Translation from Arabic

Sixth of October for Development and Investment Company "SODIC"

(An Egyptian Joint Stock Company)

Consolidated Financial Statements

For The Financial Year Ended December 31, 2015

And Auditor's Report

KPMG Hazem Hassan
Public Accountants & Consultants

Translation from Arabic

Contents **Page**

KPMG

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

Translation from Arabic

Auditor's Report

To the Shareholders of Sixth of October for Development and Investment Company "SODIC"

Report on the consolidated financial statements

We have audited the accompanying consolidated financial statements of Sixth of October for Development and Investment Company "SODIC" S.A.E, which comprise the consolidated balance sheet as at December 31, 2015, and the consolidated statements of income, changes in equity and cash flows for the financial year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Consolidated Financial Statements

These consolidated financial statements are the responsibility of Company's management. Management is responsible for the preparation and fair presentation of these financial statements in accordance with the Egyptian Accounting Standards and in the light of the prevailing Egyptian laws, management responsibility includes, designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; management responsibility also includes selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Egyptian Standards on Auditing and in the light of the prevailing Egyptian laws. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

Translation from Arabic

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Sixth of October for Development and Investment Company "SODIC" as of December 31, 2015, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the Egyptian Accounting Standards and the Egyptian laws and regulations relating to the preparation of these consolidated financial statements.

Report of other legal and organizing requirements:

The financial information in the board of directors' report which is prepared according to the requirements of law no. 159 for the year 1981 and its implementing regulation agrees with the company's books according to the limits of this information in books.

KPMG Hazem Hassan

Cairo, March 16, 2016

KPMG Hazem Hassan
Public Accountants and Consultants
4

Sixth of October for Development and Investment Company "SODIC"
(An Egyptian Joint Stock Company)
Consolidated Balance Sheet
As at December 31, 2015

	Note No.	31/12/2015 L.E	31/12/2014 L.E
Long - term assets			
Fixed assets (Net)	(6)	135 868 140	115 286 494
Projects under construction	(7)	7 790 299	11 408 573
Biological Assets under construction	(8)	5 884 706	4 838 507
Investements in associates and joint ventures	(9)	-	-
Investments - available for sale	(10)	4 250 000	4 250 000
Investment properties (Net)	(11)	111 347 976	17 952 289
Trade, notes receivables and debtors (Net)	(12)	4 657 536 773	3 318 910 585
Total long - term assets		**4 922 677 894**	**3 472 646 448**
Current assets			
Other assets (Net)	(14)	8 839 274	4 505 289
Completed units ready for sale	(15)	8 278 559	15 486 539
Works in process	(16)	7 035 868 781	6 239 706 098
Trade and notes receivable (Net)	(17)	2 228 734 891	1 540 039 286
Debtors and other debit balances (Net)	(18)	537 376 140	327 225 601
Loans to Joint Ventures	(19)	-	-
Investments in treasury bills	(20)	49 774 513	28 623 232
Cash at banks and on hand	(21)	1 966 531 631	2 076 334 737
Total current assets		**11 835 403 789**	**10 231 920 782**
Current liabilities			
Provision for completion	(22)	64 945 785	68 382 052
Provisions	(23)	6 057 239	8 425 682
Bank - overdraft		-	1 373 763
Bank - credit facilities	(24)	50 027 276	158 845 076
Loans - Short term	(36)	123 335 275	78 117 009
Advances - from customers	(25)	8 914 324 535	6 096 915 049
Contractors, suppliers and notes payable	(26)	842 833 944	723 600 322
Creditors and other credit balances	(27)	923 278 621	594 964 708
Total current liabilities		**10 924 802 675**	**7 730 623 661**
Working capital		**910 601 114**	**2 501 297 121**
Total investments		**5 833 279 008**	**5 973 943 569**
These investments are financed as follows:			
Equity			
Issued & paid in capital	(29)	1 355 638 292	1 355 638 292
Legal reserve	(30)	184 428 817	181 352 693
Special reserve - share premium	(31)	1 357 933 479	1 338 296 569
Retained earnings / Carried forward losses		92 850 081	(39 372 259)
Treasury shares	(32)	(10 162 833)	-
Profit from sale of treasury shares	(33)	3 692 867	3 692 867
Shares kept for incentive & bonus plan	(34)	-	(8 012 833)
Set aside amount for incentive & bonus plan	(35)	-	20 004 359
Net profit for the year		310 707 489	142 443 522
Total equity attributable to the Company		**3 295 088 192**	**2 994 043 210**
Non controlling interest	(28)	90 892 998	94 430 992
Total equity		**3 385 981 190**	**3 088 474 202**
Long-term liabilities			
Loans - long term	(36)	996 163 619	961 037 423
Notes payable - long term	(37)	1 450 310 827	1 921 001 002
Deferred tax liabilities	(13)	823 372	3 430 942
Total long-term liabilities		**2 447 297 818**	**2 885 469 367**
Total equity and long - term liabilities		**5 833 279 008**	**5 973 943 569**

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

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

* Auditor's report "attached"

Sixth of October for Development and Investment Company "SODIC"
(An Egyptian Joint Stock Company)
Consolidated Income Statement
For The Financial Year Ended December 31, 2015

	Note No.	2015 L.E	2014 L.E
Sales of real estate and lands	(38)	1 401 379 964	1 310 305 053
Service revenues of Beverly Hills City		26 312 532	25 869 264
Service revenues of Sodic West		34 923 618	21 850 570
Revenues from golf course		8 276 632	7 731 999
Total operation revenues		**1 470 892 746**	**1 365 756 886**
Cost of sales of real estate and lands	(39)	(789 448 230)	(830 060 930)
Service costs of Beverly Hills City		(29 478 521)	(29 403 501)
Service costs of Sodic West		(26 888 819)	(17 351 221)
Cost of golf course		(16 126 262)	(14 175 074)
Total operation costs		**(861 941 832)**	**(890 990 726)**
Gross profit		**608 950 914**	**474 766 160**
Other operating revenues	(40)	139 435 088	105 638 090
Selling and marketing expenses	(41)	(116 773 850)	(106 810 462)
General and administrative expenses	(42)	(189 220 890)	(181 961 398)
Other operating expenses	(43)	(61 512 345)	(61 170 078)
Operating profit		**380 878 917**	**230 462 312**
Finance income	(44)	128 946 296	55 593 599
Finance cost	(45)	(91 801 129)	(85 742 078)
Net finance incom / (Cost)		**37 145 167**	**(30 148 479)**
Net profit for the year before income tax		**418 024 084**	**200 313 833**
Income tax expense	(46)	(96 692 718)	(45 974 313)
Net profit for the year		**321 331 366**	**154 339 520**
Share of the holding Company		310 707 489	142 443 522
Non controlling interest share in profits of subsidiaries		10 623 877	11 895 998
Net profit for the year		**321 331 366**	**154 339 520**
Earnings per share (L.E / Share)	(47)	**0.92**	**1.32**

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

Sixth of October for Development and Investment Company "SODIC"
(An Egyptian Joint Stock Company)
Consolidated Statement of Changes in Equity
For The Financial Year Ended December 31, 2015

