Translation of financial statements
and review report originally issued in Arabic

Sixth of October for Development and Investment Company "SODIC"

(An Egyptian Joint Stock Company)

Consolidated Interim Financial Statements

For The Financial Period Ended March 31, 2020

And Limited Review Report

KPMG Hazem Hassan
Public Accountants & Consultants

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

Introduction

We have performed a limited review for the accompanying consolidated interim statement of financial position of Sixth of October for Development and Investment Company "SODIC" (S.A.E) as at March 31, 2020, and the related consolidated interim statements of profit or loss, comprehensive income, changes in equity, and cash flows for the three-month then ended, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and fair presentation of these consolidated interim financial statements in accordance with Egyptian Accounting Standards. Our responsibility is to express a conclusion on these consolidated interim financial statements based on our limited review.

Scope of Limited Review

We conducted our limited review in accordance with Egyptian Standard on Review Engagements (no. 2410), "Limited Review of Interim Financial Statements Performed by the Independent Auditor of the Entity." A limited review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters in the Company, and applying analytical and other limited review procedures. A limited review is substantially less in scope than an audit conducted in accordance with Egyptian Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on these consolidated interim financial statements.

Conclusion

Based on our limited review, nothing has come to our attention that causes us to believe that the accompanying consolidated interim financial statements do not present fairly, in all material respects, the consolidated financial position of the Company as at March 31, 2020, and of its consolidated interim financial performance and its consolidated interim cash flows for the three-month then ended in accordance with Egyptian Accounting Standards.

Emphasis of matter

As detailed in note no. (51) of the notes to the financial statements, most countries of the world, including Egypt, were exposed during the first quarter of 2020 to an economic recess as a result of the outbreak of the novel Coronavirus disease (COVID-19), the governments of the world, including the Egyptian government, took precautionary measures in efforts to quarantine the epidemic, these measures led to a recess and economic slowdown at the global and local levels, which has affected all business activities on several aspects in Egypt. Therefore, it is probable that this matter will have a significant impact on items of assets, liabilities and operating income presented in the consolidated financial statements of the company during the subsequent periods / years, in addittion to, the probable impact on operational and marketing plans and their related future cash flows. As detailed in the aforementioned note, the Company's Management is currently taking several measures to encounter this risk and limit its impact on its financial position and support its ability to continue exercising its activity as a going concern. However in the light of the instability and uncertainty as a result of the current events, the extent of the impact of this event depend mainly on the time span of the continuity of this effect at which this event is expected to come to an end, and their implications in addition to the Company's ability to achieve its plans in order to encounter this danger. Hence the Company’s Management believes that in light of its current knowledge and available information, the Company’s management do not expect that the novel Coronavirus disease (COVID-19) will not affect on the Company's ability to continue in the foreseeable future.

KPMG Hazem Hassan

Public Accountants & Consultants

Cairo June 14, 2020

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

EGP	Note No.	31 March 2020	31 December 2019
Non-current assets			
Property, plant, equipment	(23)	290 056 718	294 115 466
Projects under construction	(24)	183 611 597	115 181 723
Investments in associates and joint ventures	(25)	1 309 465	1 309 465
Investment properties	(27)	119 949 482	117 718 530
Notes receivables	(28)	9 294 803 297	9 227 550 853
Deffered tax assets	(13)	24 697 647	28 336 690
Total non-current assets		**9 914 428 206**	**9 784 212 727**
Current assets			
Other assets	(15)	7 251 113	7 026 360
Completed units ready for sale	(16)	13 573 145	17 049 107
Works in process	(17)	14 658 650 144	13 645 418 623
Trade and notes receivable	(18)	3 848 791 712	3 895 838 189
Debtors and other debit balances	(19)	2 057 728 442	1 964 137 409
Loans to joint ventures	(20)	-	-
Investments in treasury bills	(21)	1 095 392 469	1 377 693 049
Cash at banks and on hand	(22)	2 755 048 882	2 596 006 141
Total current assets		**24 436 435 907**	**23 503 168 878**
Total assets		**34 350 864 113**	**33 287 381 605**
Equity			
Issued & paid in capital	(28)	1 396 715 488	1 396 715 488
Legal reserve	(29)	223 686 635	213 930 055
Special reserve - share premium	(30)	1 410 926 940	1 410 926 940
Retained earnings		2 171 924 892	2 345 876 349
Profit from sale of treasury shares	(31)	1 725 456	1 725 456
Reserve for employee stock option plan	(48)	25 924 105	23 772 451
Equity attributable to equity holders of the Company		**5 230 903 516**	**5 392 946 739**
Non-controlling interests	(32)	58 688 613	58 804 134
Total equity		**5 289 592 129**	**5 451 750 873**
Non-current liabilities			
Loans	(33)	1 192 854 994	1 281 130 084
Creditors and notes payable	(34)	25 631 291	67 545 617
New Urban Communities Autority	(35)	4 987 523 037	4 806 340 854
Total non-current liabilities		**6 206 009 322**	**6 155 016 555**
Current liabilities			
Loans - Short term	(33)	813 605 444	592 714 355
Contractors, suppliers and notes payable	(38)	790 625 891	704 819 389
Advances - from customers	(37)	18 361 061 316	17 743 774 560
Income tax liabilies		235 565 228	246 244 633
Creditors and other credit balances	(39)	2 484 969 979	2 205 147 335
Provision	(36)	169 434 804	187 913 905
Total current liabilities		**22 855 262 662**	**21 680 614 177**
Total liabilities		**29 061 271 984**	**27 835 630 732**
Total equity and liabilities		**34 350 864 113**	**33 287 381 605**

