56 948 247	56 822 299
La Maison for Real Estate Investment Co. - S.A.E	80 191 241	76 951 309
Edara for Services of Cities and Resorts Co. – a subsidiary	18 250 973	18 104 284
Palmyra Real Estate Development Co. –a Joint project	35 191 620	35 191 620
Tegara for Trading Centers Co. – a subsidiary	3 689 171	3 640 373
SODIC Garden City for Development and Investment Co. – a subsidiary	83 469	55 036
SODIC for Golf and Tourist Development Co. – a subsidiary	25 239 173	20 631 695
Other related companies	751 850	1 229 053
	1 492 867 304	1 457 034 518
Impairment of due from related parties (15- 1)	(575 168 080)	(568 147 054)
	917 699 224	888 887 464

(15-1) 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, the Board of Directors of Sixth of October Development and Investment "SODIC" saw that the assets of the investee company all become contentious with the State Government mentioned, which requires to recognize a loss arising from an inability to recover its investments and therefore the Board of Directors decided on 16 April 2014 reduction due to related parties relating to investments that have been injected for projects in the Syrian Arab Republic in addition to an impairment for dues from related party accounts related to amounts not expected to be collected amounting to L.E 575 168 080 as of March 31, 2015.

16- Debtors and other debit balances

	31/3/2015	31/12/2014
	<u>L.E</u>	<u>L.E</u>
Contractors and suppliers – advance payments	84 355 947	66 499 805
Prepaid expenses	86 182 502	90 321 192
Deposits with others	1 402 898	1 402 898
Due from the bonus and incentive plan to employees and managers fund (16-1)	18 004 359	18 004 359
Advanced Lease rent	2 528 235	3 615 682
Other debit balances	8 252 392	9 829 436
	200 726 333	189 673 372
Impairment loss on debtors and other debit balances	(355 157)	(355 157)
	200 371 176	189 318 215

- (16-1)** 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 the value of issue rights of bonus and incentive plan relating to employees and executive managers.
- The Company's exposure to credit and currency risks related to other debtors is disclosed in note No. (44).

17- Cash at banks and on hand

	31/3/2015	31/12/2014
	<u>L.E</u>	<u>L.E</u>
Bank – time deposits (17-1)	732 500 000	1 139 800 161
Bank – current accounts	190 475 952	40 669 402
Checks under collection	11 790 036	18 374 164
Cash on hand	1 738 909	766 074
	936 504 897	1 199 609 801

- 17-1** Deposits include L.E 260 million restricted as a guarantee for the credit facility granted to the 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
- The Company's exposure to interest rate risk for financial assets is disclosed in note No. (44).

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

	31/3/2015	31/12/2014
	<u>L.E</u>	<u>L.E</u>
Cash at banks and on hand	936 504 897	1 199 609 801
<u>Less:</u>		
Bank – Overdraft	90 620	643 013
Cash and cash equivalent according to separate statement of cash flows	936 414 277	1 198 966 788
Restricted cash (facilities guarantee)	260 000 000	150 000 000
Cash available at the end of the period	676 414 277	1 048 966 788

18- Provision for completion

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

	Balance as at 1/1/2015 <u>L.E</u>	Provision formed during the period <u>L.E</u>	Provision used during the period <u>L.E</u>	Balance as at 31/3/2015 <u>L.E</u>
Provision for completion	65 256 733	8 549 290	(15 154 530)	58 651 493
	65 256 733	8 549 290	(15 154 530)	58 651 493

Formed to face estimated cost to finish projects that delivered and estimated to be incurred and to complete spending on it during the upcoming years.

19- Provisions

	Balance as at 1/1/2015 <u>L.E</u>	Provision formed during the period <u>L.E</u>	Provision used during the period <u>L.E</u>	Balance as at 31/3/2015 <u>L.E</u>
Provision for expected claims	8 054 124	22 662	-	8 076 786
	8 054 124	22 662	-	8 076 786

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

20- Bank – credit facilities

This item represents 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
	<u>2 440 626</u>	<u>101 170 177</u>

21- Advances from customers

This item represents the advances from customers for booking and contracting of units and lands as follows:

	31/3/2015 <u>L.E</u>	31/12/2014 <u>L.E</u>
Advances for booking , contracting and installments of residential units (Fourth area)	826 599	676 599
Advances – Allegria project	537 516 786	627 582 283
Advances – Forty West project	81 320 731	103 161 786
Advances – Westown Residences project	1 792 840 409	1 891 624 173
Advances _ The Courtyards	329 719 270	194 580 148
Advances – Casa	14 275 176	15 229 188
	<u>2 756 498 971</u>	<u>2 832 854 177</u>

22- Contractors, suppliers and notes payable

	31/3/2015 <u>L.E</u>	31/12/2014 <u>L.E</u>
Contractors	46 062 255	56 975 065
Suppliers	3 465 795	8 345 285
Notes payable (22-1)	179 813 175	31 084 928
	<u>229 341 225</u>	<u>96 405 278</u>
<u>Deduct:</u> Unamortized interest - notes payable	386 516	1 473 592
	<u>228 954 709</u>	<u>94 931 686</u>

- (22-1) This amount includes LE 28 714 814 which represents the amount due to the New Urban Communities Authority Sheikh Zayed, as well as 110 000 000 accrual amount due to the land holding of Tabrook Development Co. in Northern Coast-Ras Alhekmah.
- The Company's exposure to credit and currency risks related to other debtors is disclosed in note No. (44).

23- Due to related parties

	31/3/2015	31/12/2014
	<u>L.E</u>	<u>L.E</u>
Sixth of October for Development and Real Estate Projects (SOREAL)	64 574 629	67 242 986
Move - In for Advanced Contracting Co. – a subsidiary	898 413	898 413
Green scape for Agriculture and Reclamation Co. – a subsidiary (under Liquidation).	2 748 260	2 748 260
SODIC SIAC Co. for Real Estate Investment – a subsidiary	83 424 088	81 388 628
Tegara for Trading Centers Co. – a subsidiary	55 595 000	55 595 000
SODIC Property Services Co. – a subsidiary (under Liquidation)	2 702 660	2 702 660
Edara for Services of Cities and Resorts Co. – a subsidiary	8 882 138	1 413 590
Beverly Hills Co. for Management of Cities and Resorts	112 500	660 755
	218 937 688	212 650 292

24- Creditors and other credit balances

	31/3/2015	31/12/2014
	<u>L.E</u>	<u>L.E</u>
Accrued expenses	82 890 339	72 515 342
Amounts collected on account for management, operation and maintenance	142 965 610	138 671 482
Deposits collected from customers – against improvements	149 615	149 615
Customers-credit balances of Polygon project	390 816 312	341 174 801
Bonyan for development and trading Co.	107	107
Customers - cancellation	2 335 834	8 840 657
Dividends payable	91 643	91 643
Tax Authority	39 681 152	20 271 801
Accrued compensated absence	539 088	3 632 525
Sundry creditors	9 876 153	9 220 109
Accrued to beneficiaries from incentive plan	1 192 600	1 192 600
Capital gain-Deferred (24-1)	6 132 588	6 665 857
	676 671 041	602 426 539

(24-1) 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.(31-1).

- The Company's exposure to currency and liquidity risks related to creditors is disclosed in note No. (44).

25- Share capital

-The authorized capital of the Company is L.E. 2 800 000 000.

The Company had an issued and paid in capital of L.E 1.355 billion distributed over 338,909,573 shares with a par value of L.E 4 per share, commercial register notation has taken place on December 7, 2014.

The capital structure is as follows:

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 limited liability Co.	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

26- Legal reserve

According to the Company' statutes, the Company is required to set aside 5 % of annual net profit to form a legal reserve, transfer to the legal reserve may be suspended once the reserve reaches 50% of the Company's issued 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. 27).	123 409 151
Increase of the legal reserve with part of capital increase share premium during 2007 with limits of half of the Company's issued share capital. (Note No. 27).	5 000 000
Increase of legal reserve with a 5% of the net profit for year 2008.	2 339 350
Increase in legal reserve with a part of the capital share premium during 2010 with limits of half of the Company's issued share capital (Note No. 27)	39 446 365
Increase of the legal reserve with 5% of the net profit for year 2014	3 076 124
<u>Deduct:</u>	
The amount used to increase the issued share capital during the year 2011 (Note No. 25).	2
	184 428 817

27- 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 transferred 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 premiums collected during 2006 and 2010	1 455 017 340
<u>Add:</u>	
Share premium of the employees' incentive and bonus plan issued during 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

28- Profit from sale of treasury shares

On August 14, 2011, the board of directors of the 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 stock 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.

