

Sixth of October for Development and Investment Company "SODIC"
(An Egyptian Joint Stock Company)
Consolidated Financial Statements
For The Financial Period Ended September 30, 2014
Limited Review Report

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*Translation of financial statements
Originally issued in Arabic*

Report on Limited Review of Interim Consolidated Financial Statements**To The Board of Directors of Sixth of October for Development and Investment Company "SODIC"*****Introduction***

We have performed a limited review for the accompanying consolidated financial statements of Sixth of October for Development and Investment Company "SODIC" which comprise the consolidated balance sheet as of September 30, 2014 and the related consolidated statements of income, changes in equity and cash flows for the nine-month then ended, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and fair presentation of these interim consolidated financial statements in accordance with Egyptian Accounting Standards. Our responsibility is to express a conclusion on these interim consolidated financial statements based on our limited review.

Scope of Limited Review

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

Conclusion

Based on our limited review, nothing has come to our attention that causes us to believe that the accompanying interim consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Company as at September 30, 2014, and of its consolidated financial performance and its consolidated cash flows for the nine-month then ended in accordance with Egyptian Accounting Standards.

KPMG Hazem Hassan

Cairo, November 11, 2014

Sixth of October for Development and Investment Company "SODIC"
(An Egyptian Joint Stock Company)
Consolidated Balance Sheet
As at September 30, 2014

	Note No.	30/9/2014 L.E	31/12/2013 L.E
<u>Long - term assets</u>			
Fixed assets (Net)	(6)	117 434 909	125 473 817
Projects under construction	(7)	11 120 523	9 559 123
Biological Assets		4 572 505	3 532 996
Investments in associates and joint ventures	(8)	-	-
Investments - available for sale	(9)	4 250 000	4 250 000
Investment properties (Net)	(10)	18 366 584	17 491 994
Trade, notes receivables and debtors (Net)	(11)	2 760 945 542	2 487 049 139
Total long - term assets		2 916 690 063	2 647 357 069
<u>Current assets</u>			
Other assets (Net)	(13)	4 367 179	4 143 163
Completed units ready for sale	(14)	15 851 922	31 478 756
Constructions in process		-	973 274
Works in process	(15)	6 267 636 266	2 965 096 541
Trade and notes receivable (Net)	(16)	1 306 080 954	1 116 476 739
Due from customers - constructions		-	1 069 820
Debtors and other debit balances (Net)	(17)	326 545 182	342 493 795
Loans to Joint Ventures	(18)	-	-
Investments in treasury bills	(19)	28 060 403	23 949 736
Cash at banks and on hand	(20)	1 034 316 705	453 132 517
Total current assets		8 982 858 611	4 938 814 341
<u>Current liabilities</u>			
Provision for completion	(21)	62 874 090	87 391 032
Provisions	(22)	8 728 287	9 874 847
Bank - credit facilities	(23)	169 434 519	107 118 313
Loans - Short term	(34)	-	223 397 759
Advances - customers	(24)	5 282 973 747	4 294 255 681
Due to customers - constructions		-	2 729 533
Contractors, suppliers and notes payable	(25)	746 057 628	140 968 249
Creditors and other credit balances	(26)	507 894 939	564 396 146
Total current liabilities		6 777 963 210	5 430 131 560
Working capital / (Excess of current liabilities over current assets)		2 204 895 401	(491 317 219)
Total investments		5 121 585 464	2 156 039 850
These investments are financed as follows:			
<u>Equity</u>			
Issued & paid in capital	(28)	362 705 392	362 705 392
Shares issuance cost		-	-
Legal reserve	(29)	181 352 693	181 352 693
Special reserve - share premium	(30)	1 316 921 569	1 316 921 569
Carried forward losses / retained earnings		(39 372 259)	407 765 882
Other owner's equity		21 375 000	
Profit from sale of treasury shares	(31)	3 692 867	3 692 867
Shares kept for incentive & bonus plan	(32)	(8 007 242)	(80 007 242)
Set aside amount for incentive & bonus plan	(33)	3 550 657	25 323 711
Net profit (loss) for the period / year		98 789 853	(447 138 141)
Total equity attributable to the Company		1 941 008 530	1 770 616 731
Non controlling interest	(27)	93 456 835	80 030 306
Total equity		2 034 465 365	1 850 647 037
<u>Long-term liabilities</u>			
Loans - long term	(34)	1 038 956 589	88 011 726
Creditors - long term	(26-2)	-	165 849 864
Notes payable	(35)	2 044 783 779	48 695 896
Deferred tax liabilities	(12)	3 379 731	2 835 327
Total long-term liabilities		3 087 120 099	305 392 813
Total equity and long - term liabilities		5 121 585 464	2 156 039 850

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

Financial & Administration

Executive Director

Hany Henry

Chief Financial Officer

Omar Elhamawy

Managing Director*

Ahmed Demerdash Badrawi

Chairman

Hani Sarie El Din

* Limited review report "attached"

Sixth of October for Development and Investment Company "SODIC"
(An Egyptian Joint Stock Company)
Consolidated Income Statement
For The Financial Period Ended September 30, 2014

		<i>From 1/1/2014 till 30/9/2014</i>	<i>Three months ended at of 30/9/2014</i>	<i>Restated From 1/1/2013 till 30/9/2013</i>	<i>Three months ended at of 30/9/2013</i>
	<i>No.</i>	<i>L.E</i>	<i>L.E</i>	<i>L.E</i>	<i>L.E</i>
Sales of real estate and lands	(36)	863 750 738	248 183 176	728 778 734	292 138 862
Executed construction contracts revenues		-	-	7 796 896	1 767 639
Service revenues of Beverly Hills City		19 169 281	7 198 940	13 203 337	4 446 589
Service revenues of Sodic West		8 275 222	4 749 822	1 680 200	583 484
Revenues from golf course		5 596 313	1 780 884	5 078 818	1 331 068
Total operation revenues		896 791 554	261 912 822	756 537 985	300 267 642
Cost of sales of real estate and lands	(37)	(548 946 518)	(168 824 692)	(467 930 305)	(181 408 911)
Executed construction contracts cost		-	-	(8 396 160)	(3 731 170)
Service costs of Beverly Hills City		(21 669 650)	(8 004 526)	(15 366 379)	(5 210 269)
Service costs of Sodic West		(6 367 811)	(3 672 637)	(1 668 306)	(635 514)
Cost of golf course		(10 326 821)	(3 777 735)	(10 730 245)	(3 379 875)
Total operation costs		(587 310 800)	(184 279 590)	(504 091 395)	(194 365 739)
Gross profit		309 480 754	77 633 232	252 446 590	105 901 903
Other operating revenues	(38)	74 302 622	22 697 662	50 686 764	13 676 494
Selling and marketing expenses	(39)	(75 057 490)	(22 253 998)	(61 605 915)	(19 383 800)
General and administrative expenses	(40)	(96 364 770)	(36 672 311)	(97 665 663)	(30 996 901)
Other operating expenses	(41)	(45 584 103)	(8 275 438)	(26 342 558)	(10 173 380)
Operating profit		166 777 013	33 129 147	117 519 218	59 024 316
Finance income	(42)	24 135 994	10 739 190	61 186 628	1 126 951
Finance cost	(43)	(57 136 896)	(18 278 916)	(60 459 705)	(20 820 371)
Net finance (Cost) / Revenue		(33 000 902)	(7 539 726)	726 923	(19 693 420)
Company's share in losses of the joint project		-	-	(3 342 345)	(1 420 471)
Net profit for the period before income tax		133 776 111	25 589 421	114 903 796	37 910 425
Income tax expense	(44)	(24 064 418)	(6 413 356)	(35 044 580)	(7 177 220)
Net profit for the period		109 711 693	19 176 065	79 859 216	30 733 205
Share of the holding Company		98 789 853	19 439 784	80 074 226	28 528 126
Non controlling interest share in profits and losses of subsidiaries		10 921 840	(263 719)	(215 010)	2 205 079
Net profit for the period		109 711 693	19 176 065	79 859 216	30 733 205
Earnings per share (L.E / Share)	(45)	1.09	0.21	0.88	0.31

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

Sixth of October for Development and Investment Company "SODIC"
(An Egyptian Joint Stock Company)
Consolidated Statement of Changes in Equity
For The Financial Period Ended September 30, 2014

	Issued and paid in capital L.E.	Legal reserve L.E.	Special reserve- share premium L.E.	Other Equity	Profit from selling of treasury share L.E.	Shares kept for bonus and incentive plan L.E.	Set aside amount for bonus and incentive plan L.E.	Cumulative translation Adjustments of foreign operations L.E.	Retained earnings Carried forward losses L.E.	Net profit for the period L.E.	Equity attributable to the Company L.E.	Non-controlling interest L.E.	Total equity L.E.
Balance as at December 31, 2012	362 705 392	181 352 693	1 316 921 569	-	3 692 867	(80 007 242)	25 323 711	(106 071 083)	159 240 396	250 045 549	2 113 203 852	51 706 038	2 164 909 890
Amount transferred to retained earnings	-	-	-	-	-	-	-	-	250 045 549	(250 045 549)	-	-	-
Cumulative translation adjustments of foreign operations	-	-	-	-	-	-	-	(135 311 391)	-	-	(135 311 391)	-	(135 311 391)
Non-controlling interest increase in subsidiary	-	-	-	-	-	-	-	-	(1 520 063)	-	(1 520 063)	28 315 562	26 795 499
Net profit for the period	-	-	-	-	-	-	-	-	-	80 074 226	80 074 226	(215 010)	79 859 216
Balance as at September 30, 2013	362 705 392	181 352 693	1 316 921 569	-	3 692 867	(80 007 242)	25 323 711	(241 382 474)	407 765 882	80 074 226	2 056 446 624	79 896 590	2 136 253 214
Balance as at December 31, 2013	362 705 392	181 352 693	1 316 921 569	-	3 692 867	(80 007 242)	25 323 711	-	407 765 882	(447 138 141)	1 770 616 731	80 830 306	1 850 647 837
Amount transferred to retained earnings	-	-	-	-	-	-	-	-	(447 138 141)	447 138 141	-	-	-
Executed bonus and incentive plan	-	-	-	21 375 000	-	72 000 000	-	-	-	-	93 375 000	-	93 375 000
Amortized of Set aside of incentive and bonus plan used	-	-	-	-	-	-	(21 773 054)	-	-	-	(21 773 054)	-	(21 773 054)
Elimination of Non-controlling interest in subsidiaries	-	-	-	-	-	-	-	-	-	-	-	2 504 689	2 504 689
Net profit for the period	-	-	-	-	-	-	-	-	-	98 789 853	98 789 853	10 921 840	109 711 693
Balance as at September 30, 2014	362 705 392	181 352 693	1 316 921 569	21 375 000	3 692 867	(8 007 242)	3 550 657	-	(39 372 259)	98 789 853	1 941 009 530	93 456 835	2 034 465 365