	Issued and paid in capital L.E	Legal reserve L.E	Special reserve-share premium L.E	Treasury shares L.E	Profit from selling of treasury share L.E	Shares kept for bonus and incentive plan L.E	Set aside amount for bonus and incentive plan L.E	Retained earnings Carried forward losses L.E	Net profit for the year L.E	Equity attributable to the Company L.E	Non-controlling interest L.E	Total equity L.E
Balance as at January 1 2014	362 705 392	181 352 693	1 316 921 569	-	3 692 867	(80 007 242)	25 323 711	407 765 882	(447 138 141)	1 770 616 731	80 030 306	1 850 647 037
Amount transferred to retained earnings	-	-	-	-	-	-	-	(447 138 141)	447 138 141	-	-	-
Capital increase	992 932 900	-	-	-	-	-	-	-	-	992 932 900	-	992 932 900
Executed bonus and incentive plan	-	-	21 375 000	-	-	72 000 000	-	-	-	93 375 000	-	93 375 000
Treasury shares acquired through subsidiaries	-	-	-	-	-	(5 591)	-	-	-	(5 591)	-	(5 591)
Amortized of Set a side of incentive and bonus plan	-	-	-	-	-	-	(5 319 352)	-	-	(5 319 352)	-	(5 319 352)
Elimination of Non-controlling interest in subsidiaries	-	-	-	-	-	-	-	-	-	-	2 504 688	2 504 688
Net profit for the year	-	-	-	-	-	-	-	-	142 443 522	142 443 522	11 895 998	154 339 520
Balance as at December 31, 2014	1 355 638 292	181 352 693	1 338 296 569	-	3 692 867	(8 012 833)	20 004 359	(39 372 259)	142 443 522	2 994 043 210	94 430 992	3 088 474 202
Amount transferred to retained earnings	-	-	-	-	-	-	-	142 443 522	(142 443 522)	-	-	-
Amount transferred to legal reserve	-	3 076 124	-	-	-	-	-	(3 076 124)	-	-	-	-
Interim dividends for employees in subsidiaries	-	-	-	-	-	-	-	(1 306 929)	-	(1 306 929)	-	(1 306 929)
purchasing of non controlling rights	-	-	-	-	-	-	-	(5 838 129)	-	(5 838 129)	(14 161 871)	(20 000 000)
Transferred to special reserve - share premium	-	-	17 486 910	-	-	-	(17 486 910)	-	-	-	-	-
Transferred to Income statement	-	-	-	-	-	-	(2 517 449)	-	-	(2 517 449)	-	(2 517 449)
Transferred to treasury shares	-	-	2 150 000	(10 162 833)	-	8 012 833	-	-	-	-		-
Net profit for the year	-	-	-	-	-	-	-	-	310 707 489	310 707 489	10 623 877	321 331 366
Balance as at December 31, 2015	1 355 638 292	184 428 817	1 357 933 479	(10 162 833)	3 692 867	-	-	92 850 081	310 707 489	3 295 088 192	90 892 998	3 385 981 190

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

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

	Note No.	2015 L.E	2014 L.E
Cash flows from operating activities			
Net profit for the year before income tax		418 024 084	200 313 833
Adjustments :-			
Depreciation of fixed assets and rented units	(11) , (6)	26 834 458	16 377 158
Capital gains	(40)	(6 116 169)	(2 712 095)
Impairment loss of debtors, trade receivables & loans to joint ventures	(43)	3 289 828	7 223 157
Reversal of impairment loss of trade and notes receivables		-	(16 697)
Credit interest transferred from set aside for bonus & incentive plane		(517 449)	-
Return on investments in treasury bills	(44)	(48 743 435)	-
Provisions formed	(23) , (22)	63 983 491	38 541 978
Provisions no longer required		(191 524)	-
Impairment losses	(43)	30 000 000	-
Share based payment	(53) , (42)	(2 000 000)	-
Operating profit before changes in working capital items		**484 563 284**	**259 727 334**
Changes in working capital items			
Change in other assets		(4 333 985)	(362 126)
Change in finished units available for sale		7 207 980	15 992 217
Change in works in process		(891 560 295)	(1 397 024 127)
Change in investment properties		-	(726 080)
Change in constructions under process		-	973 274
Change in trade and notes receivables		(2 027 321 793)	(1 255 361 209)
Change in Amount due from customers-construction		-	1 069 820
Change in debtors and other debit balances		(213 308 843)	8 067 761
Provisions used	(23) , (22)	(69 728 201)	(58 781 389)
Change in advances from customers		2 817 409 486	1 802 659 368
Change in Due from customers - constructions		-	(2 729 533)
Change in contractors, suppliers and notes payable		(351 456 553)	534 230 656
Change in creditors and other credit balances		234 463 640	(137 237 419)
Restricted cash		(4 503 766)	(250 000 000)
Net cash (used in) operating activities		**(18 569 046)**	**(479 501 453)**
Cash flows from investing activities			
Payments for purchase of fixed assets, projects under construction and biological assets		(73 496 259)	(9 355 888)
Payments for Investments in treasury bills		(1 844 021 161)	(4 673 496)
Proceeds from sale of Investments in treasury bills		1 871 613 315	
Payments for acquiring additional shares in subsidiaries	(28)	(20 000 000)	
Proceeds from sale of fixed assets		13 380	2 723 187
Net cash (used in) investing activities		**(65 890 725)**	**(11 306 197)**
Cash flows from financing activities			
Capital increase		-	992 932 900
Bank - credit facilities		(108 817 800)	51 726 763
Banks -loans		80 344 462	727 421 699
Shares kept for bonus and incentive plan and other equity		-	88 050 057
Non-controlling interest		-	2 504 688
Net cash (used in) provided from financing activities		**(28 473 338)**	**1 862 636 107**
Net change in cash and cash equivalents during the year		**(112 933 109)**	**1 371 828 457**
Cash and cash equivalents as at the beginning of the year		1 774 960 974	403 132 517
Cash and cash equivalents as at the end of the year	(21)	**1 662 027 865**	**1 774 960 974**

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

Sixth of October for Development and Investment Company "SODIC"
(An Egyptian Joint Stock Company)
Notes to the consolidated financial statements
For the financial Year ended December 31, 2015

1. Background and activities

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

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

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

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

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

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

1-5 The consolidated financial statements of Sixth of October for Development & Investment Company "SODIC" (the Parent Company) for the financial period ended December 31, 2015 comprise the financial statements of the Company and its subsidiaries (together referred to as the "Group") and the Group's interest in the profit and loss of associates.

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

2. Basis of preparation of the interim consolidated financial statements

2-1 Statement of compliance

- These consolidated financial statements have been prepared in accordance with Egyptian Accounting Standards and relevant Egyptian laws and regulations.
- The financial statements have been authorized by Company's Board of Directors as March15,2016.

2-2 Basis of measurement

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

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

2-3 Functional and presentation currency

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

2-4 Use of estimates and judgments

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

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

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

3. Significant accounting policies

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

3.1 Basis of consolidation

3.1.1 Subsidiaries

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

Subsidiaries are represented in the following:-

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

A. The legal participation in Beverly Hills for Management of Cities and Resorts Co. amounts to 51.8%, which includes 5.05% transitory shares currently in the name of the Company. The title of these shares will be transferred to the ultimate shareholders (Owners of Beverly Hills Project units).
B. During the year the company purchased additional shares (13.33%) in (SODIC SIAC for Real Estate previously) (note 28).
C. On June 15, 2010, SODIC Syria Co. a Syrian limited liability Co. was established for acquiring a 50% stake of the share capital of Palmyra - SODIC for Real Estate Development L.L.C, a limited liability company registered and operating in Syria.
D. During March, 2015, the company acquired all the shares of Tabrook Development Company.

3.1.2 Associates

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

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

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

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

3.1.3 Jointly controlled entities

Joint ventures are entities in which the Group has joint control over the activities and are established by contractual agreement requiring unanimous consent for strategic financial and operating decisions. Jointly controlled entities are accounted for using the equity method in accordance with the allowed alternative treatment according to EAS (27) to allow the users of the financial statements to compare the financial statements of a number of periods of the entity and to identify the trends of its financial position and its financial performance and its cash flows. The investment is recognized using the equity method with the same fundamentals described in item 3.1.2 of accounting policies.