29- Shares kept for bonus and incentive plan

This item is represented in the remainder of the amount paid by the 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 Company's employees and managers which are kept in Arab African International Bank.

30- Set aside amount for bonus and incentive 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 Company's managers and employees for the shares issued during 2007 in addition to the share of the shares of the incentive plan in dividends that has been sold according to the bonus and incentive plan.

31- Long-term loans

	<u>31/3/2015</u>	<u>31/12/2014</u>
	<u>L.E</u>	<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, and for the purpose of facility agreement exclusively include the following developments Allegria, Westown Residences, Polygon, Forty West, Westown Hub.		
<u>Guarantees:</u>		
- First degree real estate mortgage on 300 acres land plot and all attached buildings and blocks according to the contact the registration no:1170 on May 2,2001 for the interest of the Guarantee agent.		
- Share pledge contract owed to Sixth of October for Development and Real Estate Projects (SOREAL) in one of its subsidiaries in favuor of the Guarantee agent.		
- unconditional and irrevocable revenue transfer by which the lender and some of its subsidiaries transfer all current and future proceeds, selling and lease contracts of the current and foreseeable project units in favour of the "Guarantee agent".		
- A subsidiary has pledged to a mortgage of land plot as a guarantee for the accrued amounts unpaid by the borrower.		
- Accounts mortgage contracts: debt interest and all amounts deposited therein are pledged for the interest of the "guarantee agent".		
- promissory note from the borrower.		
	420 963 883	433 983 384

Grace period: 12 months from the date of the first drawdown

Repayment: Immediately payable (16) quarterly installments unequally after the end of 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. And the settlement of the due amount of tranche (A) and financing any deficit in the cash flow pertaining to the development of west project land stage (B), tranche (B).

	189 347 800	189 347 800
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	610 311 683	623 331 184
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Deduct: Current portion

Arab African International Bank

	93 306 428	78 117 009
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	517 005 255	545 214 175
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31-1 The Company has signed a medium term facility agreement (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 to be settled over (20) quarterly installment, following are the contract terms:

1- PIRAEUS Bank Egypt – Lender (first party)

2- PIRAEUS Company “for financial lease” – the lessor and security agent 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

And the above-mentioned financing operation has proceeded by the sale to PIRAEUS Company for financial lease and lease it back.

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 is accounting for the financial lease assets according to the Egyptian Accounting Standard No. (20) as an operating lease.

32- Long-term notes payable

This item is represented in the following:

	31/3/2015 <u>L.E</u>	31/12/2014 <u>L.E</u>
Total nominal value of the checks issued to SODIC SIAC for Real Estate Investment Co. which are payable on May 2, 2016.	26 510 466	26 510 466
<u>Deduct:</u>		
Unamortized interest	2 204 348	2 204 348
	24 306 118	24 306 118

- The Company’s exposure to credit risk related to long-term notes payable is disclosed in note No. (44)

33- Deferred tax liabilities

	31/3/2015	31/12/2014
	<u>L.E</u>	<u>L.E</u>
Fixed assets	3 636 431	3 442 573
Tax raised to liability	3 636 431	3 442 573

34- Sales

- The Company's operations are considered to fall into one broad class of business represented in sale of real estate units and lands and hence, segmental analysis of assets and liabilities is not considered meaningful. Revenues could be analyzed as follows:

	Three months ended 31/3/2015	Three months ended 31/3/2014
	<u>L.E</u>	<u>L.E</u>
Sale of Allegria project	87 587 953	87 696 558
Sales of Forty West project	32 890 905	46 091 019
Sales of Casa project	1 042 017	13 698 540
Sales of Westown Residences project	85 558 224	46 328 021
	207 079 099	193 814 138

35- Cost of sales

	Three months ended 31/3/2015	Three months ended 31/3/2014
	<u>L.E</u>	<u>L.E</u>
Cost of sales of Allegria project	35 505 258	58 017 831
Cost of sales of Forty West project	23 882 492	38 190 452
Cost of sales of Casa project	648 250	8 315 400
Cost of sales of Westown Residences project	47 867 577	24 304 011
	107 903 577	128 827 694

