


**Sixth of October for Development and Investment Company “SODIC”
(An Egyptian Joint Stock Company)
Separate Interim Financial Statements
For The Financial Period Ended June 30, 2016
And Limited Review Report**

 **Hazem Hassan**
Public Accountants & Consultants

Contents	Page
Limited Review Report	1
Separate Interim Statement of Financial Position	2
Separate Interim Statement of Profit and Loss	3
Separate Interim Statement of Comprehensive Income	4
Separate Interim Statement of Changes in Equity	5
Separate Interim Statement of Cash Flows	6
Notes to the Separate Interim Financial Statements	7

Hazem Hassan

Public Accountants & Consultants

Pyramids Heights Office Park
Km 22 Cairo/Alex Road
P.O. Box 48 Al Ahram
Giza - Cairo - Egypt

Telephone : (202) 35 36 22 00 - 35 36 22 11
Telefax : (202) 35 36 23 01 - 35 36 23 05
E-mail : egypt@kpmg.com.eg
Postal Code : 12556 Al Ahram

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

Introduction

We have performed a limited review for the accompanying separate interim statement of financial position of Sixth of October for Development and Investment Company "SODIC" (S.A.E) as at June 30, 2016 and the related separate interim statements of profit and loss, interim comprehensive income statement, interim changes in equity statement, and interim cash flows statement for the six-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 separate interim financial statements in accordance with Egyptian Accounting Standards. Our responsibility is to express a conclusion on these separate interim financial statements based on our limited review.

Scope of Limited Review

We conducted our limited review in accordance with Egyptian Standard on Review Engagements (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 separate interim financial statements.

Conclusion

Based on our limited review, nothing has come to our attention that causes us to believe that the accompanying separate interim financial statements do not present fairly, in all material respects, the separate financial position of the Company as at June 30, 2016 and of its separate interim financial performance and its separate interim cash flows for the six-month then ended in accordance with Egyptian Accounting Standards.


KPMG Hazem Hassan
Public Accountants & Consultants

Cairo August 14, 2016

KPMG Hazem Hassan
Public Accountants and Consultants
4

Sixth of October for Development and Investment Company "SODIC"
(An Egyptian Joint Stock Company)
Separate interim statement of financial position

EGP	Note No.	30 June 2016	31 December 2015
Non-current assets			
Property, plant, equipment	(21)	50 809 120	56 380 528
Investments in associates	(36)	1 707 842 466	1 707 842 466
Investments - available for sale	(24)	4 276 152	4 276 152
Investment properties	(22)	44 714 386	53 155 878
Investment property - advances	(23)	148 770 067	148 224 050
Trade and notes receivables	(17)	1 675 335 043	1 499 422 614
Deferred tax assets	(13)	532 813	-
Total non-current assets		3 632 280 047	3 469 301 688
Current assets			
Completed units ready for sale	(15)	7 021 615	8 278 560
Works in process	(16)	1 470 638 715	1 350 528 719
Trade and notes receivable	(18)	1 210 373 633	1 145 112 984
Due from related parties	(39)	367 704 931	401 964 100
Debtors and other debit balances	(19)	362 242 175	234 830 272
Investments in treasury bills		982 735 563	20 750 123
Cash at banks and on hand	(20)	304 197 871	1 277 086 732
Total current assets		4 704 914 503	4 438 551 490
Total assets		8 337 194 550	7 907 853 178
Equity			
Issued & paid in capital	(25)	1 355 638 292	1 355 638 292
Legal reserve	(25)	195 088 853	184 428 817
Special reserve - share premium	(25)	1 357 933 479	1 357 933 479
Retained earnings		611 773 296	553 964 996
Profit from sale of treasury shares	(26)	1 725 456	3 692 867
Treasury shares	(27)	-	(10 150 000)
Total equity		3 522 159 376	3 445 508 451
Non-current liabilities			
Loans - long term	(28)	375 960 655	473 096 436
Notes payable - long term	(29)	143 711 099	143 711 099
Deferred tax liabilities	(13)	-	456 892
Total non-current liabilities		519 671 754	617 264 427
Current liabilities			
Bank - credit facilities	(30)	-	31 105 204
Loans - Short term	(28)	126 771 887	123 335 275
Contractors, suppliers and notes payable	(31)	131 004 021	132 511 954
Due to related parties	(39)	188 278 252	146 540 962
Advances - from customers	(32)	2 936 424 240	2 497 567 579
Creditors and other credit balances	(33)	842 422 008	844 303 467
Provision for completion	(34)	64 782 214	64 080 385
Provisions	(35)	5 680 798	5 635 474
Total current liabilities		4 295 363 420	3 845 080 300
Total liabilities		4 815 035 174	4 462 344 727
Total equity and liabilities		8 337 194 550	7 907 853 178

* The accompanying notes form an integral part of these separate interim financial statements and to be read therewith.

Financial & Administration
Executive Director

Hany Henry

Chief Financial Officer

Omar Elhamawy

Managing Director

Magued Sherif

Chairman

Hani Sarie El Din

"Limited review report attached"

Sixth of October for Development and Investment Company "SODIC"
(An Egyptian Joint Stock Company)
Separate interim statement of profit and loss
for the financial period

EGP	Note	From 1/4/2016 Till 30/6/2016	From 1/1/2016 Till 30/6/2016	From 1/4/2015 Till 30/6/2015	From 1/1/2015 Till 30/6/2015
Continuing operations	No				
Revenue	(5)	181 339 144	320 961 128	230 415 917	437 495 016
Cost of sales	(6)	(100 632 182)	(179 718 031)	(131 691 511)	(239 595 088)
Gross profit		80 706 962	141 243 097	98 724 406	197 899 928
Other operating revenues	(7)	28 354 216	53 116 584	27 596 906	50 970 968
Selling and marketing expenses	(8)	(23 977 798)	(43 690 100)	(24 187 979)	(46 240 139)
General and administrative expenses	(9)	(35 440 817)	(66 707 136)	(32 432 141)	(57 964 951)
Other operating expenses	(10)	(6 859 250)	(9 447 614)	(7 219 159)	(15 878 291)
Operating profit		42 783 313	74 514 831	62 482 033	128 787 515
Finance income	(11)	30 828 736	61 948 637	25 314 264	52 266 592
Finance cost	(12)	(22 223 705)	(44 976 729)	(24 254 448)	(46 376 137)
Net finance income		8 605 031	16 971 908	1 059 816	5 890 455
Net profit before tax		51 388 344	91 486 739	63 541 849	134 677 970
Income tax	(13)	(13 516 363)	(23 018 403)	(17 322 284)	(39 117 158)
Profit from continuing operations		37 871 981	68 468 336	46 219 565	95 560 812
Profit for the period		37 871 981	68 468 336	46 219 565	95 560 812
Earnings per share from profit of the period (EGP / Share)	(14)	- 0.11	0.20	0.14	0.28

* The accompanying notes form an integral part of these separate interim financial statements and to be read therewith.

Sixth of October for Development and Investment Company "SODIC"

(An Egyptian Joint Stock Company)

**Separate interim statement of comprehensive income
for the financial period**

EGP	From 1/4/2016 Till 30/6/2016	From 1/1/2016 Till 30/6/2016	From 1/4/2015 Till 30/6/2015	From 1/1/2015 Till 30/6/2015
Profit for the period	37 871 981	68 468 336	46 219 565	95 560 812
Total other comprehensive income items for the period after income tax	-	-	-	-
Total comprehensive income of the period	37 871 981	68 468 336	46 219 565	95 560 812

* The accompanying notes form an integral part of these separate interim financial statements and to be read therewith.