3.2 Foreign currency transactions

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

Financial statements of foreign operations

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

3. 3 Fixed assets and depreciation

a. Recognition and measurement

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

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

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

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

b. Subsequent costs

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

c. Depreciation

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

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

3.4 Intangible assets- Goodwill

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

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

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

3.5 Operating lease

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

3.6 Sale and leaseback

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

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

3.7 Projects under construction

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

3.8 Biological assets

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

3.9 Investment properties

a) Recognition and initial measurement

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

b) Depreciation

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

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

3.10 Investments

a. Available for sale investments

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

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

b. Held for trading investments

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

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

3.11 Units ready for sale

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

3.12 Work in process

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

3.13 Trade, notes receivable and debtors

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

3.14 Cash and cash equivalents

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

3.15 Impairment of assets

a. Financial assets

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

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

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

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

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

b. Non-financial assets

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

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

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

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

3.16 Provisions

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

Provision for completion

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

3.17 Borrowing costs

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

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

3.18 Interest –bearing borrowings

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

3.19 Trade, contractors and other credit balances

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

3.20 Share capital

Common shares are classified in the owners' equity.

a. Issuance of share capital

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

b. Treasury shares

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

c. Dividends

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

d. Finance of the incentive and bonus plan

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

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

e. Reserves

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

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

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

3.21 Equity settled share based payments

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

3.22 Notes payable – Long-term

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

3.23 Revenue recognition

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

a. Real estate and land sales

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

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

b. Service revenues

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

c. Rental income

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

d. Interest income

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

e. Commission revenue

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

f. Dividends

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

3.24 Cost of sold lands

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

3.25 Expenses

a. Lease payments

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

b. Employees' pension

1. Pension obligations

The Company contributes to the government social insurance system for the benefit of its personnel in accordance with the social insurance law No. 79 of 1975 and its amendment. Under this law, the employees and the employers contribute into the system on a fixed percentage-of-salaries basis. The Company's liability is confined to the amount of its contribution. Contributions are charged to the consolidated income statement using the accrual basis.
The company also contributes to a group insurance program for its employees with one of the insurance companies. Accordingly the insured employees receive end of service benefits when leaving the Company that will be paid by the insurance company. The contribution of the Company is confined to the monthly installments. Contributions are charged to income statement using the accrual basis.

2. Employees' profit sharing

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

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

c. Income tax

Income tax on the profit or loss for the period / year comprises current and deferred tax. Income tax is recognized in the consolidated income statement except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.
Current tax is the expected tax payable on the net taxable income for the year, using tax rates enacted at the consolidated balance sheet date, and any adjustment to tax payable in respect of previous years.
Deferred tax is recognized using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax assets/liabilities provided is determined using tax rates enacted at the consolidated balance sheet date.
Deferred tax assets are recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized in the future years.

3.26 Earnings / (losses) per share

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

3.27 New Issues and Amendments issued to the Egyptian Accounting Standards (EAS) but not adopted.

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 review the most prominent amendments on the Egyptian Accounting Standards (EAS) that may have a significant impact on the financial statements of the company at the beginning of the implementation thereof:

New or Amended Standards	Summary of the Most Significant Amendments	Possible Impact on the Financial Statements
EAS (1) Presentation of Financial Statements	*Financial Position Statement* • The Standard does not require to present the working capital presentation. The reference financial statements that was included in 2006 Standards was excluded; which presented the working capital presentation. • A statement shall be added to the statement of financial position including balances of the beginning of the first presented comparative period in case of retrospective implementation or change in an accounting policy or reclassification carried out by the entity. *Income Statement (Profit or Loss)/Statement of Comprehensive Income* The entity shall disclose all recognized income and expense captions during the financial period in two separate statements; one of them presents the profit or loss components (*Income Statement*) and the other one starts with the profit or loss and presents the other comprehensive income items (*Statement of Comprehensive Income*).	• Re-presenting all the presented financial statements, disclosures and their accompanying notes including the comparative figures to be in conformity with the required amendments to the Standard. • Adding a new statement , *Statement of Comprehensive Income*, for the current and comparative period.
EAS (10) Property, Plant and Equipment *(PPE)*	• The option of using the revaluation model in the	**In case the company previously revaluated its assets; due to a restructuring process (merger or**

New or Amended Standards	Summary of the Most Significant Amendments	Possible Impact on the Financial Statements
	subsequent measurement of PPE has been canceled.	**demerger,....), the note shall be as follows:** Currently, the management is assessing the potential impacts on its financial statements resulting from application of the standard. **In case the company did not revaluated its assets before, the note shall be as follows:** The amendment on the standard has no impact on the figures presented in the financial statements.
	• The financial shall disclose a reconciliation of the carrying amount – 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).	Re-presenting the comparative figures related to the PPE in the notes accompanying the financial statements to be in conformity with the required amendments on the standard.
EAS (34) Investment Property	The option of using the fair value model in the measurement after recognition of the Property Investment has been canceled.	**For the companies that applied the fair value model, the note shall be as follows:** The fair value of the investment at the beginning of the implementation of this Standard shall be considered deemed cost of that investment for the purposes of the subsequent accounting treatment according to EAS (10) " PPE".
EAS (14) Borrowing Costs	Elimination of the previous benchmark treatment that recognized the borrowing cost directly attributable to the acquisition, construction or	For the companies that applied the benchmark treatment, the note shall be as follows:

New or Amended Standards	Summary of the Most Significant Amendments	Possible Impact on the Financial Statements
	production of a qualifying asset in the Income Statement without being capitalized on the asset.	The entity shall apply this Standard to the borrowing costs attributable to the qualifying assets, where the start date of capitalization falls within or after the date of the implementation of this Standard.
EAS (25) Financial Instruments: Presentation	Any financial instrument with a resale right shall be classified as an equity instrument instead of classifying it as a financial liability; if it meets the conditions in accordance with the paragraphs (16 A or 16 b) or paragraphs (16 c and 16 d) of the same Standard, from the date the instrument has all the features and meets all the conditions set out in those paragraphs. An entity shall re-classify the financial instrument from the date the instrument ceases to have all the features or meet all conditions set out in those paragraphs.	Re-presenting any financial instrument meets all the conditions including all the presented comparative periods.
EAS (40) Financial Instruments: Disclosures	• A new Egyptian Accounting Standard No.(40) *"Financial Instruments: Disclosures"* was issued including all the disclosures required for the financial instruments. Accordingly, EAS (25) was amended by separating the disclosures from it. The name of the Standard became *"Financial Instruments: Presentation"* instead of "Financial Instruments: Presentation and Disclosure"	Retroactive amendment to all the comparative figures of the presented disclosures shall be carried out.
Egyptian Standard No. (45) Fair Value Measurement	The new Egyptian Accounting Standard No. (45) *"Fair Value Measurement"* was issued and shall be applied when another Standard requires or allows measurement or disclosure to be made at fair value.	Currently, the management is assessing the potential impacts on its financial statements resulting from application of the standard.

New or Amended Standards	Summary of the Most Significant Amendments	Possible Impact on the Financial Statements
	This Standard aims the following: (a) Defining the fair value (b) Laying down a framework to measure the fair value in one Standard and (c) Identifying the disclosure required for the fair value measurements.	
Egyptian Standard No. (29) Business Combination	The purchase method was cancelled and replaced by the acquisition method; as results: 1- Changing the acquisition cost to become the cash consideration transferred; and to be measured at fair value at the acquisition date. 2- Contingent consideration: the fair value of the consideration shall be recognized at the acquisition date as a part of consideration transferred. 3- Changing the method of measuring goodwill in case of Step Acquisition is made. • The transaction cost (the cost related to the acquisition): Shall be charged to the Income Statement as an expense in which the costs incurred it and shall not be added to the cash consideration transferred; except for the costs of issuing equity as debt instruments directly related to the acquisition process.	Currently, the management is assessing the potential impacts on its consolidated financial statements resulting from application of the standard.
Egyptian -Standard No.(42): **The Consolidated Financial Statements**	• The new Egyptian Accounting Standard No. (42) *"The Consolidated Financial Statements"* was issued and accordingly Egyptian Accounting Standard No. (17) *"The Consolidated and Separate Financial Statements"* has	Retroactive amendment to all the comparative figures of the consolidated financial statements and financial information presented.