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

Financial Manager	**Group Financial Controller**	**Chief Financial Officer**	**Managing Director**	**Chairman**
Mohamed Samir	Ahmed Hegazi	Omar Elhamawy	Magued Sherif	Ossama Saleh

"Limited review report attached"

Sixth of October for Development and Investment Company "SODIC"

(An Egyptian Joint Stock Company)

Consolidated interim statement of profit or loss

for the financial period March 31,

EGP	Note No	2020	2019
Revenues			
Sales of real estate and lands	(5)	349 045 239	892 624 790
Revenues of services of managing cities and resorts		71 763 265	40 613 208
Revenues of rental of real state		5 256 133	4 979 293
Revenues from golf course and restaurants		3 390 663	3 003 495
Total operation revenues		**429 455 300**	**941 220 786**
Cost of sales			
Cost of sales of real estate and lands	(6)	(244 471 182)	(629 625 095)
Costs of services of managing cities and resorts		(53 933 881)	(33 068 014)
Costs of rental of real state		(2 476 365)	(2 403 338)
Cost of golf course and restaurants		(14 887 986)	(6 057 949)
Total operation costs		**(315 769 414)**	**(671 154 396)**
Gross profit		**113 685 886**	**270 066 390**
Other operating revenues	(7)	72 886 724	62 823 941
Selling and marketing expenses	(8)	(48 760 059)	(77 435 103)
General and administrative expenses	(9)	(94 329 035)	(86 459 819)
Other operating expenses	(10)	(7 401 026)	(19 521 762)
Operating profit		**36 082 490**	**149 473 647**
Finance income	(11)	73 334 119	125 208 222
Finance cost	(12)	(45 323 283)	(43 891 825)
Net finance income		**28 010 836**	**81 316 397**
Net profit before tax		**64 093 326**	**230 790 044**
Income tax	(13)	(36 355 344)	(68 745 290)
Profit for the year		**27 737 982**	**162 044 754**
Attributable to:			
Equity holders of the Company		27 853 503	161 206 019
Non-controlling interests	(32)	(115 521)	838 735
Net Profit for the period		**27 737 982**	**162 044 754**
Earnings per share (EGP / Share)	(14)	**0.08**	**0.46**

* The accompanying notes form 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 interim statement of comprehensive income
for the financial period March 31,

EGP	Note No	2020	2019
Profit of the period		27 737 982	162 044 754
Total other comprehensive income items for the year after income tax		-	
Total comprehensive income of the year		**27 737 982**	**162 044 754**
Total comprehensive income is attributable to:			
Equity holders of the Company		27 853 503	161 206 019
Non-controlling interests	(32)	(115 521)	838 735
Total comprehensive income for the period		**27 737 982**	**162 044 754**

* The accompanying notes form 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 interim statement of changes in Equity
for the financial period March 31, 2020

EGP	Issued and paid in capital	Legal reserve	Special reserve-share premium	Retained earnings	Treasury shares	Profit / (losses) from selling of treasury shares	Set aside amount for bonus and incentive plan	Total	Non-Controlling interests	Total equity
Balance as at December 31, 2018	**1 369 194 672**	**213 930 055**	**1 389 595 728**	**1847 915 972**	**(12 833)**	**1 725 456**	**21 001 101**	**4 843 350 151**	**63 701 852**	**4 907 052 003**
Total comprehensive income										
Net profit for the period	-	-	-	161 206 019	-	-	-	161 206 019	838 735	**162 044 754**
Other comprehensive income items	-	-	-	-	-	-	-	-	-	-
Total comprehensive income	-	-	-	**161 206 019**	-	-	-	**161 206 019**	**838 735**	**162 044 754**
Transactions with owners of the Company										
Transferred to legal reserve	27 520 816	-	(27 520 816)	-	-	-	-	-	-	-
Dividends to employees in subsidiaries	-	-	30 343 148	-	-	-	-	30 343 148	-	**30 343 148**
Reserve for employee stock option plan	-	-	-	-	-	-	4 879 947	4 879 947	-	**4 879 947**
Dividends to non-controlling interests in subsidiaries	-	-	-	-	12 833	-	-	12 833	-	**12 833**
Total transactions with owners of the Company	**27 520 816**	-	**2 822 332**	-	**12 833**	-	**4 879 947**	**35 235 928**	-	**35 235 928**
Balance as at March 31, 2019	**1 396 715 488**	**213 930 055**	**1 392 418 060**	**2 009 121 991**	-	**1 725 456**	**25 881 048**	**5 039 792 098**	**64 540 587**	**5 104 332 685**
Balance as at December 31, 2019	**1 396 715 488**	**213 930 055**	**1 410 926 940**	**2 345 876 349**	-	**1 725 456**	**23 772 451**	**5 392 946 739**	**58 804 134**	**5 451 750 873**
Total comprehensive income for the year										
Net profit for the period	-	-	-	27 853 503	-	-	-	27 853 503	(115 521)	**27 737 982**
Other comprehensive income items	-	-	-	-	-	-	-	-	-	-
Total comprehensive income	-	-	-	**27 853 503**	-	-	-	**27 853 503**	**(115 521)**	**27 737 982**
Transactions with owners of the Company										
Increase in capital	-	-	-	-	-	-	-	-	-	-
Transferred to legal reserve	-	9 756 580	-	(9 756 580)	-	-	-	-	-	-
Dividends	-	-	-	(192 048 380)	-	-	2 151 654	(189 896 726)	-	(189 896 726)
Total transactions with owners of the Company	-	**9 756 580**	-	**(201 804 960)**	-	-	**2 151 654**	**(189 896 726)**	-	**(189 896 726)**
Balance at March 31, 2020	**1 396 715 488**	**223 686 635**	**1 410 926 940**	**2 171 924 892**	-	**1 725 456**	**25 924 105**	**5 230 903 516**	**58 688 613**	**5 289 592 129**