36- Other operating revenues

	Three months ended 31/3/2015	Three months ended 31/3/2014
	<u>L.E</u>	<u>L.E</u>
Interest income realized from installments during the period	14 136 743	12 377 954
Assignment, cancellation dues and delay penalties	7 879 812	4 823 871
Sundry income	324 639	4 498 718
Income from management & operation of the golf course	300 000	300 000
Buildings rental income	197 560	295 737
Capital income	535 308	1 734 250
	23 374 062	24 030 530

37- 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	4 010 590	4 093 250
Sales commissions	6 703 889	6 235 729
Advertising expenses	4 531 467	4 860 389
Conferences and exhibitions	732 839	1 453 994
Rent	3 914 884	3 792 069
Travel, transportation & vehicles	31 963	94 700
Donations	103 750	34 740
Maintenance, Cleaning, Agriculture and Security	760 921	536 299
Professional fees and consultancy	99 900	90 000
Gifts	52 829	83 785
Printing and xerox	212 174	112 443
Others	896 954	408 539
	<u>22 052 160</u>	<u>21 795 937</u>

38- 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 (38-1)	10 684 346	7 710 145
Board of directors' remunerations and allowances	1 423 609	1 332 849
Consultancy and professional fees	855 990	2 527 209
Advertising	550 046	16 213
Donations	286 550	620 596
Maintenance, Cleaning, Agriculture & Security	2 498 890	6 764 872
Administrative depreciation of fixed assets and Rented Units.	2 212 362	2 376 289
Subscriptions and governmental dues	453 155	121 890
Rents	3 614 993	2 540 480
Travelling and transportation	429 428	516 499
Communication and electricity	334 495	716 596
Stationary and computer supplies	538 648	783 210
Hospitality	188 408	207 023
Others	1 461 890	758 533
	<u>25 532 810</u>	<u>26 992 404</u>

38-1 This item includes salaries for the executive manager's members of the Board 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
	<u>1 320 450</u>	<u>1 136 250</u>

The company has a bonus and incentive plan as shown in Note No.(49), current plan has been ended and implementation of a new plan as its disclosed in note No.(49)

39- 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	1 615 445	11 409 699
Provision for claims	22 662	22 662
Impairment losses on related parties	7 021 025	-
	<u>8 659 132</u>	<u>11 432 361</u>

40- Finance income

	Three months ended 31/3/2015 <u>L.E</u>	Three months ended 31/3/2014 <u>L.E</u>
Interest income	19 856 777	4 108 444
Treasury stock investment income	6 420 797	-
Net foreign exchange differences	674 754	-
	<u>26 952 328</u>	<u>4 108 444</u>

41- Finance cost

	Three months ended 31/3/2015 <u>L.E</u>	Three months ended 31/3/2014 <u>L.E</u>
Interest expense	21 034 613	13 080 688
Installments interest expense of Sheikh Zayed land	1 087 076	-
Net foreign exchange differences	-	152 603
	<u>22 121 689</u>	<u>13 233 291</u>

42- 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	21 601 016	-
Deferred income tax expense	193 858	(198 381)
	21 794 874	(198 381)

43- Earnings per share

Earnings per share are calculated on the basis of net profits of 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	49 341 247	19 473 045
<u>Divided by:</u>		
Weighted average number of shares outstanding during the period	338 909 573	90 676 348
Earnings per share (L.E/share)	0.15	0.21

44- Financial instruments

44-1 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 represent the maximum credit exposure. These balances amounting to LE 3 623 780 506 as at March 31, 2015 (December 31, 2014 : L.E 3 919 713 155).