New or Amended Standards	Summary of the Most Significant Amendments	Possible Impact on the Financial Statements
	changed to become *"The Separate Financial Statements"*. Pursuant to the new Egyptian Accounting Standard No. (42) *"The Consolidated Financial Statements"* The control model has changed to determine the investee entity that must be consolidated.	
	• Accounting for the changes in the equity of the parent company in a subsidiary are accounted for as transactions with equity holders in their capacity as equity holders. • Any Investment 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. • Losses applicable to the Non-Controlling Interest "NCI" in a subsidiary including 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.	Currently, the management is assessing the potential impacts on its consolidated financial statements resulting from application of the standard.
Egyptian Standard No.(43): **Joint Arrangements**	• The new Egyptian Accounting Standard No. (43) *"Joint Arrangements"* was issued and accordingly Egyptian Accounting Standard No. (27) *"Interests in Joint Ventures"* was replaced. • According to the new Egyptian Accounting Standard No. (43) *"Joint Arrangements"* a new model for the joint arrangements was laid down in order to classifies and determine their	Amendment shall be applied starting from the prior period to the application of this standard (i.e. first of January 2015),and all the comparative figures of the financial statements and financial information.

New or Amended Standards	Summary of the Most Significant Amendments	Possible Impact on the Financial Statements
	kind whether (Joint Venture) or (Joint Operation). As such, action depends on the substance of the arrangement and not only its legal form. • In case the arrangement is classified as a joint venture, each party of the arrangement parties shall account for that investment using the equity method only (as the proportionate consolidation method was eliminated) whether in the Consolidated or Individual Financial Statements issued thereby.	
Egyptian Standard No. (18): Investments in Associates	The accounting treatment of the joint ventures shall be added to this standard, accordingly the Investments in associates and joint ventures shall be accounted for that investments using the equity method in the Consolidated and Individual Financial Statements.	Retroactive amendment to all the comparative figures and financial information presented.
	• The entity shall discontinue to use the Equity method from the date when its investment ceases to be an associate or a joint venture provided that the retained interest shall be re-measured using the fair value and the difference shall be recognized in the Income Statement . • If an investment in an associate becomes an investment in a joint venture or vice versa, the entity continue 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	Currently, the management is assessing the potential impacts on its consolidated financial statements resulting from application of the standard.

New or Amended Standards	Summary of the Most Significant Amendments	Possible Impact on the Financial Statements
	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.	
Egyptian Standard No. (44): Disclosure of Interests in Other Entities	• A new Egyptian Accounting Standard No.(44) **"Disclosure of Interests in Other Entities"** was issued in order to comprise all the required disclosures pertaining to the investments in subsidiaries, associates, joint arrangements ,and the unconsolidated Structured Entities. • The objective of this standard is to comply the entity to disclose the information that enable users of its financial statements to evaluate the nature and risks associated with its interests in other entities and the effects of those interests on its financial position, financial performance, and cash flows.	Retroactive amendment to all the comparative figures for the disclosures presented.

4. Determination of fair values

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

4.1 Fixed assets

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

4.2 Investments in equity instruments

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

4.3 Trade, note receivables and other debtors

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

4.4 Investment properties

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

4.5 Share – based payment transactions

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

4.6 Assets and liabilities of subsidiaries under liquidation

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

5. Financial risk management

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

- credit risk
- liquidity risk
- market risk

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

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

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

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

5.1 Credit risk

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

Trade and other receivables

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

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

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

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

Investments

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

Guarantees

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

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

5.2 Liquidity risk

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

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

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

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

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

5.3 Market risk

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

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

5.4 Currency risk

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

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

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

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

5.5 Interest rate risk

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

5.6 Other market price risk

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

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

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

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

5.7 Capital management

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

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

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

6- Fixed assets

This item is represented as follows:-

	Golf course	Land	Building and constructions	Vehicles	Furniture and fixtures	Office equipment and communications	Generators, machinery and equipment	Leasehold improvements	Total
	L.E	L.E	L.E	L.E	L.E	L.E	L.E	L.E	L.E
Cost as at January 1, 2015	93 628 961	23 700 259	10 367 941	15 431 824	19 085 754	18 678 979	23 573 559	13 400 255	217 867 532
Additions during the year	–	32 705 970	26 847 470	3 574 891	2 752 423	4 572 028	3 540 254	2 075 298	76 068 334
Disposals during the year	–	–	–	(241 773)	–	(275 691)	(4 205 754)	(4 254 475)	(8 977 693)
Cost as at December 31, 2015	93 628 961	56 406 229	37 215 411	18 764 942	21 838 177	22 975 316	22 908 059	11 221 078	284 958 173
Accumulated depreciation and impairment loss as at January 1, 2015	32 785 603	–	3 587 926	12 417 742	12 202 754	13 537 666	17 377 151	10 672 196	102 581 038
Depreciation of the year	1 823 248	–	9 523 903	1 480 283	2 388 793	3 391 416	3 396 682	2 828 208	24 832 533
Accumulated depreciation of disposals	–	–	–	(231 145)	–	(264 509)	(4 205 753)	(3 622 131)	(8 323 538)
Impairment losses	30 000 000	–	–	–	–	–	–	–	30 000 000
Accumulated depreciation and impairment loss as at December 31, 2015	64 608 851	–	13 111 829	13 666 880	14 591 547	16 664 573	16 568 080	9 878 273	149 090 033
Net book value as at December 31, 2015	29 020 110	56 406 229	24 103 582	5 098 062	7 246 630	6 310 743	6 339 979	1 342 805	135 868 140
Net book value as at December 31, 2014	60 843 358	23 700 259	6 780 015	3 014 082	6 883 000	5 141 313	6 196 408	2 728 059	115 286 494

- Fixed assets include fully depreciated assets with an amount of L.E 34 490 158 as at December 31, 2015.

-On May,20 2015 the company repurchased the sales building and the administrative building as it disclosed in financial statements notes (36-1)

7. Projects under construction

This item is represented as follows:

	2015/12/31	31/12/2014
	L.E	L.E
Buildings and constructions	6 271 054	6 509 071
Advance payments -fixtures and purchasing of fixed assets	1 519 245	4 899 502
	7 790 299	**11 408 573**

8. Biological asset under construction

On December 31, 2015, the balance of L.E 5 884 706 represents the cost of planting agricultural seedlings and the related costs, irrigation, water, wages, etc. (2014: L.E 4 838 507).

9. Investments in associates and joint ventures

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

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

Summary of financial information of associates and joint ventures:-

	Assets	Liabilities	Equity	Revenues	Expenses
	L.E	L.E	L.E	L.E	L.E
December 31, 2015					
Royal Gardens for Real Estate Investments Co. (A)	330 463 327	(299 454 739)	(31 008 588)	(288 643 101)	276 779 179
December 31, 2014					
Royal Gardens for Real Estate Investments Co. (A)	521 120 330	(476 977 020)	(44 143 310)	(278 759 490)	251 549 733

	Assets	Liabilities	Equity	Revenues	Expenses
	L.E	L.E	L.E	L.E	L.E
December 31, 2015					
Palmyra SODIC Real Estate Development (B)	79 960 952	(436 780 148)	356 819 196	-	184 068 833
December 31, 2014					
Palmyra SODIC Real Estate Development (B)	240 699 241	(393 636 642)	152 937 401	-	**137 666 621**

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

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

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

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

10. Available for sale investments

This item is represented as follows:

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

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

11. Investment properties

The net carrying amount of the investment properties as at December 31, 2015 amounted to L.E 111 347 976. The amount includes commercial / residential units leased out to others.

