Translation of financial statements and review report originally issued in Arabic

Sixth of October for Development and Investment Company "SODIC"

(An Egyptian Joint Stock Company)

Consolidated Interim Financial Statements

For The Financial Period Ended March 31, 2016

And Limited Review Report

KPMG Hazem Hassan

Public Accountants & Consultants

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KPMG

Translation of review report originally issued in Arabic

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Limited review report on consolidated interim financial statements
To: The Board of Directors of Sixth of October for Development and Investment Company "SODIC"

Introduction

We have performed a limited review for the accompanying consolidated interim statement of financial position of Sixth of October for Development and Investment Company "SODIC" (S.A.E) as at March 31, 2016 and the related consolidated interim statements of profit and loss, interim comprehensive income statement, interim changes in equity statement, and interim cash flows statement for the three-month then ended, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and fair presentation of these interim consolidated financial statements in accordance with Egyptian Accounting Standards. Our responsibility is to express a conclusion on these interim consolidated financial statements based on our limited review.

Scope of Limited Review

We conducted our limited review in accordance with Egyptian Standard on Review Engagements (no. 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 consolidated interim financial statements do not present fairly, in all material respects, the consolidated financial position of the Company as at March 31, 2016 and of its consolidated interim financial performance and its consolidated interim cash flows for the three-month then ended in accordance with Egyptian Accounting Standards.

KPMG Hazem Hassan
Public Accountants & Consultants

Cairo May 31, 2016

KPMG Hazem Hassan
Public Accountants and Consultants
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Sixth of October for Development and Investment Company "SODIC"
(An Egyptian Joint Stock Company)
Consolidated interim statement of financial position

EGP	Note No.	31 March 2016	31 December 2015
Non-current assets			
Property, plant, equipment	(23)	131 966 066	135 868 140
Projects under construction	(24)	8 015 137	7 790 299
Biological Assets under construction	(25)	5 884 469	5 884 706
Investments in associates and joint ventures	(26)	-	-
Investments - available for sale	(27)	4 250 000	4 250 000
Investment properties	(28)	109 186 951	111 347 976
Notes receivables	(29)	4 665 275 754	4 657 536 773
Total non-current assets		**4 924 578 377**	**4 922 677 894**
Current assets			
Other assets	(15)	7 483 206	8 839 274
Completed units ready for sale	(16)	7 669 864	8 278 559
Works in process	(17)	7 274 253 566	7 035 868 781
Trade and notes receivable	(18)	2293 115 792	2228 734 891
Debtors and other debit balances	(19)	671 911 412	537 376 140
Loans to Joint Ventures	(20)	-	-
Investments in treasury bills	(21)	768 086 973	49 774 513
Cash at banks and on hand	(22)	1310 788 525	1966 531 631
Total current assets		**12 333 309 338**	**11 835 403 789**
Total assets		**17 257 887 715**	**16 758 081 683**
Equity			
Issued & paid in capital	(30)	1 355 638 292	1 355 638 292
Legal reserve	(31)	195 088 853	184 428 817
Special reserve - share premium	(32)	1 357 933 479	1 357 933 479
Retained earnings		444 052 452	403 557 570
Treasury shares	(33)	(12 833)	(10 162 833)
Profit from sale of treasury shares	(34)	1 725 456	3 692 867
Equity attributable to equity holders of the Company		**3 354 425 699**	**3 295 088 192**
Non-controlling interests	(35)	94 392 991	90 892 998
Total equity		**3 448 818 690**	**3 385 981 190**
Non-current liabilities			
Loans - long term	(36)	1 009 668 576	996 163 619
Notes payable - long term	(37)	1 279 101 848	1 450 310 827
Deferred tax liabilities	(13)	3 479	823 372
Total non-current liabilities		**2 288 773 903**	**2 447 297 818**
Current liabilities			
Bank - credit balances		10 960	-
Bank - credit facilities	(40)	98 139 601	50 027 276
Loans - Short term	(36)	145 412 551	123 335 275
Contractors, suppliers and notes payable	(42)	840 306 693	842 833 944
Advances - from customers	(41)	9412 254 385	8 882 124 887
Creditors and other credit balances	(43)	953 530 368	955 478 269
Provision for completion	(38)	64 522 663	64 945 785
Provisions	(39)	6 117 901	6 057 239
Total current liabilities		**11 520 295 122**	**10 924 802 675**
Total liabilities		**13 809 069 025**	**13 372 100 493**
Total equity and liabilities		**17 257 887 715**	**16 758 081 683**

* The accompanying notes form 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 statement of profit and loss
for the financial period ended March 31

EGP	Note No	2016	2015
Continuing operations			
Revenues			
Sales of real estate and lands	(5)	168 589 622	266 357 290
Revenues of Beverly Hills Company for Management of Cities and Resorts		6 919 719	6 456 622
Revenues of Edara for Services of Cities and Resorts Company		9 271 948	8 940 128
Revenues from golf course		1 995 572	2 097 262
Total operation revenues		**186 776 861**	**283 851 302**
Cost of sales			
Cost of sales of real estate and lands	(6)	(91 591 088)	(139 234 973)
Costs of Beverly Hills Company for Management of Cities and Resorts		(7 743 271)	(7 089 426)
Costs of Edara for Services of Cities and Resorts Company		(7 367 835)	(6 212 071)
Cost of golf course		(2 970 779)	(3 593 317)
Total operation costs		**(109 672 973)**	**(156 129 787)**
Gross profit		**77 103 888**	**127 721 515**
Other operating revenues	(7)	34 986 645	34 610 337
Selling and marketing expenses	(8)	(21 475 528)	(24 457 794)
General and administrative expenses	(9)	(35 580 690)	(30 947 815)
Other operating expenses	(10)	(4 953 319)	(7 289 347)
Operating profit		**50 080 996**	**99 636 896**
Finance income	(11)	44 563 571	35 911 635
Finance cost	(12)	(22 948 543)	(22 325 817)
Net finance income		**21 615 028**	**13 585 818**
Net profit before tax		**71 696 024**	**113 222 714**
Income tax	(13)	(17 041 113)	(33 912 780)
Profit from continuing operations		**54 654 911**	**79 309 934**
Profit for the period		**54 654 911**	**79 309 934**
Attributable to:			
Equity holders of the Company		51 154 918	75 563 121
Non-controlling interests	(35)	3 499 993	3 746 813
Net Profit for the period		**54 654 911**	**79 309 934**
Earnings per share from continuing operations (EGP / Share)	(14)	0.15	0.22

* The accompanying notes form 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 comprehensive income
for the financial period ended March 31

EGP	Note No	2016	2015
Profit for the period		**54 654 911**	**79 309 934**
Total other comprehensive income items for the period after income tax		-	-
Total comprehensive income of the period		**54 654 911**	**79 309 934**
Total comprehensive income is attributable to:			
Equity holders of the Company		51 154 918	75 563 121
Non-controlling interests	(35)	3 499 993	3 746 813
Total comprehensive income for the period		**54 654 911**	**79 309 934**

* The accompanying notes form 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 March 31, 2016

EGP	Issued and paid in capital	Legal reserve	Special reserve-share premium	Treasury shares	profit / (loss) from selling of treasury shares	Shares kept for bonus and incentive plan	Set aside amount for bonus and incentive plan	Retained earnings	Total	Non-Controlling interests	Total equity
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	103 071 263	2 994 043 210	94 430 992	3 088 474 202
Total comprehensive income											
Net profit for the period	-	-	-	-	-	-	-	75 563 121	75 563 121	3 746 813	79 309 934
Other comprehensive income items	-	-	-	-	-	-	-	-	-	-	-
Total comprehensive income	-	-	-	-	-	-	-	75 563 121	75 563 121	3 746 813	79 309 934
Transactions with owners of the Company											
Transferred to legal reserve	-	3 076 124	-	-	-	-	-	(3 076 124)	-	-	-
Purchasing of non controlling interests without change in control	-	-	-	-	-	-	-	(5 838 129)	(5 838 129)	(14 161 871)	(20 000 000)
Total transactions with owners of the Company	-	3 076 124	-	-	-	-	-	(8 914 253)	(5 838 129)	(14 161 871)	(20 000 000)
Balance at March 31, 2015	1 355 638 292	184 428 817	1 338 296 569	-	3 692 867	(8 012 833)	20 004 359	169 720 131	3 063 768 202	84 015 934	3 147 784 136
Balance as at December 31, 2015	1 355 638 292	184 428 817	1 357 933 479	(10 162 833)	3 692 867	-	-	403 557 570	3 295 088 192	90 892 998	3 385 981 190
Total comprehensive income											
Net profit for the period	-	-	-	-	-	-	-	51 154 918	51 154 918	3 499 993	54 654 911
Other comprehensive income items	-	-	-	-	-	-	-	-	-	-	-
Total comprehensive income	-	-	-	-	-	-	-	51 154 918	51 154 918	3 499 993	54 654 911
Transactions with owners of the Company											
Transferred to legal reserve	-	10 660 036	-	-	-	-	-	(10 660 036)	-	-	-
Selling of treasury shares	-	-	-	10 150 000	-	-	-	-	10 150 000	-	10 150 000
Loss from selling of treasury shares	-	-	-	-	(1 967 411)	-	-	-	(1 967 411)	-	(1 967 411)
Total transactions with owners of the Company	-	10 660 036	-	10 150 000	(1 967 411)	-	-	(10 660 036)	8 182 589	-	8 182 589
Balance at March 31, 2016	1 355 638 292	195 088 853	1 357 933 479	(12 833)	1 725 456	-	-	444 052 452	3 354 425 699	94 392 991	3 448 818 690

* The accompanying notes form 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 March 31