Sixth of October for Development and Investment Company "SODIC"

(An Egyptian Joint Stock Company)

Separate interim statement of changes in Equity

for the financial period ended June 30, 2016

EGP	Issued and paid in capital	Legal reserve	Special reserve- share premium	Retained earnings	Profit from selling of treasury shares	Treasury shares	Shares kept for bonus and incentive plan	Set aside amount for bonus and incentive plan	Total
Balance as at December 31, 2014	1 355 638 292	181 352 693	1 338 296 569	343 840 397	3 692 867	-	(8 000 000)	20 004 359	3 234 825 177
Total comprehensive income									
Net profit for the period	-	-	-	95 560 812	-	-	-	-	95 560 812
Other comprehensive income items	-	-	-	-	-	-	-	-	-
Total comprehensive income	-	-	-	95 560 812	-	-	-	-	95 560 812
Transactions with owners of the Company									
Transferred to legal reserve	-	3 076 124	-	(3 076 124)	-	-	-	-	-
Interest from dividends of set a side of incentive and bonus plan used	-	-	-	-	-	-	-	118 377	118 377
Total transactions with owners of the Company	-	3 076 124	-	(3 076 124)	-	-	-	118 377	118 377
Balance at June 30, 2015	1 355 638 292	184 428 817	1 338 296 569	436 325 085	3 692 867	-	(8 000 000)	20 122 736	3 330 504 366
Balance as at December 31, 2015	1 355 638 292	184 428 817	1 357 933 479	553 964 996	3 692 867	(10 150 000)	-	-	3 445 508 451
Total comprehensive income									
Net profit for the period	-	-	-	68 468 336	-	-	-	-	68 468 336
Other comprehensive income items	-	-	-	-	-	-	-	-	-
Total comprehensive income	-	-	-	68 468 336	-	-	-	-	68 468 336
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
Loss from selling of treasury shares	-	-	-	-	(1 967 411)	-	-	-	(1 967 411)
Total transactions with owners of the Company	-	10 660 036	-	(10 660 036)	(1 967 411)	10 150 000	-	-	8 182 589
Balance at June 30, 2016	1 355 638 292	195 088 853	1 357 933 479	611 773 296	1 725 456	-	-	-	3 522 159 376

* The accompanying notes form an integral part of these separate interim financial statements and to be read therewith.

Sixth of October for Development and Investment Company "SODIC"
(An Egyptian Joint Stock Company)
Separate interim statement of cash flows
for the financial period ended June 30

EGP	Note No	From 1/1/2016 Till 30/6/2016	From 1/1/2015 Till 30/6/2015
<u>Cash flows from operating activities</u>			
Net profit for the period before tax		91 486 739	134 677 970
<u>Adjustments for:</u>			
Depreciation of fixed assets and leased units	(21) , (22)	9 320 728	6 687 195
Capital loss / (gain)		604	(1 954)
Return on investments in treasury bills		(39 113 375)	(16 141 362)
Impairment loss of due from related parties		4 557 460	9 263 803
Provision for completion formed	(34)	15 717 854	22 185 321
Provisions formed	(35)	45 324	45 324
<u>Changes in:</u>			
Finished units available for sale and material inventory		1 256 945	3 600 105
Works in process		(112 710 065)	13 847 457
Trade and notes receivables		(241 173 078)	47 212 470
Due from related parties		29 701 709	(94 441 436)
Debtors and other debit balances		(127 411 903)	(9 629 430)
Provision of completion used	(34)	(15 016 025)	(35 550 033)
Provisions used	(35)	-	(2 239 297)
Advances from customers		438 856 661	(91 197 964)
Contractors, suppliers and notes payable		(1 507 933)	87 593 447
Due to related parties		41 737 290	(30 037)
Creditors and other credit balances		(25 889 567)	21 451 683
Restricted cash		100 000 000	(260 000 000)
Net cash generated from / (used in) operating activities		169 859 368	(162 666 738)
<u>Cash flows from investing activities</u>			
Payments for purchase of fixed assets, projects under construction	(21)	(2 719 776)	(50 894 656)
Payments for acquiring of investments in subsidiaries	(36)	-	(29 998 000)
Payments for acquisition of investment properties	(23)	(546 017)	(2 529 409)
Payments for Investments in treasury bills		(1 738 825 000)	(768 072 234)
Proceeds from Investments in treasury bills		815 952 935	331 540 362
Proceeds from sale of fixed assets		11 413	5 454
Net cash used in investing activities		(926 126 445)	(519 948 483)
<u>Cash flows from financing activities</u>			
Bank - credit facilities	(30)	(31 105 204)	(56 055 555)
Change in short and long term loans		(93 699 169)	25 178 533
Proceeds from sale of treasury shares		8 182 589	-
Net cash used in financing activities		(116 621 784)	(30 877 022)
Net decrease in cash and cash equivalents		(872 888 861)	(713 492 243)
Cash and cash equivalents at January 1		1 127 086 732	1 198 966 788
Cash and cash equivalents at June 30	(20)	254 197 871	485 474 545

* The accompanying notes form an integral part of these separate 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 separate interim financial statements
for the financial period ended June 30, 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 registered office of the Company is located at Km. 38 Cairo / Alexandria Desert Road, Sheikh Zayed City. Dr. Hany Sarie El Din is the Chairman for the Company and Mr. Magued Sherif is the Managing Director of the Company.

*Sixth of October for Development and Investment Company "SODIC" (An Egyptian Joint Stock Company)
Notes to the separate interim financial statements for the financial period ended June 30, 2016*

2. **Basis of preparation of separate interim financial statements**

Compliance with accounting standards and laws

- The separate interim financial statements have been prepared in accordance with Egyptian Accounting Standards and applicable laws and regulations.
- The interim separate financial statements were approved by the Board of Directors on August 14, 2016.

3. **Functional and presentation currency**

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

4. **Use of judgment and estimates**

- In preparing the separate financial statements in accordance with Egyptian Accounting Standards (EAS), management has made judgments, estimates and assumptions that affect the application of the Company'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. **Revenues**

The Company'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 Company's revenues can be analyzed as follows:

	30/6/2016	30/6/2015
	<u>EGP</u>	<u>EGP</u>
Revenues from the sale of units in Allegria project	44 941 496	139 890 078
Revenues from the sale of units in Forty West project	51 907 020	52 003 892
Revenues from the sale of units in CASA project	4 244 900	5 494 291
Revenues from the sale of units in W. T. Residence project	219 867 712	240 106 755
	<u>320 961 128</u>	<u>437 495 016</u>

*Sixth of October for Development and Investment Company "SODIC" (An Egyptian Joint Stock Company)
Notes to the separate interim financial statements for the financial period ended June 30, 2016*

6. Cost of sales

	30/6/2016	30/6/2015
	<u>EGP</u>	<u>EGP</u>
Cost of sales of units in Allegria project	24 372 175	63 132 416
Cost of sales of units in Forty West project	33 224 144	38 738 299
Cost of sales of units in CASA project	2 590 300	3 395 900
Cost of sales of units in W. T. Residence project	119 531 412	134 328 473
	<u>179 718 031</u>	<u>239 595 088</u>

7. Other operating revenues

	30/6/2016	30/6/2015
	<u>EGP</u>	<u>EGP</u>
Interest income realized from installments during the period	26 480 875	24 957 173
Assignment, cancellation dues and delay penalties	24 780 654	16 140 371
Other income	783 747	2 130 601
Income from management & operation of the golf course	600 000	600 000
Buildings leased revenue	471 308	383 929
Capital gain	-	6 758 894
	<u>53 116 584</u>	<u>50 970 968</u>

8. Selling and marketing expenses

	30/6/2016	30/6/2015
	<u>EGP</u>	<u>EGP</u>
Salaries and wages	10 299 123	8 123 927
Sales commissions	11 087 726	13 918 248
Advertising expenses	13 730 016	11 552 017
Conferences and Exhibitions	3 665 241	1 915 890
Rent	1 333 919	6 443 241
Travel, transportation and cars	17 150	86 837
Donations	-	203 750
Maintenance, Cleaning, Agriculture and Security	1 228 317	1 419 099
Professional and consultants fees	255 675	411 004
Gifts	114 226	102 389
Printing and photocopying	801 165	465 437
Fees, Stamps and licenses	203 760	1 016 244
Depreciation - Marketing	297 620	156 070
Employees training	287 250	45 900
Others	368 912	380 086
	<u>43 690 100</u>	<u>46 240 139</u>

*Sixth of October for Development and Investment Company "SODIC" (An Egyptian Joint Stock Company)
Notes to the separate interim financial statements for the financial period ended June 30, 2016*