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

Sixth of October for Development and Investment Company "SODIC"
(An Egyptian Joint Stock Company)
Consolidated Statement of Cash Flows
For The Financial Period Ended September 30, 2014

		<u>Nine months ended</u>	<u>Restated</u>
		<u>30/09/2014</u>	<u>Nine months ended</u>
	<u>Note</u>	<u>L.E</u>	<u>30/09/2013</u>
	<u>No.</u>		<u>L.E</u>
Cash flows from operating activities			
Net profit for the period before income tax		133 776 111	114 903 796
Adjustments :-			
Depreciation of fixed assets and rented units		12 437 815	17 305 375
Capital gains	(38)	(2 078 404)	(152 662)
Reversal of impairment loss of Trade and notes receivable		(68 812)	-
Impairment loss of debtors and other debit balances		1 686 591	-
Investments in associates and entities under joint control		-	122 171 936
Provisions formed	(21) , (22)	21 212 069	24 452 287
Provisions no longer required		-	(12 453 673)
Operating profit before changes in working capital items		166 965 370	266 227 059
Changes in working capital items			
Change in other assets		(224 016)	1 167 115
Change in finished units available for sale		15 626 834	-
Change in works in process		(1 245 291 076)	(145 584 984)
Change in investment properties		(874 590)	(8 139 874)
Change in constructions under process		973 274	(27 502)
Change in trade and notes receivables		(463 431 806)	(801 155 333)
Amount due from customers-construction		1 069 820	(98 695)
Change in debtors and other debit balances		14 262 022	(43 009 328)
Provisions used	(21) , (22)	(46 875 571)	(51 334 335)
Change in advances from customers		988 718 066	944 807 720
Change Due from customers - constructions		(2 729 533)	(200 639)
Change in contractors, suppliers and notes payable		543 803 208	(10 068 192)
Change in creditors and other credit balances		(245 871 088)	(29 741 356)
Restricted cash		(540 000 000)	-
Net cash (used in) provided from operating activities		(813 879 086)	122 841 656
Cash flows from investing activities			
Payments for purchase of fixed assets, projects under construction and biological assets		(7 290 782)	(22 447 239)
Fixed assets translation difference		-	7 698 931
Payments for Investments in treasury bills		(4 110 667)	(5 043 312)
Proceeds from sale of fixed assets		2 369 372	59 937 879
Net cash (used in) provided from investing activities		(9 032 077)	40 146 259
Cash flows from financing activities			
Bank -credit balance		-	(10 987)
Bank - credit facilities		62 316 206	105 736 660
Banks - long-term loans		727 672 509	(25 331 032)
Loans for joint ventures		-	(16 814 534)
Shares kept for bonus and incentive plan and other equity		71 601 947	-
Non-controlling interest		2 504 689	26 795 499
Net cash provided from financing activities		864 095 351	90 375 606
Cumulative translation adjustments		-	(116 785 681)
Net change in cash and cash equivalents during the period		41 184 188	136 577 840
Cash and cash equivalents as at the beginning of the period		403 132 517	269 955 412
Cash and cash equivalents as at the end of the period	(20)	444 316 705	406 533 252

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

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

Notes to the interim consolidated financial statements
For the financial period ended September 30, 2014

1. Background and activities

- 1-1** Sixth of October for Development and Investment Company "SODIC" (the Company) – An Egyptian Joint Stock Company – was incorporated in accordance with the provisions of Law No. 159 of 1981 and its Executive Regulations and considering the provisions of Law No. 95 of 1992 and its Executive Regulations and by virtue of the decree of the Minister of Economy and International Cooperation No. 322 of 1996 issued on May 12, 1996. The Company was registered in Giza Governorate Commercial Registry under No. 625 on May 25, 1996.
- 1-2** The Company's purpose is represented in the following:
- Operating in the field of acquiring land for supplying it with utilities, preparing it for building and dividing for the purpose of sale or lease.
 - Operating in the field of construction, integrated construction and supplementary works.
 - Planning, dividing and preparing lands for building 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 field 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 services 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 whatsoever with companies or others which have similar activities or which may assist it to achieve its purposes in Egypt or abroad. Also it is entitled to merge into or acquire these companies or make them its subsidiaries in accordance with the provisions of law and its executive regulations.
- 1-3** The Company's duration is 50 years starting from the date of registration in the Commercial Registry.
- 1-4** The Parent Company is officially listed in the Egyptian Stock Market in Cairo and Alexandria.

- 1-5 The consolidated financial statements of Sixth of October for Development Investment Company "SODIC" (the Parent Company) for the financial period ended June 30, 2014 comprise the financial statements of the Company and its subsidiaries (together referred to as the "Group") and the Group's interest in the profit and loss of associates.
- The registered office of the Parent Company is located at Km. 38 Cairo / Alexandria Desert Road, Sheikh Zayed City. Mr. Hany Sarey Eldeen is the Chairman for the Parent company and Mr. Ahmed Demerdash Badrawy is the Board Member and managing director of the Parent Company.

2. Basis of preparation of the interim consolidated financial statements

2-1 Statement of compliance

- These consolidated financial statements have been prepared in accordance with Egyptian Accounting Standards and relevant Egyptian laws and regulations.
- The financial statements have been authorized by Company's board of directors as November 10, 2014

2-2 Basis of measurement

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

- Financial assets and liabilities recognized at fair values through profits and losses measured at fair value.
- Held for trading investments measured at fair value.
- Available for sale investments, which have market value measured at fair value.
- Liabilities for cash settled share - based payments transactions measured at fair value.
- Assets and liabilities for Subsidiaries under liquidation measured at fair value.

2-3 Functional and presentation currency

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

2-4 Use of estimates and judgments

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

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

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

3. Significant accounting policies

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

3.1 Basis of consolidation

3.1.1 Subsidiaries

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

Subsidiaries are represented in the following:-

<u>Subsidiary name</u>	<u>Country of Incorporation</u>	<u>Ownership</u>	
		<u>As at 30/9/2014</u>	<u>As at 31/12/2013</u>
		<u>%</u>	<u>%</u>
1- SODIC Property Services Co. - S.A.E "under liquidation"	Egypt	100	100
2- Sixth of October for Development and Real Estate Projects Company "SOREAL" - S.A.E	Egypt	99.99	99.99
3- Beverly Hills for Management of Cities and Resorts Co. - S.A.E (A)	Egypt	46.75	46.75
4- SODIC Garden City for Development and Investment Co. S.A.E (B)	Egypt	50	50
5- Move-In for Advanced Contracting Co. - S.A.E	Egypt	85	85
6- El Yosr for Projects and Agriculture Development Co. - S.A.E	Egypt	99.99	99.99
7- SODIC for Development and Real Estate Investment Co. - S.A.E	Egypt	99.99	99.99
8- SODIC SIAC for Real Estate Investment Co. - S.A.E	Egypt	86.67	86.67
9- SODIC for Golf and Tourist Development Co. - S.A.E	Egypt	100	100
10- Fourteen for Real Estate Investment Co. - S.A.E	Egypt	99.99	99.99
11- La Maison for Real Estate Investment Co. - S.A.E	Egypt	99.99	99.99
12- Tegara for Trading Centers Co. S.A.E	Egypt	97.50	97.50
13- Edara for Services of Cities and Resorts Co. -S.A.E	Egypt	99.97	99.97
14- Soreal for Real Estate Investment	Egypt	99.99	-
15- Sodic for Securitization	Egypt	99.99	-
16- SODIC Syria L.L.C (C)	Syria	100	100

- A. The legal participation in Beverly Hills for Management of Cities and Resorts Co. amounts to 70.92%, which includes 24.17%, represents transitory shares, which are currently in the name of the Company, and the title of these shares will be transferred to the real shareholders (Owners of the units).
- B. The Company participates in the share capital of SODIC Garden City for Development and Investment Co. in conjunction with some board members and their owned companies.

- C. On June 15, 2010, SODIC Syria Co. a Syrian limited liability Co. was established for acquiring a stake of 50 % in the share capital of Palmyra - SODIC for Real Estate Development L.L.C, a limited liability company that is registered and operating in Syria.
- D. At January 12, 2014 The extraordinary general assembly decided to liquidate the company on December 31, 2013, in which the liquidation ends within 3 years from the date of permission in the commercial register to put the company into liquidation.

3.1.2 Associates

Associates are those entities in which the Group has significant influence, but not a control, over the financial and operating policies. It's supposed to have such influence by owning from 20% and less than 50% of voting rights of the investee.

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

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

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

3.1.3 Jointly controlled entities

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

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

3.2 Foreign currency transactions

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

Financial statements of foreign operations

Foreign operation's financial statements maintained in foreign currencies are translated to Egyptian pound. Assets and liabilities of those operations are translated at foreign exchange rates prevailing at the consolidated

balance sheet date. Revenues and expenses are translated at the average exchange rate used during the period/year. Equity items are translated using the historical exchange rate at the date of acquisition or incorporating the foreign operations. Foreign exchange differences arising on translation are recognized directly in a separate component of equity in the consolidated balance sheet in an item "Accumulated differences from Foreign currency transactions".

3.3 **Fixed assets and depreciation**

a. **Recognition and measurement**

Fixed assets that are used in production, providing goods and services or for administrative purposes are stated at historical cost less accumulated depreciation and cumulative impairment losses resulted from impairment in the values of fixed assets (3-16) 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.

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

Assets are stated in the construction phase for production or for rent or for administrative purposes at cost less cumulative impairment losses. Cost includes professional fees and all direct costs related to the asset. Deprecation of these assets starts when they are completed and prepared for use in a specific purpose, following the same practice with the rest of the foundations assets.

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

b. **Subsequent costs**

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

c. **Depreciation**

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

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

3.4 Intangible assets- Goodwill

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

Positive goodwill is stated at cost less impairment losses. While negative goodwill will be recognized directly in the income statement. Goodwill resulting from further acquisitions after control is obtained is determined on the basis of the cost of the additional investment and the carrying amount of net assets at the date of acquisition.

Goodwill is tested for impairment periodically and whenever there are events or changes in circumstances indicate the existence of goodwill impairment. Impairment loss of goodwill cannot be reversed subsequently.

3.5 Operating lease

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

3.6 Projects under construction

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

3.7 Biological assets

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

3.8 Investment properties

This item includes lands held and not allocated for a specific purpose, 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 (note No. 3-16). 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.

3.9 Investments

a. Available for sale investments

Financial instruments held by the Company and classified as available-for-sale investment are stated at cost and subsequently measured at fair value, unless this cannot be reliably measured. Changes in fair value are reported as a separate component in equity. When these investments are derecognized, the cumulative gain or loss previously recognized in equity is recognized in consolidated income statement. Except the impairment loss, Investments in unlisted securities or where the fair value of investment cannot be determined in a reliable manner such investments are stated at cost less impairment losses (note No. 3-16). Impairment loss is recognized directly in the consolidated income statement.