EGP	Note No	2016	2015
Cash flows from operating activities			
Net profit for the period before tax		71 696 024	113 222 714
Adjustments for:			
Depreciation of fixed assets and investment properties	(23) , (28)	8 052 404	3 763 699
Capital gain	(7)	(151 805)	(535 308)
Return on investments in treasury bills	(11)	(19 978 195)	(7 215 652)
Impairment loss of debtors, trade receivables and loans to joint ventures	(10)	245 940	4 141 279
Provisions formed	(38) , (39)	6 937 308	8 995 666
Provisions no longer required	(7) , (39)	(67 000)	
Changes in:			
Other assets		1 356 068	35 124
Finished units available for sale		1 942 050	648 250
Works in process		(238 384 785)	(341 628 438)
Trade and notes receivables		(72 119 882)	(626 041 598)
Debtors and other debit balances		(134 781 212)	(36 711 695)
Provisions used	(38) , (39)	(7 232 768)	(15 154 530)
Advances from customers		530 129 498	807 592 393
Contractors, suppliers and notes payable		(173 736 230)	30 262 666
Creditors and other credit balances		(19 808 907)	84 957 137
Restricted cash		(3 959 000)	(110 000 000)
Net cash (used in) operating activities		**(49 860 492)**	**(83 668 293)**
Cash flows from investing activities			
Payments for purchase of fixed assets, projects under construction and biological assets		(3 857 519)	(1 933 448)
Payments for Investments in treasury bills		(753 763 496)	(303 671 947)
Proceeds from Investments in treasury bills		55 429 231	3 300 000
Payments for acquiring additional shares in subsidiaries		-	(20 000 000)
Proceeds from sale of fixed assets		462 063	5 452
Net cash used in investing activities		**(701 729 721)**	**(322 299 943)**
Cash flows from financing activities			
Proceeds from / (Payments for) Bank - credit facilities		48 112 325	(156 404 450)
Proceeds from / (Payments for) short and long term loans		35 582 233	(12 825 959)
Proceeds from sale of treasury shares	(33)	8 182 589	-
Net cash generated from / (used in) financing activities		**91 877 147**	**(169 230 409)**
Net decrease in cash and cash equivalents		**(659 713 066)**	**(575 198 645)**
Cash and cash equivalents at January 1		1 662 027 865	1 774 960 974
Cash and cash equivalents at March 31	(22)	**1 002 314 799**	**1 199 762 329**

* The accompanying notes form 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 interim consolidated financial statements
for the financial period ended March 31, 2016

1. Background and activities

1-1 Sixth of October for Development and Investment Company "SODIC"– 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 Company is listed on the Egyptian Exchange.

1-5 The interim consolidated financial statements of Sixth of October for Development & Investment Company "SODIC" (the Parent Company) for the financial period ended March 31, 2016 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 and joint ventures.

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. Magued Sherif, is the Managing Director of the Parent Company.

2. Basis of preparation of consolidated interim financial statements

Compliance with accounting standards and laws

- The consolidated interim financial statements have been prepared in accordance with Egyptian Accounting Standards and applicable laws and regulations.
- The interim consolidated financial statements were approved by the Board of Directors on May 30, 2016.

3. Functional and presentation currency

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

4. Use of judgment and estimates

- In preparing the consolidated financial statements in accordance with Egyptian Accounting Standards (EAS), management has made judgments, estimates and assumptions that affect the application of the Group's accounting policies and the reported amounts of assets, liabilities, income and expenses. These estimates and assumptions are based on past experience and various factors. Actual results may differ from these estimates.
- Estimates and underlying assumptions are reviewed on an ongoing basis.
- The recognition of the change in accounting estimates in the period in which the change in estimate, if the change affects only that period, or in the period of change and future periods if the change affects both.

Measurement of fair value

- The fair value of financial instruments determines based on the market value of a financial instrument or similar financial instruments at the date of the financial statements without deducting any estimate future costs of sale. The financial asset values determine at current prices for the purchase of those assets, while determining the value of financial liabilities at current prices, which could be settled by those commitments.
- In the absence of an active market to determine the fair value of financial instruments, the fair value is estimated using various valuation techniques, taking into consideration the transactions price that has recently or be guided by the current fair value of other instruments which is substantially similar. Or the use of - discounted cash flow - or any other evaluating method that leads to results can rely on it.
- When using the discounted cash flow method as a way for the evaluation, the future cash flows are estimated based on the best estimates of management. And determined the discount rate used in the prevailing market price at the date of the financial statements of financial instruments are similar in nature and terms.

5. 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:

	31/3/2016 EGP	31/3/2015 EGP
Revenues from the sale of units in **Allegria** project	19 849 486	87 587 953
Revenues from the sale of units in **Kattameya Plaza** project	9 661 511	31 097 945
Revenues from the sale of units in **The Strip** project	15 532 440	16 351 910
Revenues from the sale of units in **Forty West** project	19 835 898	32 890 905
Revenues from the sale of units in **CASA** project	3 180 321	1 042 017
Revenues from the sale of units in **Westown Residence** project	96 756 279	85 558 224
Revenues from the sales of business units in **Polygon** project	3 773 687	11 828 336
	168 589 622	**266 357 290**

6. Cost of real estate and land sold

	31/3/2016 EGP	31/3/2015 EGP
Cost of sales of units in **Allegria** project	11 217 773	35 505 258
Cost of sales of units in **Kattameya Plaza** project	4 678 095	18 420 813
Cost of sales of units in **The Strip** project	5 879 825	5 406 555
Cost of sales of units in **Forty West** project	11 868 995	23 882 492
Cost of sales of units in **CASA** project	1 942 050	648 251
Cost of sales of units in **Westown Residence** project	54 057 030	47 867 576
Cost of sales of business units in **Polygon** project	1 947 320	7 504 028
	91 591 088	**139 234 973**

7. Other operating revenues

	31/3/2016 EGP	31/3/2015 EGP
Interest income realized from installments during the period	14 184 700	20 285 802
Assignment, cancellation dues and delay penalties	19 029 366	12 089 456
Other income	931 028	1 461 041
Buildings leased revenue	622 746	238 730
Capital gain	151 805	535 308
Provisions no longer required	67 000	-
	34 986 645	**34 610 337**

8. Selling and marketing expenses

	31/3/2016 EGP	31/3/2015 EGP
Salaries and wages	5 337 536	4 088 226
Sales commissions	5 775 593	8 672 064
Advertising expenses	5 892 419	5 178 685
Conferences and Exhibitions	2 007 652	732 839
Advertising events	206 493	-
Rent	641 717	3 914 884
Donations	-	103 750
Maintenance, cleaning and agriculture	392 186	517 024
Travel, transportation and cars	6 571	31 963
Professional and consultants fees	35 676	99 900
Gifts	50 132	52 829
Depreciation	185 863	54 277
Employees vacations	84 969	-
Fees and stamps	224 260	629 539
Printing and photocopying	599 491	212 174
Others	34 970	169 640
	21 475 528	**24 457 794**

9. General and administrative expenses

	31/3/2016 EGP	31/3/2015 EGP
Salaries, wages and bonuses (9-1)	12 122 042	12 304 062
Board of Directors' remunerations and allowances	2 014 903	1 449 609
Training, medical care, meals & uniforms	1 152 339	1 175 629
Employees' defined benefit plan	1 257 081	-
Maintenance, cleaning, agriculture, security and guarding	4 385 113	2 872 818
Professional and consultancy fees	1 846 482	948 118
Advertising, exhibitions and conferences	124 072	554 246
Donations and gifts	279 107	458 705
Administrative depreciation of fixed assets and rented units	6 183 305	2 608 924
Reception and hospitality	282 907	214 765
Printings and office supplies	979 789	777 610
Communication, electricity, telephone and water	1 461 101	736 609
Subscriptions and governmental dues	357 069	536 327
Rent	362 815	3 652 013
Travel and transportation	484 136	440 351
Bank charges	984 103	958 003
Employees vacations	347 738	320 812
Insurance installments	109 443	109 062
Others	847 145	830 152
	35 580 690	**30 947 815**

(9-1)This item includes salaries for the executive Board of Directors as follows:

	31/3/2016 EGP	31/3/2015 EGP
Salaries	1 418 629	1 320 450
	1 418 629	**1 320 450**

10. Other operating expenses

	31/3/2016 EGP	31/3/2015 EGP
Discount for early payment	2 763 917	2 802 220
Provision of claims	127 662	22 662
Impairment losses of debtors and loans to joints ventures	245 940	4 061 420
Loss from liquidation of investments	34	95 603
Penalties	9 516	307 442
Operating expenses of Leased building	1 806 250	-
	4 953 319	**7 289 347**

11. Finance income

	31/3/2016 EGP	31/3/2015 EGP
Interest income	20 905 339	27 570 807
Return on investment in treasury bills	19 978 195	7 215 652
Income from revaluation and sale of investments	190	-
Net foreign exchange translation	3 679 847	1 125 176
	44 563 571	**35 911 635**

12. Finance cost

	31/3/2016 EGP	31/3/2015 EGP
Interest expense	22 398 966	21 238 741
Installments interest Sheikh Zayed land	549 577	1 087 076
	22 948 543	**22 325 817**

13. Income tax expense

A- Items recognized in the profit and loss

	31/3/2016 EGP	31/3/2015 EGP
Current income tax	17 861 006	33 682 395
Deferred income tax (benefit) / expense	(819 893)	230 385
	17 041 113	**33 912 780**

B- Deferred tax assets and liabilities movement

March 31, 2016			Balance as at 31/3/2016		
	Balance as at 1/1/2016 asset / (liability) EGP	Charged to profit and loss EGP	Deferred tax resulted in asset EGP	Deferred tax resulted in (liability) EGP	Net deferred tax resulted in (Liability) / Asset EGP
Property, plant and equipment	(881 027)	803 019	-	(78 008)	(78 008)
Provisions	57 655	16 874	74 529	-	74 529
Net	**(823 372)**	**819 893**	**74 529**	**(78 008)**	**(3 479)**

December 31, 2015			Balance as at 31/12/2015		
	Balance at 1/1/2015 asset / (liability) EGP	Charged to profit and loss EGP	Deferred tax resulted in asset EGP	Deferred tax resulted in (liability) EGP	Net deferred tax resulted in (Liability) / Asset EGP
Property, plant and equipment	(3 498 562)	2 617 535	-	(881 027)	(881 027)
Provisions	67 620	(9 965)	57 655	-	57 655
Net	**(3 430 942)**	**2 607 570**	**57 655**	**(881 027)**	**(823 372)**

C- Liability for temporary differences related to investments in subsidiaries, associates and the joint venture was not recognized because the group controls the timing of reversal of the related temporary differences and satisfied that they will not reverse in the foreseeable future.