* The accompanying notes form 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 interim statement of cash flows
for the financial period March 31

EGP	Note No	2020	2019
Cash flows from operating activities			
Net profit for the period before tax		64 093 326	230 790 044
Adjustments for:			
Depreciation of fixed assets and investment properties	(23) ، (26)	13 930 863	10 862 564
Capital loss / (gain)	(10)	3 642	-
Return on investments in treasury bills	(11)	(52 519 300)	(82 049 920)
Impairment loss of debtors, trade receivables and loans to joint ventures	(10)	329 394	1 217 050
Reversal of impairment loss of debtors	(7)	(519)	-
Provisions formed	(36)	2 068 448	44 198 211
Provisions no longer required	(36)	-	(195 633)
Reversal of impairment of property, plant and equipment	(23)	(455 647)	(455 647)
Reserve for employees stock option plan	(9) ، (48)	-	4 879 947
Changes in:			
Other assets		(224 753)	(1 096 516)
Finished units available for sale		-	(31 919)
Works in process		(892 835 673)	(56 563 823)
Trade and notes receivables		(20 205 967)	216 264 112
Debtors and other debit balances		(93 590 514)	(727 613 694)
Loans to joint ventures		(329 394)	(366 335)
Provisions used	(36)	(20 547 549)	(32 515 386)
Advances from customers		617 286 756	(41 432 173)
Contractors, suppliers and notes payable		43 892 176	198 859 346
Creditors and other credit balances		149 996 865	100 629 439
Paid income tax		(43 395 706)	(90 541 548)
Restricted cash		(16 396 018)	(393 512)
Net cash (used in) operating activities		**(248 899 570)**	**(225 555 393)**
Cash flows from investing activities			
Payments for purchase of fixed assets, projects under construction and biological assets		(75 952 589)	(10 021 731)
Payments for investments in treasury bills		(237 680 520)	(609 552 915)
Proceeds from investments in treasury bills		572 500 400	739 729 395
Proceeds from sale of fixed assets		63 002	1 236
Net cash generated from investing activities		**258 930 293**	**120 155 985**
Cash flows from financing activities			
Proceeds from short and long term loans		132 616 000	274 381 752
Dividends to non-controling interests		-	12 833
Dividends to employees and BOD of Subsidiaries		-	30 343 148
Net cash generated from financing activities		**132 616 000**	**304 737 733**
Net increase in cash and cash equivalents		**142 646 723**	**199 338 325**
Cash and cash equivalents at January 1		2 582 967 262	2 200 695 156
Cash and cash equivalents at March 31	(22)	**2 725 613 985**	**2 400 033 481**

* The accompanying notes form 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 interim financial statements
for the financial period March 31, 2020

1. Background and activities

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

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

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

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

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

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

1-5 The interim consolidated financial statements of Sixth of October for Development & Investment Company "SODIC" (the Parent Company) for the financial year ended December 31, 2019 comprise the financial statements of the Company and its subsidiaries (together referred to as the "Group") and the Group's interest in the profit or loss of associates and joint ventures.

The registered office of the Parent Company is located at Km. 38 Cairo / Alexandria Desert Road, Sheikh Zayed City. Mr. Osama Saleh is the Chairman for the Parent Company and Mr. Maged Sherif, is the Managing Director of the Parent Company.

2. Basis of preparation of consolidated interim financial statements
Compliance with accounting standards and laws

- The consolidated interim financial statements have been prepared in accordance with Egyptian Accounting Standards and applicable laws and regulations.

The consolidated financial statements were approved by the Board of Directors on June 14, 2020.

