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

Consolidated Interim Financial Statements

For The Financial Period Ended September 30, 2015

<u>Limited Review Report</u>

kpmg Hazem Hassan
Public Accountants & Consultants

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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, 2015 and the related consolidated statements of income, changes in equity and cash flows for the Nine-months then ended, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and fair presentation of these interim consolidated financial statements in accordance with Egyptian Accounting Standards. Our responsibility is to express a conclusion on these interim consolidated financial statements based on our limited review.

Scope of Limited Review

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

Conclusion

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

KPMG Hazem Hassan

KPMG Hazem Hassan
Public Accountants and Consultants
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Cairo, November 14, 2015

Translation of financial statements
Originally issued in Arabic

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

	Note No.	30/9/2015 L.E	31/12/2014 L.E
Long - term assets			
Fixed assets (Net)	(6)	160 347 915	115 286 494
Projects under construction	(7)	12 739 196	11 408 573
Biological Assets	(8)	5 699 887	4 838 507
Investements in associates and joint ventures	(9)	-	-
Investments - available for sale	(10)	4 250 000	4 250 000
Investment properties (Net)	(11)	109 376 958	17 952 289
Trade, notes receivables and debtors (Net)	(12)	4 077 035 724	3 318 910 585
Total long - term assets		**4 369 449 680**	**3 472 646 448**
Current assets			
Other assets (Net)	(14)	4 802 484	4 505 289
Completed units ready for sale	(15)	10 713 275	15 486 539
Works in process	(16)	6 766 504 615	6 239 706 098
Trade and notes receivable (Net)	(17)	1 951 021 717	1 540 039 286
Debtors and other debit balances (Net)	(18)	482 567 159	327 225 601
Loans to Joint Ventures	(19)	-	-
Investments in treasury bills	(20)	481 019 259	28 623 232
Cash at banks and on hand	(21)	1 412 508 299	2 076 334 737
Total current assets		**11 109 136 808**	**10 231 920 782**
Current liabilities			
Provision for completion	(22)	50 370 270	68 382 052
Provisions	(23)	6 262 357	8 425 682
Bank - overdraft		152 865	1 373 763
Bank - credit facilities	(24)	22 926 389	158 845 076
Loans - Short term	(36)	117 836 218	78 117 009
Advances - customers	(25)	7 977 212 587	6 096 915 049
Contractors, suppliers and notes payable	(26)	830 774 614	723 600 322
Creditors and other credit balances	(27)	789 033 402	594 964 708
Total current liabilities		**9 794 568 702**	**7 730 623 661**
Working capital		**1 314 568 106**	**2 501 297 121**
Total investments		**5 684 017 786**	**5 973 943 569**
These investments are financed as follows:			
Equity			
Issued & paid in capital	(29)	1 355 638 292	1 355 638 292
Legal reserve	(30)	184 428 817	181 352 693
Special reserve - share premium	(31)	1 357 933 479	1 338 296 569
Carried forward losses / retained earnings		94 157 012	(39 372 259)
Treasury shares	(32)	(10 162 833)	
Profit from sale of treasury shares	(33)	3 692 867	3 692 867
Shares kept for incentive & bonus plan	(34)	-	(8 012 833)
Set aside amount for incentive & bonus plan	(35)	2 000 000	20 004 359
Net profit for the period / year		224 154 163	142 443 522
Total equity attributable to the Company		**3 211 841 797**	**2 994 043 210**
Non controlling interest	(28)	88 628 375	94 430 992
Total equity		**3 300 470 172**	**3 088 474 202**
Long-term liabilities			
Loans - long term	(36)	951 044 821	961 037 423
Notes payable	(37)	1 431 436 586	1 921 001 002
Deferred tax liabilities	(13)	1 066 207	3 430 942
Total long-term liabilities		**2 383 547 614**	**2 885 469 367**
Total equity and long - term liabilities		**5 684 017 786**	**5 973 943 569**

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

Financial & Administration Executive Director	Chief Financial Officer	Managing Director	Chairman
Hany Henry	Omar Elhamawy	Magued Sherif	Hani Sarie El Din

* Limited review report "attached"

Sixth of October for Development and Investment Company "SODIC"

(An Egyptian Joint Stock Company)

Consolidated Interim Income Statement

For The Financial Period Ended September 30. 2015

	Note No.	*From 1/1/2015* *till 30/9/2015* L.E	*Three months ended* at of 30/9/2015 L.E	*From 1/1/2014* *till 30/9/2014* L.E	*Three months ended* at of 30/9/2014 L.E
Sales of real estate and lands	(38)	842 241 810	287 057 571	863 750 738	248 183 176
Service revenues of Beverly Hills City		19 923 721	7 425 398	19 169 281	7 198 940
Service revenues of SODIC WEST		21 545 148	8 532 071	8 275 222	4 749 822
Revenues from golf course		6 269 685	1 953 423	5 596 313	1 780 884
Total operation revenues		**889 980 364**	**304 968 463**	**896 791 554**	**261 912 822**
Cost of sales of real estate and lands	(39)	(479 040 382)	(170 297 718)	(548 946 518)	(168 824 692)
Service costs of Beverly Hills City		(22 701 560)	(9 053 021)	(21 669 650)	(8 004 526)
Service costs of SODIC WEST		(17 350 479)	(6 961 442)	(6 367 811)	(3 672 637)
Cost of golf course		(12 497 288)	(4 112 386)	(10 326 821)	(3 777 735)
Total operation costs		**(531 589 709)**	**(190 424 567)**	**(587 310 800)**	**(184 279 590)**
Gross profit		**358 390 655**	**114 543 896**	**309 480 754**	**77 633 232**
Other operating revenues	(40)	101 873 484	24 010 524	74 302 622	22 697 662
Selling and marketing expenses	(41)	(79 252 292)	(26 217 694)	(75 057 490)	(22 253 998)
General and administrative expenses	(42)	(105 344 657)	(39 636 097)	(96 364 770)	(36 672 311)
Other operating expenses	(43)	(19 389 134)	(4 117 831)	(45 584 103)	(8 275 438)
Operating profit		**256 278 056**	**68 582 798**	**166 777 013**	**33 129 147**
Finance income	(44)	110 162 803	40 153 844	24 135 994	10 739 190
Finance cost	(45)	(70 370 112)	(23 723 840)	(57 136 896)	(18 278 916)
Net finance Revenue / (Cost)		**39 792 691**	**16 430 004**	**(33 000 902)**	**(7 539 726)**
Net profit for the period before income tax		**296 070 747**	**85 012 802**	**133 776 111**	**25 589 421**
Income tax expense	(46)	(63 557 330)	(4 787 347)	(24 064 418)	(6 413 356)
Net profit for the period		**232 513 417**	**80 225 455**	**109 711 693**	**19 176 065**
Share of the holding Company		224 154 163	78 407 278	98 789 853	19 439 784
Non controlling interest share in profits and losses of subsidiaries		8 359 254	1 818 177	10 921 840	(263 719)
Net profit for the period		**232 513 417**	**80 225 455**	**109 711 693**	**19 176 065**
Earnings per share (L.E / Share)	(47)	**0.66**	**0.86**	**1.09**	**0.21**