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

b. Held for trading investments

Held for trading investments are classified as current assets and are stated at fair value. Any gain or loss resulted from the change in fair value or sale of such investment is recognized in the income statement. Treasury bills are stated at their net cost after deducting the amortized interest and the Impairment losses (note No. 3-16).

3.10 Units ready for sale

Units ready for sale are stated at the consolidated balance sheet date at lower of cost or net releasable value. The cost is determined based on the outcome of multiplying of the total area of the remaining completed units ready for sale at the consolidated balance sheet date by the average meter cost of these units (represents the cost of meter of land, utilities, building and other indirect expenses). Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and selling expenses.

3.11 Work in process

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

3.12 (Due from/Due to customers) Construction work

Construction work in progress represents the gross unbilled amount expected to be collected from customers according to contracts concluded to date.

The difference between the estimated revenue calculated based on the percentage of completion and the amount collected from the actual billing to the customer is recognized as "due from customers" within the current assets caption. In case that the actual collections from customers is exceeding the estimated revenues calculated based on percentage of completion the difference is recognized as a due to customers within the current liabilities.

3.13 Construction contracts cost

Construction contract costs include all direct costs such as material cost, supplies, equipment depreciation and labor cost also includes indirect costs incurred by company such as indirect labor and maintenance. Also the cost includes general and administrative expense directly attributable to such work.

Provisions for estimated losses relating to uncompleted contracts are formed in the year in which such losses are determined.

3.14 Trade, notes receivable and debtors

Trade and notes receivables, debtors and other debit balances, that do not carry an interest are stated at their nominal value and are reduced by impairment losses note No. (3-16), impairment losses are formed when there is objective evidence that the Company is not able to collect the due amounts according to the original terms of contracts, impairment represents the difference between book value and net recoverable amount which is represented in the future cash flows that the Company expects. Long-term trade and notes receivables are initially recognized at fair value and subsequently re-measured at amortized cost using effective interest rate method.

3.15 Cash and cash equivalents

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

3.16 **Impairment of assets**

a. **Financial assets**

A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

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

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognized in consolidated income statement. Any cumulative loss in respect of an available-for-sale financial asset recognized previously in equity is transferred to consolidated income statement.

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

b. **Non-financial assets**

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

An impairment loss is recognized if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups. Impairment losses are recognized in the income statement.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

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

3.17 **Provisions**

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

Provision for completion

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

3.18 Borrowing costs

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

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

3.19 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.

3.20 Trade, contractors and other credit balances

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

3.21 Share capital

Common shares are classified in the owners' equity.

a. Issuance of share capital

Incremental costs directly attributable to issue 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 holding Company and 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.

e. Reserves

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

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

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

3.22 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 beneficiary of the employees and managers bonus and incentive plan is recognized in the income statement over the period that the beneficiaries become unconditionally entitled to these shares. The expected number of beneficiaries from the plan and the extent of their benefit are reviewed at the consolidated financial statements date. Necessary changes are made for the expense to reflect the best estimate and the corresponding amount is included in equity.

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 package that entitles them to future cash payments based on the increase in the share price of the Company over determined level for certain period 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 the consolidated financial statements date and at settlement date and takes into account any changes in the recognized fair value of the liability in the income statement.

3.23 Notes payable – Long-term

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

3.24 Revenue recognition

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

a. Real estate and land sales

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

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

b. Construction contracts

Contract revenue includes the initial amount agreed in the contract plus any variations in contract work, claims and incentive payments to the extent that is probable that they will result in revenue and can be measured reliably. As soon as the outcome of a construction contract can be estimated reliably, contract revenue and expenses is recognized according to the stage of completion of the contract.

The stage of completion is assessed by reference to surveys of work performed. When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognized only to the extent of contract costs incurred that are likely to be recoverable. For construction contracts under process a provision for expected losses, if any, is immediately recognized whenever such losses are determined

In the case of a cost plus contract, the outcome of a construction contract can be estimated reliably when all the following conditions are satisfied:

- It is probable that the economic benefits associated with the contract will flow to the entity.
- The contract costs attributable to the contract, whether or not specifically reimbursable, can be clearly identified and measured reliably.

c. **Service revenues**

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

d. **Rental income**

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

e. **Interest income**

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

f. **Commission revenue**

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

g. **Dividends**

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

3.25 **Cost of sold lands**

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

3.26 **Expenses**

a. **Lease payments**

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

b. **Employees' pension**

1. **Pension obligations**

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

2. **Employees' profit sharing**

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

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

c. Income tax

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

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

Deferred tax is recognized using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax assets/liabilities provided is determined using tax rates enacted at the consolidated balance sheet date.

Deferred tax assets are recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized in the future years.

3.27 Earnings / (losses) per share

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

4. Determination of fair values

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

4.1 Fixed assets

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

4.2 Investments in equity instruments

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

4.3 Trade, note receivables and other debtors

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

4.4 Investment properties

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

4.5 Share – based payment transactions

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

4.6 Assets and liabilities of subsidiaries under liquidation

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

5. Financial risk management

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

- credit risk
- liquidity risk
- Market risk

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

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

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

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

5.1 Credit risk

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

Trade and other receivables

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

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

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

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

Investments

The Company manages the risk via conducting 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's policy is to provide financial guarantees only to subsidiaries, it needed, and after the approval of the board of directors, At January 15, 2013 Company's Extra - Ordinary General Assembly agreed to grant a corporate guarantee of a loan granted to Sixth of October for Development & Real Estate Projects Co. "SOREAL" (Subsidiary 99.99% owned to Sixth of October for Development and Investment Company "SODIC").

5.2 Liquidity risk

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

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

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

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

- L.E 1.5 million as short-term bank facilities guaranteed treasury bills, which are kept with the bank with an interest rate of 13.03%.
- A facility amounting to L.E 200 million covered by a guarantee of deposits amounting to L.E 200 million with an interest rate of 1.5%.
- A facility amounting to L.E 120 million. With interest rate of 1% less than the bank lending rate. Granted by Promissory note with full amount of the credit facility and joint guarantee from Sixth of October for Development and Investment Company "SODIC" to guarantee the debt due to the bank from the subsidiary and its related interest.
- A loan of medium term amount L.E 900 million. with Interest rate 3% annually above the Central bank of Egypt and administrative fees 0.05% to the higher debit balance over every financial quarter and paid at the end of every financial quarter
- A loan of medium term amount L.E 300 million with Interest rate 2.5% annually above the Central bank of Egypt.
- A loan of medium term amount L.E 950 million with Interest rate 2.75% annually above the Central bank of Egypt.

5.3 Market risk

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

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

5.4 Currency risk

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

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

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

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

5.5 Interest rate risk

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

5.6 Other market price risk

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

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

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

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

5.7 Capital management

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

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

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

Sixth of October for Development and Investment Company "SODIC"
 "An Egyptian Joint Stock Company"
 Notes to the consolidated financial statements (Cont.)
For The Financial Period Ended September 30, 2014

Translation of financial statements
 Originally issued in Arabic

6- Fixed assets

This item is represented as follows:-

	Golf course	Land (A)	Building and constructions	Vehicles	Furniture and fixtures	Office equipment and communications	Generators, machinery and equipment	Leasehold improvements	Total
	<u>L.E</u>	<u>L.E</u>	<u>L.E</u>	<u>L.E</u>	<u>L.E</u>	<u>L.E</u>	<u>L.E</u>	<u>L.E</u>	<u>L.E</u>
Cost as at January 1, 2014	93 628 961	23 700 259	10 083 441	14 078 444	19 030 904	18 660 222	21 940 193	13 400 255	214 522 679
Additions during the period	-	-	284 500	577 539	569 159	2 463 098	795 577	-	4 689 873
Disposals during the period	-	-	-	(9 400)	(223 193)	(114 050)	(2 332 044)	-	(2 678 687)
Cost as at September 30, 2014	<u>93 628 961</u>	<u>23 700 259</u>	<u>10 367 941</u>	<u>14 646 583</u>	<u>19 376 870</u>	<u>21 009 270</u>	<u>20 403 726</u>	<u>13 400 255</u>	<u>216 533 865</u>
Accumulated depreciation and impairment loss as at January 1, 2014	30 962 355	-	3 042 106	11 198 371	9 799 871	12 817 214	13 602 991	7 625 954	89 048 862
Depreciation of the period	1 367 434	-	399 640	1 060 901	2 005 547	2 328 341	2 730 994	2 544 956	12 437 813
Accumulated depreciation of disposals	-	-	-	(9 400)	(91 235)	(61 178)	(2 225 906)	-	(2 387 719)
Accumulated depreciation and impairment loss as at September 30, 2014	<u>32 329 789</u>	<u>-</u>	<u>3 441 746</u>	<u>12 249 872</u>	<u>11 714 183</u>	<u>15 084 377</u>	<u>14 108 079</u>	<u>10 170 910</u>	<u>99 098 956</u>
Net book value as at September 30, 2014	<u>61 299 172</u>	<u>23 700 259</u>	<u>6 926 195</u>	<u>2 396 711</u>	<u>7 662 687</u>	<u>5 924 893</u>	<u>6 295 647</u>	<u>3 229 345</u>	<u>117 434 909</u>
Net book value as at December 31, 2013	<u>62 666 606</u>	<u>23 700 259</u>	<u>7 041 335</u>	<u>2 880 073</u>	<u>9 231 033</u>	<u>5 843 008</u>	<u>8 337 202</u>	<u>5 774 301</u>	<u>125 473 817</u>

- Fixed assets include fully depreciated assets with an amount of L.E 19 844 106 as at June 30, 2014.