D- Unrecognized deferred tax assets

	31/3/2016 EGP	31/12/2015 EGP
Temporary deductible differences	130 222 800	130 239 675
Tax losses carried forward	35 929 245	35 105 304
	166 152 045	**165 344 979**

- Deferred tax assets have not been recognised in respect of the above-mentioned items because of uncertainty associated with the taxable profit to cover these tax assets.

14. Earnings per share

Earnings per share as at March 31, 2016 is calculated based on the Parent Company's share in earnings for the period using the weighted average number of outstanding shares during the period as follows:

	Three months ended as at 31/3/2016 EGP	Three months ended as at 31/3/2015 EGP
Net profit for the period (parent company share)	51 154 918	75 563 121
Weighted average number of shares outstanding during the period	338 909 573	338 909 573
Earnings per share (EGP / share)	**0.15**	**0.22**

15. Other assets

	31/3/2016 EGP	31/12/2015 EGP
Assets – companies under liquidation	2 683 724	2 683 724
Inventories and letters of credit	4 799 482	6 155 550
	7 483 206	**8 839 274**

16. Completed units ready for sale

	31/3/2016 EGP	31/12/2015 EGP
Cost of completed commercial units	5 515 297	4 181 942
Cost of units purchased for resale (16-1)	2 154 567	4 096 617
	7 669 864	**8 278 559**

(16-1) This item represents the acquisition cost of 3 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.

17. Work in process

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

	31/3/2016 EGP	31/12/2015 EGP
Allegria project costs	310 456 456	291 110 919
Westown project costs	846 508 300	814 319 057
Kattamya Plaza project costs	13 106 188	17 326 961
Eastown project costs (17-1)	1 929 066 968	1 819 227 446
Villette project costs (17 -2)	2 959 016 174	2 897 642 054
Al Yosr for projects and agriculture development project costs	333 660 797	333 660 797
Polygon project costs	359 237 729	347 983 895
Caesar project costs (3-17)	215 608 182	207 229 617
The Strip project costs	58 294 560	62 838 882
Northern expansions project costs (17-4)	231 869 639	227 211 825
Beverly Hills project costs	17 428 573	17 317 328
	7 274 253 566	**7 035 868 781**

(17-1) 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 EGP 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 EGP 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.

(17-2) Villette project costs includes an amount of EGP 2.5 billion approximately related to the purchase of 301.48 acres from New Urban communities authority by a subsidiary. The award letter was received on the 9th of June, 2014. .

(17-3) Caesar project costs include cost of purchasing 172 000 m2 land plot in Ras-Elhekmah on the north coast amounted EGP 190 Million approximately.

(17-4) Includes the acquisition cost of 30.76 acres plot in northern expansion in Sixth of October City.

18. Trade and notes receivable

	31/3/2016 EGP	31/12/2015 EGP
Trade receivable	89 768 302	96 745 325
Notes receivable	2 220 665 038	2 150 338 683
	2 310 433 340	**2 247 084 008**
Deduct : unamortized interest – notes receivable	17 054 521	18 086 090
	2 293 378 819	**2 228 997 918**
Deduct : Impairment losses of trade and notes receivable	263 027	263 027
	2 293 115 792	**2 228 734 891**

- The Group's exposure to credit and currency risks related to trade and notes receivable is disclosed in note no. (45).

19. Debtors and other debit balances

	31/3/2016 EGP	31/12/2015 EGP
Contractors and suppliers – advance payments	261 067 533	244 408 788
Due from related parties – Joint Venture	35 191 620	35 191 620
Accrued interest	72 482 554	68 600 809
Due from related parties	6 523 612	6 523 612
Prepaid expenses	228 102 184	215 651 709
Deposits with others	2 012 912	2 029 214
Tax Authority	12 438 297	12 138 042
Due from the bonus and incentives plan to employees and managers fund	122 736	122 736
Debtors from sale of investments (19-1)	52 760 310	52 578 228
Heliopolis Development and Housing Company (19-2)	100 100 000	-
Other debit balances	11 257 690	10 212 418
	782 059 448	647 457 176
Deduct :-		
Impairment loss in debtors and other debit balances	110 148 036	110 081 036
	671 911 412	**537 376 140**

(19-1) 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 2010 to "Invesmart" and "EDA" for construction investment.

(19-2) This item includes an amount of EGP 100 million representing the amount paid as a down payment to Heliopolis Development and Housing Company, this amount will settle with Heliopolis Development and Housing Company's revenue share in the co-development contract pertaining to New Heliopolis City. Accordingly, the Company will act as a real estate developer for the land plot owned to Heliopolis Development and Housing Company which amounted to 655 acres in New Heliopolis City and Heliopolis Development and Housing Company will earn a share of the revenue with guaranteed minimum amount equal EGP 5.01 billion.

The two parties have agreed that the Company at its own expense and under its responsibility will implement, finance, market and sell the units of the project and all its inclusions and components, in addition to providing management and maintenance either directly or through third parties, and delivering on all other obligations as stipulated in the co-development contract and will accordingly share the revenue (according to the defined percentages in the contract for each component of the project).

- The Group's exposure to credit and currency risks related to debtors and other debit balances is disclosed in note no. (45).

20. Loans to Joint Ventures

	31/3/2016 EGP	31/12/2015 EGP
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 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 7 876 766. The loan carries an interest rate of 8.5% per annum.	54 839 773	54 660 833
	190 325 733	190 146 793
Deduct :-		
Impairment for loans to joint ventures	190 325 733	190 146 793
	-	-

21. Investments in treasury bills

	31/3/2016 EGP	31/12/2015 EGP
Treasury bills at par value	770 500 000	52 550 000
Unearned return on treasury bills	(2 413 027)	(2 775 487)
	768 086 973	**49 774 513**

The Group's exposure to market risk and interest rate risk related to investments in treasury bills is disclosed in note no. (45).

22. Cash at banks and on hand

	31/3/2016 EGP	31/12/2015 EGP
Bank - time deposits (22-1)	1 036 059 259	1 704 797 340
Bank - current accounts	250 302 823	242 749 807
Checks under collection	22 772 771	17 823 229
Cash on hand	1 653 672	1 161 255
	1 310 788 525	**1 966 531 631**

(22-1) Deposits include an amount of EGP 308 million restricted as a guarantee for the credit facility granted to the Parent Company and one of the subsidiaries from a commercial banks. In addition, it includes an amount of EGP 181 million representing the value of deposits collected from customers on account of the regular maintenance expenses.

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

	31/3/2016 EGP	31/3/2015 EGP
Cash at banks and on hand	1 310 788 525	1 609 852 949
Less:		
Overdraft	10 960	90 620
Restricted-Time Deposits	308 462 766	410 000 000
Cash and cash equivalents in the consolidated statement of cash flows	**1 002 314 799**	**1 199 762 329**

- The Group's exposure to interest rate risk and currency risk for cash on hands and at banks which is disclosed in note no. (45)

Sixth of October for Development and Investment Company "SODIC"

Notes to the consolidated interim financial statements for the financial period ended March 31, 2016

23 - Property, plant, equipment

This item represeented as follows:-

	Golf Course	Lands	Buildings and Constructions	Vehicles	Furniture and fixtures	Office equipment and communications	Generators, machinery and equipment	Leasehold improvements	Total
	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP
Cost									
Cost 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 year	-	32 705 970	26 847 470	3 574 891	2 752 423	4 572 028	3 540 254	2 075 298	76 068 334
Disposals during the year	-	-	-	(241 773)	-	(275 691)	(4 205 754)	(4 254 475)	(8 977 693)
Cost at December 31, 2015	93 628 961	56 406 229	37 215 411	18 764 942	21 838 177	22 975 316	22 908 059	11 221 078	284 958 173
Cost at Januaray1, 2016	93 628 961	56 406 229	37 215 411	18 764 942	21 838 177	22 975 316	22 908 059	11 221 078	284 958 173
Additions during the period	-	-	277 306	2 198 150	229 251	503 013	115 238	309 960	3 632 918
Disposals during the period	-	-	-	(395 554)	-	-	(232 815)	-	(628 369)
Balance at March 31, 2016	93 628 961	56 406 229	37 492 717	20 567 538	22 067 428	23 478 329	22 790 482	11 531 038	287 962 722
Accumulated depreciation and impairment losses									
Accumulated depreciation and impairment losses 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 during the year	1 823 248	-	9 523 903	1 480 283	2 388 793	3 391 416	3 396 682	2 828 208	24 832 533
Accumulated depreciation of disposals during the year	-	-	-	(231 145)	-	(264 509)	(4 205 753)	(3 622 131)	(8 323 538)
Impairment losses during the year	30 000 000	-	-	-	-	-	-	-	30 000 000
Accumulated depreciation and impairment losses at December 31, 2015	64 608 851	-	13 111 829	13 666 880	14 591 547	16 664 573	16 568 080	9 878 273	149 090 033
Accumulated depreciation and impairment losses at January 1, 2016	64 608 851	-	13 111 829	13 666 880	14 591 547	16 664 573	16 568 080	9 878 273	149 090 033
Depreciation during the period	455 812	-	3 567 431	479 972	678 145	912 578	412 862	717 934	7 224 734
Accumulated depreciation of disposals during the period	-	-	-	(269 370)	-	-	(48 741)	-	(318 111)
Accumulated depreciation and impairment losses at March 31, 2016	65 064 663	-	16 679 260	13 877 482	15 269 692	17 577 151	16 932 201	10 596 207	155 996 656
Net book value									
At January 1, 2015	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
At December 31, 2015	29 020 110	56 406 229	24 103 582	5 098 062	7 246 630	6 310 743	6 339 979	1 342 805	135 868 140
At March 31, 2016	28 564 298	56 406 229	20 813 457	6 690 056	6 797 736	5 901 178	5 858 281	934 831	131 966 066

* Property, plant, equipment include fully depreciated assets at a cost of EGP 38 338 895 at March 31, 2016

24. Projects under construction

This item is represented as follows:

	31/3/2016 EGP	31/12/2015 EGP
Buildings and constructions	6 563 420	6 271 054
Advance payments -fixtures and purchasing of fixed assets	1 451 717	1 519 245
	8 015 137	**7 790 299**

25. Biological asset under construction

On March 31, 2016, the balance of EGP 5 884 469 represents the cost of planting agricultural seedlings and the related costs, irrigation, water, wages, etc. (2015: EGP 5 884 706).