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

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

	Issued and paid in capital L.E	Legal reserve L.E	Special reserve- share premium L.E	Treasury shares L.E	Profit from selling of treasury share L.E	Shares kept for bonus and incentive plan L.E	Set aside amount for bonus and incentive plan L.E	Retained earnings Carried forward losses L.E	Net profit for the period / year L.E	Equity attributable to the Company L.E	Non-controlling interest L.E	Total equity L.E
Balance as at December 31, 2013	**362 705 392**	**181 352 693**	**1 316 921 569**	**-**	**3 692 867**	**(80 007 242)**	**25 323 711**	**407 765 882**	**(447 138 141)**	**1 770 616 731**	**80 030 306**	**1 850 647 037**
Amount transferred to retained earnings	-	-	-		-	-	-	(447 138 141)	447 138 141	-	-	-
Executed bonus and incentive plan	-	-	21 375 000		-	72 000 000	-	-	-	93 375 000	-	93 375 000
Amortized of Set a side of incetive and bouns plan used	-	-	-		-	-	(21 773 054)	-	-	(21 773 054)	-	(21 773 054)
Non-controlling intereset decrease in subsidary	-	-	-		-	-	-	-	-	-	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**	**1 338 296 569**	**-**	**3 692 867**	**(8 007 242)**	**3 550 657**	**(39 372 259)**	**98 789 853**	**1 941 008 530**	**93 456 835**	**2 034 465 365**
Balance as at December 31, 2014	**1 355 638 292**	**181 352 693**	**1 338 296 569**		**3 692 867**	**(8 012 833)**	**20 004 359**	**(39 372 259)**	**142 443 522**	**2 994 043 210**	**94 430 992**	**3 088 474 202**
Amount transferred to retained earnings	-	-	-		-	-	-	142 443 522	(142 443 522)	-	-	-
Amount transferred to legal reserve		3 076 124						(3 076 124)				-
purchasing of non controlling rights	-		-		-	-	-	(5 838 127)	-	(5 838 127)	(14 161 871)	(19 999 998)
transferred to special reserve - share premium			17 486 910									
transferred to income statement							(17 486 910)			(517 449)		(517 449)
transferred to treasury shares	-	-	2 150 000	(10 162 833)	-	8 012 833	(517 449)		-			-
Net profit for the period	-	-	-		-	-	-	-	224 154 163	224 154 163	8 359 254	232 513 417
Balance as at September 30. 2015	**1 355 638 292**	**184 428 817**	**1 357 933 479**	**(10 162 833)**	**3 692 867**	**-**	**2 000 000**	**94 157 012**	**224 154 163**	**3 211 841 797**	**88 628 375**	**3 300 470 172**

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

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

	Note No.	Nine months ended 30/9/2015 L.E	Nine months ended 30/9/2014 L.E
Cash flows from operating activities			
Net profit for the period before income tax		296 070 747	133 776 111
Adjustments :-			
Depreciation of fixed assets and rented units	(6) , (11)	17 813 723	12 437 815
Capital gains	(40)	(6 126 398)	(2 078 404)
Impairement loss of debtors, trade receivables & loans to joint ventures	(43)	2 499 521	1 686 591
transferred interest income from set asie incentive and bonus plan		(517 449)	
Revesal of impairement loss of debitors and other debit balances		-	(68 812)
Interest from treasury bills	(44)	(31 126 901)	(2 067 734)
Provisions formed	(23) , (22)	36 388 354	21 212 069
Operating profit before changes in working capital items		**315 001 597**	**164 897 636**
Changes in working capital items			
Change in other assets		(297 195)	(224 016)
Change in finished units available for sale		4 773 264	15 626 834
Change in work in process		(619 408 187)	(1 246 165 666)
Change in constructions under process		-	973 274
Change in trade and notes receivables		(1 169 107 570)	(463 431 806)
Change in amount due from customers-construction		-	1 069 820
Change in debtors and other debit balances		(157 841 079)	14 262 022
Provisions used	(23) , (22)	(56 563 461)	(46 875 571)
Change in advances from customers		1 880 297 538	988 718 066
Change in Due to customers - constructions		-	(2 729 533)
Change in contractors, suppliers and notes payable		(382 390 124)	543 803 208
Change in creditors and other credit balances		134 903 573	(245 871 088)
Restricted cash		(59 445 470)	(540 000 000)
Net cash (used in) operating activities		**(110 077 114)**	**(815 946 820)**
Cash flows from investing activities			
Payments for purchase of fixed assets, projects under construction and biological assets		(64 525 660)	(7 290 782)
Payments for Investments in treasury bills		(1269 705 630)	(13 638 365)
Proceeds from sale of treasury bills		848 436 504	11 595 432
Payments for purchasing addition shares in subsidaries	(28)	(19 999 998)	-
Proceeds from sale of fixed assets		12 968	2 369 372
Net cash (used in) investing activities		**(505 781 816)**	**(6 964 343)**
Cash flows from financing activities			
Bank - credit facilities		(135 918 687)	62 316 206
Banks - long-term loans		29 726 607	727 672 509
share based premium - other equity reserves		-	71 601 947
Non-controlling interest		-	2 504 689
Net cash (used in) provideede from financing activities		**(106 192 080)**	**864 095 351**
Net change in cash and cash equivalents during the period		**(722 051 010)**	**41 184 188**
Cash and cash equivalents as at the beginning of the period		1 774 960 974	403 132 517
Cash and cash equivalents as at the end of the period	(20)	**1 052 909 964**	**444 316 705**

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

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

1. Background and activities

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

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

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

  Also the Company is entitled to merge into or acquire the aforementioned companies or make them subsidiaries in accordance with the provisions of law and its executive regulations.

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

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

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

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

2. Basis of preparation of the interim consolidated financial statements

2-1 Statement of compliance

- These consolidated financial statements have been prepared in accordance with Egyptian Accounting Standards and relevant Egyptian laws and regulations.
- The financial statements have been authorized by Company's Board of Directors as November, 12, 2015.

2-2 Basis of measurement

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

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

2-3 Functional and presentation currency

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

2-4 Use of estimates and judgments

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

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

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

3. Significant accounting policies

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

3.1 Basis of consolidation

3.1.1 Subsidiaries

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

Subsidiaries are represented in the following:-

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

A. The legal participation in Beverly Hills for Management of Cities and Resorts Co. amounts to 53.29%, which includes 6.54% transitory shares currently in the name of the Company. The title of these shares will be transferred to the ultimate shareholders (Owners of Beverly Hills Project units).
B. During the period the company purchased additional shares (13.33%) in SODIC SIAC (note 28).
C. On June 15, 2010, SODIC Syria Co. a Syrian limited liability Co. was established for acquiring a 50% stake of the share capital of Palmyra - SODIC for Real Estate Development L.L.C, a limited liability company registered and operating in Syria.
D. In March 2015 the company acquired Tabrook Development Company.

3.1.2 Associates

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

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

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

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

3.1.3 Jointly controlled entities [not updated inline with AR]

Joint ventures are entities in which the Group has joint control over the activities and are established by contractual agreement requiring unanimous consent for strategic financial and operating decisions. Jointly controlled entities are accounted for using the 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. The investment is recognized using the equity method with the same fundamentals described in item 3.1.2 of accounting policies.