7. Projects under construction

This item is represented as follows:

	30/9/2014	31/12/2013
	<u>L.E</u>	<u>L.E</u>
Advance payments -fixtures and purchasing of fixed assets	5 243 794	3 884 072
Buildings and constructions	5 876 729	5 675 051
	<u>11 120 523</u>	<u>9 559 123</u>

8. Investments in associates and joint ventures

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

	Legal Form	Ownership percentage		Carrying amount	
		30/9/2014	31/12/2013	30/9/2014	31/12/2013
		<u>%</u>	<u>%</u>	<u>L.E</u>	<u>L.E</u>
Royal Gardens for Investment Property Co. (A)	SAE	20	20	-	-
Palmyra Sodic Real Estate Development (B)	Syrian Ltd.	50	50	-	-
				<u>-</u>	<u>-</u>

Summary of financial information of associates:-

	Assets	Liabilities	Equity	Revenues	Expenses
	<u>L.E</u>	<u>L.E</u>	<u>L.E</u>	<u>L.E</u>	<u>L.E</u>
<u>September 30, 2014</u>					
Royal Gardens for Real Estate Investments Co. (A)	588 059 178	(512 399 635)	(98 841 038)	(209 627 889)	181 453 837
<u>December 31, 2013</u>					
Royal Gardens for Real Estate Investments Co. (A)	741 244 705	(708 489 631)	(32 755 074)	139 571 794	(141 605 047)
	<u>Assets</u>	<u>Liabilities</u>	<u>Equity</u>	<u>Revenues</u>	<u>Expenses</u>
	<u>L.E</u>	<u>L.E</u>	<u>L.E</u>	<u>L.E</u>	<u>L.E</u>
<u>September 30, 2014</u>					
Palmyra Sodic Real Estate Development (B)	257 312 161	(387 441 869)	130 129 708	-	(106 848 610)
<u>December 31, 2013</u>					
Palmyra Sodic Real Estate Development (B)	338 126 168	(379 476 638)	41 350 470	-	(173 175 402)

- (A) Royal Gardens for Investment Property Co. was established during the year 2006 in association with Palm Hills and other shareholders. The cost of investment amounted to L.E 3 million which represents 50 % of the Holding Company's participation in the share capital of Royal Gardens Co. The Holding Company's share in the unrealized gain resulting from the sale of land by the Holding Company to its associate during 2007 amounted to L.E 32 298 112 out of which only L.E 3 million has been eliminated to the extent of the Company's interest in the associate when preparing the consolidated financial statements. Nonetheless, the Company's share in the associate's cumulative gain amounting to L.E 16 768 208 as at September, 30 2014 has not been charged to the consolidated income statement. Royal gardens for real estate Investment as at May, 22 2014 has made cash dividends and holding company share amounted to LE 5 348 651 and has been classified within other operating revenue Disclosure No. (38).
- (B) On June 15, 2010 Sodic Syria was established - a limited liability company - with the aim of the acquisition of 50% stake in the capital of Palmyra - Sodic Real Estate Development Co., Ltd. - a limited liability company - registered and operating in the Syrian Arab Republic. to the direct investment cost amounts to 243 million LE.
- (C) Due to the exposure of the Syrian Arab Republic of events at the moment, which impacted significantly on the economic sectors in general and some of the practices that are carried out by the Government of the Syrian Arab Republic of confiscation of some assets and documents of Palmyra - Sodic Real Estate Development (Syrian limited liability company) the management of Sixth of October Development and Investment "Sodic" address the Embassy of the Syrian Arab Republic in the Arab Republic of Egypt to save all the rights of those practices and commissioned a law firm to try to recover their rights.

Accordingly 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 the impairment and the foreign accumulated translation differences amounted to 478 835 618 as of December 31, 2013.

9. Available for sale investments

This item is represented as follows:

	Legal Form	Ownership %	Paid amount of Participation %	Carrying amount as at 30/9/2014 L.E	Carrying amount as at 31/12/2013 L.E
Egyptian Company for Development and Management of Smart Villages	S.A.E	1.8	100	4 250 000	4 250 000
				<u>4 250 000</u>	<u>4 250 000</u>

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

10. Investment properties

The net carrying amount of the investment properties as at September 30, 2014 amounted to L.E 18 366 584. In The amount represents commercial and residential units leased out to others and agricultural lands that its use has not been determined yet. Following is the movement on the investment properties account and its associated depreciation during the period:-

<u>Description</u>	<u>Leased out units (a)</u>
<u>Cost</u>	<u>L.E</u>
As at 1/1/2014	17 842 713
Additions during the period	1 072 148
Total cost of investment properties as at 30/9/2014	18 914 861
<u>Accumulated depreciation</u>	
As at 1/1/2014	(350 719)
Depreciation for the period	(197 558)
Accumulated depreciation as at 30/9/2014	(548 277)
Net carrying amount as at 30/9/2014	18 366 584
Net carrying amount as at December 31, 2013	17 491 994

- (a) The fair value of completed residential units leased out to others amounts to L.E 35 314 300 as at September 30, 2014.

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

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

	<u>30/9/2014</u>	<u>31/12/2013</u>
	<u>L.E</u>	<u>L.E</u>
Trade receivable	11 792 167	13 015 238
Sundry debtors (11-1)	9 844 400	14 766 600
Notes receivable	2 834 267 162	2 549 470 654
	2 855 903 729	2 577 252 492
Deduct: Unamortized interest	94 958 187	90 203 353
	2 760 945 542	2 487 049 139

- 11-1. This balance represents the remaining amount from the sale value of the Group's stakes in the share capital of El Sheikh Zaid for Real Estate Development Co. during 2010. According to the sale agreement, this debit balance will be collected at any time after September 15, 2016.
- The Group's exposure to credit, and currency risks related to trade and notes receivable is disclosed in note no. (46).

12. Deferred tax assets and liabilities

	30/9/2014		31/12/2013	
	Assets	Liabilities	Assets	Liabilities
	L.E	L.E	L.E	L.E
Fixed assets	-	(3 435 187)	-	(2 889 302)
Provisions	55 456	-	53 975	-
Total deferred tax asset/(liability)	55 456	(3 435 187)	53 975	(2 889 302)
Net deferred tax (liability)	-	(3 379 731)	-	(2 835 327)

13. Other assets

	30/9/2014	31/12/2013
	L.E	L.E
Assets – Companies under liquidation (net)	2 440 115	2 638 414
Inventories and letters of credit	1 927 064	1 504 749
	4 367 179	4 143 163

14. Completed units ready for sale

	30/9/2014	31/12/2013
	L.E	L.E
Cost of completed commercial units	4 262 805	4 262 805
Cost of units purchased for resale (14-1)	11 589 117	27 215 951
	15 851 922	31 478 756

(14-1) This item represents the acquisition cost of 17 units in Casa project (Semi Finished) that were purchased from Royal Gardens Co. for Real Estate Investment – an associated company for the purpose of resale to others.

15. Work in process

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

	<u>Note</u> <u>No.</u>	<u>30/9/2014</u> <u>L.E</u>	<u>31/12/2013</u> <u>L.E</u>
<u>Allegria project costs</u>			
Allegria project costs (15-1)		533 199 233	589 843 726
WESTOWN project costs		800 921 299	678 467 265
Katamya project costs (15-2)		109 180 960	203 944 223
Eastown project costs (15-3)		1 417 567 816	649 796 911
Soreal for real estate investment project costs (15 -4)		2 571 236 181	-
Alyoursr for projects and agriculture development project costs		332 831 205	332 782 254
Polygon project costs		331 137 857	370 173 803
The Strip project costs		81 184 571	74 282 793
HUB project costs		78 720 164	68 913 482
Beverly Hills project costs		9 681 261	9 557 631
Tegara for trading centers projects costs		1 975 719	1 975 719
		<u>6 267 636 266</u>	<u>2 965 096 541</u>

(15-1) This item with the balance of L.E 16 037 713 (2013: L.E 16 037 713) represents the value of the additional cost for repurchasing some units in Allegria project.

(15-2) In reference to the handover certificate dated November 9, 2006, the amount represents the fair value of a vacant 30-feddan plot located in the Investors' Zone east of the ring road (New Cairo City). The land is owned by the Group's subsidiary Sixth of October for Development and Real Estate Projects Company "SOREAL." The ownership of the land has been transferred to the company from Bicorp Holding (the main shareholder), which was approved by the Main Real Estate Committee during its meeting number 37 dated August 13, 2006.

(15-3) The amount represents the fair value of the vacant plot of land owned by Sixth of October for Development and Real Estate Projects Company "SOREAL" a subsidiary Company with an area of 204.277 Fadden that is equivalent to 857 963.40 square meters, in reference to the handover certificate dated November 7, 2006 located in the Future Extension of New Cairo City. The ownership of the land was transferred to the Company by virtue of the assignment given by Bicorp Holding Company (the main shareholder) to the subsidiary Company. The transfer was approved by the decree issued by the Main Real Estate Committee during its meeting No. 37 dated August 13, 2006.

Eastown Project includes amount LE 666 million which represent the present value of the price differences for purchased land resulting from the settlement agreement between Sixth of October for Development and Real Estate Projects Co. "SOREAL" and the Ministry of Housing and New Urban Communities Authority dated April 14, 2014 on the plot (2) above mentioned, Soreal will settle by installment amounting to LE 900 million on 7 years and executory time plan for 5 years.

- On February 16, 2010, a subsidiary of the Group concluded a sub-development agreement with El Sheikh Zaid for Real Estate Development Co. for the development of Block No. (8) Of East town project with an area of 7439 square meter. The agreement stipulates that:-
- The subsidiary undertakes to sell the project to El Sheikh Zaid for Real Estate Development Coupon fulfillment of the conditions listed in this agreement.
- El Sheikh Zaid for Real Estate Development Co. is authorized to develop the project as an independent sub-developer and not as an agent in accordance with the master plan of the project.
- The subsidiary warrants that El Sheikh Zaid for Real Estate Development Co. is entitled as an independent sub-developer and not as an agent to develop and invest in the project in accordance with the conditions listed in this agreement. In addition, the subsidiary shall undertake all necessary procedures to allow and facilitate the development of the project by El Sheikh Zaid for Real Estate Development Co. in accordance with this agreement.
- The subsidiary undertakes to undertake all necessary procedures to allow the transfer of ownership of the project to El Sheikh Zaid for Real Estate Development Co. upon the fulfillment of the conditions of the agreement.
- The sub-development price amounts to L.E 3 371 387 which was collected in full during year 2010 in accordance with the conditions of the agreement. This amount will be recorded as revenue upon the fulfillment of the conditions of the sub-development agreement.

(15-4) This includes Soreal for real estate investment project costs for the land plot that relates to a subsidiary with area 301.48 acres that has been obtained from New Urban Communities Authority dated June 9, 2014 with approximately LE 2.5 billion.

16. Trade and notes receivable - current

	30/9/2014	31/12/2013
	<u>L.E</u>	<u>L.E</u>
Trade receivable	107 453 673	95 124 018
Notes receivable	1 206 660 284	1 029 445 908
	1 314 113 957	1 124 569 926
Deduct : unamortized interest – notes receivable	7 780 509	7 771 881
	1 306 333 448	1 116 798 045
Impairment losses of trade and notes receivable	(252 494)	(321 306)
	1 306 080 954	1 116 476 739

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

17. Debtors and other debit balances

	30/9/2014	31/12/2013
	<u>L.E</u>	<u>L.E</u>
Contractors and suppliers – advance payments	120 423 101	201 399 509
Due from related parties – Joint Venture	35 191 620	35 191 620
Interests receivable	67 495 899	65 792 885
Due from related parties	28 812 074	5 207 658
Prepaid expenses	152 937 601	115 103 464
Deposits with others	6 573 658	2 696 583
Tax Authority	1 461 030	1 600 996
L / G 's margins	3 150 000	3 150 000
Due from the bonus and incentives plan to employees and managers fund (17-A)	1 550 657	5 323 710
Shares issuance cost	1 035 000	-
Advance- operating lease	3 615 684	3 615 682
Other debit balances	10 886 836	8 313 075
	433 133 160	447 395 182
Impairment loss on debtors and other debit balances	106 587 978	(104 901 387)
	326 545 182	342 493 795

- (17-A) 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.