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

Description	Leased out units (A) L.E	Leased out units HUB L.E	Total
Cost as at 1/1/2015	18 568 793	-	18 568 793
Additions during the year **(11-1)**	8 664 293	86 733 319	95 397 612
Total cost of investment properties as at 31/12/2015	27 233 086	86 733 319	113 966 405
Accumulated depreciation as at 1/1/2015	(616 504)	-	(616 504)
Depreciation for the year	(322 173)	(1 679 752)	(2 001 925)
Accumulated depreciation as at 31/12/2015	(938 677)	(1 679 752)	(2 618 429)
Net carrying amount as at December 31, 2015	**26 294 409**	**85 053 567**	**111 347 976**
Net carrying amount as at December 31, 2014	**17 952 289**	-	**17 952 289**

(A) The fair value of completed residential units leased out to others amounted to L.E 59 867 000 as at December 31, 2015.

(11-1) this additions during the year include 86 733 319 L.E transferred from WIP HUB, Note (4-16).

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

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

	31/12/2015 L.E	31/12/2014 L.E
Trade receivable	–	6 024 232
Sundry debtors	–	9 844 400
Notes receivable	4 761 962 569	3 410 589 350
	4 761 962 569	3 426 457 982
Deduct: Unamortized interest	104 425 796	107 547 397
	4 657 536 773	**3 318 910 585**

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

13. Deferred tax assets and liabilities

	31/12/2015		31/12/2014	
	Assets **L.E**	**Liabilities** **L.E**	**Assets** **L.E**	**Liabilities** **L.E**
Fixed assets	-	(881 027)	-	(3 498 562)
Provisions	57 655	-	67 620	-
Total deferred tax asset/(liability)	**57 655**	**(881 027)**	**67 620**	**(3 498 562)**
Net deferred tax (liability)	**-**	**(823 372)**	**-**	**(3 430 942)**

- No liability has been recognized in respect of the temporary differences associated with investments in subsidiaries, associates and interest in joint ventures, where the group is in a position to control the timing of the reversal of the temporary differences and it is probable that such differences will not reverse in the foreseeable future.

14. Other assets (Net)

	31/12/2015	31/12/2014
	L.E	L.E
Assets – Companies under liquidation (net)	2 683 724	2 683 724
Inventories and letters of credit	6 155 550	1 821 565
	8 839 274	**4 505 289**

15. Completed units ready for sale

	31/12/2015	31/12/2014
	L.E	L.E
Cost of completed commercial units	4 181 942	5 348 572
Cost of units purchased for resale **(15-1)**	4 096 617	10 137 967
	8 278 559	**15 486 539**

(15-1) This item represents the acquisition cost of 6 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:

	31/12/2015	31/12/2014
	L.E	L.E
Allegria project costs	291 110 919	464 668 726
Westown project costs	814 319 057	799 302 539
Kattamya Plaza project costs	17 326 961	59 931 161
Eastown project costs **(16-1)**	1 819 227 446	1 467 856 946
Villette project costs **(16 -2)**	2 897 642 054	2 631 710 059
Al Yosr for projects and agriculture development project costs	333 660 797	332 831 205
Polygon project costs	347 983 895	321 732 935
Caesar project costs (3-16)	207 229 617	-
The Strip project costs	62 838 882	70 737 973
Westown Hub project costs **(16-4)**	-	79 277 574
Northren expansions project costs **(16-5)**	227 211 825	-
Beverly Hills project costs	17 317 328	9 681 261
Tegara for trading centers projects costs	-	1 975 719
	7 035 868 781	6 239 706 098

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

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

- The subsidiary undertakes to sell the project to El Sheikh Zayed for Real Estate Development upon fulfillment of the conditions listed in this agreement.
- El Sheikh Zayed for Real Estate Development Co. is authorized to develop the project as an independent sub-developer and not as an agent in accordance with the master plan of the project.
- The subsidiary warrants that El Sheikh Zayed for Real Estate Development Co. is entitled as an independent sub-developer and not as an agent to develop and invest in the project in accordance with the conditions listed in this agreement. In addition, the subsidiary shall undertake all necessary procedures to allow and facilitate the development of the project by El Sheikh Zayed for Real Estate Development Co. in accordance with this agreement.
- The subsidiary undertakes to finalize all necessary procedures to allow the transfer of ownership of the project to El Sheikh Zayed for Real Estate Development Co. upon the fulfillment of the conditions of the agreement.
- The sub-development price amounts to L.E 3 371 400 which was collected in full during year 2010 in accordance with the conditions of the agreement. This amount will be recorded as revenue upon the fulfillment of the conditions of the sub-development agreement.

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

(16-3) Tabrook development costs include cost of purchasing 172 000 m2 land plot in Ras-Elhekmah on the north coast amounted L.E 190 Million.

(16-4) The HUB project has been completed during the financial year ended December 31, 2015 and the whole project's cost ,which amounted to L.E 86 733 319, has been classified as investment properties note No. (11).

(16-5) Includes the acquisition cost of a piece of 30.76 acres plot in Sixth of October City.

17. Trade and notes receivable – current

	31/12/2015	31/12/2014
	L.E	L.E
Trade receivable	96 745 325	119 860 964
Notes receivable	2 150 338 683	1 432 439 992
	2 247 084 008	**1 552 300 956**
Deduct : unamortized interest – notes receivable	18 086 090	12 003 148
	2 228 997 918	**1 540 297 808**
Deduct : Impairment losses of trade and notes receivable	263 027	258 522
	2 228 734 891	**1 540 039 286**

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

18. Debtors and other debit balances

	31/12/2015	31/12/2014
	L.E	L.E
Contractors and suppliers – advance payments	244 408 788	121 262 060
Due from related parties – Joint Venture	35 191 620	35 191 620
Accrued interest	68 600 809	68 618 927
Due from related parties	6 523 612	6 283 377
Prepaid expenses	215 651 709	155 967 298
Deposits with others	2 029 214	5 694 821
Tax Authority	12 138 042	2 079 268
L / G 's margins	-	3 150 000
Due from the bonus and incentives plan to employees and managers fund	122 736	18 004 359
Advance- operating lease	-	3 615 681
Debtors from sale of investments **(1-18)**	52 578 228	-
Other debit balances	10 212 418	14 821 959
Deduct :-	**647 457 176**	**434 689 370**
Impairment loss on debtors and other debit balances	110 081 036	107 463 769
	537 376 140	**327 225 601**

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

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

19. Loans to Joint Ventures

	31/12/2015	31/12/2014
	L.E	L.E
This item represents the loan granted to the Joint Venture project by the Group on August 16, 2010 for a total amount of USD 19.5 million. The loan carries an interest rate of 8.5% per annum. The principal together with interest were scheduled for payment before June 30, 2011. The loan was renewed until December 31, 2015 with an interest rate of 12.5% per annum.	135 485 960	135 485 960
This item represents the utilized amount of the bridge loan granted to the Joint Venture project on October 28, 2010 for a total amount of USD 7 856 766. The loan carries an interest rate of 8.5% per annum. The principal together with interest are scheduled for payment before December 31, 2015.	54 660 833	54 139 883
Deduct :-	**190 146 793**	**189 625 843**
Impairment for loans to joint ventures	**(190 146 793)**	**(189 625 843)**
	-	-

20. Investments in treasury bills

	31/12/2015	31/12/2014
	L.E	L.E
Treasury bills at par value	52 550 000	31 229 098
Unearned return on treasury bills	(2 775 487)	(2 605 866)
	49 774 513	**28 623 232**

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

21. Cash at banks and on hand

	31/12/2015	31/12/2014
	L.E	L.E
Bank - time deposits **(21-1)**	1 704 797 340	1 936 272 391
Bank - current accounts	242 749 807	113 235 177
Checks under collection	17 823 229	25 567 899
Cash on hand	1 161 255	1 259 270
	1 966 531 631	**2 076 334 737**

(21-1) Deposits include an amount of L.E 305 million restricted as a guarantee for the credit facility granted to the Parent Company and Company of subsidiaries from a commercial bank. In addition, it includes an amount of L.E 166 million representing the value of deposits collected from customers on account of the regular maintenance expenses.