3.2 Foreign currency transactions

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

Financial statements of foreign operations

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

3. 3 Fixed assets and depreciation

a. Recognition and measurement

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

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

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

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

b. Subsequent costs

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

c. Depreciation

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

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

3.4 Intangible assets- Goodwill

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

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

3.5 Operating lease

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

3.6 Sale and leaseback

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

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

3.7 Projects under construction

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

3.8 Biological assets

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

3.9 Investment properties

a) Recognition and initial measurement

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

b) Depreciation

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

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

3.10 Investments

a. Available for sale investments

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

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

b. Held for trading investments

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

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

3.11 Units ready for sale

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

3.12 Work in process

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

3.13 Trade, notes receivable and debtors

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

3.14 Cash and cash equivalents

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

3.15 Impairment of assets

a. Financial assets

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

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

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

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

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

b. Non-financial assets

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

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

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

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

3.16 Provisions

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

Provision for completion

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

3.17 Borrowing costs

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

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

3.18 Interest –bearing borrowings

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

3.19 Trade, contractors and other credit balances

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

3.20 Share capital

Common shares are classified in the owners' equity.

a. Issuance of share capital

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

b. Treasury shares

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

c. Dividends

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

d. Finance of the incentive and bonus plan

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

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

e. Reserves

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

Transfer to the legal reserve may be suspended once the reserve reaches 50% of the Company's issued capital. However, if the reserve balance falls below 50% of the Company's issued capital then the company is required to reform the legal reserves with at least 5% of the net annual profits.

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

3.21 Equity settled share based payments

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

3.22 Notes payable – Long-term

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

3.23 Revenue recognition

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

a. Real estate and land sales

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

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

b. Service revenues

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

c. Rental income

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

d. Interest income

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

e. Commission revenue

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

f. Dividends

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

3.24 Cost of sold lands

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

3.25 Expenses

a. Lease payments

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

b. Employees' pension

1. Pension obligations

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

The company also contributes to a group insurance program for its employees with one of the insurance companies. Accordingly the insured employees receive end of service benefits when leaving the Company that will be paid by the insurance company. The contribution of the Company is confined to the monthly installments. Contributions are charged to income statement using the accrual basis.

2. Employees' profit sharing

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

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

c. Income tax

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

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

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

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

3.26 Earnings / (losses) per share

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

4. Determination of fair values

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

4.1 Fixed assets

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

4.2 Investments in equity instruments

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

4.3 Trade, note receivables and other debtors

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

4.4 Investment properties

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

4.5 Share – based payment transactions

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

4.6 Assets and liabilities of subsidiaries under liquidation

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

5. Financial risk management

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

- credit risk
- liquidity risk
- market risk

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

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

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

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

5.1 Credit risk

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

Trade and other receivables

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

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

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

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

Investments

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

Guarantees

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

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

5.2 Liquidity risk

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

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

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

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

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

5.3 Market risk

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

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

5.4 Currency risk

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

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

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

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

5.5 Interest rate risk

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

5.6 Other market price risk

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

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

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

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

5.7 Capital management

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

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

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

Sixth of October for Development and Investment Company "SODIC"

"An Egyptian Joint Stock Company"

Notes to the consolidated interim financial statements (Cont.)

For The Financial Period Ended September 30. 2015

6- Fixed assets

This item is represented as follows:-

	Golf course	Land	Building and constructions	Vehicles	Furniture and fixtures	Office equipment and communications	Generators, machinery and equipment	Leasehold improvements	Total
	L.E	L.E	L.E	L.E	L.E	L.E	L.E	L.E	L.E
Cost as at January 1, 2015	**93 628 961**	**23 700 259**	**10 367 941**	**15 431 824**	**19 085 754**	**18 678 979**	**23 573 559**	**13 400 255**	**217 867 532**
Additions during the period	-	32 705 970	21 493 639	945 324	1 804 884	1 898 520	3 485 319	-	62 333 656
Disposals during the period	-	-	-	(236 820)	-	(238 475)	(3 051 962)	(4 254 475)	(7 781 732)
Cost as at September 30. 2015	**93 628 961**	**56 406 229**	**31 861 580**	**16 140 328**	**20 890 638**	**20 339 024**	**24 006 916**	**9 145 780**	**272 419 456**
Accumulated depreciation and impairment loss as at January 1, 2015	32 785 603	-	3 587 926	12 417 742	12 202 754	13 537 666	17 377 151	10 672 196	**102 581 038**
Depreciation of the period	1 367 437	-	5 994 064	1 082 871	1 785 482	1 918 803	2 616 037	1 864 028	16 628 722
Accumulated depreciation of disposals	-	-	-	(236 818)	-	(227 307)	(3 051 962)	(3 622 131)	(7 138 218)
Accumulated depreciation and impairment loss as at September 30. 2015	**34 153 040**	-	**9 581 990**	**13 263 795**	**13 988 236**	**15 229 162**	**16 941 226**	**8 914 093**	**112 071 542**
Net book value as at September 30. 2015	**59 475 921**	**56 406 229**	**22 279 590**	**2 876 533**	**6 902 402**	**5 109 862**	**7 065 690**	**231 687**	**160 347 914**
Net book value as at December 31, 2014	**60 843 358**	**23 700 259**	**6 780 015**	**3 014 082**	**6 883 000**	**5 141 313**	**6 196 408**	**2 728 059**	**115 286 494**

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

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

7. Projects under construction

This item is represented as follows:

	30/9/2015 L.E	31/12/2014 L.E
Buildings and constructions	7 040 376	6 509 071
Advance payments -fixtures and purchasing of fixed assets	5 698 820	4 899 502
	12 739 196	**11 408 573**

8. Vital asset under construction

On September 30, 2015, the balance of L.E 5 699 887 represents the cost of planting agricultural seedlings and the related costs (irrigation, water, wages, etc.)

9. Investments in associates and joint ventures

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

	Legal Form	Ownership Percentage		Carrying amount	
		30/9/2015 %	31/12/2014 %	30/9/2015 L.E	31/12/2014 L.E
Royal Gardens for Investment Property Co. **(A)**	SAE	20	20	-	-
Palmyra SODIC Real Estate Development **(B)**	Syrian Ltd.	50	50	-	-
				-	-

Summary of financial information of associates:-

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

	Assets L.E	Liabilities L.E	Equity L.E	Revenues L.E	Expenses L.E
September 30, 2015					
Palmyra SODIC Real Estate Development **(B)**	85 860 472	(432 932 128)	347 017 656	-	(165 340 129)
December 31, 2014					
Palmyra SODIC Real Estate Development **(B)**	240 699 241	(393 636 642)	152 937 401	-	(137 666 621)

(A) Royal Gardens for Investment Property Co. was established during the year 2006 in association with Palm Hills Developments and other shareholders. The cost of investment amounted to L.E 3 million which represents 50% of the Parent Company's participation in the share capital of Royal Gardens Co. The Parent Company's share in the unrealized gain resulting from the sale of land by the Parent Company to its associate during 2007 amounted to L.E 32 298 112 out of which only L.E 3 million has been eliminated to the extent of the Company's interest in the associate when preparing the consolidated financial statements.

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

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

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

10. Available for sale investments

This item is represented as follows:

	Legal Form	Ownership %	Paid amount of Participation %	Carrying amount as at 30/9/2015 L.E	Carrying amount as at 31/12/2014 L.E
Egyptian Company for Development and Management of Smart Villages	S.A.E	1.8	100	4 250 000	4 250 000
				4 250 000	**4 250 000**

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

11. Investment properties

The net carrying amount of the investment properties as at September 30, 2015 amounted to L.E 109 376 958. The amount includes commercial / residential units leased out to others.