9. General and administrative expenses

	30/6/2016	30/6/2015
	<u>EGP</u>	<u>EGP</u>
Salaries, wages and bonuses (9-1)	20 518 014	18 636 680
Board of Directors' remunerations and allowances	4 066 105	2 858 635
Training and medical care	1 940 207	2 087 281
Professional and consultancy fees	2 795 764	3 035 201
Advertising	786 759	570 446
Donations	1 491 485	1 008 270
Maintenance, cleaning, agriculture, security and guarding	13 119 847	9 592 232
Administrative depreciation of fixed assets and rented units	9 023 108	6 530 207
Subscriptions and governmental dues	678 039	777 821
Rent	738 490	5 010 954
Travel and transportation	828 793	635 923
Communication and electricity	2 452 848	1 613 138
Stationary and computer supplies	1 958 771	1 308 377
Reception and hospitality	939 977	495 453
Bank charges	1 135 755	1 593 925
Employees' defined benefit plan	2 660 555	974 349
Employees vacations	462 196	534 293
Gifts	443 946	511 636
Insurance installments	167 013	131 553
Others	499 464	58 577
	<u>66 707 136</u>	<u>57 964 951</u>

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

	30/6/2016	30/6/2015
	<u>EGP</u>	<u>EGP</u>
Salaries	2 935 147	2 640 900
	<u>2 935 147</u>	<u>2 640 900</u>

10. Other operating expenses

	30/6/2016	30/6/2015
	<u>EGP</u>	<u>EGP</u>
Discount for early payment	4 844 226	6 569 164
Provision of claims	45 324	45 324
Impairment losses of related parties	4 557 460	9 263 803
Capital loss	604	-
	<u>9 447 614</u>	<u>15 878 291</u>

11. Finance income

	30/6/2016	30/6/2015
	<u>EGP</u>	<u>EGP</u>
Interest income	22 835 262	35 159 398
Return on investment in treasury bills	39 113 375	16 141 362
Net foreign exchange translation	-	965 832
	<u>61 948 637</u>	<u>52 266 592</u>

*Sixth of October for Development and Investment Company "SODIC" (An Egyptian Joint Stock Company)
Notes to the separate interim financial statements for the financial period ended June 30, 2016*

12. Finance cost

	30/6/2016	30/6/2015
	<u>EGP</u>	<u>EGP</u>
Interest cost	43 495 776	44 221 269
Installments interest Sheikh Zayed land	1 338 917	2 154 868
Foreign exchange	142 036	-
	44 976 729	46 376 137

13. Income tax expense

A- Items recognized in the profit and loss

	30/6/2016	30/6/2015
	<u>EGP</u>	<u>EGP</u>
Current income tax	24 008 108	40 069 410
Deferred income tax (benefit) / expense	(989 705)	(952 252)
	23 018 403	39 117 158

B- Deferred tax assets and liabilities movement

	Statement of financial position		Statement of profit and loss	
	30/6/2016	31/12/2015	30/6/2016	30/6/2015
	<u>EGP</u>	<u>EGP</u>	<u>EGP</u>	<u>EGP</u>
Property, plant and equipment	532 813	(456 892)	989 705	952 252
Net deferred income tax	532 813	(456 892)	989 705	952 252

C- Unrecognized deferred tax assets

	30/6/2016	31/12/2015
	<u>EGP</u>	<u>EGP</u>
Deductible temporary differences	146 920 690	145 895 261
	146 920 690	145 895 261

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 is calculated based on the net profit of the period using the weighted average number of outstanding shares during the period as follows:

	30/6/2016	30/6/2015
	<u>EGP</u>	<u>EGP</u>
Net profit for the period	68 468 336	95 560 812
Employees share of profit	-	-
Board of directors' remunerations	-	-
	68 468 336	95 560 812
<u>Divided on:</u>		
Weighted average number of shares outstanding during the period	338 909 573	338 909 573
Earnings per share (EGP / share)	0.20	0.28

*Sixth of October for Development and Investment Company "SODIC" (An Egyptian Joint Stock Company)
Notes to the separate interim financial statements for the financial period ended June 30, 2016*

15. Completed units ready for sale

	30/6/2016	31/12/2015
	<u>EGP</u>	<u>EGP</u>
Cost of completed commercial units	5 515 298	4 181 943
Cost of units purchased for resale (15-1)	1 506 317	4 096 617
	<u>7 021 615</u>	<u>8 278 560</u>

(15-1) This item represents the acquisition cost of 2 units in CASA project (Semi Finished) that were purchased from Royal Gardens Co. for Real Estate Investment – an associated company for the purpose of resale to others.

16. Work in process

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

	30/6/2016	31/12/2015
	<u>EGP</u>	<u>EGP</u>
Allegria project costs	335 982 183	291 440 773
Westown project costs	879 646 727	814 319 057
Northern expansions project costs (16-1)	236 955 692	227 211 825
Fourth phase costs (4A, 4B), showrooms and others	18 054 113	17 557 064
	<u>1 470 638 715</u>	<u>1 350 528 719</u>

(16-1) The cost of Land of North Expansions includes the acquisition cost of a 30.998 acres plot in Sixth of October City.

17. Trade and note receivable – long term

This item represents the present value of trade and note receivable long-term balances as follow:

	30/6/2016	31/12/2015
	<u>EGP</u>	<u>EGP</u>
Notes receivable	1 740 505 115	1 576 938 290
<u>Deduct:</u> Unamortized interest-notes receivable	65 170 072	77 515 676
	<u>1 675 335 043</u>	<u>1 499 422 614</u>

The Company's exposure to credit and currency risk related to trade and notes receivable is disclosed in note (38).

18. Trade and notes receivable – short term

	30/6/2016	31/12/2015
	<u>EGP</u>	<u>EGP</u>
Trade receivable	66 569 161	76 021 276
Notes receivable	1 155 271 548	1 082 222 634
	<u>1 221 840 709</u>	<u>1 158 243 910</u>
<u>Deduct</u> : unamortized interest – notes receivable	11 267 076	12 930 926
	<u>1 210 573 633</u>	<u>1 145 312 984</u>
<u>Deduct</u> : Impairment losses of trade and notes receivable	(200 000)	(200 000)
	<u>1 210 373 633</u>	<u>1 145 112 984</u>

The Company's exposure to credit and currency risks related to trade and notes receivable is disclosed in note no. (38).

*Sixth of October for Development and Investment Company "SODIC" (An Egyptian Joint Stock Company)
Notes to the separate interim financial statements for the financial period ended June 30, 2016*

19. Debtors and other debit balances

	30/6/2016	31/12/2015
	<u>EGP</u>	<u>EGP</u>
Contractors and suppliers – advance payments	167 440 324	148 964 312
Heliopolis Development and Housing Company (19-1)	100 100 000	-
Prepaid expenses	77 936 176	69 795 857
Deposits with others	1 124 935	1 140 687
Due from the bonus and incentives plan to employees and managers fund	122 736	122 737
Withholding tax	8 316 606	8 951 656
Other debit balances	7 556 555	6 210 180
	362 597 332	235 185 429
Impairment loss in debtors and other debit balances	(355 157)	(355 157)
	<u>362 242 175</u>	<u>234 830 272</u>

(19-1) This item 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 been agreed that the Company at its own expense and under its responsibility will implementing, financing, marketing and sale the units of the project, and all its inclusions and components, and will provide the management and maintains itself or through third parties, the two parties will share the revenue for each component in the contract (according to the defined percentages in the contract), in addition, to project's all other revenues according to the defined percentages in the contract.

The Company's exposure to credit and currency risks related to debtors and other debit balances is disclosed in note no. (38).

20. Cash at banks and on hand

	30/6/2016	31/12/2015
	<u>EGP</u>	<u>EGP</u>
Bank - time deposits (20-1)	210 644 000	1 158 418 000
Bank - current accounts	80 469 988	108 622 334
Checks under collection	11 129 283	9 210 185
Cash on hand	1 954 600	836 213
	304 197 871	1 277 086 732

(20-1) Deposits include an amount of EGP 50 million restricted as a guarantee for the credit facilities granted from a group of commercial banks. In addition, it includes an amount of EGP 1 million representing the value of deposits collected from customers against of the regular maintenance expenses.

The Company's exposure to interest rate risk for financial assets which is disclosed in note no. (38).