26. Investments in associates and joint ventures

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

	Legal Form	Ownership Percentage		Carrying amount	
		31/3/2016 %	31/12/2015 %	31/3/2016 EGP	31/12/2015 EGP
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 and joint ventures:-

	Assets EGP	Liabilities EGP	Equity EGP	Revenues EGP	Expenses EGP
March 31, 2016					
Royal Gardens for Real Esta Investments Co. (A)	330 463 327	(299 454 739)	(31 008 588)	(288 643 101)	276 779 179
December 31, 2015					
Royal Gardens for Real Esta Investments Co. (A)	521 120 330	(476 977 020)	(44 143 310)	(278 759 490)	251 549 733

	Assets EGP	Liabilities EGP	Equity EGP	Revenues EGP	Expenses EGP
March 31, 2016					
Palmyra SODIC Real Estate Development (B)	69 013 697	(491 284 958)	307 664 437	-	114 606 824
December 31, 2015					
Palmyra SODIC Real Estate Development (B)	79 960 952	(436 780 148)	356 819 196	-	184 068 833

(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 EGP 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 EGP 32 298 112 out of which only EGP 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 EGP 243 million.

- 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.

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 EGP 481 051 416 as at December 31, 2013.

27. Available for sale investments

This item is represented as follows:

	Legal Form	Ownership %	Paid amount of Participation %	Carrying amount as at 31/3/2016 EGP	Carrying amount as at 31/12/2015 EGP
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.

28. Investment properties

The net carrying amount of the investment properties as at March 31, 2016 amounted to EGP 109 186 951. The amount includes commercial / residential units leased out to others.
The movement of the investment properties and its associated depreciation during the period as follows:-

Description	Leased out units EGP	HUB Project's units EGP	Total EGP
Cost			
At January 1, 2015	18 568 793	-	18 568 793
Additions during the year	8 664 293	86 733 319	95 397 612
At December 31, 2015	**27 233 086**	**86 733 319**	**113 966 405**
At January 1, 2016	**27 233 086**	**86 733 319**	**113 966 405**
Disposals during the period	(1 612 077)	–	**(1 612 077)**
At March 31, 2016	**25 621 009**	**86 733 319**	**112 354 328**
Less			
Accumulated depreciation			
At January 1, 2015	(616 504)	-	(616 504)
Depreciation for the year	(322 173)	(1 679 752)	(2 001 925)
At December 31, 2015	**(938 677)**	**(1 679 752)**	**(2 618 429)**
At January 1, 2016	**938 677**	**1 679 752**	**2 618 429**
Depreciation for the year	87 254	740 416	827 670
Accumulated Disposals during the period	(278 722)	-	(278 722)
At March 31, 2016	**747 209**	**2 420 168**	**3 167 377**
Net carrying amount as at January 1, 2015	**17 952 289**	-	**17 952 289**
Net carrying amount as at December 31, 2015	**26 294 409**	**85 053 567**	**111 347 976**
Net carrying amount as at March 31, 2016	**24 873 800**	**84 313 151**	**109 186 951**

29. Notes receivable – Long-term

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

	31/3/2016 EGP	31/12/2015 EGP
Notes receivable	4 762 874 855	4 761 962 569
Deduct: Unamortized interest	97 599 101	104 425 796
	4 665 275 754	4 657 536 773

- The Group's exposure to credit, and currency risks related to trade and notes receivable is disclosed in note no. (45).

30. Share capital

The authorized capital of the Company is EGP. 2.8 billion and the Company's issued and paid in capital is EGP 1 355 638 292 distributed over 338 909 573 shares with a par value of EGP 4 per share, the commercial register was notified on December 7, 2014.
The current capital structure for the holding company represented as follow:

Shareholder	Number of shares	Share value EGP	Ownership percentage %
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	9 021 915	36 087 660	2.67
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	202 957 740	811 830 960	59.88
	338 909 573	**1 355 638 292**	**100**

31. Legal Reserve

The balance as at March 31, 2016 is represented as follows:-

	EGP
Legal reserve equal 5% of the Company's net profit till year 2014	11 945 929
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.	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.	5 000 000
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 2010.	39 446 365
Increase in legal reserve by 5% of 2015 net profit.	10 660 036
Deduct:	
The amount used to increase the issued share capital during 2011.	2
	195 088 853

32. Special reserve – share premium

The balance as at March 31, 2016 is represented in the following:

Description	EGP
Total value of the capital increase share premiums collected for the years 2006 and 2010	1 455 017 340
Add:	
– Share premium of the employees' incentive and bonus plan issued during 2007.	90 000 000
– The value of selling 712 500 share which has been sold through beneficiaries of incentive and bonus plan during 2014 with EGP 30 per share (after split).	21 375 000
– The value of 200 000 shares converted to treasury shares during 2015 at par value, these shares were previously set aside for the benefit of the incentive and bonus plan with the capital increase in 2008 as a result of the termination of the program (Note no.47).	2 150 000
– The value received from the selling of offering rights for 737 500 shares during 2014, which were transferred from shares held for "incentive and bonus plan" as a result of the termination of the program (Note no.47).	16 306 910
– The value of accrued dividends for 737 500 shares which were transferred from the shares set aside for the incentive and bonus plan during 2015 as a result of the termination of the program (Note no.47).	1 180 000
Deduct:	
Amounts transferred to the legal reserve (Note no.31).	167 855 516
Capital increase – related expenses.	55 240 255
Amount used for share capital increase during 2008.	5 000 000
	1 357 933 479

33. Treasury shares

- The balance of treasury shares at March 31, 2016 represents shares held by some subsidiary companies in the parent's company share capital.
- 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 shares on which its rights have not been exercised yet, into treasury shares in accordance with the related regulations, and the conversion of the shares into treasury shares has been executed on July 14, 2015, these shares carrying a book value of EGP 10 150 000 have been sold during the financial period ended March 31, 2016 for EGP 8 182 589 realizing a loss in the amount of EGP 1 967 411.

34. 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 EGP 18 per share (the par value is EGP 4 per share) with a total amount of EGP 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 EGP 21 710 867 resulting in a profit from the sale of treasury shares with an amount of EGP 3 692 867.
- During March 2016 treasury shares which were transferred from incentive and bonus plan for employees and executive directors of the company according to the Extraordinary General Assembly meeting held on February 1st 2015 were sold and resulting in actual loss amounting to EGP 1 967 411 as mentioned in note no. (32). Accordingly, the profit from sale of treasury shares reserve becomes EGP 1 725 456.

35. Non-controlling interest

Non-controlling interest balance as at March 31, 2016 represents the interest shares in subsidiary's equity as follows:

	Non-controlling interest				
	Percentage %	Profit / (loss) for the period EGP	excluding profit / (loss) for the period EGP	as at 31/3/2016 EGP	as at 31/12/2015 EGP
Sixth of October for Development and Real Estate Projects Co. "SOREAL"	0.01	1 567	62 372	63 939	62 372
Beverly Hills for Management of Cities and Resorts Co.	53.25	10 685	28 518 808	28 529 493	28 518 808
SODIC Garden City for Development and Investment Co.	50	3 484 200	59 617 346	63 101 546	59 617 346
El Yosr for Projects and Agriculture Development Co.	0.001	4	26 988	26 992	26 988
SODIC for Development and Real Estate Investment Co.	0.001	–	20	20	20
Tegara for Trading Centers Co.	4.76	3 465	2 666 941	2 670 406	2 666 941
Edara for Services of Cities and Resorts Co.	0.003	72	519	591	519
Fourteen for Real Estate Investment Co.	0.004	–	2	2	2
La Maison for Real Estate Investment Co.	0.004	–	2	2	2
		3 499 993	**90 892 998**	**94 392 991**	**90 892 998**

36. Long-term loans

	31/3/2016 EGP	31/12/2015 EGP
On December 19, 2013 the Sixth of October for Development and Investment Company "SODIC "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 EGP 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.	360 234 326	407 083 911
On July16, 2014 the company signed a medium-term loan contract with Commercial International Bank (CIB) for an amount of EGP 300 million as follows: Tranche (A) to refinance the total amount due to Solidere International following the settlement agreement and Tranche (B) to finance any deficit in the cash flows related to the development of specific blocks on Westown Residences in stage (B) tranche (B).	189 347 800	189 347 800

On July 3, 2014 a Company's subsidiary signed a medium term facility agreement with Arab African International Bank (**AAIB**) for a total amount of EGP 950 million to finance the repayment of advance payments and installments due to the New Urban Communities Authority against the land of the project and finance part of the cost of the project through the funding of the Real Estate Development Model.	605 499 001	523 067 183
Guarantees:		
- Corporate guarantee from Sixth of October for Development and Investment Company "SODIC"		
- The company's commitment to assign all revenues arising from the project before or after the date of the facility for the benefit of the project.		
- 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).		
Availability period:		
Commences from the signing date until December 31, 2017.		
Grace period:		
Three 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, December 31, 2019.		
Total	**1 155 081 127**	**1 119 498 894**
Deduct: Current portion		
Syndicated loan from Arab African International Bank	145 412 551	123 335 275
	1 009 668 576	**996 163 619**

37. Long-term notes payable

	31/3/2016 EGP	31/12/2015 EGP
Total present value of the checks issued to New Urban Communities Authority which are payable till Jan. 1, 2021.	600 000 000	650 000 000
Total present value of the checks issued to New Urban Communities Authority which are payable till June 9, 2018.	730 238 448	885 589 183
Total present value of the checks issued to New Urban Communities Authority which are payable till September 8, 2019.	171 734 763	171 734 763
Unamortized interest	(222 871 363)	(257 013 119)
	1 279 101 848	**1 450 310 827**

The Company's exposure to credit risk related to long-term notes payable are disclosed in Note No. (45).