3. Functional and presentation currency

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

4. Use of judgment and estimates

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

Measurement of fair value

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

5. Real estate and land sales

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

	For the period ended 31/03/2020 EGP	For the period ended 31/12/2019 EGP
Revenues from the sale of Sodic projects in West Cairo	133 165 269	160 188 535
Revenues from the sale of Sodic projects in East Cairo	208 673 412	622 328 484
Revenues from the sale of Sodic projects in North Coast	7 206 558	110 107 771
	349 045 239	**892 624 790**

6. Cost of real estate and land sold

	For the period ended 31/03/2020 EGP	For the period ended 31/03/2019 EGP
Cost of sales of Sodic projects in West Cairo (*)	93 923 025	99 127 435
Cost of sales of Sodic projects in East Cairo	145 224 547	459 952 092
Cost of sales of Sodic projects in North Coast	5 323 610	70 545 568
	244 471 182	**629 625 095**

(*) Includes an amount of EGP 5 607 109 representing the adjustment to the cost of land for SODIC West El Sheikh Zayed plot as shown in details in note (17).

7. Other operating revenues

	For the period ended 31/03/2020 EGP	For the period ended 31/03/2019 EGP
Interest income realized from installments during the year	58 004 453	46 351 420
Assignment, cancellation dues and delay penalties	10 704 642	12 242 186
Other income	3 721 463	3 579 055
Reversal of impairment of property, plant and equipment	455 647	455 647
Provisions no longer required and reversal of impairment of debtors	519	195 633
	72 886 724	**62 823 941**

8. Selling and marketing expenses

	For the period ended 31/03/2020 EGP	For the period ended 31/03/2019 EGP
Salaries and wages	10 883 608	16 123 067
Sales commissions	12 754 870	28 803 516
Advertising expenses	7 756 175	10 759 175
Conferences and exhibitions & events	8 110 494	15 835 835
Rent	3 776 977	3 031 918
Maintenance, cleaning and agriculture	60 171	236 502
Travel, transportation and cars	352 925	555 124
Professional and consultants' fees	247 950	402 078
Tips and gifts	111 125	221 260
Depreciation	667 235	193 979
Employees vacations	147 642	-
Fees and stamps	2 090 884	265 210
Printing and photocopying	1 291 869	664 617
Others	508 134	342 822
	48 760 059	**77 435 103**

9. General and administrative expenses

	For the period ended 31/03/2020 EGP	For the period ended 31/03/2019 EGP
Salaries, wages and bonuses (9-1)	30 198 520	29 414 213
Board of Directors' remunerations and allowances	2 905 548	3 263 714
Training, medical care, meals & uniforms	4 220 511	5 539 180
Employees Stock Option Plan (9-2)	-	4 879 947
Specific employees benefits	2 278 830	2 213 875
Maintenance, cleaning, agriculture, and security	18 314 059	13 953 371
Professional and consultancy fees	4 973 242	2 277 045
Advertising, exhibitions and conferences	844 936	1 692 079
Donations	4 100 000	60 000
Gifts and tips	899 663	764 598
Administrative depreciation of fixed assets	8 190 217	7 030 494
Reception and hospitality	250 374	590 206
Stationery and computer supplies	2 874 293	2 045 435
Communication, electricity, telephone and water	3 218 057	2 971 911
Subscriptions and governmental dues	2 518 305	1 455 359
Rent	99 121	617 084
Travel and transportation	1 355 261	1 224 631
Bank charges	1 833 149	911 546
Employees vacations	891 155	-
Insurance installments	372 395	253 391
Comprehensive medical insurance	855 173	2 987 873
Others	3 136 226	2 313 867
	94 329 035	**86 459 819**

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

	For the period ended 31/03/2020 EGP	For the period ended 31/03/2019 EGP
Salaries	3 267 212	3 382 528
	3 267 212	**3 382 528**

(9-2) Represents in the fair value difference at the granted date for granted shares for beneficiaries of Employees Stock Option Plan granted to the executives board members and the directors as shown in note (48).

10. Other operating expenses

	For the period ended 31/03/2020 EGP	For the period ended 31/03/2019 EGP
Discount for early payment	7 067 990	18 304 712
Capital Losses	3 642	-
Impairment losses of debtors and loans to joints ventures	329 394	1 217 050
	7 401 026	**19 521 762**

11. Finance income

	For the period ended 31/03/2020 EGP	For the period ended 31/03/2019 EGP
Interest income	20 814 819	43 158 302
Return on investment in treasury bills	52 519 300	82 049 920
	73 334 119	**125 208 222**

12. Finance cost

	For the period ended 31/03/2020 EGP	For the period ended 31/03/2019 EGP
Interest expense	39 741 495	34 301 346
Foreign exchange losses from balances denominated in foreign currencies	5 581 788	9 590 479
	45 323 283	**43 891 825**

13. Income tax

A- Items recognized in the profit or loss

	For the period ended 31/03/2020 EGP	For the period ended 31/03/2019 EGP
Current income tax	32 716 301	69 560 641
Deferred income tax (benefit)	3 639 043	(815 351)
	36 355 344	**68 745 290**