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

	30/6/2016	30/6/2015
	<u>EGP</u>	<u>EGP</u>
Cash at banks and on hand	304 197 871	745 475 545
<u>Less:</u>		
Restricted cash (facilities guarantee)	50 000 000	260 000 000
Cash and cash equivalent according to separate statement of cash flows	<u>254 197 871</u>	<u>485 475 545</u>

Sixth of October for Development and Investment Company "SODIC"

Notes to the separate interim financial statements for the financial period ended June 30, 2016

21 - Property, plant, equipment

a- Book value adjustment

	Lands	Buildings of the Company's premises	Vehicles	Furniture and fixtures	Office equipment and communications	Generators, machinery and equipment	Leasehold improvements	Total
EGP								
<u>Cost</u>								
Cost at January 1, 2015	-	1 315 286	7 644 706	9 076 959	16 710 353	6 299 119	12 426 863	53 473 286
Additions during the year	32 705 970	17 507 301	1 504 000	99 928	3 834 156	293 658	2 075 298	58 020 311
Disposals during the year	-	-	(230 000)	-	(266 641)	(8 000)	(4 254 475)	(4 759 116)
Cost at December 31, 2015	32 705 970	18 822 587	8 918 706	9 176 887	20 277 868	6 584 777	10 247 686	106 734 481
Cost at January 1, 2016	32 705 970	18 822 587	8 918 706	9 176 887	20 277 868	6 584 777	10 247 686	106 734 481
Additions during the period	-	-	1 650 950	170 228	586 482	2 156	309 960	2 719 776
Disposals during the period	-	-	-	-	(38 350)	-	-	(38 350)
Balance at June 30, 2016	32 705 970	18 822 587	10 569 656	9 347 115	20 826 000	6 586 933	10 557 646	109 415 907
<u>Accumulated depreciation and impairment losses</u>								
Accumulated depreciation and impairment losses at January 1, 2015	-	724 276	7 433 664	4 153 420	11 864 037	5 375 227	8 131 400	37 682 024
Depreciation during the year	-	9 034 991	210 047	866 282	3 058 502	789 486	2 828 208	16 787 516
Accumulated depreciation of disposals during the year	-	-	(229 998)	-	(255 459)	(7 999)	(3 622 131)	(4 115 587)
Accumulated depreciation and impairment losses at December 31, 2015	-	9 759 267	7 413 713	5 019 702	14 667 080	6 156 714	7 337 477	50 353 953
Accumulated depreciation and impairment losses at January 1, 2016	-	9 759 267	7 413 713	5 019 702	14 667 080	6 156 714	7 337 477	50 353 953
Depreciation during the period	-	4 564 329	303 716	493 580	1 492 720	109 829	1 314 993	8 279 167
Accumulated depreciation of disposals during the period	-	-	-	-	(26 333)	-	-	(26 333)
Accumulated depreciation and impairment losses at June 30, 2016	-	14 323 596	7 717 429	5 513 282	16 133 467	6 266 543	8 652 470	58 606 787
<u>Net book value</u>								
At January 1, 2015	-	591 010	211 042	4 923 539	4 846 316	923 892	4 295 463	15 791 262
At December 31, 2015	32 705 970	9 063 320	1 504 993	4 157 185	5 610 788	428 063	2 910 209	56 380 528
At June 30, 2016	32 705 970	4 498 991	2 852 227	3 833 833	4 692 533	320 390	1 905 176	50 809 120

* Property, plant, equipment include fully depreciated assets at a cost of EGP 37 044 040 at June 30, 2016

*Sixth of October for Development and Investment Company "SODIC" (An Egyptian Joint Stock Company)
Notes to the separate interim financial statements for the financial period ended June 30, 2016*

22. Investment properties

The net carrying amount of the investment properties as at June 30, 2016 amounted to EGP 44 714 386, the movement of investment property during the period is as follow:-

<u>Description</u>	<u>Leased out units</u>	<u>Golf course</u>	<u>Total</u>
	<u>EGP</u>	<u>EGP</u>	<u>EGP</u>
<u>Cost</u>			
At January 1, 2015	17 842 713	99 377 533	117 220 246
Additions during the year	7 188 627	-	7 188 627
At December 31, 2015	25 031 340	99 377 533	124 408 873
At January 1, 2016	25 031 340	99 377 533	124 408 873
Disposals during the period	(7 923 577)	-	(7 923 577)
At June 30, 2016	17 107 763	99 377 533	116 485 296
<u>Less</u>			
<u>Accumulated depreciation</u>			
At January 1, 2015	609 378	6 837 173	7 446 551
Depreciation for the year	286 198	1 823 246	2 109 444
At December 31, 2015	895 576	8 660 419	9 555 995
At January 1, 2016	895 576	8 660 419	9 555 995
Depreciation for the period	129 938	911 623	1 041 561
Accumulated Disposals during the period	(523 646)	-	(523 646)
At June 30, 2016	501 868	9 572 042	10 073 910
<u>Less</u>			
<u>Impairment of investment properties*</u>			
At January 1, 2015	-	31 697 000	31 697 000
Impairment during the year	-	30 000 000	30 000 000
At December 31, 2015	-	61 697 000	61 697 000
At January 1, 2016	-	61 697 000	61 697 000
Impairment during the period	-	-	-
At June 30, 2016	-	61 697 000	61 697 000
Net carrying amount as at January 1, 2015	17 233 335	60 843 360	78 076 695
Net carrying amount as at December 31, 2015	24 135 764	29 020 114	53 155 878
Net carrying amount as at June 30, 2016	16 605 895	28 108 491	44 714 386

* This item represents the impairment of golf course by an amount of EGP 61 697 000 which arises from increasing the net book value of the golf course over the recoverable amount which has been measured based on the value in use.

*Sixth of October for Development and Investment Company "SODIC" (An Egyptian Joint Stock Company)
Notes to the separate interim financial statements for the financial period ended June 30, 2016*

23. Investment property - advances

This item amounted to EGP 148 770 067 as at June 30, 2016 (December, 31, 2015: amounted to EGP 148 224 050) represents the amounts paid to SODIC Polygon for Real estate investment Company - a subsidiary - as a down payment for acquiring building No. (1) in the polygon project - for the purpose of leasing to others - the building total cost amounted to EGP 142 928 588 based on the contract signed between the Company and SODIC Polygon for Real estate investment Company on January, 5, 2010, in addition, to an amount of EGP 5 841 479 which represents the amount paid as a down payment for maintenance expenses, management and operating the project building public utilities for three years.

24. Available for sale investments

	Legal Form	Ownership %	Paid amount of Participation %	Carrying amount as at 30/6/2016 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
SODIC for Golf and Tourist Development Co.	S.A.E	0.0025	25	1 250	1 250
Beverly Hills for Management of Cities and Resorts Co.	S.A.E	0.06	100	26 152	26 152
				4 277 402	4 277 402
Impairment of available for sale investments				(1 250)	(1 250)
				4 276 152	4 276 152

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

25. Share capital and reserves

25.1. Share capital

- The authorized capital of the Company is EGP 2.8 billion.
- 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
SCHRODER INTERNATIONAL SELECTION FUND	13 828 975	55 315 900	4.08
Al- Majid Investments LLC.	10 548 092	42 192 368	3.11
NORGES Bank	9 021 915	36 087 660	2.66
Abdel Monem Rashed Abdel Rahman Al Rashed	9 897 756	39 591 024	2.92
Other shareholders	189 728 765	758 915 060	55.99
	338 909 573	1 355 638 292	100

*Sixth of October for Development and Investment Company "SODIC" (An Egyptian Joint Stock Company)
Notes to the separate interim financial statements for the financial period ended June 30, 2016*

25.2. Reserves

a. Legal Reserve

As per the Companies' law and the Company's articles of incorporation, 5% of the net profit of the year is set aside to form the legal reserve. Transfer to the legal reserve may be suspended once the reserve reaches 50% of the Company's issued capital. However, if the reserve balance falls below 50% of the Company's issued capital then transfers to the legal reserve are required to be resumed by setting aside at least 5% of the net profit for the year the transferred amount can be recorded at the period in which the general assembly authorized such transfer.