38. Provision for completion

	Balance as at 1/1/2016 EGP	Formed during the period EGP	Used during the period EGP	Balance as at 31/3/2016 EGP
Provision for completion of works (38-1)	64 945 785	6 809 646	(7 232 768)	64 522 663
	64 945 785	**6 809 646**	**(7 232 768)**	**64 522 663**

(38-1) This provision is formed against the estimated costs expected to be incurred to complete the execution of the project in its final stage related to units delivered to customers, which are expected to be incurred in the following years.

39. Provisions

	Balance as at 1/1/2016 EGP	Formed during the period EGP	Used during the period EGP	Provisions no longer required during the period EGP	Balance as at 31/3/2016 EGP
Provision for expected claims	6 057 239	127 662	-	(67 000)	6 117 901
	6 057 239	**127 662**	-	**(67 000)**	**6 117 901**

- 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.

40. Bank - credit facilities

	31/3/2016 EGP	31/12/2015 EGP
Represents the amounts drawn down from the EGP 150 million fully secured overdraft facility signed between Bank Audi and SODIC. The facility is fully secured by deposits amounting to EGP 150 million.	97 852 183	31 105 204
Represents the amounts drawn down from the EGP 150 million fully secured overdraft facility signed with Bank Audi and one of the subsidiaries. The facility is fully secured by deposits amounting to EGP 150 million.	-	17 203 930
Represents the balance of the credit facility granted to one of the subsidiaries from the National Bank of Egypt with an amount of EGP 5 million, secured by the treasury bills kept at the bank.	-	1 718 142
Represents the amounts drawn down from the EGP 8 million fully secured overdraft facility signed with SAIB Bank and one of the subsidiaries. The facility is fully secured by deposits kept at the bank.	287 418	-
	98 139 601	**50 027 276**

- Information regarding the Group's exposure to interest rate and liquidity risks is disclosed in note no. (45).

41. Advances - from customers

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

	31/3/2016 EGP	31/12/2015 EGP
Advances - SODIC West	3 070 929 934	2 821 472 769
Advances - SODIC East	5 606 243 048	5 419 434 298
Advances - CAESAR PROJECT	735 081 403	641 217 820
	9 412 254 385	**8 882 124 887**

42. Contractors, suppliers and notes payable

	31/3/2016 EGP	31/12/2015 EGP
Contractors	92 307 477	98 967 412
Suppliers	1 672 790	2 860 981
Notes payable **(42-1)**	848 563 574	858 331 078
	942 543 841	**960 159 471**
Deduct: Unamortized interest-notes payable	102 237 148	117 325 527
	840 306 693	**842 833 944**

(42-1) Notes payable includes EGP 741 million which represents the amount due to the New Urban Communities Authority.

The Group's exposure to currency and liquidity risks related to suppliers, contractors and notes payable is disclosed in note no. (45).

43. Creditors and other credit balances

	31/3/2016 EGP	31/12/2015 EGP
Amounts collected on account for management, operation and maintenance of projects	554 200 451	515 906 444
Due to related parties	6 125 688	6 125 688
Accrued expenses	74 784 326	110 844 977
Customers - Beverly Hills – capital contributions	12 834 905	12 638 549
Customers – credit balances	41 660 739	37 973 566
Tax Authority	93 854 634	112 980 666
Dividends payable	91 643	1 398 572
Accrued compensated absence	1 985 770	1 428 692
Insurance Deposits collected from customers – Against modifications	800 805	850 756
Social insurance	620 737	359 228
Customers –down payments for sub-development **(43-1)**	3 371 400	3 371 400
Unearned revenue	8 572 592	1 243 831
Retentions	10 264 004	9 084 075
Due to beneficiaries from Incentive plan	1 192 600	1 192 600
Deposits from others	17 720 738	16 635 432
Premiums of club	113 624 297	109 299 607
Sundry creditors	11 825 039	14 144 186
	953 530 368	**955 478 269**

(43-1) This amount represents sub-development from Sheikh Zayed for Real Estate Development, disclosed in note no. (17-1).

The Group's exposure to currency and liquidity risks related to creditors is disclosed in note no. (45).

44. Fair values

Fair values versus carrying values

Financial instruments are represented, in cash at banks and on hand, treasury bills, customers, notes receivable and investments in equity instruments, suppliers, contractors, notes payable and other credit balances and monetary items included in debtors and creditors accounts.

The main purpose of these financial instruments is to provide funding for the activities of the group.

According to the valuation techniques used to evaluate the assets and liabilities of the group, the carrying value of these financial instruments represent a reasonable estimate of their fair value.

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.

45. Financial risk management

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

- Credit risk
- Liquidity risk
- Market risk
- Currency risk
- Interest rate risk
- Other market price 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.

a) 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).

b) 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:

- EGP 5 million as a bank facility for one of the subsidiaries guaranteed by treasury bills, which are kept with the bank.
- EGP 8 million as a bank facility for one of the subsidiaries guaranteed by time deposits.
- A facility amounting to EGP 150 million. The facility is fully secured by deposits amounting to EGP 150 million.
- A facility amounting to EGP 150 million for one of the subsidiaries. The facility is fully secured by deposits amounting to EGP 150 million.
- A medium term loan in the amount of EGP 900 million.
- A medium term loan in the amount of EGP 300 million.
- A medium term loan in the amount of EGP 950 million for one of the subsidiaries.

c) 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.

d) **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 USD 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.

e) **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.

f) **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.

45-1 Credit risk

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

The maximum exposure to credit risk as at March 31, 2016 amounted to EGP 9 218 355 065 (December 31, 2015: EGP 8 979 041 233).

45-2 Liquidity risk

The following are the contractual maturities of financial liabilities:

March 31, 2016	**Carrying amount EGP**	**Less than 1 year EGP**	**1-2 years EGP**	**2-5 years EGP**
Banks – credit facilities	98 139 601	98 139 601	-	-
Overdraft	10 960	10 960	-	-
Short - term loans	145 412 551	145 412 551	-	-
Long – term loans	1 009 668 576	-	178 910 479	830 758 097
Contractors and suppliers	93 980 267	93 980 267	-	-
Other creditors	953 530 368	632 536 952	309 319 082	11 674 334
Notes payable –short term	746 326 426	746 326 426	-	-
Notes payable –long term	1 279 101 848	-	729 575 367	549 526 481
	4 326 170 598	**1 716 406 757**	**1 217 804 928**	**1 391 958 912**

December 31, 2015	Carrying amount EGP	Less than 1 year EGP	1-2 years EGP	2-5 years EGP
Banks – credit facilities	50 027 276	50 027 276	-	-
Short - term loans	123 335 275	123 335 275	-	-
Long – term loans	996 163 619	-	225 671 359	770 492 260
Contractors and suppliers	101 828 393	101 828 393	-	-
Other creditors	923 278 621	634 446 112	278 327 847	10 504 662
Notes payable – short tern	741 005 551	741 005 551	-	-
Notes payable – long term	1 450 310 827	-	730 439 473	719 871 354
	4 385 949 562	**1 650 642 607**	**1 234 438 679**	**1 500 868 276**

45-3 Currency risk

Exposure to currency risk

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

March 31, 2016

Description	USD	Euro
Cash at banks	4 920 009	295 064
Notes receivables	10 574 371	-
Advances - from customers	(12 364 203)	-
Creditors and other credit balances	(342 547)	-
Surplus of foreign currencies	**2 787 630**	**295 064**

December 31, 2015

Description	USD	Euro
Cash at banks	2 552 111	295 048
Notes receivables	11 767 591	-
Advances - from customers	(12 364 203)	-
Creditors and other credit balances	(338 856)	-
Surplus of foreign currencies	**1 616 643**	**295 048**

45-4 Interest rate risk

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

	Carrying amount 31/3/2016 EGP	Carrying amount 31/12/2015 EGP
Financial instruments with a fixed rate		
Financial assets	8 762 537 778	8 640 843 517
Financial liabilities	(2 025 428 274)	(2 191 316 378)
	6 737 109 504	**6 449 527 139**
Financial instruments with a fixed rate		
	(1 253 231 688)	(1 169 526 170)
Financial liabilities	**(1 253 231 688)**	**(1 169 526 170)**

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit and 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 statement of profit and loss.

46. 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	31/3/2016 Amount of transaction EGP
Executive managers and Board of Directors (Parent Company)	Executive and Board of Directors	(See note No.9).
Palmyra – SODIC for Real Estate Development	Loan for joint projects	178 940
	Management fees	–

b) Balances resulting from transactions with related parties

Party	Item as shown in the consolidated balance sheet	31/3/2016 EGP	31/12/2015 EGP
Palmyra – SODIC for Real Estate Development *	Loans to Joint Ventures	190 325 734	190 146 793
	Accrued interest on loan under debtors caption	65 482 130	65 482 130
	Accrued on joint venture – related parties 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.(19)

47. Tax status

Summary of the Company's tax status at the separate 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 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 actual date of handing over of the units and the regulations applicable to similar companies. Accordingly, the 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 of the new exemption period was registered in the Company's tax card. The amended tax return for year 2008 was submitted to the Tax Authority.

- Years from 1996 till 2004 has been tax inspected and the Company was notified with the tax inspection forms and tax differences has been paid and settled.
- Inspection has been notified for the year 2006, by the tax form (19) dated April 29, 2012 as an estimation, it has been appealed on May 3, 2012, re-inspection request has been submitted for the year 2006, and re-inspection is carried on.
- Inspection has been notified for the years 2007 and 2008, by the tax form (19) dated April 2, 2013 as an estimation, it has been appealed on April 9, 2013 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 re-inspection is carried on.
- Inspection has been notified for the years 2009 and 2010, by the tax form (19) dated April 7, 2015 as an estimation, it has been appealed on April 7, 2015 and the inspection is carried on.
- The Company has been notified for the tax period from 2011 till 2013, with tax inspection form (32), and the inspection did not take place till the date.
- The Company has been notified for year 2014, with tax inspection form (32) under no. 1503 dated March 1, 2016 and has been received on March 24, 2016. A request has been made to extend time limit on April 3, 2016 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.
- The Company pays the monthly salary tax on a regular basis.