B- Deferred tax assets and liabilities movement

March 31, 2020

	Balance as at 1/1/2020 asset / (liability) EGP	Charged to profit or loss EGP	Balance as at 31/03/2020 — Deferred tax resulted in asset EGP	Deferred tax resulted in (liability) EGP	Net deferred tax resulted in (Liability) / Asset EGP
Property, plant and equipment	(3 027 994)	331 198	-	(2 696 796)	(2 696 796)
Foreign exchange translation	(8 403 760)	274 006	-	(8 129 754)	(8 129 754)
Provisions	39 768 444	(4 244 247)	35 524 197	-	35 524 197
Net	**28 336 690**	**(3 639 043)**	**35 524 197**	**(10 826 550)**	**24 697 647**

December 31, 2019

	Balance as at 1/1/2019 asset / (liability) EGP	Charged to profit or loss EGP	Balance as at 31/12/2019 — Deferred tax resulted in asset EGP	Deferred tax resulted in (liability) EGP	Net deferred tax resulted in (Liability) / Asset EGP
Property, plant and equipment	(2 988 725)	(39 269)	-	(3 027 994)	(3 027 994)
Foreign exchange translation	(10 596 160)	2 192 400	-	(8 403 760)	(8 403 760)
Provisions	90 761	39 677 683	39 768 444	-	39 768 444
Net	**(13 494 124)**	**41 830 814**	**39 768 444**	**(11 431 754)**	**28 336 690**

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

D- Unrecognized deferred tax assets

	31/03/2020 EGP	31/12/2019 EGP
Temporary deductible differences	161 019 711	161 202 142
Tax losses carried forward	23 799 125	47 836 625
	184 818 836	**209 038 767**

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

14. Earnings per share

A- Accumulated Earnings per share

Earnings per share as at March 31, 2020, is calculated 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:

	For the period ended 31/03/2020 EGP	For the period ended 31/03/32019 EGP
Net profit for the period (parent company share)	27 853 503	161 206 019
Employees share of profit	-	-
Board of directors' remunerations	-	-
Employees and board of directors share in subsidiaries and associates companies	-	-
	27 853 503	**161 206 019**
Weighted average number of shares outstanding during the period*	349 178 872	349 178 872
Earnings per share (EGP / share)	**0.08**	**0.46**

B- Earnings per share

Earnings per share as at March 31, 2020, is calculated based on the Parent Company's share in earnings for the year according to the separate financial statements using the weighted average number of outstanding shares during the year as follows:

	For the period ended 31/03/2020 EGP	For the year ended 31/03/2019 EGP
Net (loss) or the period (according to the separate financial statements)	(79 180 368)	(26 589 701)
Employees share of profit	-	-
Board of directors' remunerations	-	-
	(79 180 368)	**(26 589 701)**
Weighted average number of shares outstanding during the period	349 178 872	349 178 872
(Losses) / per share (EGP / share)	**(0.23)**	**(0.08)**

15. Other assets

	31/03/2020 EGP	31/12/2019 EGP
Inventories	7 251 113	7 026 360
	7 251 113	**7 026 360**

16. Completed units ready for sale

	31/03/2020 EGP	31/12/2019 EGP
Cost of completed commercial units	12 924 878	16 400 840
Cost of units purchased for resale	648 267	648 267
	13 573 145	**17 049 107**

17. Work in process

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

	31/03/2020 EGP	31/12/2019 EGP
West Cairo projects costs (17-1)	9 176 263 719	8 759 750 795
East Cairo projects costs	5 140 160 530	4 571 242 197
North Cost projects costs (17-2)	342 225 895	314 425 631
	14 658 650 144	**13 645 418 623**

(17-1) West Cairo projects costs

A- Al Yosr for Projects and Agricultural Development ("Al Yosr"), SODIC's fully owned subsidiary. Al Yosr has received a letter from the New Urban Communities Authority ("NUCA") with respect to the 300-acre plot (circa 1.26 million square meters) of land owned by Al Yosr and located in the Sheikh Zayed City extension area as determined by the presidential decree number 77. The letter informs Al Yosr of NUCA's Board of Directors decision regarding the payment required to be made by land owners in order for NUCA to deliver infrastructure to the plot and change the land usage from agricultural to residential, increasing the allowable built up area within the limits of Republican Resolutions (77-230 of 2017). In consideration for the above Al Yosr will make an in-kind payment of 50% of the land.

On July 11, 2019, an agreement was concluded between Al Yosr and the New Urban Communities Authority (NUCA) to relinquish 50% of the above mentioned plot in return for delivering infrastructure to the plot and change the land usage from agricultural to residential, the project Master plan was submitted to the New Urban Communities Authority and was approved. The first phase of the project was launched on 29 September 2019 under the name of The Estates.

B- **Company's Land settlement in El Sheikh Zayed**

The balance includes approximately EGP 325 million representing the present value of the share of the work under construction from the settlement amount of the Company's land in Sheikh Zayed as a component of the cost of the units whose revenues will be recognized in the statement of income or losses for future years, this amount represents the remainder of the present value of a total settlement amount of EGP 800 million with the Illicit Gains Authority ("IGA").

C- The balance includes an amount of EGP 5 451 186 892 representing the net present value of the project's minimum land payments for the 500 acres in Sheikh Zayed extension in addition to the capitalized interests in accordance with the co-development agreement between the Company and the Urban Communities Authority with a minimum guarantee to the Authority of EGP 14.22 billion as shown in details in note (36).