The balance as at June 30, 2016 is represented as follows:-

	EGP
Legal reserve balance as at 1/1/2003	6 530 455
Add:	
Increase of the legal reserve with the difference between the par value of the treasury shares and its actual cost (according to the Company's Extra-Ordinary General Assembly Meeting held on July 10, 2003).	4 627 374
Increase of the legal reserve with part of capital increase share premium with limits of half of the Company's issued share capital during 2006.	123 409 151
Increase of the legal reserve with part of capital increase share premium during 2007 with limits of half of the Company's issued share capital.	5 000 000
Increase of legal reserve with a 5% of the net profit for year 2008.	2 339 350
Increase in legal reserve with a part of the capital share premium during 2010 with limits of half of the Company's issued share capital.	39 446 365
Increase of the legal reserve with 5% of the net profit for the year 2014.	3 076 124
Increase of the legal reserve with 5% of the net profit for the year 2015.	10 660 036
Deduct:	
The amount used to increase the issued share capital during 2011.	2

195 088 853

*Sixth of October for Development and Investment Company "SODIC" (An Egyptian Joint Stock Company)
Notes to the separate interim financial statements for the financial period ended June 30, 2016*

b. Special reserve – share premium

The balance is represented in the following:

<u>Description</u>	<u>EGP</u>
Total value of the capital increase share premiums collected for the years 2006 and 2010	1 455 017 340
<u>Add:</u>	
Share premium of the employees' incentive and bonus plan issued during 2007.	90 000 000
The value of selling 712 500 share which has been sold through beneficiaries of incentive and bonus plan during 2014 with 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.52).	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.52).	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.52).	1 180 000
<u>Deduct:</u>	
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
	<u>1 357 933 479</u>

26. 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. The remaining treasury shares with a value amounted to EGP 10 150 000 have been sold with an amount of EGP 8 182 589 resulting in actual loss amounted to EGP 1 967 411. Accordingly, the profit from sale of treasury shares reserve becomes EGP 1 725 456.

27. Treasury shares

On February 1, 2015, the Company's Extraordinary General Assembly agreed on the termination of the current incentive and bonus plan for employees and executive directors of the Company by the end of its duration as of march 31, 2015 and converting the remaining shares amounting to 737 500 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, those shares have been selling amounted to EGP 10 150 000.

*Sixth of October for Development and Investment Company "SODIC" (An Egyptian Joint Stock Company)
Notes to the separate interim financial statements for the financial period ended June 30, 2016*

28. Long-term loans

	30/6/2016	31/12/2015
	<u>EGP</u>	<u>EGP</u>
On December 19, 2013 the Company signed a medium-term syndicated loan contract with a group of banks represented by the Arab African International Bank "facility agent" with a total amount of LE 900 million to finance 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.	313 384 742	407 083 911

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.

On July16, 2014 the Company signed a medium-term loan contract with Commercial International Bank (CIB) for an amount of LE 300 million as follows: Tranche (A) to refinance the total amount due to Solidere International following the settlement agreement and Tranche (B) to finance 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
-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	-------------	-------------

Total	502 732 542	596 431 711
--------------	--------------------	--------------------

Deduct: Current portion

Syndicated loan from Arab African International Bank	126 771 887	123 335 275
	375 960 655	473 096 436

29. Long-term notes payable

This item is as follow:

	30/6/2016	31/12/2015
	<u>EGP</u>	<u>EGP</u>
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
<u>Less:</u>		
Unamortized interest	(28 023 664)	(28 023 664)
	143 711 099	143 711 099

The Company's exposure to credit risk related to long-term notes payable are disclosed in Note No. (38).

*Sixth of October for Development and Investment Company "SODIC" (An Egyptian Joint Stock Company)
Notes to the separate interim financial statements for the financial period ended June 30, 2016*

30. Bank - credit facilities

This item is as follow:

	30/6/2016	31/12/2015
	<u>EGP</u>	<u>EGP</u>
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.	-	31 105 204
	<u>-</u>	<u>31 105 204</u>

31. Contractors, suppliers and notes payable

	30/6/2016	31/12/2015
	<u>EGP</u>	<u>EGP</u>
Contractors	46 432 286	41 651 123
Suppliers	2 194 641	1 886 246
Notes payable (31-1)	85 960 028	102 615 983
	<u>134 586 955</u>	<u>146 153 352</u>
<u>Deduct:</u> Unamortized interest-notes payable	3 582 934	13 641 398
	<u>131 004 021</u>	<u>132 511 954</u>

(31- 1) Notes payable includes EGP 66 586 142 which represents the amount due to the New Urban Communities Authority.

The Company's exposure to currency and liquidity risks related to suppliers, contractors and notes payable is disclosed in note no. (38).

32. Advances from customers

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

	30/6/2016	31/12/2015
	<u>EGP</u>	<u>EGP</u>
Advances for booking, contracting and installments of residential units (Fourth area)	676 599	676 599
Advances - Allegria project	329 181 092	343 303 921
Advances - Forty West project	227 270 491	119 178 174
Advances - Westown Residences project	955 834 297	1 176 889 435
Advances - The Courtyards	1 303 218 025	743 142 701
Advances - Block 41	105 361 366	92 832 159
Advances - Casa	2 343 330	6 139 847
Advances - Polygon 9-10	12 539 040	15 404 743
	<u>2 936 424 240</u>	<u>2 497 567 579</u>

*Sixth of October for Development and Investment Company "SODIC" (An Egyptian Joint Stock Company)
Notes to the separate interim financial statements for the financial period ended June 30, 2016*

33. Creditors and other credit balances

	30/6/2016	31/12/2015
	<u>EGP</u>	<u>EGP</u>
Accrued expenses	48 417 345	92 923 232
Amounts collected on account for management, operation and maintenance of projects and premiums of club	241 193 208	194 060 058
Insurance Deposits collected from customers – Against modifications	149 615	149 615
Customers-credit balances of Polygon project (33-1)	504 862 279	454 769 148
Bonyan for development and trading Co.	107	107
Customers - cancellation	4 109 105	7 913 877
Dividends payable	91 643	91 643
Tax Authority	25 851 359	79 218 857
Accrued compensated absence	2 081 427	1 301 774
Sundry creditors	14 369 180	12 265 996
Due to beneficiaries from Incentive plan	1 192 600	1 192 600
Advances-rents	104 140	416 560
	<u>842 422 008</u>	<u>844 303 467</u>

(33-1) The balance represents the amount due to Polygon Co. for Real Estate Investment -a subsidiary, the value of notes receivables the Company collects it for and on behalf of Sodic polygon. The Company's exposure to currency and liquidity risks related to creditors is disclosed in note no. (38).

34. Provision for completion

	Balance as at 1/1/2016	Formed during the period	Used during the period	Balance as at 30/6/2016
	<u>EGP</u>	<u>EGP</u>	<u>EGP</u>	<u>EGP</u>
Provision for completion of works	64 080 385	15 717 854	(15 016 025)	64 782 214
	<u>64 080 385</u>	<u>15 717 854</u>	<u>(15 016 025)</u>	<u>64 782 214</u>

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.

35. Provisions

	Balance as at 1/1/2016	Formed during the period	Used during the period	Balance as at 30/6/2016
	<u>EGP</u>	<u>EGP</u>	<u>EGP</u>	<u>EGP</u>
Provision for expected claims	5 635 474	45 324	-	5 680 798
	<u>5 635 474</u>	<u>45 324</u>	<u>-</u>	<u>5 680 798</u>

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.

*Sixth of October for Development and Investment Company "SODIC" (An Egyptian Joint Stock Company)
Notes to the separate interim financial statements for the financial period ended June 30, 2016*

36. Investments in subsidiaries

	Legal Form	Ownership %	Paid amount of Participation %	Carrying amount as at 30/6/2016 EGP	Carrying amount as at 31/12/2015 EGP
SODIC Property Services Co.	S.A.E	51	100	510 000	510 000
Sixth of October for Development and Real Estate Projects Co. (SOREAL)	S.A.E	99.99	100	807 334 516	807 334 516
SOREAL for Real Estate Investment Co.	S.A.E	99.99	100	499 999 970	499 999 970
SODIC for Development and Real Estate Investment Co.(7-1)	S.A.E	99.99	100	299 999 980	299 999 980
Tabrook Development Co. (7-2)	S.A.E	99.99	100	99 998 000	99 998 000
				<u>1 707 842 466</u>	<u>1 707 842 466</u>

37. Fair values

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 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.

Fair values versus carrying values

Financial instruments are represented, in cash at banks and on hand, investments, customers, notes receivable and investments in subsidiaries, and associates, 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 Company. According to the valuation techniques used to evaluate the assets and liabilities of the Company, the carrying value of these financial instruments represent a reasonable estimate of their fair value.

38. Financial risk management

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

- Credit risk
- Liquidity risk
- Market risk

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

38-1 Credit risk

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

Trade and other receivables

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

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

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

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

Investments

The Company manages the risk via conducting 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 Company 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).