18. Loans to Joint Ventures

	30/9/2014	31/12/2013
	<u>L.E</u>	<u>L.E</u>
This item represents the loan granted to the Joint Venture project by the Group on August 16, 2010 for a total amount of USD 19.5 million. The loan carries an interest rate of 8.5% per annum. The principal together with interest were scheduled for payment before June 30, 2011. The loan was renewed until December 31, 2014 with an interest rate of 12.5% per annum.	135 485 960	135 485 960
This item represents the utilized amount of the bridge loan granted to the Joint Venture project on October 28, 2010 for a total amount of USD 7 659 025. The loan carries an interest rate of 8.5% per annum. The principal together with interest are scheduled for payment before December 31, 2014.	53 214 908	53 214 908
	<u>188 700 868</u>	<u>188 700 868</u>
Impairment for loans of joint ventures	<u>(188 700 868)</u>	<u>(188 700 868)</u>
	-	-

19. Investments in treasury bills

	30/9/2014	31/12/2013
	<u>L.E</u>	<u>L.E</u>
Treasury bills from (328) day to (358) day	29 504 097	25 925 000
Unearned return on treasury bills	(1 443 694)	(1 975 264)
	<u>28 060 403</u>	<u>23 949 736</u>

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

20. Cash at banks and on hand

	30/9/2014	31/12/2013
	<u>L.E</u>	<u>L.E</u>
Bank - time deposits (20-1)	485 838 728	290 391 381
Bank - current accounts (20-2)	472 397 727	135 037 318
Checks under collection	72 643 251	26 526 281
Cash on hand	3 436 999	1 177 537
	<u>1 034 316 705</u>	<u>453 132 517</u>

(20-1) Deposits include an amount of L.E 300 million restricted as a guarantee for the credit facility granted to the parent company from a commercial bank. In addition, it includes an amount of L.E 78.2 million representing the value of deposits held by customers against the outcome of periodic maintenance expenses.

(20-2) Bank current accounts includes LE 290 restricted at a bank account of a subsidiary company till the annotation of capital increase at the commercial register.

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

	30/9/2014	31/12/2013
	<u>LE</u>	<u>LE</u>
Cash at banks and on hand	1 034 316 705	453 132 517
Less:		
Blocked accounts	300 000 000	50 000 000
Restricted cash till annotation of capital increase at the commercial register	290 000 000	-
Cash and cash equivalents in the consolidated statement of cash flows	444 316 705	403 132 517

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

21. Provision for completion

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

	Balance as at 1/1/2014	formed during the period	used during the period	Balance as at 30/9/2014
	<u>LE</u>	<u>LE</u>	<u>LE</u>	<u>LE</u>
Provision for completion of works (21-1)	87 391 032	20 738 159	(45 255 101)	62 874 090
	87 391 032	20 738 159	(45 255 101)	62 874 090

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

22. Provisions

	Balance as at 1/1/2014	formed during the period	used during the period	Adjustments	Balance as at 30/9/2014
	<u>LE</u>	<u>LE</u>	<u>LE</u>	<u>LE</u>	<u>LE</u>
Provision for expected claims	9 874 847	473 910	(1 401 735)	(218 735)	8 728 287
	9 874 847	473 910	(1 401 735)	(218 735)	8 728 287

- The provision is represented in some probable claims related to the company's activities from 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 didn't disclose all of the information required by the Egyptian accounting standards with those parties as the management assumes that the disclosure of such information shall seriously affect the company's negotiations with those parties

23. Bank - credit facilities

This item is represented in the following:

	30/9/2014 <u>L.E</u>	31/12/2013 <u>L.E</u>
The amount used from the credit facility granted to the Holding Company from Audi Bank totaled L.E 45.5 million and bears interest rate of 1.75% per annum above to the credit interest rate on the guarantying deposit. This facility is guaranteed by deposits amounting to L.E 50 million	79 322 191	12 697 761
During July, 2014 the facility amount restated to be L.E 150 million and bears interest rate of 1.5% per annum in addition to the interest rate payable on the deposit guarantor and this facility is secured by time deposits amounting L.E 150 Million		
The amount used from the credit facility granted to the Holding company from Audi Bank with a total amount of L.E 50 million and bears interest rate of 2.75% per annum plus CORRIDOR average rate with a floor of 12.5% and stopped at April 3, 2014.	-	18 714 006
The amount used from the credit facility granted to one of the subsidiaries from the Arab African Bank with an amount of L.E 1.5 million and bears interest rate of 13.02% per annum. This facility is guaranteed by treasury bills kept with the bank.	-	1 201 595
On October 4, 2012 a subsidiary enters into a credit facility contract -current account with the Arab Investment Bank with the amount of L.E 120 million, with the following conditions and guarantees: -	-	74 504 951
Facility period :		
- from the date of signing of the contract and ends and due at the end of May 2015		
Interest rate :		
- The facility is subject to an interest rate of 1% on the debit balance less than the Bank's lending price. The interest and commission and all expenses are added monthly to the debit balance. The Bank has the right of monthly commission by 0.05% calculated on the maximum debit balance during a month.		
Guarantees :-		
A- Corporate guarantee from Sixth of October for Development and Investment Company "SODIC" to indemnify the subsidiary's Indebtedness due to the Arab Investment Bank and its related interest.		
B- Signing a promissory note with full amount of the credit facility amounted L.E 120 million.		
The total amount of facility has been paid as of July 13, 2014		
In January 2014 one of the subsidiaries has a contract to open a credit facility with the current account of Bank Audi in the amount of LE 150 Million , with the following conditions and guarantees: -	84 408 836	
Facility period :		
from the date of signing and renewed automatically		
Interest Rate:		
1.5% above time deposit rate		
Guarantees:		
_ Credit facility granted by the deposits.		
Amount drawn from the credit facility for one of the subsidiaries from Egyptian national bank. With a total amount LE 5 million with interest rate 12.5% and 0.75% commission monthly on the highest debit balance, guaranteed with treasury stock in possession of the bank.	5 703 492	
	<u>169 434 519</u>	<u>107 118 313</u>

24. Advances from customers

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

	30/9/2014	31/12/2013
	<u>L.E</u>	<u>L.E</u>
Advances – lands	676 599	676 599
Advances for booking , contracting and installments of residential units– Kattameya Plaza	120 500 456	222 849 985
Advances for booking , contracting and installments of residential units– Eastwon	1 886 121 982	1 157 530 237
Advances – commercial units - Auto Ville	103 288 245	112 995 749
Advances – Allegria project	795 091 122	880 922 502
Advances – Forty West project	137 933 674	224 503 266
Advances – WestownResidences	1 958 155 966	1 436 421 287
Advances – Casa	17 296 073	39 698 103
Advances – Polygon project	263 909 630	218 657 953
	5 282 973 747	4 294 255 681

25. Contractors, suppliers and notes payable

	30/9/2014	31/12/2013
	<u>L.E</u>	<u>L.E</u>
Contractors	102 962 474	91 349 887
Suppliers	2 923 239	20 311 016
Notes payable	804 363 112	31 517 868
	910 248 825	143 178 771
<u>Deduct:</u> Unamortized interest-notes payable	(164 191 197)	(2 210 522)
	746 057 628	140 968 249

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

26. Creditors and other credit balances

	30/9/2014	31/12/2013
	<u>L.E</u>	<u>L.E</u>
Amounts collected on account for management, operation and maintenance of projects	240 701 215	184 311 489
Due to related parties	6 798 273	5 899 856
Accrued expenses	55 051 437	135 893 139
Customers - Beverly Hills – capital contributions	9 922 890	549 806
Customers – credit balances	22 776 492	24 584 610
Tax Authority	41 539 483	40 730 679
Dividends payable	91 643	91 643
Accrued compensated absence	3 617 470	3 199 165
Deposits collected from customers – Against modifications	149 600	169 600
Social insurance	432 447	991 089
Customers –down payments for sub-development (26-1)	3 371 400	3 371 400
Unearned revenue	3 046 799	980 846
Retentions	10 239 386	14 339 725
Due to Bonyan for development and trading Co.	107	529 955
Due to SIAC	6 608 536	8 668 210
Due to Solidier International Egypt (26-2)	-	71 078 513
Due to beneficiaries from Incentive plan (26-3)	1 192 600	-
Deposits from others	13 710 440	9 159 039
Deferred capital gain (26-4)	7 199 126	8 798 931
Premiums of Eastown club	46 522 002	28 450 554
Sundry creditors	34 923 593	22 597 897
	507 894 939	564 396 146

(26-1) This amount represent sub-development from Sheikh zayed for real estate development.

(26-2) On July 16, 2014 dispute with Solidier International Egypt has been settled through a medium term loan from Commercial International Bank (CIB) as its mentioned in details in note No. (34)

(26-3) Represents the amount due to beneficiaries of Incentive plan till the end of announcing the custodian of the names of the beneficiaries accrued amounts as above mentioned at disclosure No. (17).