44-2 Liquidity risk

This note represents the contractual terms of financial liabilities:

March 31, 2015

	Carrying amount <u>L.E</u>	Less than 1 year <u>L.E</u>	1-2 years <u>L.E</u>	2-5 years <u>L.E</u>
Banks – credit facility	2 440 626	2 440 626	-	-
Banks – overdraft	90 620	90 620	-	-
Long-term loans	93 306 428	93 306 428	-	-
Short-term loans	517 005 255	-	225 671 359	291 333 896
Contractors and suppliers	49 528 050	49 528 050	-	-
Other creditors	676 671 041	420 697 831	246 663 621	9 309 589
Notes payable – short term	179 426 659	179 426 659	-	-
Notes payable – long term	24 306 118	-	24 306 118	-
Total	1 542 774 797	745 490 214	496 641 098	300 643 485

December 31, 2014

	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 facility	101 170 177	101 170 177	-	-
Bank – overdraft	643 013	643 013	-	-
Long-term loans	545 214 175	-	225 671 359	319 542 816
Short-term loans	78 117 009	78 117 009	-	-
Contractors and suppliers	65 320 353	65 320 353	-	-
Other creditors	602 426 539	395 333 584	199 561 111	7 531 844
Notes payable – short term	29 611 336	29 611 336	-	-
Notes payable – long term	24 306 118	-	24 306 118	-
Total	1 446 808 720	670 195 472	449 538 588	327 074 660

44-3 Currency risk

Exposure to currency risk

The Company's exposure to foreign currency risk was as follows:

	31/3/2015		31/12/2014	
Description	<u>EUR</u>	<u>USD</u>	<u>EUR</u>	<u>USD</u>
Cash at banks	282 435	1 849 401	273 963	1 944 671
Surplus of foreign currencies	282 435	1 849 401	273 963	1 944 671

44-4 Interest rate risk

At the separate financial statements date the interest rate profile of the Company's financial instruments was:-

	Carrying amount	
	31/3/2015	31/12/2014
	<u>L.E</u>	<u>L.E</u>
<u>Fixed rate instruments</u>		
Financial assets	2 652 908 291	2 682 174 395
Financial liabilities	(203 732 777)	(53 917 454)
	2 449 175 514	2 628 256 941
<u>Variable rate instruments</u>		
Financial liabilities	(612 842 929)	(724 501 361)
	(612 842 929)	(724 501 361)

The Company does not account for any fixed rate financial assets and liabilities at fair value through income statement, 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 financial statements date would not affect the income statement.

44-5 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 and Subsidiaries, 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.

45- Transactions with related parties

Related parties are represented in the Company's shareholders, board of directors, executive directors and companies in which they own directly or indirectly shares giving them significant influence or controls over the Group. The Company made several transactions during the year with related parties and these transactions have been done in accordance with the terms determined by the board of directors of the Company and were approved by the Company's Ordinary General Assembly and all transactions excluded added value.

Summary of significant transactions concluded during the year at the separate balance sheet date were as follows:-

Party	Nature of relationship	Nature of transaction	31/3/2015 Amount of Transaction L.E
Beverly Hills Co. for Management of Cities and Resorts	A subsidiary	Works of agriculture, maintenance and security services for Beverly Hills City.	442 176
Sixth of October for Development and Real Estate Projects (SOREAL)	A subsidiary	Payments on behalf of the Company	2 246 870
		Cash payments	22 370 013
Garden City for development and investment	A subsidiary	Payments on behalf of the Company	28 432
Move-In for Advanced Contracting Co.	A subsidiary	Rent of managerial Units	300
		Cash payments	671 783
Edara for Services of Cities and Resorts Co.	A subsidiary	Works of agriculture, maintenance and security services for Allegria City.	10 373 133
Tegara CO. for trading centers	A subsidiary	Expenses on behalf of the company	48 798
SODIC for Golf and Tourist Development Co.	A subsidiary	Payments on behalf of the Company.	523 919
		Revenue from management and operation of the golf course and club.	300 000
		Expenses recovery	216 441
		Cash payments	4 000 000
SODIC SIAC for Real estate investment	A subsidiary	Payments on behalf of the Company.	30 870 649
		Cash receivable	10 715 218
		Works of SODIC SIAC building No.(1)	2 035 460
		Customer receivable and notes receivable	49 641 511
El Yosr for Projects and Agriculture Development Co.	A subsidiary	Payment on behalf of the company	269 934
		Cash payments	300 000
Fourteen Co. for Real estate investment	A subsidiary	Payments on behalf of the company	125 948