38-2 Liquidity risk

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

The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The Company ensures that it has sufficient cash on demand to meet expected operational expenses for an appropriate period including the cost of servicing financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

*Sixth of October for Development and Investment Company "SODIC" (An Egyptian Joint Stock Company)
Notes to the separate interim financial statements for the financial period ended June 30, 2016*

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

- A facility amounting to EGP 150 million. 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.

38-3 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income 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.

38-4 Currency risk

The Company is exposed to currency risk on sales and financial assets that are denominated in foreign currencies. Such risk is primarily represented in USD.

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

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

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

38-5 Interest rate risk

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

38-6 Other market price risk

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

Material investments within the portfolio are managed on an individual basis and all buy and sell decisions are approved by the Company's 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 as held for trading because their performance is actively monitored and they are managed on a fair value basis.

38-7 Credit risk

The carrying amount of financial assets represented in the balances of trade and notes receivables, debtors and cash and cash equivalent. The maximum exposure to credit risk as at June 30, 2016 amounted to EGP 3 502 148 722 (December 31, 2015: EGP 3 937 211 377).

38-8 Liquidity risk

The following are the contractual maturities of financial liabilities:

<u>June 30, 2016</u>	<u>Carrying amount EGP</u>	<u>Less than 1 year EGP</u>	<u>1-2 years EGP</u>	<u>2-5 years EGP</u>
Short - term loans	126 711 887	126 771 887	-	-
Long – term loans	375 960 655	-	188 180 938	187 779 717
Contractors and suppliers	48 626 927	48 626 927	-	-
Other creditors	842 422 008	523 920 464	306 917 837	11 583 706
Notes payable –short term	82 377 094	82 377 094	-	-
Notes payable –long term	143 711 099	-	47 903 700	95 807 399
	<u>1 619 809 670</u>	<u>781 696 372</u>	<u>543 002 475</u>	<u>295 170 822</u>

*Sixth of October for Development and Investment Company "SODIC" (An Egyptian Joint Stock Company)
Notes to the separate interim financial statements for the financial period ended June 30, 2016*

<u>December 31, 2015</u>	<u>Carrying amount EGP</u>	<u>Less than 1 year EGP</u>	<u>1-2 years EGP</u>	<u>2-5 years EGP</u>
Banks – credit facilities	31 105 204	31 105 204	-	-
Short - term loans	123 335 275	123 335 275	-	-
Long – term loans	473 096 436	-	225 671 359	247 425 077
Contractors and suppliers	43 537 370	43 537 370	-	-
Other creditors	844 303 467	555 470 959	278 327 847	10 504 661
Notes payable – short term	88 974 585	88 974 585	-	-
Notes payable – long term	143 711 099	-	47 903 700	95 807 399
	<u>1 748 063 436</u>	<u>842 423 393</u>	<u>551 902 906</u>	<u>353 737 137</u>

38-9 Currency risk

Exposure to currency risk

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

	<u>30/6/2016</u>	<u>30/6/2016</u>	<u>31/12/2015</u>	<u>31/12/2015</u>
<u>Description</u>	<u>Euro</u>	<u>USD</u>	<u>Euro</u>	<u>USD</u>
Notes receivable short / long - term	-	10 574 371	-	11 767 591
Advances - from customers	-	(11 932 203)	-	(11 932 203)
Maintenance creditors	-	(432 000)	-	(432 000)
Cash at banks	202 609	2 825 462	295 049	2 188 586
Surplus of foreign currencies	<u>202 609</u>	<u>1 035 630</u>	<u>295 049</u>	<u>1 591 974</u>

38-10 Interest rate risk

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

	<u>Carrying amount</u>	
	<u>30/6/2016</u>	<u>31/12/2015</u>
<u>Financial instruments with a fixed rate</u>	<u>EGP</u>	<u>EGP</u>
Financial assets	2 885 583 756	2 644 535 598
Financial liabilities	(226 088 193)	(232 685 684)
	<u>2 659 495 563</u>	<u>2 411 849 914</u>
<u>Financial instruments with a variable rate</u>		
Financial liabilities	(502 732 542)	(627 536 915)
	<u>(502 732 542)</u>	<u>(627 536 915)</u>

The Company 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 separate financial statements date would not affect the statement of profit and loss.

*Sixth of October for Development and Investment Company "SODIC" (An Egyptian Joint Stock Company)
Notes to the separate interim financial statements for the financial period ended June 30, 2016*

39. Related parties

Related parties are represented in the Company' shareholders, board of directors, executive directors and Companies in which they own directly or indirectly shares giving them significant influence over these Companies. The Company made several transactions during the period with related parties and these transactions have been done in accordance with the terms determined by the Company's management, excluded added value, and have been approved by the Company's Ordinary General Assembly. A summary of significant transactions concluded during the period at the separate financial position date were as follows:

Party	Nature of relationship	Nature of transaction	30/6/2016 Amount of Transaction EGP
Beverly Hills Company for Management of Cities and Resorts	A subsidiary	Works of agriculture, maintenance and security services for Beverly Hills City.	3 192 824
Sixth of October for Development and Real Estate Projects (SOREAL)	A subsidiary	Payments on behalf of the Company	17 027 705
Sodic Garden City for development and investment	A subsidiary	Cash payments	69 311 765
		Payments on behalf of the Company	297 158
		Cash payments	89 890
Move-In for Advanced Contracting Company	A subsidiary	Cash payments	80
Edara for Services of Cities and Resorts Company	A subsidiary	Works of agriculture, maintenance and security services for Allegria City.	22 059 216
Tegara Company for trading centers	A subsidiary	Expenses on behalf of the company	3 186
SODIC for Golf and Tourist Development Company	A subsidiary	Payments on behalf of the Company	699 286
		Revenue from management and operation of the golf course and club.	600 000
		Expenses recovery	703 376
		Cash payments	4 000 000
SODIC Polygon for Real estate investment Company	A subsidiary	Payments on behalf of the Company	27 698 102
		Cash proceeds	5 901 868
		Works of SODIC building No.(1)	546 017
		Proceeds from trade and notes receivable	50 093 130
El Yosr for Projects and Agriculture Development Company	A subsidiary	Payment on behalf of the company	900
Fourteen for real estate investment Company	A subsidiary	Payments on behalf of the Company	399 866
SODIC for development and Real estate investment	A subsidiary	Payments on behalf of the Company	163 163
		Cash proceeds	9 811 902
Royal Gardens Company	A subsidiary	Payments on behalf of the Company	46 100
		Cash proceeds	247 036
SODIC – Syria Company	A subsidiary	Payments on behalf of the Company	182 762
La Maison for Real estate investment Company	A subsidiary	Payments on behalf of the Company	6 719 192
		Cash payments	2 000 000

*Sixth of October for Development and Investment Company "SODIC" (An Egyptian Joint Stock Company)
Notes to the separate interim financial statements for the financial period ended June 30, 2016*

SOREAL for Real estate investment Company	A subsidiary	Payments on behalf of the Company	8 004 541
		Cash payments	18 577 623
SODIC for securitization Company		Payments on behalf of the Company	3 033
Tabrook Development Company	A subsidiary	Payments on behalf of the Company	9 955 724
		Cash payments	34 059 935
Executive directors and board members			(Note No.9)

The following is the balances of related parties at the date of the financial statements

a) Due from related parties

	30/6/2016	31/12/2015
	<u>EGP</u>	<u>EGP</u>
Sixth of October for Development and Real Estate Projects (SOREAL) – a subsidiary	-	17 559 573
SOREAL for Real Estate Company – a subsidiary.	-	10 037 404
Tabrook Development Company – a subsidiary.	13 331 174	37 435 385
SODIC for securitization – a subsidiary.	-	8 185
Greenscape for Agriculture and Reclamation Company – a subsidiary (under Liquidation)	6 219 961	6 219 961
Move-In for Advanced Contracting Company – a subsidiary	22 406 580	22 406 500
El Yosr for Projects and Agriculture Development Company – a subsidiary	900	3 505
SODIC for Development and Real Estate Investment Company – a subsidiary	-	9 710 061
SODIC Polygon for Real Estate Investment Company – a subsidiary	327 047 113	305 250 879
SODIC Syria Company – a subsidiary	433 927 663	433 744 901
Fourteen for Real Estate Investment Company – a subsidiary	57 943 770	57 543 905
La Maison for Real Estate Investment Company - S.A.E	15 181 095	10 461 903
Edara for Services of Cities and Resorts Company – a subsidiary	54 373	32 954
Palmyra Real Estate Development Company –a Joint project	35 191 620	35 191 620
Tegara for Trading Centers Company – a subsidiary	3 695 285	3 692 099
SODIC Garden City for Development and Investment Company – a subsidiary	547 601	340 334
SODIC for Golf and Tourist Development Company – a subsidiary	43 051 391	38 444 095
Other related companies	35 093	252 064
	958 633 619	988 335 328
Impairment of due from related parties (39- 1)	(590 928 688)	(586 371 228)
	367 704 931	401 964 100

*Sixth of October for Development and Investment Company "SODIC" (An Egyptian Joint Stock Company)
Notes to the separate interim financial statements for the financial period ended June 30, 2016*

(39-1) Due to the current political circumstances in the Syrian Arab Republic which affected a significant impact on the economic sectors in general, and the confiscation of assets and documents related to Palmyra - SODIC Real Estate Development Company by the Syrian Arab Republic government, the management of SODIC addressed the Embassy of the Syrian Arab Republic in Egypt to protect all of its interest from these acts and commissioned a law firm for trying to reserve its interest.