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

	31/12/2015	31/12/2014
	LE	L.E
Cash at banks and on hand	1 966 531 631	2 076 334 737
Less:		
Bank-Overdraft	–	1 373 763
Restricted-Time Deposits	304 503 766	300 000 000
Cash and cash equivalents in the consolidated statement of cash flows	**1 662 027 865**	**1 774 960 974**

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

22. Provision for completion

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

	Balance as at 1/1/2015 L.E	Formed during the year L.E	Used during the year L.E	Balance as at 31/12/2015 L.E
Provision for completion of works (22-1)	68 382 052	63 782 637	(67 218 904)	64 945 785
	68 382 052	**63 782 637**	**(67 218 904)**	**64 945 785**

(22-1) This provision is formed against the estimated costs expected to be incurred to complete the execution of the project in its final stage. (related to units delivered to customers), which are expected to be incurred in the following years.

23. Provisions

	Balance as at 1/1/2015 L.E	Formed during the year L.E	Used during the year L.E	Provisions no longer required during the year L.E	Balance as at 31/12/2015 L.E
Provision for expected claims	8 425 682	200 854	(2 509 297)	(60 000)	6 057 239
	8 425 682	**200 854**	**(2 509 297)**	**(60 000)**	**6 057 239**

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

24. Bank - credit facilities

This item is represented in the following:

	31/12/2015 L.E	31/12/2014 L.E
Represents the amounts drawn down from the LE 150 million fully secured overdraft facility signed between Bank Audi and SODIC. The facility is fully secured by deposits amounting to L.E 150 million.	31 105 204	101 170 177
Represents the amounts drawn down from the LE 150 million fully secured overdraft facility signed with Bank Audi and SOREAL. The facility is fully secured by deposits amounting to L.E 150 million.	17 203 930	56 346 130
Represents the balance of the credit facility granted to one of the subsidiaries from the National Bank of Egypt with an amount of L.E 5 million, secured by the treasury bills kept at the bank.	1 718 142	1 328 769
	50 027 276	**158 845 076**

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

25. Advances from customers

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

	31/12/2015 L.E	31/12/2014 L.E
Advances _ SODIC West	2 821 472 769	3 208 260 688
Advances _ SODIC East	5 419 434 298	2 888 654 361
Advances _ CAESAR PROJECT	673 417 468	-
	8 914 324 535	**6 096 915 049**

26. Contractors, suppliers and notes payable

	31/12/2015 L.E	31/12/2014 L.E
Contractors	98 967 412	80 287 724
Suppliers	2 860 981	8 964 648
Notes payable **(26-1)**	858 331 078	787 222 239
	960 159 471	**876 474 611**
Deduct: Unamortized interest-notes payable	117 325 527	152 874 289
	842 833 944	723 600 322

(26 - 1) Notes payable includes LE 744 Million which represents the amount due to the New Urban Communities Authority.

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

27. Creditors and other credit balances

	31/12/2015 L.E	31/12/2014 L.E
Amounts collected on account for management, operation and maintenance of projects	483 706 796	296 618 767
Due to related parties	6 125 688	6 798 273
Accrued expenses	110 844 977	84 804 737
Customers - Beverly Hills – capital contributions	12 638 549	10 123 706
Customers – credit balances	37 973 566	22 211 597
Tax Authority	112 980 666	57 626 936
Dividends payable	1 398 572	91 643
Accrued compensated absence	1 428 692	3 714 681
Insurance Deposits collected from customers – Against modifications	850 756	344 615
Social insurance	359 228	438 805
Customers –down payments for sub-development **(27-1)**	3 371 400	3 371 400
Unearned revenue	1 243 831	1 196 355
Retentions	9 084 075	8 958 796
Due to SIAC	-	3 634 857
Due to beneficiaries from Incentive plan	1 192 600	1 192 600
Deposits from others	16 635 432	13 082 859
Deferred capital gain	-	6 665 857
Premiums of Eastown club	109 299 607	56 404 368
Sundry creditors	14 144 186	17 683 856
	923 278 621	**594 964 708**

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

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

28. Non-controlling interest

Non-controlling interest balance as at December 31, 2015 represents the interest shares in subsidiary's equity as follows:

	Percentage %	Profit /(loss) for the year L.E	Non-controlling interest excluding profit / (loss) for the year L.E	as at 31/12/2015 L.E	as at 31/12/2014 L.E
Sixth of October for Development and Real Estate Projects Co. "SOREAL"	0.01	6 094	56 278	62 372	56 278
Beverly Hills for Management of Cities and Resorts Co.	53.25	22 344	28 496 464	28 518 808	28 496 464
SODIC Garden City for Development and Investment Co.	50	10 600 076	49 017 270	59 617 346	49 017 270
El Yosr for Projects and Agriculture Development Co.	0.001	(9)	26 997	26 988	26 997
SODIC for Development and Real Estate Investment Co.	0.001	-	20	20	20
SODIC polygon for Real Estate Development Co. (*)	-	-	-	-	14 161 871
Tegara for Trading Centers Co.	4.76	(4 816)	2 671 757	2 666 941	2 671 757
Edara for Services of Cities and Resorts Co.	0.003	188	331	519	331
Fourteen for Real Estate Investment Co.	0.004	-	2	2	2
La Maison for Real Estate Investment Co.	0.004	-	2	2	2
		10 623 877	**80 269 121**	**90 892 998**	**94 430 992**

(*) During the year the company has purchased additional shares of 13.33% in SODIC polygon (subsidiary) amounted by 20 000 000L.E, which reflected by increasing in company's percentage from 86.67% to 100%, and decreasing in minority's by 14 161 871 L.E, also decreasing in retained earnings by L.E 5 838 129

29. Share capital

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

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

Shareholder	Number of shares	Share value L.E	Ownership percentage %
Olayan Saudi Investment Company.	43 121 432	172 485 728	12.72
RA Six Holdings Limited	31 992 544	127 970 176	9.44
Rashed Abdelrahman Al Rashed & Sons Co	15 586 983	62 347 932	4.60
EFG Hermes Holdings Financial Group.	15 183 111	60 732 444	4.48
NORGES Bank	12 838 392	51 353 568	3.79
Al- Majid Investments LLC.	11 148 092	44 592 368	3.29
Abdel Monem Rashed Abdel Rahman Al Rashed	9 897 756	39 591 024	2.92
Other shareholders	199 141 263	796 565 052	58.76
	338 909 573	**1 355 638 292**	**100**

30. Legal Reserve

The reserve balance as at December 31, 2015 is represented as follows:-

	L.E
Legal reserve balance as at 1/1/2003	6 530 455
Add:	
Increase of the legal reserve with the difference between the par value of the treasury shares and its actual cost (according to the Company's Extra-Ordinary General Assembly Meeting held on July 10, 2003).	4 627 374
Increase of the legal reserve with part of capital increase share premium with limits of half of the Company's issued share capital during 2006. (Note No. 31).	123 409 151
Increase of the legal reserve with part of capital increase share premium during year 2007 with limits of half of the Company's issued share capital. (Note no. 31).	5 000 000
Increase of the legal reserve by 5% of the net profit for 2008.	2 339 350
Increase of the legal reserve with part of the capital increase share premium with limits of half of the Company's issued share capital during 2010 (Note No. 31)	39 446 365
Increase in legal reserve by 5% of 2014 net income	3 076 124
Deduct:	
The amount used to increase the issued share capital during 2011.	2
	184 428 817

31. Special reserve – share premium

The balance as at December 31, 2015 is represented in the following:

Description	L.E
Total value of the capital increase share premiums collected for the years 2006	1 455 017 340
Add:	
-Share premium of the employees' incentive and bonus plan issued during 2007	90 000 000
-The value of selling 712 500 share which has been sold through beneficiaries of incentive and bonus plan during 2014 with LE 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.53).	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.53).	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.53).	1 180 000
Deduct:	
Amounts transferred to the legal reserve	167 855 516
Capital increase – related expenses	55 240 255
Amount used for share capital increase during 2008	5 000 000
	1 357 933 479

32. Treasury shares

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

33. Profit from sale of treasury shares

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

34. Shares kept for bonus and incentive plan

This item represents the remainder of the amount paid by the Parent Company in return for issuing 2.5 million ordinary shares with a fair value of L.E 40 per share (after splitting) under account and in favor of the incentive and bonus plan of the Parent Company's employees and managers which are kept in Arab African International Bank.