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

Description	Leased out units (A) L.E	Leased out units HUB L.E	Total
Cost as at 1/1/2015	18 568 793	-	18 568 793
Additions during the period **(11-1)**	8 664 293	83 945 377	92 609 670
Total cost of investment properties as at 30/9/2015	27 233 086	83 945 377	111 178 463
Accumulated depreciation as at 1/1/2015	(616 504)	-	(616 504)
Depreciation for the period	(226 859)	(958 142)	(1 185 001)
Accumulated depreciation as at 30/9/2015	(843 363)	(958 142)	(1 801 505)
Net carrying amount as at September 30, 2015	**26 389 723**	**82 987 235**	**109 376 958**
Net carrying amount as at December 31, 2014	**17 952 289**	-	**17 952 289**

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

(11-1) this additions during the period include 83 945 377 L.E transferred from WIP HUB, Note (4-16).

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

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

	30/9/2015 L.E	31/12/2014 L.E
Trade receivable	-	6 024 232
Sundry debtors	-	9 844 400
Notes receivable	4 170 645 302	3 410 589 350
	4 170 645 302	3 426 457 982
Deduct: Unamortized interest	93 609 578	107 547 397
	4 077 035 724	**3 318 910 585**

- The Group's exposure to credit, and currency risks related to trade and notes receivable is disclosed in note no. (48).

13. Deferred tax assets and liabilities

	30/9/2015		31/12/2014	
	Assets	**Liabilities**	**Assets**	**Liabilities**
	L.E	**L.E**	**L.E**	**L.E**
Fixed assets	-	(1 134 975)	-	(3 498 562)
Provisions	68 768	-	67 620	-
Total deferred tax asset/(liability)	**68 768**	**(1 134 975)**	**67 620**	**(3 498 562)**
Net deferred tax (liability)	**-**	**(1 066 207)**	**-**	**(3 430 942)**

14. Other assets

	30/9/2015	31/12/2014
	L.E	L.E
Assets – Companies under liquidation (net)	2 683 724	2 683 724
Inventories and letters of credit	2 118 760	1 821 565
	4 802 484	**4 505 289**

15. Completed units ready for sale

	30/9/2015	31/12/2014
	L.E	L.E
Cost of completed commercial units	5 267 708	5 348 572
Cost of units purchased for resale **(15-1)**	5 445 567	10 137 967
	10 713 275	**15 486 539**

(15-1) This item represents the acquisition cost of 8 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.

16. Work in process

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

	30/9/2015 L.E	31/12/2014 L.E
Allegria project costs	422 179 388	464 668 726
Westown project costs	836 288 896	799 302 539
Kattamya Plaza project costs	30 384 230	59 931 161
Eastown project costs **(16-1)**	1 698 353 513	1 467 856 946
Villette project costs **(16 -2)**	2 832 745 873	2 631 710 059
Al Yosr for projects and agriculture development project costs	333 660 797	332 831 205
Polygon project costs	331 862 372	321 732 935
Tabrook project costs **(16-3)**	197 410 800	-
The Strip project costs	69 795 656	70 737 973
Westown Hub project costs **(16-4)**	-	79 277 574
Beverly Hills project costs	11 847 371	9 681 261
Tegara for trading centers projects costs	1 975 719	1 975 719
	6 766 504 615	**6 239 706 098**

(16-1) Eastown project cost includes an amount representing the present value of the of the installments of the settlement agreement signed between one of the Company's subsidiaries and the Ministry of Housing and New Urban Communities Authority dated April 14, 2014. The settlement agreement stipulates that the subsidiary will pay L.E 900 million over 7 years in return for an extension in the development time frame by an additional 5 years.

On February 16, 2010, a subsidiary of the Group concluded a sub-development agreement with El Sheikh Zayed for Real Estate Development Co. for the development of Block No. (8) Of Eastown project with an area of 7439 square meter. The agreement stipulates that:-

- The subsidiary undertakes to sell the project to El Sheikh Zayed for Real Estate Development upon fulfillment of the conditions listed in this agreement.
- El Sheikh Zayed 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 Zayed 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 Zayed for Real Estate Development Co. in accordance with this agreement.
- The subsidiary undertakes to finalize all necessary procedures to allow the transfer of ownership of the project to El Sheikh Zayed for Real Estate Development Co. upon the fulfillment of the conditions of the agreement.
- The sub-development price amounts to L.E 3 371 400 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.

(16-2) Villete project costs includes an amount of L.E 2.5 billion related to the purchase of 301.48 feddans in New Cairo by a subsidiary. The award letter was received on the 9th of June, 2014. .

(16-3) Tabrook development costs include cost of purchasing 172 000 m2 land plot in Ras-Elhekmah on the north coast.

(16-4) The HUB project has been completed during the financial period ended in September 30, 2015 and the project's cost ,which amounted 83 945 377, has been categorized as investment properties note No. (11).

17. Trade and notes receivable – current

	30/9/2015	31/12/2014
	L.E	L.E
Trade receivable	107 438 436	119 860 964
Notes receivable	1 857 511 495	1 432 439 992
	1 964 949 931	**1 552 300 956**
Deduct : unamortized interest – notes receivable	13 669 692	12 003 148
	1 951 280 239	**1 540 297 808**
Impairment losses of trade and notes receivable	(258 522)	(258 522)
	1 951 021 717	**1 540 039 286**

- The Group's exposure to credit, currency risks related to trade and notes receivable is disclosed in note no. (48).

18. Debtors and other debit balances

	30/9/2015	31/12/2014
	L.E	L.E
Contractors and suppliers – advance payments	196 433 979	121 262 060
Due from related parties – Joint Venture	35 191 620	35 191 620
Interests receivable	72 836 233	68 618 927
Due from related parties	6 283 349	6 283 377
Prepaid expenses	205 212 556	155 967 298
Deposits with others	2 164 715	5 694 821
Tax Authority	2 765 257	2 079 268
L / G 's margins	3 150 000	3 150 000
Due from the bonus and incentives plan to employees and managers fund	122 736	18 004 359
Advance- operating lease	-	3 615 681
Debtors from sale of investments **(1-18)**	52 359 832	-
Other debit balances	15 657 181	14 821 959
Deduct :-	**592 177 457**	**434 689 370**
Impairment loss on debtors and other debit balances	109 610 298	107 463 769
	482 567 159	**327 225 601**

(1-18) The amount represents the balance outstanding arising from the sale of the Group's share in the capital of "El Sheikh-Zayed for construction development "in 2010to "Invesmart" and "EDA" for investment and for construction investment.

- The Group's exposure to credit, currency risks related to trade and notes receivable is disclosed in note no. (48).

19. Loans to Joint Ventures

	30/9/2015	31/12/2014
	L.E	L.E
This item represents the loan granted to the Joint Venture project by the Group on August 16, 2010 for a total amount of USD 19.5 million. The loan carries an interest rate of 8.5% per annum. The principal together with interest were scheduled for payment before June 30, 2011. The loan was renewed until December 31, 2015 with an interest rate of 12.5% per annum.	135 485 960	135 485 960
This item represents the utilized amount of the bridge loan granted to the Joint Venture project on October 28, 2010 for a total amount of USD 7 659 025. The loan carries an interest rate of 8.5% per annum. The principal together with interest are scheduled for payment before December 31, 2015.	54 477 294	54 139 883
Deduct :-	**189 963 254**	**189 625 843**
Impairment for loans to joint ventures	**(189 963 254)**	**(189 625 843)**
	-	-

20. Investments in treasury bills

	30/9/2015	31/12/2014
	L.E	L.E
Treasury bills at par value	486 825 000	31 229 098
Unearned return on treasury bills	(5 805 741)	(2 605 866)
	481 019 259	**28 623 232**

- The Group's exposure to market risk related to the trading investments is disclosed in note no. (48).