(26-4) The amount represents the capital gain resulted from the sale of the land and the buildings of the administrative building, which is deferred and amortized over the lifetime of the financial lease contract as it is shown in details in note No. (34-1)

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

27. Non-controlling interest

Non-controlling interest balance as at September 30, 2014 represents the interest shares in subsidiary's equity as follows:

	Non-controlling interest				
	Non-controlling interest	Non-controlling share in profit / (loss) for the period	Non-controlling share in equity excluding profit / (loss) for the period	Non-controlling interest as at 30/9/2014	Non-controlling interest as at 31/12/2013
	%	L.E	L.E	L.E	L.E
Sixth of October for Development and Real Estate Projects Co. "SOREAL"	0.01	3 155	52 313	55 468	52 313
Beverly Hills for Management of Cities and Resorts Co.	41.41	234 822	28 457 680	28 692 502	28 457 680
SODIC Garden City for Development and Investment Co.	50	10 937 316	36 603 563	47 540 879	36 603 563
Move-In for Advanced Contracting Co.	15	2 504 688	(2 504 688)	-	(2 504 688)
El Yosr for Projects and Agriculture Development Co.	0.001	(39)	27 044	27 005	27 044
SODIC for Development and Real Estate Investment Co.	0.001	-	20	20	20
SODIC SIAC for Real Estate Development Co.	13.33	(243 454)	14 790 004	14 546 550	14 790 004
Tegara for Trading Centers Co.	2.5	(10 008)	2 604 119	2 594 111	2 604 119
Edara for Services of Cities and Resorts Co.	0.003	49	247	296	247
Fourteen for Real Estate Investment Co.	0.004	-	2	2	2
La Maison for Real Estate Investment Co.	0.004	-	2	2	2
		13 426 529	80 030 306	93 456 835	80 030 306

28. Share capital

- The authorized capital was determined at L.E 2 800 million. The Company's issued capital was determined at L.E 362 705 392 fully paid and distributed on 90 676 348 shares of L.E 4 per share.
- On January 27, 2011, the Extra-ordinary General Assembly agreed on the stock split of the par value of the Company's share of L.E 10 to become L.E 4 per share.
 On March 3, 2011, the Egyptian Financial Supervisory Authority, approved that the Company's management shall proceed with the procedures of issuing the Company's issued capital of a number of 90 676 348 common cash shares at a par value of L.E 4 each (after splitting) with an increase of L.E 2 to be paid from the legal reserve according to the Company's financial statements as at December 31, 2009. Thus, the issued and fully paid in capital has become L.E 362 705 392 distributed over 90 676 348 shares. Annotation was made to this effect in the Company's Commercial Register on June 16, 2011.
- On July 13, 2014 The Extra-ordinary General Assembly Meeting approved to increase the issued capital from LE 362 705 392 divided in to 90 676 348 share with LE 4 per share to be LE 1 362 705 392 divided in to 340 678 348 share with LE 4 per share (in addition to issuing cost LE 0.06 for each share with an increase LE 1 billion divided in to 250 million shares with LE 4 per share. This capital increase is entirely allocated to existing shareholders according to their share in company's issued capital. The Extra-ordinary

General Assembly Meeting also approved that trade of the subscription right is separable from the original share. The legal proceeding is now underway to finish the process.

- Subscription has been opened starting from October 1, 2014 till October 30, 2014. Resulting in coverage of 248 233 225 shares. On November 2, 2014 the board decided to accept subscription till that stage and modify issued capital by the amount of increase to complete legal procedure.

The current capital structure of the holding company is as follows:

Shareholder	Number of shares	Share value L.E	Ownership percentage %
Suleiman ibn abd-elmohesein ibn abdalla abanmi	11 486 231	45 944 924	12.67
Olayan saudian investments limited Co.	11 237 896	44 951 584	12.39
RA Six Holdings Limited	8 515 317	34 061 268	9.39
Rashid Abd-elrahman Alrashid and his sons Co.	4 148 720	16 594 880	4.58
Hermis Holdings Financial Group.	4 041 223	16 164 892	4.46
Al-Magid for Investment Limited Co.	3 037 532	12 150 128	3.35
Abd-elmonem Rashid Abd- elrahman Alrasid	2 634 443	10 537 772	2.91
Incentive and bonus plan of employees and managers	737 500	2 950 000	0.81
Other shareholders	44 837 486	179 349 944	49.44
	90 676 348	362 705 392	100

29. Legal Reserve

According to the Holding Company's statutes, the Company is required to set aside 5% of annual net profit to form a legal reserve. This transfer to legal reserve ceases once the reserve reaches 50% of the issued share capital. The reserve balance as at September 30, 2014 is represented as follows:-

	L.E
Legal reserve balance as at 1/1/2003	6 530 455
Add:	
Increase of the legal reserve with the difference between the par value of the treasury shares and its actual cost (according to the Company's Extra-Ordinary General Assembly Meeting held on July 10, 2003).	4 627 374
Increase of the legal reserve with part of capital increase share premium with limits of half of the Company's issued share capital during 2006. (note No. 30).	123 409 151
Increase of the legal reserve with part of capital increase share premium during year 2007 with limits of half of the Company's issued share capital. (Note no. 30).	5 000 000
Increase of the legal reserve by 5% of the net profit for year 2008.	2 339 350
Increase of the legal reserve with part of the capital increase share premium with limits of half of the Company's issued share capital during year 2010 (Note No. 30)	39 446 365
Deduct:	
The amount used to increase the issued share capital during the year 2011 (Note No.28).	2
	181 352 693

30. Special reserve – share premium

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

<u>Description</u>	<u>L.E</u>
Total value of the capital increase share premium collected during 2006, 2010	1 455 017 340
<u>Add:</u>	
Share premium of the employees' incentive and bonus plan issued during year 2007	90 000 000
<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
	<u><u>1 316 921 569</u></u>

31. Profit from sales of treasury shares

On August 14, 2011, the board of directors of the holding Company approved the purchase of one million as a 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 shares of the holding Company offered in the stock exchange and as at August 13, 2012 the Company's board of directors agreed to sell these shares and it has been sold with an amount of L.E 21 710 867 resulting in profit from selling treasury shares with an amount of L.E 3 692 867.

32. Shares kept for bonus and incentive plan

This item represents the remainder of the amount paid by the holding Company in return for issuing one million ordinary share 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 holding Company's employees and managers which are kept in Arab African International Bank.

<u>Description</u>	<u>L.E</u>
For financing of one million shares from the bonus and incentive plan with a fair value of L.E 100 per share (before splitting) during 2007.	100 000 000
<u>Deduct:</u>	
The value of 200 000 shares exercised by the beneficiaries from the bonus and incentive plan during December 2007 out of which an amount of L.E 15 million was paid to the Company for L.E 75 per share (before splitting).	20 000 000
<u>Add</u>	
Acquired treasury shares through subsidiaries during 2009	7 242
<u>Deduct:</u>	
The value of 1.8 million shares exercised by the beneficiaries from the bonus and incentive plan during 2014 out of which an amount of LE 54 million for L.E 30 per share (before splitting).	72 000 000
	<u><u>8 007 242</u></u>

33. Amount set aside for incentive and bonus plan

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

<u>Description</u>	<u>L.E</u>
Represents the difference between the fair value of the shares granted to the beneficiaries from the incentive and bonus plan for one million share (allocated over 5 years) for 60 months and the agreed upon share price in accordance with the incentive and bonus plan as at December 31, 2012.	25 000 000
<u>Deduct:</u> The difference between the grant date fair value of the shares and the agreed upon share price in accordance with the incentive and bonus plan for 200 000 share that were sold in favor of the beneficiaries during December 2007.	5 000 000
<u>Add:</u> The value of the share of the shares of the bonus and incentive plan to employees in the dividends declared in accordance with the resolution of the Ordinary General Assembly Meeting of the Parent Company held on April 12, 2011, L.E 4 each. *	20 000 000
Accrued interest on dividends of shares of bonus and incentive plan to employees in the dividends declared.	5 200 000
<u>Deduct:</u> Difference between fair value at grant date and the agreed value for bonus and incentive plan for 1.8 million share (after splitting) and it has been sold to beneficiaries during September, 2014.	370 657
Value of sold shares from dividends according to general assembly meeting dated April 12, 2011	18 000 000
	4 020 000
	<u>3 550 657</u>

- * According to the incentive and bonus plan for employees, managers and executive board of directors, the exercise price of the share vested to beneficiary amounting to L.E 75 (before splitting) is reduced by the value of the distributed dividends to shareholders during plan term.

34. Long-term loans

	30/9/2014	31/12/2013
	<u>L.E</u>	<u>L.E</u>
Medium-term loan amounting to 435 million Egyptian pounds granted by the Bank of Alexandria for four years, and on March 30, 2014 has been settled through syndicated loan agreement with the Arab African International Bank "facility agent" and a group of banks, referred to below.	-	256 381 985
On July 4, 2013 the company signed a contract with Arab African International Bank for a loan / short-term facility versus checks under collection – bridge loan for the purpose of financing the cost of construction of the project Sodic amounting to 150 million LE and a facility for nine months from the date of the first withdrawal, has settled through syndicated loan agreement with the Arab African International Bank referred to "facility agent" hereinafter.	-	55 027 500
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 amount of 900 million LE to finance a total debt-based company and the financing cost of the project "Sodic West" some of the following stages and located in Kilo 38 Cairo Alex Desert - Giza, Egypt - the purpose of the facility agreement is limited exclusively to the stages Allegria, West Town Residence, Polygon, Forty West, and West Town Hub.	433 983 384	
Guarantees:		
- First degree real estate mortgage for the entire piece of land and the buildings, real estate and construction, and an area of 300 acres under contract publicized No. 1170 dated 2/5/2001 for "security agent."		
- Pledge of shares agreement owned by the Sixth of October Development and real estate projects (Soreal) in one of its subsidiaries for the benefit of the facility agent "security."		
- Unconditional and irrevocable transmitting of the company "borrower" and some of its subsidiaries their rights in revenues, all current and future rights of the proceeds of the contracts for the sale or rent of units for current and future project for the benefit of the "security agent."		
- A subsidiary undertaking a mortgage of owned land as guarantee for amounts due and unpaid from the company "borrower".		
- Pledge of accounts agreement; the debt service account are pledged and all amounts deposited in favor of the "security agent" and subject to the project account.		
- Hire a mortgage from a subsidiary to mortgage their own land.		
- A promissory note from the company "borrower".		
Interest:		
- Interest is calculated by a margin of 3% per annum in addition to lending rate announced by the Central Bank of Egypt, two days before the start of interest expense calculation.		
- Interest expense calculated for one month and paid at the last business day of a period of interest expense until the date of full repayment of the loan.		
- Administrative fee at a rate of 0.05% at the highest debit balance during each quarter of the financial year		
Grace period: 12 months from the date of the first withdrawal, such period shall apply to the principal amount of the loan only.		
Repayment: starts immediately after the grace period expires on (16) quarterly unequal installments every three months.		
On July 16, 2014 Sixth of October for development and investments "SODIC" signed a medium term facility agreement with Commercial International Bank (CIB) with LE 300 million to facilitate outstanding debt for Solidier International limited and payment of the settlement amount Tranche (A) and finance any cash flow deficit relating to West Town Residence land stage (B) Tranche (B)	189 347 800	-
On July 3, 2014 a company's subsidiary signed a medium term facility agreement with Arab African International Bank (AAIB) with LE 950 million to facilitate advance payments and accrued installments due to new	415 625 405	

urban communities for land to finance a part of project cost through funding model for real estate development.

Guarantees:

- Solidarity guarantee from Sixth of October for Development and Investment Company "SODIC"
- Company's commitment to direct all revenues generated from the project before or after facility agreement to the projects account.
- Power of attorney of the company's real estate mortgage to the bank to sign the mortgage contracts and amendments for the benefit of the bank and that about all the buildings built on a plot of land owned by the client and the common shares of real estate and land allocation.
- A promissory note from the company "borrower".