Withholding tax

- Tax inspection has been carried out till the third 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.
- The Company pays the tax quarterly according to withholding and add on tax forms on a regular basis.

Stamp tax

- Tax inspection was carried out for the previous years till December 31, 2012 and tax differences have been fully paid.
- The Company provides stamp tax returns on a regular basis.

Sales tax

- The Company was inspected from inception till December 31, 2013 and tax differences were fully paid.
- The Company provides sales tax returns on a regular basis.

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.

48. Capital commitments

Capital commitments as at March 31, 2016 amounted EGP 4 500 461 is represented in contracted and unexecuted works (December 31, 2015: EGP 4 482 877).

49. Legal status

There is a dispute between the parent Company and another party regarding the contract concluded between them on 23/2/1999 which is related to delivering this party a plot of land as a usufruct right for indefinite year of time and a return for an annual rental with a minimal amount for a total of 96 acres approximately and which has not been delivered up till this date as the management of this party did not abide by the detailed conditions of the contract. There are exchanged notifications concerning this land between the management of the parent Company and the management of this party. During 2009, this party raised a court case No. 3 of 2009 Civil 6th of October against the parent Company asking it for the delivery of the allocated land. A preliminary sentence was issued by the court in its session held on February 22, 2010 to refer this matter to Experts and to delegate the Experts Office of the Ministry of Justice to embark this case and set a session to be held on April 26, 2010 for the expert to present his report. The session was postponed by the court several times On November 24, 2014, 6 of October partial court decided to dissuade its decline decree of previous proof procedures dated February 22, 2010 and this case has been resumed by this party.

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

50. 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.
- Held for trading investments are valued at fair value.
- Available for sale investments, which have market values are valued at fair value.
- Transactions liabilities of share based payments, which paid in cash, are valued at fair value.

51. Comparative figures

Some comparative figures have been reclassified to be consistent with the classification of current financial statements.

Statement of financial position

	EGP
Advances - from customers	32 199 648
Creditors and other credit balances	(32 199 648)

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

- On 16 October 2006, the parent Company's Extra - Ordinary General Assembly unanimously agreed to approve the incentive plan of the parent Company's employees and managers and authorizing the Company's board of directors to issue million shares with a fair value of EGP 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 shares.

- On February 1, 2015, the parent Company's Extra - Ordinary 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, Misr for Clearing and Settlement and Central Depository (MCSD), applying the legal provisions and rules regarding dealing with treasury shares.
- On July 14, 2015, 737 500 shares out of the shares of the bonus and incentive plan system for employees, managers and executive directors have been converted into treasury shares.
- On September 3, 2015, the parent company extraordinary general assembly has approved the termination of the incentive and bonus plan system for employees, managers and executive board members of the parent company, which was authorized by the Extraordinary General Assembly of the parent 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.
- On January 20, 2016, the parent company extraordinary general assembly has approved the implementation of new bonus and incentive plan through appropriating shares with special conditions for employees, managers and executive directors in the parent company.

53. Significant accounting policies

53-1 Business combination

- The Group accounts for business combination using the acquisition method when control is transferred to the Group.
- The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired.
- Any goodwill that arises is tested annually for Impairment. Any gain on a bargain purchase in recognized profit or loss immediately.
- Transaction cost are expensed as incurred, except if related to the issue of debt or equity securities.
- The consideration transferred does not include amounts related to the settlement of pre-exiting relationship. Such amounts are generally recognised in profit or loss.
- Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that met the definition of financial instrument is classified as equity, then it is not re-measured and settlement is accounted for within equity. Otherwise, other contingent consideration is re-measured at fair value at each reporting date and subsequent changes in the fair value of the contingent consideration are recognized in profit or loss.

a) Subsidiaries

- Subsidiaries are entities controlled by the Group.
- The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.
- The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

Subsidiaries are represented in the following:-

Subsidiary name	Country of Incorporation	Ownership As at 31/3/2016 %	Ownership As at 31/12/2015 %
1- Sixth of October for Development and Real Estate Projects Company "SOREAL" - S.A.E	Egypt	99.99	99.99
2- Beverly Hills for Management of Cities and Resorts Co. - S.A.E (*)	Egypt	46.75	46.75
3- SODIC Garden City for Development and Investment Co. S.A.E	Egypt	50	50
4- El Yosr for Projects and Agriculture Development Co. - S.A.E	Egypt	99.99	99.99
5- SODIC for Development and Real Estate Investment Co. – S.A.E	Egypt	99.99	99.99
6- SODIC SIAC for Real Estate Investment Co. - S.A.E	Egypt	100	100
7- SODIC for Golf and Tourist Development Co. - S.A.E	Egypt	100	100
8- Fourteen for Real Estate Investment Co. - S.A.E	Egypt	99.99	99.99
9- La Maison for Real Estate Investment Co. - S.A.E	Egypt	99.99	99.99
10- Tegara for Trading Centers Co. S.A.E	Egypt	95.24	95.24
11- Edara for Services of Cities and Resorts Co. –S.A.E	Egypt	99.97	99.97
12- Soreal for Real Estate Investment	Egypt	99.99	99.99
13- SODIC for Securitization	Egypt	99.99	99.99
14- SODIC Syria L.L.C (**)	Syria	100	100
15- Tabrook Development Company (D)	Egypt	100	100

(*) The legal participation in Beverly Hills for Management of Cities and Resorts Co. amounts to 50.75 %, which includes 4 % 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).

(**) 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.

b) Non-controlling interests

NCI are measured at their proportionate share of the acquirer's identifiable net assets at the date of acquisition.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

c) Loss of control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

d) Investments accounted for equity method

Investments that are accounted for using the equity method comprise interests in associates and joint venture. And have no right to its assets and obligations for its liabilities associated with the arrangements.

Associates are those entities in which the group has significant influence, but not control or joint control, over the financial and operating policies.

A joint venture is an arrangement in which the group has joint control, whereby the group has rights to the net assets of the arrangement.

Investments in associates and joint venture are accounted for using the equity method. They are initially recognized at cost, which includes transaction costs.

Subsequent to initial recognition, the consolidated financial statements include the group share of the profit or loss and OCI of equity-accounted investees.

e) Transaction elimination on consolidation

Intra - group balances and transactions, and any unrealised income and expenses arising from intra - group transactions, are eliminated. Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

53-2 Foreign currency

a) Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies of Group companies at the exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date.

Assets and liabilities that are measured at fair value in a foreign currency are translated at the exchange rate when the fair value was determined.

Non – monetary assets and liabilities that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction.

Foreign currency differences are generally recognised in profit or loss.

However, foreign currency differences arising from the translation of the following items are recognised in OCI:

- Available – for - sale equity investments (except on impairment, in which case foreign currency differences that have been recognised in OCI are reclassified to profit or loss).
- A financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective.
- Qualifying cash flow hedges to the extent that the hedges are effective.

b) Foreign Operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated at the exchange rates at the reporting date. The income and expenses of foreign operations are translated at the exchange rates at the dates of the transactions.

Foreign currency differences are recognised in OCI and accumulated in the translation reserve, except to the extent that the translation difference is allocated to NCI.

When a foreign operation is disposed of in its entirety or partially such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal.

If the Group disposes of part of its interest in a subsidiary but retains control, then the relevant proportion of the cumulative amount is reattributed to NCI.

When the Group disposes of only part of an associate or joint venture while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

53-3 Discontinued operation

A discontinued operation is a component of the Group's business, the operations and cash flows of which can be clearly distinguished from the rest of the Group.

Classification as a discontinued operation occurs at the earlier of disposal or when the operation meets the criteria to be classified as held – for - sale.

When an operation is classified as a discontinued operation, the comparative statement of profit or loss and OCI is re-presented as if the operation had been discontinued from the start of the comparative period.

53-4 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 statement of profit and loss according to the accrual basis of accounting.

f. **Dividends**

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

53-5 Employee benefit

a) Short – term employee benefits

Short - term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

b) Share – based payment arrangements

The grant (date fair value of equity) settled share - based payment arrangements granted to employees is generally recognised as an expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non - market performance conditions are expected to be met, such that the amount ultimately recognized is based on the number of awards that meet the related service and non - market performance conditions at the vesting date.

For share - based payment awards with non - vesting conditions, the grant - date fair value of the share - based payment is measured to reflect such conditions and there is no true‑up for differences between expected and actual outcomes.

The fair value of the amount payable to employees in respect of SAR's , which are settled in cash, is recognized as an expense with a corresponding increase in liabilities, over the period during which the employees become unconditionally entitled to payment. The liability is remeasured at each reporting date and at settlement date based on the fair value of the SAR's. Any changes in the liability are recognized in profit or loss.

c) Define contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

The Group pays contributions to the Public Authority for Social Insurance for their employees based on the rules of the social insurance law no 79 for the year 1975. The employees and employers contribute under this law with a fixed percentage of wages. The Group's commitment is limited to the value of their contribution. And the Group's contribution amount expensed in profits and losses according to 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 statement of profit and loss using the accrual basis.

53-6 Finance income and finance costs

The Group's finance income and finance costs include:

- interest income
- interest expense
- Dividends income
- Dividends on preference shares issued classified as financial liabilities
- The net gain or loss on the disposal of available-for-sale financial assets
- The net gain or loss on financial assets at fair value through profit or loss
- The foreign currency gain or loss on financial assets and financial liabilities
- The gain on the remeasurement to fair value of any pre-existing interest in an acquire in a business combination
- The fair value loss on contingent consideration classified as a financial liability
- Impairment losses recognized on financial assets (other than trade receivables)
- The net gain or loss on hedging instruments that are recognized in profit or loss
- The reclassification of net gains previously recognized in OCI.