21. Cash at banks and on hand

	30/9/2015	31/12/2014
	L.E	L.E
Bank - time deposits **(21-1)**	1 173 260 848	1 936 272 391
Bank - current accounts	204 878 538	113 235 177
Checks under collection	32 035 352	25 567 899
Cash on hand	2 333 561	1 259 270
	1 412 508 299	**2 076 334 737**

(21-1) Deposits include an amount of L.E 359 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 152 million representing the value of deposits collected from customers on account of the regular maintenance expenses.

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

	30/9/2015	31/12/2014
	LE	L.E
Cash at banks and on hand	1 412 508 299	2 076 334 737
Less:		
Bank-Overdraft	152 865	1 373 763
Restricted-Time Deposits	359 445 470	300 000 000
Cash and cash equivalents in the consolidated statement of cash flows	**1 052 909 964**	**1 774 960 974**

- The Group's exposure to interest rate risk for financial assets is disclosed in note no. (48).

22. Provision for completion

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

	Balance as at 1/1/2015	Formed during the period	Used during the period	Balance as at 30/9/2015
	L.E	L.E	L.E	L.E
Provision for completion of works **(22-1)**	68 382 052	36 312 382	(54 324 164)	50 370 270
	68 382 052	**36 312 382**	**(54 324 164)**	**50 370 270**

(22-1) this provision is formed against the estimated costs expected to be incurred in the following years to complete the execution of the delivered units.

23. Provisions

	Balance as at 1/1/2015	Formed during the period	Used during the period	Balance as at 30/9/2015
	L.E	L.E	L.E	L.E
Provision for expected claims	8 425 682	75 972	(2 239 297)	6 262 357
	8 425 682	**75 972**	**(2 239 297)**	**6 262 357**

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

24. Bank - credit facilities

This item is represented in the following:

	30/9/2015	31/12/2014
	L.E	L.E
Represents the amounts drawn down from the LE 150 million fully secured overdraft facility signed between Bank Audi and SODIC. The facility is fully secured by deposits amounting to L.E 150 million.	-	101 170 177
Represents the amounts drawn down from the LE 150 million fully secured overdraft facility signed with Bank Audi and SOREAL. The facility is fully secured by deposits amounting to L.E 150 million.	18 656 908	56 346 130
Represents the balance of the credit facility granted to one of the subsidiaries from the National Bank of Egypt with an amount of L.E 5 million, secured by the treasury bills kept at the bank.	4 269 481	1 328 769
	22 926 389	**158 845 076**

- Information regarding the Group's exposure to interest rate risk for financial assets is disclosed in note no. (48).

25. Advances from customers

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

	30/9/2015 L.E	31/12/2014 L.E
Advances _ SODIC West	2 863 381 597	3 208 260 688
Advances _ SODIC East	4 662 962 169	2 888 654 361
Advances _ CAESAR PROJECT	450 868 821	-
	7 977 212 587	**6 096 915 049**

26. Contractors, suppliers and notes payable

	30/9/2015 L.E	31/12/2014 L.E
Contractors	86 669 882	80 287 724
Suppliers	6 133 254	8 964 648
Notes payable **(26-1)**	852 981 590	787 222 239
	945 784 726	**876 474 611**
Deduct: Unamortized interest-notes payable	115 010 112	152 874 289
	830 774 614	**723 600 322**

(26 - 1) this amount includes LE 799 Million which represents the amount due to the New Urban Communities Authority, in addition to an amount of LE 55 Million resulting from the purchase of a plot of land by one of the subsidiaries.

- The Group's exposure to currency and liquidity risks related to suppliers, contractors and notes payable is disclosed in note no. (48).

27. Creditors and other credit balances

	30/9/2015 L.E	31/12/2014 L.E
Amounts collected on account for management, operation and maintenance of projects	433 603 731	296 618 767
Due to related parties	6 046 163	6 798 273
Accrued expenses	67 179 991	84 804 737
Customers - Beverly Hills – capital contributions	11 183 838	10 123 706
Customers – credit balances	32 971 593	22 211 597
Tax Authority	78 903 288	57 626 936
Dividends payable	91 643	91 643
Accrued compensated absence	1 115 663	3 714 681
Insurance Deposits collected from customers – Against modifications	509 615	344 615
Social insurance	591 561	438 805
Customers –down payments for sub-development **(27-1)**	3 371 400	3 371 400
Unearned revenue	4 404 177	1 196 355
Retentions	7 253 906	8 958 796
Due to Bonyan for development and trading Co.	107	107
Due to SIAC	2 315 326	3 634 857
Due to beneficiaries from Incentive plan	1 192 600	1 192 600
Deposits from others	15 653 304	13 082 859
Deferred capital gain	–	6 665 857
Premiums of Eastown club	82 438 526	56 404 368
Sundry creditors	40 206 970	17 683 749
	789 033 402	**594 964 708**

(27-1) this amount represents sub-development from Sheikh Zayed for Real Estate Development**,** disclosed in note no. (16-1**).**

- The Group's exposure to currency and liquidity risks related to creditors is disclosed in note no. (48).

28. Non-controlling interest

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

	Percentage	Profit /(loss) for the period	Non-controlling interest excluding profit / (loss) for the period	as at 30/9/2015	as at 31/12/2014
	%	L.E	L.E	L.E	L.E
Sixth of October for Development and Real Estate Projects Co. "SOREAL"	0.01	4 056	56 278	60 334	56 278
Beverly Hills for Management of Cities and Resorts Co.	41.41	80 420	28 496 464	28 576 884	28 496 464
SODIC Garden City for Development and Investment Co.	50	8 184 794	49 017 270	57 202 064	49 017 270
El Yosr for Projects and Agriculture Development Co.	0.001	(10)	26 997	26 987	26 997
SODIC for Development and Real Estate Investment Co.	0.001	-	20	20	20
SODIC SIAC for Real Estate Development Co. **(*)**	-	-	-	-	14 161 871
Tegara for Trading Centers Co.	4.76	89 888	2 671 757	2 761 645	2 671 757
Edara for Services of Cities and Resorts Co.	0.003	106	331	437	331
Fourteen for Real Estate Investment Co.	0.004	-	2	2	2
La Maison for Real Estate Investment Co.	0.004	-	2	2	2
		8 359 254	**80 269 121**	**88 628 375**	**94 430 992**

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

29. Share capital

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

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

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

30. Legal Reserve

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

	L.E
Legal reserve balance as at 1/1/2003	6 530 455
Add:	
Increase of the legal reserve with the difference between the par value of the treasury shares and its actual cost (according to the Company's Extra-Ordinary General Assembly Meeting held on July 10, 2003).	4 627 374
Increase of the legal reserve with part of capital increase share premium with limits of half of the Company's issued share capital during 2006. (Note No. 31).	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. 31).	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. 31)	39 446 365
Increase in legal reserve by 5% of 2014 net income	3 076 124
Deduct:	
The amount used to increase the issued share capital during the year 2011.	2
	184 428 817