Interest:

- Interest is calculated by a margin of 2.75% per annum in addition to lending rate announced by the Central Bank of Egypt, two days before the start of interest expense calculation also may be decreased (margin) to be 2.5% after agreed upon conditions.
- Interest expense calculated for three months and paid at the last business day of a period of interest expense until the date of full repayment of the loan.
- Administrative fee at a rate of 0.05% at the highest debit balance during each quarter of the financial year.

Availability period:

Starts from signing date till December 31, 2017.

Grace period:

3 months after the end of availability period, such period shall apply to the principal amount of the loan only.

Repayment:

Starts immediately after the grace period expires on (8) quarterly installments every three months, with 13.42% from loan amount for the first 4 installments and 11.58% from loan amount for the second 4 installments and ends December 31, 2019.

Deduct: Current portion

Alex Bank (short term)	-	168 370 259
Arab African International Bank	-	55 027 500
	-	223 397 759
	1 038 956 589	88 011 726

34-1 The Company has concluded a medium term financing contract (sale and lease back - financial lease) with an amount of L.E 75 132 399 with financing percentage represents %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, the contract terms are as follows:

1- PIRAEUS Bank Egypt – Lender (first party)

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

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

- The purpose of the finance: using that finance to settle the capital expenditures the Company committed with
- The period of finance: 5 years
- Interest rate: corridor lending rate announced by the Central Bank plus 2.75%

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

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

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

35. Long-term notes payable

This item is represented as follows:

	30/9/2014	31/12/2013
	<u>L.E</u>	<u>L.E</u>
Total present value of the checks issued to New Urban Communities Authority which are due as of May 2, 2016	26 510 466	55 225 281
Total present value of the checks issued to New Urban Communities Authority which are payable during the period from Jan 1, 2016 till Jan. 1, 2021.	750 000 000	-
Total present value of the checks issued to New Urban Communities Authority which are payable during the period from Dec 9, 2015 till June 9, 2018.	1 711 837 567	
Other notes payable	-	131 040
Unamortized interest - notes payable	(443 564 254)	(6 660 425)
	<u>2 044 783 779</u>	<u>48 695 896</u>

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

36. Real estate and land sales

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

	Nine months ended 30/9/2014 L.E	Nine months ended 30/9/2013 L.E
Revenues from the sale of units in Allegria	263 384 210	441 070 894
Revenues from the sale of units in Kattameya Plaza project	128 881 837	199 975 559
Revenues from the sale of units in Auto Ville	64 299 927	8 348 435
Revenues from the sale of units in Forty west	138 187 484	-
Revenues from the sale of units in CASA	25 424 894	-
Revenues from the sale of units in West Town Residence	114 218 081	-
Revenues from the sales of Polygon	135 342 830	-
Revenues from the sales of Land	-	82 383 848
	869 739 263	731 778 736
Revenue returns of previously sold units of Allegria	-	(3 000 002)
Revenue returns of previously sold units of Polygon	(5 988 525)	-
	863 750 738	728 778 734

37. Cost of real estate and land sold

	Nine months ended 30/9/2014 L.E	Nine months ended 30/9/2013 L.E
Cost from the sale of units in Allegria	149 394 595	267 860 596
Cost from the sale of units in Kattameya Plaza project	99 516 869	156 675 334
Cost from the sale of units in Auto Ville	16 779 598	3 822 214
Cost from the sale of units in Forty west	111 269 050	-
Cost from the sale of units in CASA	15 626 850	-
Cost from the sale of units in West Town Residence	62 678 063	-
Cost from the sales of Polygon	100 179 351	-
Cost from the sales of Land	-	53 703 209
	555 444 376	482 061 303
Adjustments	-	(12 127 822)
Cost reversal of previously sold units of Allegria	-	(2 003 226)
Cost reversal of previously sold units of Polygon	(6 497 858)	-
	548 946 518	467 930 305

38. Other operating revenues

	Nine months ended 30/9/2014 <u>L.E</u>	Restated Nine months ended 30/9/2013 <u>L.E</u>
Interest income realized from installments during the period	28 575 030	20 040 958
Assignment, cancellation dues and delay penalties	20 602 277	17 763 225
Other income	17 698 260	9 814 034
Management fees – joint venture	-	2 892 635
Dividends share from sister companies	5 348 651	-
Capital gain	2 078 404	152 662
Provisions no longer required and impairment reversal of trade receivables	-	23 250
	74 302 622	50 686 764

39. Selling and marketing expenses

	Nine months ended 30/9/2014 <u>L.E</u>	Nine months ended 30/9/2013 <u>L.E</u>
Salaries and wages	12 918 872	14 672 469
Sales commissions	21 578 581	24 107 016
Advertising expenses	21 801 567	10 810 251
Conferences and Exhibitions	2 975 947	2 045 237
Rent	11 726 439	2 553 774
Donations	167 991	1 858 865
Maintenance, cleaning and agriculture	1 835 294	1 794 915
Travel, transportation and cars	-	573 601
Professional and consultants fees	456 000	1 187 893
Others	1 596 799	2 001 894
	75 057 490	61 605 915

40. General and administrative expenses

	Nine months ended 30/9/2014	Restated Nine months ended 30/9/2013
	<u>L.E</u>	<u>L.E</u>
Salaries, wages and bonuses (40-1)	36 779 503	36 794 214
Board of directors' remunerations and allowances	8 542 094	3 858 600
Maintenance, cleaning and agriculture	9 005 230	15 363 679
Professional and consultancy fees	6 167 197	6 164 044
Advertising	61 743	358 431
Donations	1 971 524	1 655 044
Administrative depreciation of fixed assets and rented units	8 572 061	12 810 859
Reception and hospitality	1 066 987	119 106
Printings and office supplies	2 260 740	270 856
Communication and electricity	2 985 794	1 458 131
Subscriptions and governmental dues	1 181 279	512 030
Rent	8 260 149	6 456 865
Travelling and transportation	995 941	728 381
Others	8 514 528	11 115 423
	<u>96 364 770</u>	<u>97 665 663</u>

40-1 This item includes salaries for the executive board of directors as follows:

	Nine months ended 30/9/2014	Nine months ended 30/9/2013
	<u>L.E</u>	<u>L.E</u>
Salaries	3 470 100	10 453 531
Cash settled share-based payments (a)	-	665 079
	<u>3 470 100</u>	<u>11 118 610</u>

a- On May 16, 2006, the Holding Company's board of directors decided to grant share appreciation rights to some executive board members that entitle them to future cash payments as part of their salaries and bonuses packages. The amount of the cash payment is determined based on the increase in the share price of the holding Company from grant date until vesting date.

The terms and conditions of the grants that are settled in cash to beneficiaries are as follows:

Party entitled	Grant date	Fair value of share at grant date (after splitting)	Market value of share at 30/9/2014	Conditions
		<u>L.E</u>	<u>L.E</u>	
Some executive board members	1/4/2006	30	18.03	Vested after 6 months from grant date (salaries)

The holding company has bonus and incentive plan for the share settled share based payment. as shown in note No.(51)

41. Other operating expenses

	Nine months ended 30/9/2014 <u>L.E</u>	Nine months ended 30/9/2013 <u>L.E</u>
Discount for early payment	39 435 118	25 866 447
Provision of claims	473 911	201 732
Impairment loss of debtors and other debit balances	1 777 146	-
Loss of investments liquidation	3 810 285	274 379
Penalties	87 643	-
	45 584 103	26 342 558

42. Finance income

	Nine months ended 30/9/2014 <u>L.E</u>	Restated Nine months ended 30/9/2013 <u>L.E</u>
Interest income	21 985 689	15 114 067
Interest income from loans to Joint Venture	-	7 132 401
Revaluation and sale of investments income	2 150 305	1 559 448
Net foreign exchange differences	-	37 380 712
	24 135 994	61 186 628

43. Finance cost

	Nine months ended 30/9/2014 <u>L.E</u>	Restated Nine months ended 30/9/2013 <u>L.E</u>
Interest expense	47 107 874	52 012 015
Installments interest Sheikh Zayed land	4 166 161	8 447 690
Net foreign exchange translation	5 862 861	-
	57 136 896	60 459 705

44. Income tax expense

	Nine months ended 30/9/2014 <u>L.E</u>	Nine months ended 30/9/2013 <u>L.E</u>
Current income tax expense	23 522 746	33 180 253
Deferred income tax (benefit)	541 672	1 864 327
	24 064 418	35 044 580

45. Earnings per share

Earnings per share are calculated on September 30, 2014 based on holding Company share in earnings per share for the period, and also using weighted average method to number of shares outstanding during the period as follows:

	Nine months ended 30/9/2014 <u>L.E</u>	Nine months ended 30/9/2013 <u>L.E</u>
Net profit for the period	98 789 853	80 074 226
Weighted average number of shares outstanding during the period	90 676 348	90 676 348
Profit per share (L.E / share)	1.09	0.88

46. Financial instruments

46.1 Credit risk

Exposure to credit risk

The carrying amount of financial assets represented in the balances of trade and notes receivables, debtors and cash and cash equivalent, loans to joint venture and investments in trading securities.

The maximum exposure to credit risk as at September 30, 2014 is amounting to L.E 5 179 151 086 (December 31, 2013: L.E 4 105 421 417).

46.2 Liquidity risk

The following are the contractual maturities of financial liabilities:

<u>September 30, 2014</u>	<u>Carrying amount</u> <u>L.E</u>	<u>Less than 1 year</u> <u>L.E</u>	<u>1-2 years</u> <u>L.E</u>	<u>2-5 years</u> <u>L.E</u>
Banks – credit facilities	169 434 519	169 434 519	–	–
Long – term loans	1 038 956 589	–	275 579 449	763 377 140
Contractors and suppliers	105 885 713	105 885 713	–	–
Other creditors	507 894 939	314 464 143	186 395 836	7 034 960
Long-term note payable	2 044 783 779	–	691 803 637	1 352 980 142
Short-term notes payable	640 171 915	640 171 915	–	–
	4 507 127 454	1 229 956 290	1 153 778 922	2 123 392 242

December 31, 2013

	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 – lenders	-	-	-	-
Banks – credit facilities	107 118 313	107 118 313	-	-
Short – term loans	223 397 759	223 397 759	-	-
Contractors and suppliers	111 660 903	111 660 903	-	-
Long – term notes payable	48 695 896	-	24 767 982	23 927 914
Other creditors	564 396 146	477 570 307	83 668 036	3 157 803
Long – term loans	88 011 726	-	-	88 011 726
Short-term notes payable	29 307 346	29 307 346	-	-
	<u>1 172 588 089</u>	<u>949 054 628</u>	<u>108 436 018</u>	<u>115 097 443</u>

46.3 Currency risk

Exposure to currency risk

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

September 30, 2014

Description	<u>USD</u>	<u>Euro</u>
Cash at banks	3 709 124	46 405
Surplus of foreign currencies	<u>3 709 124</u>	<u>46 405</u>