(17-2) North Cost projects costs

The balance includes EGP 52.6 million paid to Owners Union – Shahin, representing the variable cost of Malaaz project land , as on March 8, 2018, the Company signed two co-development contracts for a residential and tourism project for two land plots of approximately 308 acres on the North Coast with the owners as follows:

- Contract signed with Owners Union – Shahin for the land plot of approximately 111 acres (the first plot).
- Contract signed with the Alammar Company for Urban Expansion for the land plot of approximately 197 acres (the second plot).

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

According to the first plot's contract the Company paid an amount of EGP 30 Million which represents down payment which will be settled during a three-year period in equal installments against Owners Union – Shahin share in the project revenues in accordance to the co-development contract.

On July 4, 2018, according to the co-development contract Sixth of October for Development and Investment Company "SODIC" notified the Owners Union – Shahin that Tabrouk Development Company, a 99% owned subsidiary of SODIC, will replace it in the above mentioned co-development contract dated March 8, 2018, and all rights and obligations will be transferred to Tabrouk Development Company from July 4, 2018.

The Group also paid EGP 25.9 million on behalf of Owners Union – Shahin to settle land installment for year 2018, and collected from Owners Union – Shahin EGP 3.3 million, thus the net amount paid up until March 31, 2020 amounted to EGP 52.6 million.

18. Trade and notes receivable

	31/03/2020 EGP	31/12/2019 EGP
Trade receivable	145 688 835	141 624 860
Notes receivable *	3 749 113 538	3 812 919 174
	3 894 802 373	**3 954 544 034**
Deduct:		
Unamortized interest – notes receivable	45 718 258	58 413 442
	3 849 084 115	**3 896 130 592**
Deduct:		
Impairment losses of trade and notes receivable	292 403	292 403
	3 848 791 712	**3 895 838 189**

* The balance includes an amount of EGP 266 396 064 representing the net amount of notes receivable relating to SODIC East project with a gross amount of EGP 363 825 711.

The gross amount was decreased by EGP 97 429 647 representing the share of Heliopolis Housing and Development Company of the residential units mentioned as per the revenue share agreement (70% for the developer and 30% for the owner).

The Group's exposure to credit and currency risks related to trade and notes receivable is disclosed in note No (42).

19. Debtors and other debit balances

	31/03/2020 EGP	31/12/2019 EGP
Contractors and suppliers – advance payments	1 141 118 812	1 180 300 689
Due from related parties – Joint Venture	35 191 620	35 191 620
Accrued Revenues	82 301 995	81 807 684
Due from related parties	3 651 669	3 651 669
Prepaid expenses and sales commissions	519 938 903	465 054 188
Deposits with others	39 347 014	10 144 863
Tax Authority	98 965 373	76 330 984
Due from the bonus and incentives plan to employees and	2 056 938	1 921 094
Heliopolis Development and Housing Company (19-1)	165 064 814	165 064 796
Bank accounts – Joint arrangements (19-2)	29 348 222	22 177 303
Debtors from projects maintenance	37 932 676	21 014 912
Other debit balances	25 489 838	24 157 558
	2 180 407 874	**2 086 817 360**
Deduct: -		
Impairment losses of debtors and other debit balances	122 679 432	122 679 951
	2 057 728 442	**1 964 137 409**

(19-1) This item represents the amount paid as a down payment to Heliopolis Housing and Development Company, this amount will be settled with Heliopolis Housing and Development Company's revenue share in the co-development contract pertaining to New Heliopolis City. Accordingly, the Company will act as a real estate developer for the land plot owned by Heliopolis Housing and Development Company with an area of 655 acres in New Heliopolis City. Heliopolis Housing and Development Company will earn a share of the revenue, with minimum guarantee amounting to EGP 5.01 Billion. The two parties have agreed that the Company at its own expense and under its responsibility will implement, finance, market and sell the units of the project and all its inclusions and components, in addition to providing management and maintenance either directly or through third parties, and delivering on all other obligations as stipulated in the co-development contract and will accordingly share the revenue (according to the defined percentages in the contract for each component of the project).

(19-2) This balance represents the company's share of the collected amounts from customers in the joint accounts held by the banks for SODIC East project. These balances are restricted unless agreed upon by both the developer and the owner in accordance with the contract terms of the joint bank accounts between the company as a developer, the bank, and the owner
The Group's exposure to credit and currency risks related to debtors and other debit balances is disclosed in note No. (42).

20. Loans to joint ventures

	31/03/2020 EGP	31/12/2019 EGP
This item represents the loan granted to the Joint Venture project in the Syrian Arab Republic 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 December 31, 2011. The loan was renewed with an interest rate of 12.5% per annum (Note 25).	135 485 960	135 485 960
This item represents the utilized amount of the bridge loan granted to the Joint Venture project in the Syrian Arab Republic on October 28, 2010 for a total amount of USD 8 445 674. The loan carries an interest rate of 8.5% per annum (Note 25).	64 461 787	64 132 343
	199 947 747	**199 618 343**
Deduct: -		
Impairment for loans to joint ventures	199 947 747	199 618 343
	-	-

21. Investments in treasury bills

	31/03/2020 EGP	31/12/2019 EGP
Treasury bills at par value	1 132 750 000	1 453 225 000
Unearned return on treasury bills	(37 357 531)	(75 531 951)
	1 095 392 469	**1 377 693 049**

The Group's exposure to market risk related to the trading investments is disclosed in note No. (42).