Interest income or expense is recognized using the effective interest method. Dividend income is recognized in profit or loss on the date on which the group's right to receive payment is established.

53-7 Income Tax

The recognition of the current tax and deferred tax as income or expense in the profit or loss for the period, except in cases in which the tax comes from process or event recognized - at the same time or in a different period - outside profit or loss, whether in other comprehensive income or in equity directly or business combination.

a) Current income tax

The recognition of the current tax for the current period and prior periods and that have not been paid as a liability, but if the taxes have already been paid in the current period and prior periods in excess of the value payable for these periods, this increase is recognized as an asset. The taxable current liabilities (assets) for the current period and prior periods measured at expected value paid to (recovered from) the tax authority, using the current tax rates (and tax laws) or in the process to issue in the end of the financial period. Dividends are subject to tax as part of the current tax. But do not be offset for tax assets and liabilities only when certain conditions are met.

b) Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is not recognised for:

- Taxable temporary differences arising on the initial recognition of goodwill.,
- Temporary differences on the initial recognition of assets or liabilities in a transaction that is not:
  a. A business combination.
  b. And not affects neither accounting nor taxable profit or loss.

Temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on business plans for individual subsidiaries in the Group. deferred tax assets are reassessed at each reporting date, and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset only if certain criteria are met.

53-8 Biological assets

Biological assets are measured at fair value less costs to sell, profit or loss will be recognized in statement of profit and loss.

53-9 Units ready for sale

Units ready for sale are stated at lower of cost or net realizable 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.

53-10 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.

53-11 Property, plant and equipment

a) **Recognition and measurement**

Items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

b) **Subsequent expenditure**

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Group.

c) **Depreciation**

Depreciation is calculated to write off the cost of items of property, plant and equipment less their estimated residual values using the (straight□line method) over their estimated useful lives for each item, and is generally recognised in profit or loss.

Land is not depreciated. Estimated depreciation rates for each type of assets for current and comparative periods are as follow:

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

53-12 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.

53-13 Intangible assets and goodwill

a) Recognition and measurement

I. Goodwill:

Arising on the acquisition of subsidiaries is measured at cost less accumulated impairment losses.

II. Research and development:

- Expenditure on research activities is recognised in profit or loss as incurred
- Development expenditure is capitalised only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the group intends to and has sufficient resources to complete development and to use or sell the asset. Otherwise it is recognised in profit or loss as incurred. Subsequent to initial recognition, development expenditure is measured at cost less accumulated amortization and accumulated impairment losses.

III. Other intangible assets:

Other intangible assets, including patents and trademarks, that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortization and any accumulated impairment losses.

b) Subsequent expenditure

Subsequent expenditure is capitalised only when the intangible asset will increase the future economic benefits embodied in project, research, and development under construction which is recognized as intangible assets. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

c) Amortization

Amortisation is calculated to write off the cost of intangible assets less their estimated residual values using the (straight - line method) over their estimated useful lives, and is generally recognised in profit or loss.

Goodwill is not amortised.

53-14 Investment properties

This item includes properties held for rent or increase in its value or both of them, Investment property is initially measured at cost and subsequently at fair value with any change therein recognised in profit or loss.

Depreciation is charged to statement of profit and loss 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

Any gain or loss on disposal of investment property (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss.

53-15 Financial instruments

The Group classifies non - derivative financial assets into the following categories: financial assets at fair value through profit or loss, held – to - maturity financial assets, loans and receivables and available – for - sale financial assets.

The Group classifies non-derivative financial liabilities into the following categories: financial liabilities at fair value through profit or loss and other financial liabilities category.

1) **Non-derivative financial assets and financial liabilities – Recognition and derecognition**

The Group initially recognises loans and receivables and debt securities issued on the date when they are originated. All other financial assets and financial liabilities are initially recognised on the trade date when the entity becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in such derecognised financial assets that is created or retained by the Group is recognised as a separate asset or liability.

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to offset the amounts and intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

2) **Non-derivative financial assets – Measurement**

Financial assets at fair value through profit or loss

A financial asset is classified as at fair value through profit or loss if it is classified as held-for-trading or is designated as such on initial recognition. Directly attributable transaction costs are recognised in profit or loss as incurred. Financial assets at fair value through profit or loss are measured at fair value and changes therein, including any interest or dividend income, are recognised in profit or loss.

Held-to-maturity financial assets

These assets are initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortised cost using the effective interest method.

Loans and receivables

These assets are initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortised cost using the effective interest method.

Available-for-sale financial assets

These assets are initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses and foreign currency differences on debt instrument are recognised in OCI and accumulated in the fair value reserve. When these assets are derecognised, the gain or loss accumulated in equity is reclassified to profit or loss.

3) **Non-derivative financial liabilities – Measurement**

A financial liability is classified as at fair value through profit or loss if it is classified as held - for - trading or is designated as such on initial recognition. Directly attributable transaction costs are recognised in profit or loss as incurred. Financial liabilities at fair value through profit or loss are measured at fair value and changes therein, including any interest expense, are recognised in profit or loss.

Other non - derivative financial liabilities are initially measured at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these liabilities are measured at amortised cost using the effective interest method.

4) **Derivative financial instruments and hedge accounting**

The group holds derivative financial instruments to hedge it's foreign currency and interest rate risk exposures. Embedded derivatives are separated from the host contract and accounted for separately if certain criteria are met.

Derivatives are initially measured at fair value; any directly attributable transaction costs are recognised in profit or loss as incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognised in profit or loss.

Cash Flow Hedges

When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognised in OCI and accumulated in the hedging reserve. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in profit or loss.

The amount accumulated in equity is retained in OCI and reclassified to profit or loss in the same period or periods during which the hedged forecast cash flows affects profit or loss or the hedged item affects profit or loss.

If the forecast transaction is no longer expected to occur, the hedge no longer meets the criteria for hedge accounting, the hedging instrument expires or is sold, terminated or exercised or the designation is revoked, then hedge accounting is discontinued prospectively. If the forecast transaction is no longer expected to occur, then the amount accumulated in equity is reclassified to profit or lose

53-16 Share capital

1) Ordinary Shares

Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity. Income tax relating to transaction costs of an equity transaction are accounted for in accordance with EAS No. (24) "Income Tax".

2) Repurchase and reissue of ordinary shares (treasury shares)

When shares recognised as equity are repurchased, the amount of the consideration paid, which includes directly attributable costs is recognised as a deduction from equity. Repurchased shares are classified as treasury shares and are presented as a deduction from equity. When treasury shares are sold or reissued subsequently, the amount received is recognised as an increase in equity and the resulting surplus or deficit on the transaction is presented within share premium.

53-17 Impairment

1) Non-derivative financial assets

Financial assets not classified as at fair value through profit or loss, including an interest in an equity - accounted investee, are assessed at each reporting date to determine whether there is objective evidence of impairment.

Objective evidence that financial assets are impaired includes:

- default or delinquency by a debtor;
- restructuring of an amount due to the Group on terms that the Group would not consider otherwise;
- indications that a debtor or issuer will enter bankruptcy;
- adverse changes in the payment status of borrowers or issuers;
- the disappearance of an active market for a security because of financial difficulties; or
- observable data indicating that there is a measurable decrease in the expected cash flows from a group of financial assets.

For an investment in an equity security, objective evidence of impairment includes a significant or prolonged decline in its fair value below its cost. The Group considers a decline of 20% to be significant and a period of nine months to be prolonged.

Financial assets measured at amortised cost

The Group considers evidence of impairment for these assets at both an individual asset and a collective level. All individually significant assets are individually assessed for impairment. Those found not to be impaired are then collectively assessed for any impairment that has been incurred but not yet individually identified. Assets that are not individually significant are collectively assessed for impairment. Collective assessment is carried out by grouping together assets with similar risk characteristics.

In assessing collective impairment, the Group uses historical information on the timing of recoveries and the amount of loss incurred, and makes an adjustment if current economic and credit conditions are such that the actual losses are likely to be greater or lesser than suggested by historical trends.

An impairment loss is calculated as the difference between an asset's carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account.
When the Group considers that there are no realistic prospects of recovery of the asset, the relevant amounts are written off.
If the amount of impairment loss subsequently decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, then the previously recognised impairment loss is reversed through profit or loss.

Available-for-sale financial assets

Impairment losses on available-for-sale financial assets are recognised by reclassifying the losses which have been recognized previously in OCI and the accumulated in the fair value reserve to profit or loss. The amount reclassified is the difference between the acquisition cost (net of any principal repayment and amortisation) and the current fair value, less any impairment loss previously recognised in profit or loss.
If the fair value of an impaired available-for-sale debt security subsequently increases and the increase can be related objectively to an event occurring after the impairment loss was recognised, then the impairment loss is reversed through profit or Impairment loss.
losses recognised in profit or loss for an investment in an equity instrument classified as available-for-sale are not reversed through profit or loss.

Equity-accounted investees

An impairment loss in respect of an equity-accounted investee is measured by comparing the recoverable amount of the investment with its carrying amount. An impairment loss is recognised in profit or loss, and is reversed if there has been a favourable change in the estimates used to determine the recoverable amount.

2) **Non-financial Assets**

At each reporting date, the Group reviews the carrying amounts of its non - financial assets (other than biological assets, investment property, inventories and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.
For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.
The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, 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 or CGU.
An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount.
Impairment losses are recognised in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.
An impairment loss in respect of goodwill is not reversed in the subsequent period. For other assets, 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 amortisation) if no impairment loss had been recognised in previous periods.

53-18 Provisions

Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

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.

53-19 Operational lease

Lease payments under an operating lease, excluding any incentives received from the lessor over the contract period, shall be recognized as an expense charged to the statement of income for the year on a time pattern basis and accrued base.

53-20 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.

53-21 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 statement of profit and loss. Except the **impairment** loss, Investments in unlisted securities such investments are stated at cost less impairment losses.

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 statement of profit and loss.

Treasury bills are stated at their net cost after deducting the amortized interest and the Impairment losses.

53-22 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, 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.

53-23 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.