December 31, 2013

Description	<u>USD</u>
Cash at banks	2 934 697
Surplus of foreign currencies	<u>2 934 697</u>

46.4 Interest rate risk

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

	Carrying amount	
	30/9/2014	31/12/2013
<u>Fixed rate instruments</u>	<u>L.E</u>	<u>L.E</u>
Financial assets	4 067 026 496	3 603 525 878
Financial liabilities	(2 684 955 694)	(78 003 242)
	<u>1 382 070 802</u>	<u>3 525 522 636</u>
<u>Variable rate instruments</u>		
Financial liabilities	<u>(1 208 391 108)</u>	<u>(418 527 798)</u>

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

46.5 Fair values

Fair values versus carrying amounts

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

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

47. Transactions with related parties

Related parties are represented in the Holding Company' 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 Parent Company made several transactions with related parties during the period and these transactions have been made in accordance with the terms determined by the board of directors of the Group. Summary of significant transactions concluded during the period and the resulting balances of the related parties at the consolidated balance sheet date were as follows:-

a) Transactions with related parties

<u>Party / Relationship</u>	<u>Nature of transaction</u>	<u>30/9/2014</u>	
		<u>Amount of transaction</u>	
		<u>L.E</u>	
Executive managers and board of directors (Holding Company)	Executive and board of directors	(See note No. 40).	
Palmyra – SODIC for Real Estate Development	Loan for joint projects	—	
	Management fees	—	

b) Balances resulted from transactions with related parties

<u>Party</u>	<u>Item as shown in the consolidated balance sheet</u>	<u>30/9/2014</u>	<u>31/12/2013</u>
		<u>L.E</u>	<u>L.E</u>
Bonyan Development and Trade Co.	Creditors and other credit balances	107	529 955
Palmyra – SODIC for Real Estate Development	Loans to Joint Ventures	188 700 868	188 700 868
	Accrued interest on loan under debtors caption	65 482 130	65 482 130
	Accrued management fees under debtor caption	4 342 500	4 342 500

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

48. Legal status

There is a dispute between the Holding company and a party regarding the contract concluded between them on February 23, 1999 which is related to delivering this party a plot of land as a usufruct right for indefinite year of time and a return for an annual rental with a minimal amount for a total of 96 Fadden approximately and which has not been delivered up till this date as the management of this party did not abide by the detailed conditions of the contract. There are exchanged notifications concerning this land between the management of the Holding 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 Holding company for the delivery of the allocated land. A preliminary sentence was issued by the court in its session held on February 22, 2010 to refer this matter to Experts and to delegate the Experts Office of the Ministry of Justice to embark this case and set a session to be held on April 26, 2010 for the expert to present his report. The session was postponed several times and the last one will be held on November 24, 2014. The Company's legal counselor is of the opinion that the Company has the right to maintain and exploit this land under the contract as the said contract has not been effective and no usufruct right has been arisen to this party since its effect was based on conditions that have not been met. In addition, in case of any dispute raised by this party to possess the land, the Company has the actual and physical possession of the land and hence it has the right to continue in possessing the land until settlement of this dispute in front of the court.

49. Tax status

On June 2, 2014, Law No. (22) 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.

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

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

Corporate tax

- A ten years corporate tax exemption period starting from the year following the date of the activity inception as of 1/1/1998 until 31/12/2007 has been previously granted to the Holding Company according to Law No. 59 of 1979 concerning the New Urban Communities. During the month of January 2011, the Company submitted a request to the Tax Authority demanding the amendment of the tax exemption period to start from the date of the actual handing over of the units in the year 2002.

- On January 18, 2011, the Disputes Dispersal Committee of the Tax Authority considered and studied the Company's request in the light of the date of the actual handing over of the units and the regulations applicable to similar companies. Accordingly, the said committee decided to approve the holding Company's request thus considering the date of the actual business activity of the Company to be the year 2002, hence, the Holding 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.
- The Tax Authority assessed corporate profit tax and moveable income tax for the years from 1996 until 2000 on deemed basis. The Company was notified by the tax forms and has objected. During the year, re-inspection was made for the said years and the Company has not received any tax claims till authorizing these financial statements for issuance.
- The inspection has been carried out for years from 2001 till 2004 and it has been linked by estimation by Tax Authority and has been appealed on the forms and these years have been delivered to the internal committee which decided to send back the file to the head office to repeat inspection for these years.
- The inspection of the period from 2006 till 2008 has been notified, and a notification by the form (19) as at April 29, 2012 for the year 2006 by estimation and has been appealed as at May 3, 2012 and re inspection for the year 2006 has been requested and re inspection is carried on.
- The Company submits its annual tax return on due dates in accordance with Law No. 91 of 2005.

Salary tax

- Tax inspection was carried out for previous years until year 2001, the tax claims was paid according to the assessment of the Internal Committee, and the resulting tax was paid according to the assessment of the Internal Committee during September 2004.
- Years from 2002 to 2004 were inspected and the Company paid the tax differences.
- Years from 2005 till 2010 are under inspection and the Company has not received any tax claims till authorizing these financial statements for issuance.

Withholding tax

Tax inspection was carried out for the previous years until the first quarter of 2014 and the Company did not receive any tax claims until authorizing these financial statements for issuance.

Stamp tax

Tax inspection was carried out for the previous years till 31/12/2010 and. The tax inspection was made and the resulting differences were paid.

Sales tax

- The Company was inspected from inception till August 2003 and tax differences were paid.
- The Company was inspected from August, 2003 till December, 2010 and tax differences and additional tax were paid.

Real estate property tax

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

50. Capital commitments

Capital commitments as at September 30, 2014 amounted LE 23 575 010 is represented in contracted and unexecuted works (2013: L.E 24 676 241).

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

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

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

- The incentive and bonus plan works through allocation of shares for the Parent Company's employees, managers and executive board directors and to sell these shares in favor of them in preferential conditions.
- Duration of the plan is four years starting from the date of approval of the plan by the Parent Company's Shareholders meeting and each beneficiary is allocated during this year a specified number of shares each year over the plan years according to the allocated shares outlined in the appendix of this plan.
- The price of share was determined for the beneficiary at L.E 75 per share (before splitting).
- The Parent Company shall finance the issuance of the shares of the increase allocated in application of the plan and the value of shares due to the Parent Company will be paid from the proceeds of sale.
- The Company signed a custody agreement with Arab African International Bank on April 15, 2007, to save bonus and incentive shares. The shares of the plan were issued and financed by the holding Company. Annotation of this increase in the Commercial Registry was on July 5, 2007.
- On September 23, 2007, the Supervisory Committee of the incentive and bonus plan of the Parent Company's employees, executive directors and managers agreed to the selection of the beneficiaries and also the number of shares allocated to each one of them. Accordingly, the whole shares of the plan were allocated in full.
- During December 2007, a number of 200 000 shares from the incentive and bonus plan were exercised with average selling price of L.E 226.63 per share. The amounts due to beneficiaries were set aside in special account held by Arab African International Bank until the completion of the prohibition period according to the incentive and bonus plan.
- The number of shares allocated to the plan was increased by 500 000 additional shares.
- On July 3, 2008 the Supervisory Committee of the incentive and bonus plan of the Parent Company's employees, executive directors approved the allocation of 495 000 shares of the total shares to some of the Parent Company's employees and executive directors. Allocation contracts for these shares were signed with the employees and the executive directors during October 2008.
- On December 7, 2009, the Parent Company's Extraordinary General Assembly agreed on the amendment of some articles of the bonus and incentives plan and the allocation contracts of the shares that were approved by the Egyptian Financial Supervisory Authority as follows:
 - Extension of the year of the exercise right stated in the bonus and incentive plan and the allocation contract to be ended on March 2015 instead of March 2011.
 - Amendment of the bonus and incentive plan and the allocation contract to enable the beneficiary from the plan to transfer the title of the shares allocated to him to be in his name after ending the prohibition period provided the payment of the share price stated in the plan and in this case, the beneficiary is entitled to all rights as determined on the Company' shares.
 - Amendment of article No. (11) of the bonus and incentive plan to give the board of directors the right – when necessary – to replace a Supervisory Committee member with another one provided that this member to be from non-executive members.
- On April 26, 2010, the Company was notified by the consent of the Egyptian Financial Supervisory Authority on the approval of the amendments made on the bonus and incentive plan.

Beneficiaries, extent and vesting conditions of granting of shares in accordance with this plan are as follows:

Party Entitled	Grant date	No. of shares in thousand	Fair value of share at grant date (before splitting) <u>L.E</u>	Exercising price (before splitting) <u>L.E</u>	Conditions
Managing director	28/3/2007	750	100	75	5 years working in the Company and exercise period from June 30,2007 March 2015 – the beneficiary is not entitled to this right if the performance of the Company's share is below CASE 30 by more than 20% for 2 consecutive years during the vesting period.
Board of director	23/9/2007	75	100	75	According to performance measure and exercise period from June 30,2007 till March 2015.
Some managers	23/9/2007	175	100	75	According to performance measure and exercise period from June 30,2007till March 2015.
Board of director	7/10/2008	25	73.34	75	According to performance measure and exercise period from June 30,2007till March 2015.
Some managers	7/10/2008	470	73.34	75	According to performance measure and exercise period from June 30,2007till March 2015.

52. Comparative Figures

52-1 The comparative figures has been restated because of changing the accounting policy for investments in jointly controlled entities from the proportionate consolidation method to the equity method in based on the allowed alternative treatment according of EAS (27) to allow the users of financial statements to compare the financial statements of periods presented and to identify the trends of its financial position and its financial performance and its cash flows - in accordance with detail in investments in entities under common control (No. 3.1.3) and the following table illustrates the balances of items that have been restated of financial statements and comparative figures prior to and after the policy change :

Income statement

<u>Description</u>	<u>Amount as it appears in income statement before adjustment for the financial period ended</u>	<u>Restatement</u>	<u>Amount after restatement as it appears in comparative figures</u>
	<u>30/9/2013</u>		
	<u>LE</u>	<u>LE</u>	<u>LE</u>
	<u>Debit / (Credit)</u>	<u>Debit / (Credit)</u>	<u>Debit / (Credit)</u>
Other operating revenues	48 431 243	(341 803)	48 089 440
General and administrative expenses	99 528 087	(1 862 424)	97 665 663
Finance income	63 965 672	(181 720)	63 783 952
Finance cost	62 463 149	(2 003 444)	60 459 705
Company's share in profit (losses) of the joint project	-	(3 342 345)	(3 342 345)

52-2 Comparative figures has been modified to be conformed with current financial statement classification

Balance Sheet

<u>LE</u>	
(730 246 010)	Creditors and other credit balances
564 396 146	Creditors and other credit balances
165 849 864	Long- term Creditors