The conversion of these shares into treasury shares has been executed on July 14, 2015, according to the decision of Extraordinary General Assembly dated of February 1, 2015 as mentioned above (Note 32).

35. Amount set aside for incentive and bonus plan

The balance is represented in the following:

Description	**L.E**
Balance as of January 1, 2015	20 004 359
Deduct:	
- The value of the offering rights for 737 500 shares transferred to share premium during 2015, as a result of the termination of the inventive and bonus plan (Note 53)	16 306 910
- The value of accrued dividends for 737 500 shares transferred to share premium during 2015, as a result of the termination of the inventive and bonus plan (Note 53)	1 180 000
- The value of the interest realized on the current account of the incentive and bonus plan, which was recognized as interest earned in the consolidated income statement during the year	517 449
- The value of the reversal of set aside for incentive and bonus plan for 200 000 shares which is no longer required due to the termination of the incentives and bonus plan (Note 53). This value has been deducted from wages and salaries expenses in the consolidated income statement during 2015.	2 000 000
	-

36. Long-term loans

	31/12/2015	31/12/2014
	L.E	L.E
On December 19, 2013 the company signed a medium-term syndicated loan contract with a group of banks represented by the Arab African International Bank "facility agent" with a total amount of LE 900 million to finance the total debt outstanding on the company and to finance SODIC West projects located in Kilo 38 Cairo/Alex desert road -Giza- Egypt. On May 6, 2015 the company signed an addendum to the above mentioned loan agreement, adding land plots in SODIC WEST project and using the facility to refinance the outstanding debt to PIRAEUS Egypt bank. **Guarantees:** - Unconditional and irrevocable revenue transfer by which the lender and some of its subsidiaries transfer all current and future proceeds, selling and lease contracts of the current and foreseeable project units to the interest of the "Guarantee agent". - Accounts mortgage contracts: debt interest and all amounts deposited therein are pledged for the interest of the "guarantee agent", and pledge the project's account. - Promissory note from the Company (the borrower). **Grace period:** 12 months from the date of the first drawdown, this applies to the principle amount of the debt only. **Repayment:** commenced on March 31, 2015 and payable on (16) quarterly unequal installments.	407 083 911	433 983 384
On July16, 2014 the company signed a medium-term loan contract with Commercial International Bank (CIB) for an amount of LE 300 million as follows: Tranche (A) to refinance the total amount due to Solidere International following the settlement agreement and Tranche (B) to finance the development of specific blocks on Westown Residences and The Courtyards project.	189 347 800	189 347 800
On July 3, 2014 a company's subsidiary signed a medium term facility agreement with Arab African International Bank (AAIB) for a total amount of LE 950 million to finance Villette projects' cost. **Guarantees:** - Assignment of receivables generated from sale and lease contracts - Pledge of project account, associated sub accounts, and debt service account in favor of the security agent - Promissory notes - Corporate guarantee from SODIC for the total loan value plus associated interest and fees **Availability period:** Commences from the signing date till December 31, 2017. **Grace period:** 3 months after the end of availability period, this applies to the principle amount of the debt only. **Repayment:** Commences at the end of the grace period, and is to be paid on 8 consecutive quarters ending, December, 31, 2019	523 067 183	415 823 248
Total	**1 119 498 894**	**1 039 154 432**
Deduct: Current portion		
Arab African International Bank	123 335 275	78 117 009
	996 163 619	**961 037 423**

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

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

37. Long-term notes payable

This item is represented as follows:

	31/12/2015 L.E	31/12/2014 L.E
Total present value of the checks issued to New Urban Communities Authority which are due as of May 2, 2016	-	26 510 466
Total present value of the checks issued to New Urban Communities Authority which are payable during the period from Jan 1, 2017 till Jan. 1, 2021.	650 000 000	750 000 000
Total present value of the checks issued to New Urban Communities Authority which are payable during the period from October 9, 2016 till June 9, 2018.	885 589 183	1 540 327 440
Total present value of the checks issued to New Urban Communities Authority which are payable during the period from Jan 1, 2017 till Sep 8, 2019.	171 734 763	-
Unamortized interest	(257 013 119)	(395 836 904)
	1 450 310 827	**1 921 001 002**

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

38. Real estate and land sales

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

	2015 L.E	2014 L.E
Revenues from the sale of units in **Allegria**	311 008 691	449 174 975
Revenues from the sale of units in **Kattameya Plaza project**	75 541 804	181 265 083
Revenues from the sale of units in **The Strip**	54 177 412	102 398 003
Revenues from the sale of units in **Forty West**	106 112 718	184 306 533
Revenues from the sale of units in **CASA**	9 835 894	27 854 148
Revenues from the sale of units in **Westown Residences**	680 740 756	192 788 297
Revenues from the sales of **Polygon**	115 276 515	183 737 704
Revenues from the sales of **Westown**	49 364 280	-
	1 402 058 070	**1 321 524 743**
Sales return from **Polygon** project	(678 106)	(11 219 690)
	1 401 379 964	**1 310 305 053**

39. Cost of real estate and land sold

	2015 L.E	2014 L.E
Cost of sales of units in **Allegria**	155 287 095	239 935 542
Cost of sales of units in **Kattameya Plaza**	44 496 087	150 085 993
Cost of sales of units in **The strip**	24 705 475	42 931 667
Cost of sales of units in **Forty West**	78 084 236	148 551 089
Cost of sales of units in **CASA**	6 041 351	17 078 000
Cost of sales of units in **Westown Residences**	396 934 769	105 218 235
Cost of sales of **Polygon**	78 311 658	133 844 028
Cost of sales of **Westown**	6 120 967	-
	789 981 638	**837 644 554**
Cost of sales returns of **Polygon**	(533 408)	(7 583 624)
	789 448 230	**830 060 930**

40. Other operating revenues

	2015 L.E	2014 L.E
Interest income realized from installments during the year	64 060 477	43 979 165
Assignment, cancellation dues and delay penalties	59 494 559	47 150 929
Other income	3 357 028	4 226 005
Buildings leased revenue	1 365 782	2 204 548
Dividends share from sister companies	4 849 549	5 348 651
Capital gain	6 116 169	2 712 095
Provisions no longer required and reversal of impairment losses in debtors	191 524	16 697
	139 435 088	**105 638 090**

41. Selling and marketing expenses

	2015 L.E	2014 L.E
Salaries and wages	17 040 919	16 866 554
Sales commissions	47 498 256	39 801 772
Advertising expenses	26 805 098	24 708 452
Conferences and Exhibitions	1 630 444	4 738 674
Advertising events	3 595 629	-
Rent	8 135 862	15 738 053
Donations	203 750	156 740
Maintenance, cleaning and agriculture	2 140 861	1 951 005
Travel, transportation and cars	148 791	19 778
Professional and consultants fees	1 683 832	696 000
Gifts	860 064	207 204
Depreciation	494 732	180 147
Employees vacation	154 590	149 409
Fees and stamps	4 116 788	38 776
Others	2 264 234	1 557 898
	116 773 850	**106 810 462**