22. Cash at banks and on hand

	31/03/2020 EGP	31/12/2019 EGP
Bank - time deposits *	1 767 342 821	2 133 895 961
Bank - current accounts	925 635 157	406 608 957
Checks under collection	55 546 222	50 863 283
Cash on hand	6 524 682	4 637 940
	2 755 048 882	**2 596 006 141**

* Deposits include an amount of EGP 1.4 Million restricted as a guarantee for the credit facility granted to the Parent Company and one of its subsidiaries from commercial banks. In addition, it includes an amount of EGP 1 150 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 items are represented as follows:

	31/03/2020 EGP	31/03/2019 EGP
Cash at banks and on hand	2 755 048 882	2 437 646 265
Less:		
Restricted Deposits	1 434 897	16 562 784
Deposits matures after three months	28 000 000	21 050 000
Cash and cash equivalents in the consolidated statement of cash flows	**2 725 613 985**	**2 400 033 481**

The Group's exposure to interest rate risk and currency risk for cash on hands and at banks which is disclosed in note No. (42)

23 - Property, plant, equipment

	Golf Course	Lands	Buildings and Constructions	Vehicles	Furniture and fixtures	Beach Furniture and fixtures	Office equipment and communications	Computer software	Generators, machinery and equipment	Solar power stations	Leasehold improvements	Total
	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP
Cost												
Cost at Januaray 1, 2019	93 628 961	57 755 151	188 646 706	27 272 952	37 306 643	1 023 491	32 982 520	13 399 675	30 429 296	396 014	54 100 278	536 941 687
Additions during the year	-	-	5 999 847	8 650 262	3 554 657	1 250 337	9 675 992	2 918 062	5 617 555	-	10 547 727	48 214 439
Disposals during the year	-	-	-	(13 684)	(2 640)	-	(129 997)	-	(120 000)	-	-	(266 321)
Reclassification	-	-	-	-	(5 469 162)	-	(1 039 264)	1 083 433	(1 397 292)	-	6 822 285	-
Cost at December 31, 2019	93 628 961	57 755 151	194 646 553	35 909 530	35 389 498	2 273 828	41 489 251	17 401 170	34 529 559	396 014	71 470 290	584 889 805
Cost at Januaray 1, 2020	93 628 961	57 755 151	194 646 553	35 909 530	35 389 498	2 273 828	41 489 251	17 401 170	34 529 559	396 014	71 470 290	584 889 805
Additions during the peropd	-	-	358 171	1 181 535	836 285	157 291	2 668 230	1 083 097	468 313	-	769 792	7 522 714
Disposals during the period	-	-	-	(62 500)	(1 900)	-	(24 300)	-	(52 580)	-	(180 749)	(322 029)
Reclassification	-	-	-	-	-	-	-	-	-	-		
Cost at March 31, 2020	93 628 961	57 755 151	195 004 724	37 028 565	36 223 883	2 431 119	44 133 181	18 484 267	34 945 292	396 014	72 059 333	592 090 490
Accumulated depreciation and imparment losses												
Accumulated depreciation and impairment losses at January 1, 2019	93 628 961	-	36 051 903	17 655 239	22 958 856	705 576	18 887 079	10 125 816	23 377 528	15 712	26 483 395	249 890 065
Depreciation during the year	1 822 589	-	9 888 584	3 752 317	3 108 257	263 499	5 928 822	2 376 888	3 741 791	15 841	11 950 752	42 849 340
Accumulated depreciation of disposals during the year	-	-	-	(4 181)	(2 640)	-	(123 656)	-	(12 000)	-	-	(142 477)
Reversal of impairment losses during the year	(1 822 589)	-	-	-	-	-	-	-	-	-	-	(1 822 589)
Reclassification	-	-	-	(26)	(2 147 877)	-	(467 894)	468 091	(825 386)	-	2 973 092	-
Accumulated depreciation and impairment losses at December 31, 2019	93 628 961	-	45 940 487	21 403 349	23 916 596	969 075	24 224 351	12 970 795	26 281 933	31 553	41 407 239	290 774 339
Accumulated depreciation and impairment losses at January 1, 2020	93 628 961	-	45 940 487	21 403 349	23 916 596	969 075	24 224 351	12 970 795	26 281 933	31 553	41 407 239	290 774 339
Depreciation during the period	455 647	-	2 557 579	1 171 456	697 506	131 324	1 810 813	928 567	1 155 861	3 960	3 057 752	11 970 465
Accumulated depreciation of disposals during the period		-	-	-	(1 045)	-	(24 298)	-	(52 580)	-	(177 462)	(255 385)
Reversal of impairment losses during the period	(455 647)		-	-	-	-	-	-	-	-	-	(455 647)
Accumulated depreciation and impairment losses at March 31, 2020	93 628 961	-	48 498 066	22 574 805	24 613 057	1 100 399	26 010 866	13 899 362	27 385 214	35 513	44 287 529	302 033 772
Carrying amount												
Carrying amount At January 1, 2019	-	57 755 151	152 594 803	9 617 713	14 347 787	317 915	14 095 441	3 273 859	7 051 768	380 302	27 616 883	287 051 622
Carrying amount At December 31, 2019	-	57 755 151	148 706 066	14 506 181	11 472 902	1 304 753	17 264 900	4 430 375	8 247 626	364 461	30 063 051	294 115 466
Carrying amount At March 31, 2020	-	57 755 151	146 506 658	14 453 760	11 610 826	1 330 720	18 122 315	4 584 905	7 560 078	360 501	27 771 804	290 056 718