31. Special reserve – share premium

The balance is represented in the following:

Description	L.E
Total value of the capital increase share premiums collected for the years 2006 and	**1 455 017 340**
Add:	
-Share premium of the employees' incentive and bonus plan issued during year 2007	90 000 000
-The value of selling 712 500 share which has been sold through beneficiaries of incentive and bonus plan during 2014 with LE 30 per share (after split)	21 375 000
- The value of 200 000 shares converted to treasury shares during the year 2015 at par value, these shares were previously set aside for the benefit of the incentive and bonus plan at the time of the capital increase in year 2008 (Note no.53). the incentive and bonus plan (Note no.53).	2 150 000
- The value received from the selling of offering rights for 737 500 shares during the year 2014, which were transferred from shares held for "incentive and bonus plan" as a result of the termination of the program (Note no.53).	16 306 910
- The value of accrued dividends for 737 500 shares which transferred from the shares set aside for the incentive and bonus plan during the year 2015 as a result of the termination of the program (Note no.53).	1 180 000
Deduct:	
Amounts transferred to the legal reserve	167 855 516
Capital increase – related expenses	55 240 255
Amount used for share capital increase during 2008	5 000 000
	1 338 296 569

32. Treasury shares

On February 1, 2015, the Company's Extraordinary General Assembly agreed on the termination of the current incentive and bonus plan for employees and executive directors of the company by the end of its duration as of march 31, 2015 and converting the remaining shares amounting to 737 500 share on which its rights have not been exercised yet, into treasury shares according to the related regulations, and the converting of the shares into treasury shares has been done on July 14, 2015.

33. Profit from sale of treasury shares

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

34. Shares kept for bonus and incentive plan

This item represents the remainder of the amount paid by the Parent Company in return for issuing 2.5 million ordinary shares with a fair value of L.E 40 per share (after splitting) under account and in favor of the incentive and bonus plan of the Parent Company's employees and managers which are kept in Arab African International Bank. The conversion of these shares into treasury shares took place on July 14, 2015, according to the decision of Extraordinary General Assembly at the date of February 1, 2015 as mentioned above (Note 32).

35. Amount set aside for incentive and bonus plan

The balance is represented in the following:

Description	**L.E**
Balance as of January 1, 2015	20 004 359
Deduct:	
- The value of the offering rights for 737 500 shares transferred to share premium during the year 2015, as a result of the termination of the inventive and bonus plan (Note 50)	16 306 910
- The value of accrued dividends for 737 500 shares transferred to share premium during the year 2015, as a result of the termination of the inventive and bonus plan (Note 50)	1 180 000
- The value of the interest realized on the current account for the incentive and bonus plan, which was recognized as interest earned in the income statement during the period	517 449
	2 000 000

36. Long-term loans

	30/9/2015 L.E	31/12/2014 L.E
On December 19, 2013 the company signed a medium-term syndicated loan contract with a group of banks represented by the Arab African International Bank "facility agent" with a total amount of LE 900 million to finance the total debt outstanding on the company and to finance SODIC West projects located in Kilo 38 Cairo/Alex desert road -Giza- Egypt. On May 6, 2015 the company signed an addendum to the above mentioned loan agreement, adding land plots in SODIC WEST project and using the facility to refinance the outstanding debt to PIRAEUS Egypt bank. **Guarantees:** - Unconditional and irrevocable revenue transfer by which the lender and some of its subsidiaries transfer all current and future proceeds, selling and lease contracts of the current and foreseeable project units to the interest of the "Guarantee agent". - Accounts mortgage contracts: debt interest and all amounts deposited therein are pledged for the interest of the "guarantee agent", and pledge the project's account. - Promissory note from the Company (the borrower). **Grace period**: 12 months from the date of the first drawdown, this applies to the principle amount of the debt only. **Repayment:** commenced on March 31, 2015 and payable on (16) quarterly unequal installments.	433 122 914	433 983 384
On July16, 2014 the company signed a medium-term loan contract with Commercial International Bank (CIB) for an amount of LE 300 million as follows: Tranche (A) to refinance the total amount due to Solidere International following the settlement agreement and Tranche (B) to finance the development of specific blocks on Westown Residences and The Courtyards project.	189 347 800	189 347 800
On July 3, 2014 a company's subsidiary signed a medium term facility agreement with Arab African International Bank **(AAIB)** for a total amount of LE 950 million to finance Villette projects' cost. **Guarantees:** - Assignment of receivables generated from sale and lease contracts - Pledge of project account, associated sub accounts, and debt service account in favor of the security agent - Promissory notes - Corporate guarantee from SODIC for the total loan value plus associated interest and fees **Availability period:** Commences from the signing date till December 31, 2017. **Grace period:** 3 months after the end of availability period, this applies to the principle amount of the debt only. **Repayment:** Commences at the end of the grace period, and is to be paid on 8 consecutive quarters ending, Dec.13 ,2019	446 410 325	415 823 248
	1 068 881 039	**1 039 154 432**

Deduct: Current portion		
Arab African International Bank	117 836 218	78 117 009
	951 044 821	**961 037 423**

36-1 - The Company has signed a medium term financing contract (sale and lease back - financial lease) with PIRAEUS bank Egypt and PIRAEUS company "for financial lease" in the amount of L.E 75 132 399 which includes land plot and buildings value of both the administration and sales buildings.

- On May 20, 2015 the company signed a contract with PIRAEUS company "for financial lease" to buy the aforementioned two buildings and the associated lands for an amount of 50 213 271 L.E which has been paid in full accordingly ending the medium term financial lease contract. Those assets have been recorded as fixed assets during the financial period ended September 30, 2015.

37. Long-term notes payable

This item is represented as follows:

	30/9/2015 L.E	31/12/2014 L.E
Total present value of the checks issued to New Urban Communities Authority which are due as of May 2, 2016	-	26 510 466
Total present value of the checks issued to New Urban Communities Authority which are payable during the period from Jan 1, 2017 till Jan. 1, 2021.	650 000 000	750 000 000
Total present value of the checks issued to New Urban Communities Authority which are payable during the period from July 9, 2016 till June 9, 2018.	1 044 340 049	1 540 327 440
Unamortized interest - notes payable	(262 903 463)	(395 836 904)
	1 431 436 586	**1 921 001 002**

- The Company's exposure to credit risk related to long-term notes payable are disclosed in Note No. (48).