53-24 Borrowing costs

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

53-25 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 statement of profit and loss over the period of the borrowing using the effective interest rate.

53-26 Trade, contractors and other credit balances

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

53-27 Notes payable

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

53-28 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.

53-29 Expenses

Lease payments

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

53-30 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.

53-31 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.

53-32 New Issues and Amendments issued to the Egyptian Accounting Standards (EAS) and it has not been applied yet.

During the year 2015, a modified version of the Egyptian Accounting Standards (EAS) was issued including some of the new accounting standards and the amendments to some existing standards provided that they shall come into force for the financial periods that start after January 1, 2016, while taking into consideration that the early implementation of these standards is not permissible. In the following table, we shall represent the most significant amendments that have been applied on the financial statements of the company at the beginning of the implementation thereof:

New or Amended Standards	Summary of the Most Significant Amendments	Possible Impact on the Financial Statements
EAS (1) **Presentation of Financial Statements**	***Financial Position Statement*** • The Standard does not require to present the working capital presentation. The reference financial statements that was included in 2006 Standards was excluded; which presented the working capital presentation. • A statement shall be added to the statement of financial position including balances of the beginning of the first presented comparative period in case of retrospective implementation or change in an accounting policy or reclassification carried out by the entity. ***Income Statement (Profit or Loss)/ and Statement of Comprehensive Income*** The entity shall disclose all recognized income and expense captions during the financial period in two separate statements; one of them presents the profit or loss components (*Income Statement*) and the other one starts with the profit or loss and presents the other comprehensive income items (*Statement of Comprehensive Income*).	• Re-presenting all the presented financial statements, disclosures and their accompanying notes including the comparative figures. • Adding a new statement, *Statement of Comprehensive Income*, for the current and comparative period.
EAS (10) **Property, Plant and Equipment *(PPE)* and its depreciations**	• The option of using the revaluation model in the subsequent measurement of PPE has been canceled. • The financial shall disclose a movement of the PPE and its depreciations in the notes accompanying the financial statements at the beginning and the end of the current period and the comparable period. • The strategic (major) spare parts and stand-by equipment can be classified as PPE when the entity expects to use them for	**In case the company previously revaluated its assets; due to a restructuring process (merger or splitting,....), the note shall be as follows:** Currently, the management is assessing the potential impacts on its financial statements resulting from application of the standard. **In case the company did not revaluated its assets**

New or Amended Standards	Summary of the Most Significant Amendments	Possible Impact on the Financial Statements
	more than one period (when the definition of PPE applies thereto).	**before, the note shall be as follows:** The amendment on the standard has no impact the figures presented in the financial statements. Re-presenting the comparative figures related to the PPE in the notes accompanying the financial statements to be in conformity with the required amendments on the standard.
Egyptian Standard No. (45) **Fair Value Measurement**	The new Egyptian Accounting Standard No. (45) "*Fair Value Measurement*" was issued and shall be applied when another Standard requires or allows measurement or disclosure to be made at fair value. This Standard aims the following: (a) Defining the fair value (b) Laying down a framework to measure the fair value in one Standard and (c) Identifying the disclosure required for the fair value measurements.	Currently, the management is assessing the potential impacts on its financial statements resulting from application of the standard.
Egyptian Standard No. (29) **Business Combination**	The purchase method was cancelled and replaced by the acquisition method; as results: 1- Changing the acquisition cost to become the cash consideration transferred; and to be measured at fair value at the acquisition date. 2- Contingent consideration: the fair value of the contingent consideration shall be recognized at the acquisition date as a part of consideration transferred. 3- Changing the method of measuring goodwill in case of Step acquisition is made. • The transaction cost (the cost related to the acquisition): Shall be charged to the Income Statement as an expense in the period in which the costs incurred it and shall not be added to the cash consideration transferred; except for the costs of issuing equity instrument or debt instruments directly related to the acquisition process.	Currently, the management is assessing the potential impacts on its consolidated financial statements resulting from application of the standard.

New or Amended Standards	Summary of the Most Significant Amendments	Possible Impact on the Financial Statements
Egyptian - Standard No. (42): **The Consolidated Financial Statements**	• The new Egyptian Accounting Standard No. (42) *"The Consolidated Financial Statements"* was issued and accordingly Egyptian Accounting Standard No. (17) *"The Consolidated and Separate Financial Statements"* has changed to become *"The Separate Financial Statements"*. Pursuant to the new Egyptian Accounting Standard No. (42) *"The Consolidated Financial Statements"* The control model has changed to determine the investee entity that must be consolidated. • Accounting for the changes in the equity of the parent company in a subsidiary which don't lead to loss of control are accounted for as transactions of equity. • Any Investment quotes retained in a former subsidiary re-measured at fair value at the date when control is lost and recognize any resulting difference in the Income Statement. • In case of losses applicable to the Non-Controlling Interest "NCI" in a subsidiary are more than its share in equity including all component of Other Comprehensive Income are allocated to the owners of the holding entity and the NCI even if this causes the NCI to have a deficit balances.	Retroactive amendment to all the comparative figures of the consolidated financial statements and financial information presented. Currently, the management is assessing the potential impacts on its consolidated financial statements resulting from application of the standard.
Egyptian Standard No.(43): **Joint Arrangements**	• The new Egyptian Accounting Standard No. (43) *"Joint Arrangements"* was issued and accordingly Egyptian Accounting Standard No. (27) *"Interests in Joint Ventures"* was replaced. • According to the new Egyptian Accounting Standard No. (43) *"Joint Arrangements"* a new model for the joint arrangements was laid down in order to classifies and determine their kind whether (Joint Venture) or (Joint Operation). As such, action depends on the substance of the arrangement and not only its legal form. • In case the arrangement is classified as a joint venture, each party of the arrangement parties shall account for that investment using the equity method only (as the proportionate consolidation method was eliminated) whether in the Consolidated or separate Financial Statements issued thereby.	Amendment shall be applied starting from the prior period to the application of this standard (i.e. first of January 2015), and all the comparative figures of the financial statements and financial information.

New or Amended Standards	Summary of the Most Significant Amendments	Possible Impact on the Financial Statements
Egyptian Standard No. (18): Investments in Associates	The accounting treatment of the joint ventures shall be added to this standard, accordingly the Investments in associates and joint ventures shall be accounted for that investments using the equity method in the Consolidated and Individual Financial Statements.	Retroactive amendment to all the comparative figures and financial information presented.
	• The entity shall discontinue to use the Equity method from the date when its investment ceases to be an associate or a joint venture provided that the retained interest shall be re-measured using the fair value and the difference shall be recognized in the Income Statement. • If an investment in an associate becomes an investment in a joint venture or vice versa, the entity continues to apply the Equity Method and does not re-measure the retained Interest. • If an entity's ownership interest in an associate or a joint venture reduced, but the entity continues to apply the Equity Method, the entity shall reclassify to profit or loss the proportions of the gain or loss that previously been recognized in OCI relating to that reduction in Ownership interest.	Currently, the management is assessing the potential impacts on its consolidated financial statements resulting from application of the standard.
Egyptian Standard No. (44): Disclosure of Interests in Other Entities	• A new Egyptian Accounting Standard No. (44) "**Disclosure of Interests in Other Entities**" was issued in order to comprise all the required disclosures pertaining to the investments in subsidiaries, associates, joint arrangements, and the unconsolidated Structured Entities. • The objective of this standard is to comply the entity to disclose the information that enable users of its financial statements to evaluate the nature and risks associated with its interests in other entities and the effects of those interests on its financial position, financial performance, and cash flows.	Retroactive amendment to all the comparative figures for the disclosures presented.
EAS (34) Investment Property	**The option of using the fair value model in the measurement after recognition of the Property Investment has been canceled.**	**For the companies that applied the fair value model, the note shall be as follows:** The fair value of the investment at the beginning of the implementation of this Standard shall be considered deemed cost of that investment for the purposes of the subsequent accounting treatment

New or Amended Standards	Summary of the Most Significant Amendments	Possible Impact on the Financial Statements
		according to EAS (10) "PPE".
EAS (14) Borrowing Costs	Elimination of the previous benchmark treatment that recognized the borrowing cost directly attributable to the acquisition, construction or production of a qualifying asset in the Income Statement without being capitalized on the asset.	**For the companies that applied the benchmark treatment, the note shall be as follows:** The entity shall apply this Standard to the borrowing costs attributable to the qualifying assets, where the start date of capitalization falls within or after the date of the implementation of this Standard.
EAS (38) Employee Benefits	**Actual Gains and Losses** • All the accumulated actuarial gains and losses shall be immediately recognized as part of the defined benefit liabilities and charged to the other Comprehensive Income items. **The Cost of Past Service** An entity shall recognize past service cost as an expense at the earlier of the following dates: (a) When the plan amendment or curtailment occurs; and (b) When the entity executes a significant restructuring plan; it should recognize the related restructuring costs that include paying the termination benefits (Provisions Standard).	Modifying retroactively employee benefits at the date of applying the modified standard and also all presented consolidated comparative figures.
EAS (25) Financial Instruments: Presentation	Any financial instrument with a resale right shall be classified as an equity instrument instead of classifying it as a financial liability; if it meets the conditions in accordance with the paragraphs (16 A or 16 b) or paragraphs (16 c and 16 d) of the same Standard, from the date the instrument has all the features and meets all the conditions set out in those paragraphs. An entity shall re-classify the financial instrument from the date the instrument ceases to have all the features or meet all conditions set out in those paragraphs.	Re-presenting any financial instrument meets all the conditions including all the presented comparative periods.

New or Amended Standards	Summary of the Most Significant Amendments	Possible Impact on the Financial Statements
EAS (40) **Financial Instruments: Disclosures**	• **A new Egyptian Accounting Standard No. (40) *"Financial Instruments: Disclosures"* was issued including all the disclosures required for the financial instruments.** • Accordingly, EAS (25) was amended by separating the disclosures from it. The name of the Standard became *"Financial Instruments: Presentation"* instead of "Financial Instruments: Presentation and Disclosure"	Retroactive amendment to all the comparative figures of the presented disclosures shall be carried out.