Party	Nature of relationship	Nature of transaction	31/3/2015 Amount of Transaction
SODIC for development and Real estate investment	A subsidiary	Payments on behalf of the Company	20 017 000
Royal Gardens Co.	A subsidiary	Payments on behalf of the company	195 402
		Cash payment	698 446
SODIC – Syria	A subsidiary	Payments on behalf of the company	15 580
La maison Co. for Real estate investment	A subsidiary	Payments on behalf of the Company	3 243 734
Soreal Co. for Real estate investment	A subsidiary	Payments on behalf of the Company	6 977 529
	A subsidiary	Cash payments	206 960 678
Sodic Co. for securitization	A subsidiary	Payments on behalf of the Company	69 429
Tabrook Development Co.	A subsidiary	Payments on behalf of the Company	162 106 376
Executive managers & board members			(Note No. 38)

46- Legal status

There is a dispute between the Company and another party regarding the contract concluded between them on 23/2/1999 which is related to delivering this party a plot of land as a usufruct right for indefinite year of time and a return for an annual rental with a minimal amount for a total of 96 acres approximately and which has not been delivered up till this date as the management of this party did not abide by the detailed conditions of the contract. There are exchanged notifications concerning this land between the management of the 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 Company asking it 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 by the court several times and the last one will be held on November 24, 2014. The Company's legal counsel 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 affected 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 till settlement of this dispute in front of court. The opponent has claimed an appeal for which a court sitting is scheduled on May 17, 2015.

47- 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 became 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:

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

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

Corporate tax

- A ten – year corporate tax exemption year starting from the year following the date of the activity inception as of 1/1/1998 until 31/12/2007 has been previously granted according to Law No. 59 of 1979 concerning the New Urban Communalities.
- During January 2011, the Company submitted a request to the Tax Authority demanding the amendment of the tax exemption year 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 Company's request thus considering the date of the actual business activity of the Company to be the year 2002, hence, the 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.
- Years from 2002 till 2004 has been inspected and the company were not notified by any tax claims till the issuance of these financial statements, deemed basis has been notified by the tax authority and it has been appealed by the company and this years has been transferred to internal committee which issued its decision of re-investigation for this years.
- On April 2, 2013 The Company has been notified by form (19) for 2007, 2008 approximately, on April 9, 2013 the company has appealed and return to the appeal committee circle (51) Cairo taxation authority, which issued the decree to return the file to major investors for the purpose of tax re-inspection.
- On April 7, 2015 The Company has been notified by form (19) for 2009, 2010 approximately, on April 7, 2015 the company has appealed.
- The Company submits its annual tax return on due dates in accordance with Law No. 91 of 2005.

Salary tax

- Tax inspection was carried out until year 2004 and the tax claims.
- Years from 2005 till 2012 are under inspection and the Company has not received any tax claims till authorizing these financial statements for issuance.

Stamp tax

- Tax inspection was carried out for the previous year till December 31, 2010 and the tax 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 inception till December, 2013 and tax differences were paid.

Real estate property tax

The Company submitted the Real Estate Tax returns for the year 2009 on due dates in accordance with Law No. 196 of 2008.

48- Capital commitments

Capital commitment as at March 31, 2015 is represented in contracted and unexecuted works amounting to L.E. 253 259 (2014 : L.E. 587 374)

49- Bonus and incentive plan of the Company's employees and managers

- On 16 October 2006, the Company's Extra - Ordinary General Assembly unanimously agreed to approve the incentive plan of the Company's employees and managers and authorizing the 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.
- On September 23, 2007, the Supervisory Committee of the bonus and incentive plan of the 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 year according to the bonus and incentive plan provisions.
- 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 Company's employees, executive directors approved the allocation of 495 000 shares of the total shares to some of the 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 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 the possibility to transfer the title of the shares allocated to him to be in his name after ending the prohibition year provided the payment of the share price stated in the plan and in this case, the beneficiary is entitled to all rights as determined on the Company' shares.
 - Amendment of article No. (11) of the bonus and incentive plan with respect to the management of the plan to give the board of directors the right – when necessary – of the replacement of 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 and the amendments made on the bonus and incentive.

- Bonus and incentive plan has expired on March 31, 2015, as the remaining 737 500 unconverted shares has returned as treasury stocks according to the relevant governing regulations.
- Implementation of new Bonus and incentive plan through appropriating shares characterized by favorable conditions in respect of both employees and executive directors.