38. 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 30/9/2015 L.E	Nine months ended 30/9/2014 L.E
Revenues from the sale of units in **Allegria**	193 166 249	263 384 210
Revenues from the sale of units in **Kattameya Plaza project**	47 303 945	128 881 837
Revenues from the sale of units in **The Strip**	35 967 613	64 299 927
Revenues from the sale of units in **Forty West**	81 087 373	138 187 484
Revenues from the sale of units in **CASA**	7 612 622	25 424 894
Revenues from the sale of units in **Westown Residences**	390 440 411	114 218 081
Revenues from the sales of **Polygon**	86 663 597	135 342 830
	842 241 810	**869 739 263**
Sales return from **Polygon** project	-	(5 988 525)
	842 241 810	**863 750 738**

39. Cost of real estate and land sold

	Nine months ended 30/9/2015 L.E	Nine months ended 30/9/2014 L.E
Cost of sales of units in **Allegria**	89 737 010	149 394 595
Cost of sales of units in **Kattameya Plaza**	30 823 798	99 516 869
Cost of sales of units in **The strip**	14 170 831	16 779 598
Cost of sales of units in **Forty West**	60 666 615	111 269 050
Cost of sales of units in **CASA**	4 692 400	15 626 850
Cost of sales of units in **Westown Residences**	218 433 647	62 678 063
Cost of sales of **Polygon**	60 516 081	100 179 351
	479 040 382	**555 444 376**
Cost of sales returns of **Polygon**	-	(6 497 858)
	479 040 382	**548 946 518**

40. Other operating revenues

	Nine months ended 30/9/2015 L.E	Nine months ended 30/9/2014 L.E
Interest income realized from installments during the period	50 045 472	28 575 030
Assignment, cancellation dues and delay penalties	33 487 943	20 602 277
Other income	6 179 291	17 130 260
Dividends share from sister companies	4 849 549	5 348 651
Capital gain	6 126 398	2 078 404
Buildings leased revenue	1 184 831	568 000
	101 873 484	**74 302 622**

41. Selling and marketing expenses

	Nine months ended 30/9/2015 L.E	Nine months ended 30/9/2014 L.E
Salaries and wages	12 518 172	12 918 872
Sales commissions	27 188 099	21 578 581
Advertising expenses	21 213 059	21 801 567
Conferences and Exhibitions	1 936 296	2 975 947
Rent	7 480 703	11 726 439
Donations	203 750	34 740
Maintenance, cleaning and agriculture	1 698 685	1 835 294
Travel, transportation and cars	131 944	12 543
Professional and consultants fees	1 043 782	456 000
Gifts	718 154	167 991
Depreciation	332 627	128 540
Employees vacation	-	427 937
Fees and stamps	3 392 778	38 775
Others	1 394 243	954 264
	79 252 292	**75 057 490**

42. General and administrative expenses

	Nine months ended 30/9/2015	Nine months ended 30/9/2014
	L.E	**L.E**
Salaries, wages and bonuses **(42-1)**	34 590 584	33 836 028
Board of Directors' remunerations and allowances	4 499 667	8 542 094
Training, medical care, meals & uniforms	3 458 983	3 459 745
Specific employee benefits	1 957 761	-
Maintenance, cleaning, agriculture, security and	17 364 264	9 005 230
Professional and consultancy fees	4 643 879	6 167 197
Advertising, exhibitions and conferences	1 347 769	127 343
Donations and gifts	2 549 308	2 327 761
Administrative depreciation of fixed assets and rented	13 266 002	8 572 061
Reception and hospitality	1 178 953	1 066 987
Printings and office supplies	2 745 961	2 580 879
Communication, electricity, telephone and water	3 753 062	3 087 341
Subscriptions and governmental dues	1 367 202	1 181 279
Rent	5 444 930	8 260 149
Travel and transportation	1 326 405	995 941
Bank charges	2 933 740	1 681 553
Employees vacation	644 541	216 040
Insurance installments	385 512	306 840
Others	1 886 134	4 950 302
	105 344 657	**96 364 770**

(42-1) This item includes salaries for the executive Board of Directors as follows:

	Nine months ended 30/9/2015	Nine months ended 30/9/2014
	L.E	**L.E**
Salaries	3 961 350	3 470 100
	3 961 350	**3 470 100**

43. Other operating expenses

	Nine months ended 30/9/2015 L.E	Nine months ended 30/9/2014 L.E
Discount for early payment	12 352 657	39 435 118
Provision of claims	75 972	473 911
Impairment loss of trade receivables debtors and loans to joints ventures	2 499 521	1 777 146
Loss from liquidation of investments	344 192	3 810 285
Penalties	5 431	87 643
Operating expenses of HUB	4 111 361	-
	19 389 134	**45 584 103**

44. Finance income

	Nine months ended 30/9/2015 L.E	Nine months ended 30/9/2014 L.E
Interest income	76 636 403	21 985 689
Return on investment in treasury bills	31 126 901	2 067 734
Income from revaluation and sale of investments income	-	82 571
Net foreign exchange translation	2 399 499	-
	110 162 803	**24 135 994**

45. Finance cost

	Nine months ended 30/9/2015 L.E	Nine months ended 30/9/2014 L.E
Interest expense	67 659 627	47 107 874
Installments interest Sheikh Zayed land	2 710 485	4 166 161
Net foreign exchange translation	-	5 862 861
	70 370 112	**57 136 896**

46. Income tax expense

	Nine months ended 30/9/2015 L.E	Nine months ended 30/9/2014 L.E
Current income tax expense	65 922 064	23 522 746
Deferred income tax (benefit)	(2 364 734)	541 672
	63 557 330	**24 064 418**

47. Earnings per share

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

	Nine months ended 30/9/2015 L.E	Nine months ended 30/9/2014 L.E
Net profit for the period	224 154 163	98 789 853
Weighted average number of shares outstanding during the period	338 909 573	90 676 348
Profit per share (L.E / share)	**0.66**	**1.09**

48. Financial instruments

48.1 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, 2015 is amounting to L.E 8 000 172 060 (December 31, 2014: L.E 7 012 644 813).

48.2 Liquidity risk

The following are the contractual maturities of financial liabilities:

September 30, 2015	Carrying amount L.E	Less than 1 year L.E	1-2 years L.E	2-5 years L.E
Banks – credit facilities	22 926 389	22 926 389	-	-
Banks - overdraft	152 865	152 865	-	-
Short - term loans	117 836 218	117 836 218	-	-
Long – term loans	951 044 821	-	225 671 359	725 373 462
Contractors and suppliers	92 803 136	92 803 136	-	-
Other creditors	789 033 402	436 806 831	234 817 719	117 408 860
Notes payable – long term	1 431 436 586	-	688 253 503	743 183 083
Notes payable – short term	737 971 478	737 971 478	-	-
	4 143 204 903	**1 408 496 917**	**1 148 742 581**	**1 585 965 405**

December 31, 2014	**Carrying amount L.E**	**Less than 1 year L.E**	**1-2 years L.E**	**2-5 years L.E**
Banks – credit facilities	158 845 076	158 845 076	-	-
Banks – overdraft	1 373 763	1 373 763	-	-
Short-term loans	78 117 009	78 117 009	-	-
Long – term loans	961 037 423	-	225 671 359	735 366 064
Contractors and suppliers	89 252 372	89 252 372	-	-
Other creditors	594 964 708	354 286 261	213 023 249	27 655 198
Notes payable – long term	1 921 001 002	-	679 044 377	1 241 956 625
Notes payable – short term	634 347 950	634 347 950	-	-
	4 438 939 303	**1 316 222 431**	**1 117 738 985**	**2 004 977 887**

48.3 Currency risk

Exposure to currency risk

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

September 30, 2015

Description	**USD**	**Euro**
Cash at banks	2 423 201	281 755
Creditors and other credit balances	(13 073)	-
Surplus of foreign currencies	**2 410 128**	**281 755**

December 31, 2014

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

48.4 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	
	30/9/2015	**31/12/2014**
Fixed rate instruments	**L.E**	**L.E**
Financial assets	7 708 517 464	4 858 949 871
Financial liabilities	(2 169 408 064)	(2 555 348 952)
	5 539 109 400	**2 303 600 919**
Variable rate instruments		
	(1 091 960 293)	(1 199 373 271)
Financial liabilities	**(1 091 960 293)**	**(1 199 373 271)**