Accordingly, the Board of Directors of Sixth of October Development and Investment "SODIC" saw that the assets of the investee company all become in dispute with the mentioned country's government, which requires to recognize a loss arising from an inability to recover its investments and therefore the Board of Directors decided on April 16, 2014 to impair the due from related parties relating to investments that have been injected for projects in the Syrian Arab Republic in addition to an impairment for due from some subsidiaries related to debts unexpected to be collected which are amounted to EGP 590 928 688 as at June 30, 2016.

b) Due to related parties

	30/6/2016	31/12/2015
	<u>EGP</u>	<u>EGP</u>
Sixth of October for Development and Real Estate Projects (SOREAL)	34 724 488	-
Move - In for Advanced Contracting Co. – a subsidiary	596 307	596 307
Green scape for Agriculture and Reclamation Co. – a subsidiary (under Liquidation).	2 748 261	2 748 261
SODIC Polygon for Real Estate Investment Company – a subsidiary	85 151 193	84 605 176
Tegara for Trading Centers Co. – a subsidiary	55 595 000	55 595 000
SODIC Property Services Co. – a subsidiary (under Liquidation)	2 252 660	2 252 660
Edara for Services of Cities and Resorts Co. – a subsidiary	5 557 962	743 558
Beverly Hills Co. for Management of Cities and Resorts	1 115 823	-
SODIC for Development and Real Estate Investment Company – a subsidiary	880	-
SOREAL for Real estate investment Company – a subsidiary	535 678	-
	<u>188 278 252</u>	<u>146 540 962</u>

40. 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.

*Sixth of October for Development and Investment Company "SODIC" (An Egyptian Joint Stock Company)
Notes to the separate interim financial statements for the financial period ended June 30, 2016*

- 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 the tax inspection form (32), dated May 3, 2015, and a request has been made to extend time limit on May 28, 2015 and a tax inspection has been notified again, with tax inspection form (32) dated August 24, 2015, and the inspection did not take place till the date.
- The Company has been notified for the tax year 2014 with the tax inspection form (32), dated March 1, 2016 and has been received on March 24, 2016 and 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 first quarter of the year 2016, 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.
- Inspection has been notified for the years 2014 and 2015 on May 16, 2016 and the inspection did not take place till the date.
- 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.

*Sixth of October for Development and Investment Company "SODIC" (An Egyptian Joint Stock Company)
Notes to the separate interim financial statements for the financial period ended June 30, 2016*

41. Capital commitments

Capital commitments as at June 30, 2016 amounted EGP 257 009 is represented in contracted and unexecuted works (December 31, 2015: EGP 253 259).

42. 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 the last one will be held on September 17, 2016.

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.

43. Basis of measurement

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

- Financial assets and liabilities recognized at fair values through profits and losses.
- Held for trading investments 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.

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

- On 16 October 2006, the Company's Extra - Ordinary General Assembly unanimously agreed to approve the incentive plan of the Company's employees and managers and authorizing the Company's board of directors to issue million 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 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

*Sixth of October for Development and Investment Company "SODIC" (An Egyptian Joint Stock Company)
Notes to the separate interim financial statements for the financial period ended June 30, 2016*

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 Company's extraordinary general assembly has approved the termination of the incentive and bonus plan system for employees, managers and executive board members of the Company, which was authorized by the Extraordinary General Assembly of the Company on February 1, 2015, and was not submitted to the Egyptian Financial Supervisory Authority for authorization, as well as canceling all its related effects.
- On January 20, 2016, the Company's 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 Company.

45. Significant accounting policies

45.1. Consolidated financial statement

- The Company has subsidiaries and according to the Egyptian Accounting Standards No. (42) "consolidated financial statements" and Article 188 of the executive regulations for Companies' law No. 159 of 1981, the Company is preparing consolidated financial statements for the Group which should be used as a reference to understand the financial position, financial performance and cash flows for the group as a whole.
- 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 is 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-existing 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.

45.2. Foreign currency transactions

- Transactions in foreign currencies are translated at the foreign exchange rate prevailing at the date of the transaction.
- Monetary assets and liabilities denominated in foreign currencies 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.

45.3. 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. Sales revenue

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 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. Return on investments

Return on investments is recognized in the statement of profit and loss at the date when the Company has the right to collect the amount.

c. Rental income

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

45.4. 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 Company 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 re-measured 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 Company 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 Company's commitment is limited to the value of their contribution. And the Company'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 instalments. Contributions are charged to statement of profit and loss using the accrual basis.

45.5. Finance income and finance costs

The Company'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 Company's right to receive payment is established.

45.6. 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.

*Sixth of October for Development and Investment Company "SODIC" (An Egyptian Joint Stock Company)
Notes to the separate interim financial statements for the financial period ended June 30, 2016*

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 Company 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 Company 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.

45.7. 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.

45.8. 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 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.

45.9. 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.

*Sixth of October for Development and Investment Company "SODIC" (An Egyptian Joint Stock Company)
Notes to the separate interim financial statements for the financial period ended June 30, 2016*

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 Company.

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:

<u>Asset</u>	<u>Years</u>
Buildings and construction works	5-10
Vehicles	5
Furniture and fixtures	10
Office and communications equipment	5
Generators, machinery and equipment	5
Leasehold improvements	5 years or lease term whichever is lower

45.10. 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.

45.11. 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:

<u>Asset</u>	<u>Years</u>
Leased units	50
Golf course constructions	20
Irrigation networks	15
Golf course equipment and tools	15

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.

45.12. Financial instruments

The Company 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 Company 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 Company 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 Company 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 Company is recognised as a separate asset or liability.

The Company 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 Company 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.

*Sixth of October for Development and Investment Company "SODIC" (An Egyptian Joint Stock Company)
Notes to the separate interim financial statements for the financial period ended June 30, 2016*

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 Company holds derivative financial instruments to hedge its 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 loss.

45.13. 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.

45.14. 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 Company on terms that the Company 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 Company considers a decline of 20% to be significant and a period of nine months to be prolonged.

Financial assets measured at amortised cost

The Company 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 Company 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 Company 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 Company 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.

45.15. 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.

45.16. 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.

45.17. 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.

45.18. Investments

a- Investments in subsidiaries

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

Investments in subsidiaries are stated – when acquired – at its acquisition cost. If a decline in the recoverable amount exists for any investment below the carrying amount "Impairment", the carrying amount of the investment will be adjusted by the amount of such impairment and will be charged to the statement of profit and loss for each investment.

b- 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

*Sixth of October for Development and Investment Company "SODIC" (An Egyptian Joint Stock Company)
Notes to the separate interim financial statements for the financial period ended June 30, 2016*

is recognized in the 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.

c- Held for trading investments

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

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

45.19. 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.

45.20. 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 Company's cash management.

45.21. Borrowing costs

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

45.22. 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.

45.23. Trade, contractors and other credit balances

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

45.24. Notes payable

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

45.25. Cost of sold lands

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

45.26. 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.

45.27. 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.

*Sixth of October for Development and Investment Company "SODIC" (An Egyptian Joint Stock Company)
Notes to the separate interim financial statements for the financial period ended June 30, 2016*

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.

45.28. 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.

45.29. New Issues and Amendments issued to the Egyptian Accounting Standards (EAS) and it have been applied from January 01, 2016.