42. General and administrative expenses

	2015 L.E	2014 L.E
Salaries, wages and bonuses (42-1)	85 015 281	84 995 682
Board of Directors' remunerations and allowances	7 457 195	10 302 379
Training, medical care, meals & uniforms	7 133 623	5 307 375
Specific employee benefits	3 639 081	-
Maintenance, cleaning, agriculture, security and guarding	21 186 587	16 829 716
Professional and consultancy fees	9 035 695	16 816 571
Advertising, exhibitions and conferences	1 435 135	823 176
Donations and gifts	3 500 148	3 858 155
Administrative depreciation of fixed assets and rented units	20 308 476	11 303 490
Reception and hospitality	1 535 609	1 334 263
Printings and office supplies	3 654 472	3 875 569
Communication, electricity, telephone and water	5 414 414	5 059 570
Subscriptions and governmental dues	2 197 715	1 869 093
Rent	5 772 295	10 982 817
Travel and transportation	1 949 240	1 408 903
Bank charges	4 087 424	2 957 661
Employees vacation	639 148	338 474
Insurance installments	596 832	395 315
Others	4 662 520	3 503 189
	189 220 890	**181 961 398**

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

	2015 L.E	2014 L.E
Salaries	5 387 324	4 670 550
Share based transaction (*)	(2 000 000)	–
	3 387 324	**4 670 550**

(*) The value of reversal of set aside for incentive and bonus plan for 200 000 shares which no longer required due to the termination of the incentives and bonus plan (Note 50) which have been deducted from wages and salaries expenses in the consolidated income statement during the year.

43. Other operating expenses

	2015 L.E	2014 L.E
Discount for early payment	22 781 500	48 883 317
Impairment losses in fixed assets	30 000 000	–
Provision of claims	200 854	171 305
Impairment losses of trade receivables debtors and loans joints ventures	3 289 828	7 223 157
Loss from liquidation of investments	594 001	4 370 826
Penalties	14 042	521 473
Operating expenses of Leased building	4 632 120	–
	61 512 345	**61 170 078**

44. Finance income

	2015 L.E	2014 L.E
Interest income	78 480 062	52 691 701
Return on investment in treasury bills	48 743 435	2 804 268
Income from revaluation and sale of investments	–	97 630
Net foreign exchange translation	1 722 799	–
	128 946 296	**55 593 599**

45. Finance cost

	2015 L.E	2014 L.E
Interest expense	88 535 028	74 438 334
Installments interest Sheikh Zayed land	3 266 101	5 277 395
Net foreign exchange translation	–	6 026 349
	91 801 129	**85 742 078**

46. Income tax expense

	2015 L.E	2014 L.E
Current income tax expense	99 300 288	45 200 962
Deferred income tax (benefit)	(2 607 570)	773 351
	96 692 718	**45 974 313**

47. Earnings per share

Earnings per share are calculated on December 31, 2015 based on the Parent Company's share in earnings for the year using the weighted average number of outstanding shares during the year as follows:

	2015 L.E	2014 L.E
Net profit for the year (parent company share)	310 707 489	142 443 522
Weighted average number of shares outstanding during the year	338 909 573	107 678 624
Profit per share (L.E / share)	0.92	1.32

48. Financial instruments

48.1 Credit risk

Exposure to credit risk

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

The maximum exposure to credit risk as at December 31, 2015 amounted to L.E 8 979 041 233 (December 31, 2014: L.E 7 012 644 813).

48.2 Liquidity risk

The following are the contractual maturities of financial liabilities:

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

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

48.3 Currency risk

Exposure to currency risk

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

December 31, 2015

Description	USD	Euro
Cash at banks	2 552 111	295 048
Notes receivables	11 767 591	-
Creditors and other credit balances	(338 856)	-
Surplus of foreign currencies	**13 980 846**	**295 048**

December 31, 2014

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

48.4 Interest rate risk

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

	Carrying amount	
	31/12/2015	31/12/2014
Fixed rate instruments	L.E	L.E
Financial assets	8 640 843 517	4 858 949 871
Financial liabilities	(2 191 316 378)	(2 555 348 952)
	6 449 527 139	**2 303 600 919**
Variable rate instruments		
	(1 169 526 170)	(1 199 373 271)
Financial liabilities	**(1 169 526 170)**	**(1 199 373 271)**

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

48.5 Fair values

Fair values versus carrying amounts

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

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

49. Transactions with related parties

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

a) Transactions with related parties

Party / Relationship	Nature of transaction	31/12/2015 Amount of transaction L.E
Executive managers and Board of Directors (Parent Company)	Executive and Board of Directors	(See note No. 42).
Palmyra – SODIC for Real Estate Development	Loan for joint projects	520 951
	Management fees	–

b) Balances resulting from transactions with related parties

Party	Item as shown in the consolidated balance sheet	31/12/2015 L.E	31/12/2014 L.E
Bonyan Development and Trade Co.	Creditors and other credit balances	107	107
Palmyra – SODIC for Real Estate Development	Loans to Joint Ventures	793 146 190	189 625 843
	*Accrued interest on loan under debtors caption	65 482 130	65 482 130
	Accrued management fees under debtor caption	35 191 620	35 191 620

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

50. Legal status

There is a dispute between the parent Company and 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 the third 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 March 19, 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.

51. Tax status

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

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

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

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

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

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

Corporate tax

- A ten years corporate tax exemption period starting from the year following the date of the activity inception as of 1/1/1998 until 31/12/2007 has been previously granted to the Parent Company according to Law No. 59 of 1979 concerning the New Urban Communities.
  During the month of January 2011, the Company submitted a request to the Tax Authority demanding the amendment of the tax exemption period to start from the date of the actual handing over of the units in the year 2002.
- On January 18, 2011, the Disputes Dispersal Committee of the Tax Authority considered and studied the Company's request in the light of the date of the actual handing over of the units and the regulations applicable to similar companies. Accordingly, the said committee decided to approve the Parent Company's request thus considering the date of the actual business activity of the Company to be the year 2002, hence, the Parent Company shall be entitled to tax exemption from 1/1/2003 to 31/12/2012, and the amendment was annotated in the Company's tax card. The amended tax return for year 2008 was submitted to the Tax Authority.
- Years from 1996 till 2004 has been inspected and the company were notified and tax differences are under settlement.
- Inspection has been notified for the year 2006, by the tax form (19) with the date of April 29, 2012 as an estimation, it has been appealed as of May 3, 2012, re-inspection request has been submitted for the year 2006, and re-inspection is carried on and no claims have been informed to the company till the date of the authorization of the financial statements.
- On April 2, 2013 The Company has been notified by form (19) for 2007, 2008 approximately, on April 9, 2013 the company has appealed and it has been returned to the appeal committee, which issued its decision to return the file to large tax payers for re-inspection, and no claims have been informed to the company till the date of authorization of the financial statements.
- On April 7, 2015 The Company has been notified by form (19) for the inspection of the years 2009, 2010 approximately, on April 7, 2015 the company has appealed, and the inspection has been carried out and no claims have been informed to the company till the date of the authorization of the financial statements.
- The company has been notified for the tax period from 2011 till 2013, with the tax inspection form (32), and the inspection did not take place till the date.
- The Company submits its annual tax return on due dates in accordance with Law No. 91 of 2005.

Salary tax

- Tax inspection was carried out for the previous years till the year 2004 and the tax claims have been paid.
- Years from 2005 till 2012 are under inspection and the Company has not received any tax claims till the date of authorizing of these financial statements for issuance.

Withholding tax

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

Stamp tax

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

Sales tax

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

Real estate property tax

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

52. Capital commitments

Capital commitments as at December 31, 2015 amounted LE 4 482 877 is represented in contracted and unexecuted works (December 31, 2014: L.E 13 725 010).

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

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

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

- On January 20, 2016 the parent company extraordinary general assembly has approved the implementation of new bonus and incentive plan through appropriating shares with special conditions for employees, managers and executive directors in the parent company.