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

48.5 Fair values

Fair values versus carrying amounts

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

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

49. Transactions with related parties

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

a) Transactions with related parties

Party / Relationship	Nature of transaction	30/9/2015 Amount of transaction L.E
Executive managers and Board of Directors (Parent Company)	Executive and Board of Directors	(See note No. 42).
Palmyra – SODIC for Real Estate Development	Loan for joint projects	337 411
	Management fees	–

b) Balances resulting from transactions with related parties

Party	Item as shown in the consolidated balance sheet	30/9/2015 L.E	31/12/2014 L.E
Bonyan Development and Trade Co.	Creditors and other credit balances	107	107
Palmyra – SODIC for Real Estate Development	Loans to Joint Ventures	189 963 254	189 625 843
	*Accrued interest on loan under debtors caption	65 482 130	65 482 130
	Accrued management fees under debtor caption	35 191 620	35 191 620

* Impairment in dues from Palmyra – SODIC for Real Estate Development has been recorded as its described in note No.(9)

50. Legal status

There is a dispute between the Parent Company and a party regarding the contract concluded between them on February 23, 1999 which is related to delivering this party a plot of land as a usufruct right for indefinite period of time in return for an annual rental with a minimal amount for a total of 96 Acres approximately and which has not been delivered up till this date as the management of this party did not abide by the detailed conditions of the contract. There are exchanged notifications concerning this land between the management of the Parent Company and the management of the third party. During 2009, this party raised a court case No. 3 of 2009 Civil 6th of October against the Parent Company for the delivery of the allocated land. A preliminary sentence was issued by the court in its session held on February 22, 2010 to refer this matter to Experts and to delegate the Experts Office of the Ministry of Justice to embark this case and set a session to be held on April 26, 2010 for the expert to present his report .The session was postponed several times and the last one will be held on November 24, 2014 The Company's legal counselor is of the opinion that the Company has the right to maintain and exploit this land under the contract as the said contract has not been effective and no usufruct right has been arisen to this party since its effect was based on conditions that have not been met. In addition, in case of any dispute raised by this party to possess the land, the Company has the actual and physical possession of the land and hence it has the right to continue in possessing the land until settlement of this dispute in front of the court, the opponent has appealed and the court scheduled December 19, 2015.

51. Tax status

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

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

∗ Imposing a tax on Dividends.

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

On August 20, 2015, Law No. (96) For the year 2015 has been issued by a presidential decree. This law included amendments for some articles for income tax of Law No. (91) For the year 2005 and the decision No. (44) For the year 2014 that imposed the temporary additional tax on income, this decision will be implemented from the day following its publication, the most important amendments are as follows:

- Decrease the income tax rate to be 22.5% of net annual profit.
- Adjusting the period of imposing the temporary tax 5%.
- Adjusting the tax imposed on dividends.
- Suspend the imposition of capital tax on the total of the exchanged securities listed for 2 years starting from the 17th of May 2015.

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

Corporate tax

- A ten years corporate tax exemption period starting from the year following the date of the activity inception as of 1/1/1998 until 31/12/2007 has been previously granted to the Parent Company according to Law No. 59 of 1979 concerning the New Urban Communities.
  During the month of January 2011, the Company submitted a request to the Tax Authority demanding the amendment of the tax exemption period to start from the date of the actual handing over of the units in the year 2002.
- On January 18, 2011, the Disputes Dispersal Committee of the Tax Authority considered and studied the Company's request in the light of the date of the actual handing over of the units and the regulations applicable to similar companies. Accordingly, the said committee decided to approve the Parent Company's request thus considering the date of the actual business activity of the Company to be the year 2002, hence, the Parent Company shall be entitled to tax exemption from 1/1/2003 to 31/12/2012, and the amendment was annotated in the Company's tax card. The amended tax return for year 2008 was submitted to the Tax Authority.
- Years from 1996 till 2001 has been inspected and the company were notified and tax differences are under settlement.
- Years from 2002 till 2004 has been inspected and the company was not notified by any tax claims till the date these financial statements are authorized to be issued.
- Inspection has been notified for the year 2006, by the tax form (19) with the date of April 29, 2012 as an estimation, it has been appealed as of May 3, 2012, re-inspection request has been submitted for the year 2006, and re-inspection is carried on and no claims have been informed to the company till the date of the authorization of the financial statements.
- On April 2, 2013 The Company has been notified by form (19) for 2007, 2008 approximately, on April 9, 2013 the company has appealed and it has been returned to the appeal committee, which issued its decision to return the file to large tax payers for re-inspection, and no claims have been informed to the company till the date of the authorization of the financial statements.
- On April 7, 2015 The Company has been notified by form (19) for the inspection of the years 2009, 2010 approximately, on April 7, 2015 the company has appealed, and the inspection has been carried out and no claims have been informed to the company till the date of the authorization of the financial statements.
- The company has been notified for the for the tax period from 2011 till 2013, with the tax inspection form (32), and the inspection did not take place till the date.
- 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 the previous years till the year 2004 and the tax claims have been paid.
- Years from 2005 till 2012 are under inspection and the Company has not received any tax claims till the date of authorizing of these financial statements for issuance.

Withholding tax

- Tax inspection has been carried out till the second quarter of the year 2015, and the Company has not received any tax claims till the date of authorizing of these financial statements for issuance.

Stamp tax

- Tax inspection was carried out for the previous year till December 31, 2010 and tax differences have been fully paid.
- Years from 2011 till 2012 have been inspected and tax differences have been fully paid.
- The company regularly provides stamp tax returns.

Sales tax

- The Company was inspected from inception till December, 2013 and tax differences were paid.
- The company regularly provides sales tax returns.

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.

52. Capital commitments

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

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

- On 16 October 2006, the Company's Extra - Ordinary General Assembly unanimously agreed to approve the incentive plan of the Company's employees and managers and authorizing the Company's board of directors to issue million share with a fair value of L.E 100 per share (before splitting) and appointing an independent committee for supervising the execution of this plan formed by non – executive members in the board of directors, and the allocated shares for the plan had been increased by additional 500 000 share.
- On February 1,2015,the general assembly has approved upon the following ;
- The current Bonus and incentive plan ended on March 31, 2015, and the company converted the remaining 737 500 shares which have its rights unexercised into treasury shares according to the relevant governing regulations.
- Implementation of new Bonus and incentive plan through appropriating shares characterized by favorable conditions in respect of both employees and executive directors.
- On May 31, 2015, the Egyptian Financial Supervisory Authority notified the company that the authority has nothing against carrying out the procedures of converting the number of 737 500 shares out of the shares of the bonus and incentive plan system for employees to treasury shares with a new code both with Egyptian Stock Market and Misr for Clearing, Settlement and Central Depository (MCSD), applying the legal provisions and rules regarding dealing with treasury shares.
- On July 14, 2015, 737 500 shares have been converted from shares of the incentive and bonus plan of employees and executive directors into treasury shares.

- On September 3, 2015, the company's extraordinary general assembly has approved the termination of the incentive and bonus plan system for employees, managers and executive board members of the company, which was authorized by the Extraordinary General Assembly of the company on February 1, 2015, and was not submitted to the Egyptian Financial Supervisory Authority for authorization, as well as canceling all its related effects.