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 on June 30, 2016 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
<u>EAS (1)</u> Presentation of Financial Statements	<p><u>Financial Position Statement</u></p> <ul style="list-style-type: none"> 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. <p><u>Income Statement (Profit or Loss)/ and Statement of Comprehensive Income</u></p> <p>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 (<i>Income Statement</i>) and the other one starts with the profit or loss and presents the other comprehensive income items (<i>Statement of Comprehensive Income</i>).</p>	<ul style="list-style-type: none"> All the presented financial statements, disclosures and their accompanying notes including the comparative figures had been represented to be in conformity with the required amendments to the Standard. <i>Statement of Comprehensive Income</i>, had been added for the current and comparative period.
<u>EAS (10)</u> Property, Plant and Equipment (PPE) and its depreciations	<ul style="list-style-type: none"> The option of using the revaluation model in the subsequent measurement of PPE has been canceled. 	<u>In case of the company's re-evaluation of its assets in the past as a result of restructuring (merging or division...) be disclosed as:</u> the amendment does not apply retroactively, and the carrying amounts in the

Sixth of October for Development and Investment Company "SODIC" (An Egyptian Joint Stock Company)
Notes to the separate interim financial statements for the financial period ended June 30, 2016

New or Amended Standards	Summary of the Most Significant Amendments	Possible Impact on the Financial Statements
<u>Egyptian Standard No. (45)</u> Fair Value Measurement	<ul style="list-style-type: none"> • 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 more than one period (when the definition of PPE applies thereto). <p>The new Egyptian Accounting Standard No. (45) "<i>Fair Value Measurement</i>" was issued and shall be applied when another Standard requires or allows measurement or disclosure to be made at fair value.</p> <p>This Standard aims the following:</p> <ol style="list-style-type: none"> (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. 	<p>transitional date is the cost and the accumulated depreciation at the beginning of the application of this revised standard.</p> <p><u>In case of non- re-evaluation of its assets in the past be disclosed as:</u></p> <p>the comparative figures related to the PPE in the notes accompanying the financial statements had been re-presented to be in conformity with the required amendments on the standard. The standard had been applied prospectively in the preparation of interim financial statements in June 30, 2016, including the disclosure contained in this standard requirements.</p>
<u>Egyptian Standard No. (29)</u> Business Combination	<p>The purchase method was cancelled and replaced by the acquisition method; as results:</p> <ol style="list-style-type: none"> 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. <ul style="list-style-type: none"> • 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. 	<p>This amendment Standard applied for all business combination which its acquisition date on or after the beginning of January 2016, therefore no adjustment made for assets and liabilities which arising from business combination acquired before the beginning of January 2016.</p>

*Sixth of October for Development and Investment Company "SODIC" (An Egyptian Joint Stock Company)
Notes to the separate interim financial statements for the financial period ended June 30, 2016*

New or Amended Standards	Summary of the Most Significant Amendments	Possible Impact on the Financial Statements
<u>Egyptian - Standard No. (42):</u> The Consolidated Financial Statements	<ul style="list-style-type: none"> • The new Egyptian Accounting Standard No. (42) "<i>The Consolidated Financial Statements</i>" was issued and accordingly Egyptian Accounting Standard No. (17) "<i>The Consolidated and Separate Financial Statements</i>" has changed to become "<i>The Separate Financial Statements</i>". Pursuant to the new Egyptian Accounting Standard No. (42) "<i>The Consolidated Financial Statements</i>" • 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. 	<p><u>In case of the financial statements not affected by the standard amendments:</u></p> <p>There is no impact on the comparative figures of the financial statements from the application of this standard</p>
<u>Egyptian Standard No.(43):</u> Joint Arrangements	<ul style="list-style-type: none"> • The new Egyptian Accounting Standard No. (43) "<i>Joint Arrangements</i>" was issued and accordingly Egyptian Accounting Standard No. (27) "<i>Interests in Joint Ventures</i>" was replaced. • According to the new Egyptian Accounting Standard No. (43) "<i>Joint Arrangements</i>" a new model for the joint arrangements was laid down in order to classifies and determine their kind whether (Joint Venture) or (Joint Operation). <p>As such, action depends on the substance of the arrangement and not only its legal form.</p> <ul style="list-style-type: none"> • 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. 	<p><u>In case of affecting the financial statements with standard amendments:</u></p> <p>all Comparative figures and all presented financial information have been modified from the beginning of previous period (January 1, 2015).</p>

*Sixth of October for Development and Investment Company "SODIC" (An Egyptian Joint Stock Company)
Notes to the separate interim financial statements for the financial period ended June 30, 2016*

New or Amended Standards	Summary of the Most Significant Amendments	Possible Impact on the Financial Statements
<u>Egyptian Standard No. (18): Investments in Associates</u>	<p>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.</p> <ul style="list-style-type: none"> • 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. 	<p><u>In case of affecting the financial statements with standard amendments:</u> all Comparative figures and all presented financial information have been modified</p> <p>It is not retroactive adjustment with respect to stop using the equity method, and so if the date to stop using the equity method in previous period on the application of this revised standard. As well as with respect to changes in the company's ownership rights in its associate company or joint venture, while continuing to use the equity method.</p>
<u>Egyptian Standard No. (44): Disclosure of Interests in Other Entities</u>	<ul style="list-style-type: none"> • 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. 	<p><u>In case of affecting the financial statements with standard amendments:</u> All Comparative figures and disclosures have been modified</p>
<u>EAS (34) Investment Property</u>	<p>The option of using the fair value model in the measurement after recognition of the Property Investment has been canceled.</p>	<p><u>For companies which applying the fair value model:</u> The fair value of the investment at the beginning of the application of this standard (the date of transition to cost model) is the cost of that investment, for the purposes of subsequent accounting treatment according to</p>

*Sixth of October for Development and Investment Company "SODIC" (An Egyptian Joint Stock Company)
Notes to the separate interim financial statements for the financial period ended June 30, 2016*

New or Amended Standards	Summary of the Most Significant Amendments	Possible Impact on the Financial Statements
<u>EAS (14)</u> 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.	<p>Egyptian account standard No. (10) Property, Plant and Equipment (<i>PPE</i>) and its depreciations</p> <p>-Revaluation surplus related to investment property inscribed in owners equity in the date of transferring to cost model, which resulted from reclassification of the property from a fixed assets to investment property , this surplus then transferred to retained earnings / (carried forward losses) when this property is disposed of, taking in account the tax impact of this transferring.</p> <p><u>For companies which applying the standard treatment:</u></p> <p>This standard had been applied on borrowing costs related to qualified assets in which capitalization date at or after 1/1/2016.</p> <p><u>In case of affecting the financial statements with standard amendments:</u></p> <p>employee benefits have been modified at the date of applying the modified standard and also all presented comparative figures</p>
<u>EAS (38)</u> Employee Benefits	<p><u>Actuarial Gains and Losses</u></p> <ul style="list-style-type: none"> • 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. <p><u>The Cost of Past Service</u></p> <p>An entity shall recognize past service cost as an expense at the earlier of the following dates:</p> <p>(a) When the plan amendment or curtailment occurs; and</p> <p>(b) When the entity executes a significant restructuring plan; it should recognize the related restructuring costs that include paying the termination benefits (Provisions Standard).</p>	<p><u>In case of affecting the financial statements with standard amendments:</u></p> <p>employee benefits have been modified at the date of applying the modified standard and also all presented comparative figures</p>

Sixth of October for Development and Investment Company "SODIC" (An Egyptian Joint Stock Company)
Notes to the separate interim financial statements for the financial period ended June 30, 2016

New or Amended Standards	Summary of the Most Significant Amendments	Possible Impact on the Financial Statements
<u>EAS (25)</u> Financial Instruments: Presentation	<p>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.</p> <p>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.</p>	<u>In case of affecting the financial statements with standard amendments:</u> any financial instrument has been re-presented in which these conditions applies including all comparative figures for the presented periods.
<u>EAS (40)</u> Financial Instruments: Disclosures	<ul style="list-style-type: none"> • A new Egyptian Accounting Standard No. (40) "<i>Financial Instruments: Disclosures</i>" 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 "<i>Financial Instruments: Presentation</i>" instead of "Financial Instruments: Presentation and Disclosure" 	<u>In case of affecting the financial statements with standard amendments:</u> retroactive amendment to all the comparative figures of the presented disclosures carried out.