Fixed assets included fully depreciated assets amounted to EGP 77 143 535 at March 31, 2020

24. Projects under construction

This item is represented as follows:

	31/03/2020 EGP	31/12/2019 EGP
Administrative buildings and caravans under construction	9 894 840	10 232 881
Buildings and hotels constructions – Forty west project	173 160 348	104 398 714
Advance payments -fixtures and purchasing of fixed assets	556 409	550 128
	183 611 597	**115 181 723**

25. Investments in associates and joint ventures

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

	Legal Form	Ownership Percentage		Carrying amount	
		31/03/2020 %	31/12/2019 %	31/03/2020 EGP	31/12/2019 EGP
Royal Gardens for Investment Property Co.	SAE	20	20	1 309 465	1 309 465
Palmyra SODIC Real Estate Development (A)	Syrian Ltd.	50	50	-	-
				1 309 465	**1 309 465**

Summary of financial information of associates and joint ventures: -

	Assets EGP In thousands	Liabilities EGP In thousands	Equity EGP In thousands	Foreign translation EGP In thousands	Revenues EGP In thousands	Expenses EGP In thousands
December 31, 2018						
Royal Gardens for Real Estate Investments Co.	179 071	(172 524)	(6 547)	-	(21 593)	25 661
December 31, 2017						
Royal Gardens for Real Estate Investments Co.	184 957	(174 342)	(10 615)	-	(58 742)	68 104
December 31, 2019						
Palmyra SODIC Real Estate Development (A)	130 216	(1 113 822)	923 666	55 683	-	4 257
December 31, 2018						
Palmyra SODIC Real Estate Development (A)	144 230	(1 175 670)	954 622	(114 737)	-	2 325

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

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

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

26. Investment properties

Investment properties includes commercial / residential units leased out to others.
The movement of the investment properties and its depreciation is as follows: -

Description	Leased out EGP	HUB Project's units EGP	Total EGP
Cost			
At January 1, 2019	**44 562 947**	**89 246 840**	**133 809 788**
Additions during the year	4 974 170	-	4 974 170
Adjustments	-	(181 279)	(181 279)
At December 31, 2019	**49 537 117**	**89 065 562**	**138 602 679**
At January 1, 2020	**49 537 117**	**89 065 562**	**138 602 679**
Additions during the period	3 475 961	715 389	4 191 350
At March 31, 2020	**53 013 078**	**89 780 951**	**142 794 029**
Less			
Accumulated depreciation			
At January 1, 2019	**3 210 109**	**10 286 284**	**13 496 393**
Depreciation for the year	1 918 873	5 468 883	7 387 756
At December 31, 2019	**5 128 982**	**15 755 167**	**20 884 149**
At January 1, 2020	**5 128 982**	**15 755 167**	**20 884 149**
Depreciation for the period	566 083	1 394 315	1 960 398
At March 31, 2020	**5 695 065**	**17 149 482**	**22 844 547**
Net carrying amount as at January 1, 2019	**41 352 838**	**78 960 557**	**120 313 395**
Net carrying amount as at December 31, 2019	**44 408 135**	**73 310 395**	**117 718 530**
Net carrying amount as at March 31, 2020	**47 318 013**	**73 631 469**	**119 949 482**

27. Notes receivable – Long-term

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

	31/03/2020 EGP	31/12/2019 EGP
Notes receivable *	9 461 165 267	9 426 314 022
Deduct:		
Unamortized interest	166 361 970	198 763 169
	9 294 803 297	**9 227 550 853**

* The balance includes an amount of EGP 1 025 160 333 which represents the net amount of notes receivable – long term related to SODIC East project with a gross amount of EGP 1 438 669 502. The gross amount has been deducted by an amount of EGP 413 509 169 which represents Heliopolis Housing and Development Company's share of the residential units mentioned in the revenue share contract (70% for the developer and 30% for the owner).

The Group's exposure to credit, and currency risks related to trade and notes receivable is disclosed in note No. (42).

28. Share capital

- The authorized capital of the Company is EGP 2.8 Billion and the Company's issued and paid in capital is EGP 1 355 638 292 distributed over 338 909 573 shares with a par value of EGP 4 per share, the commercial register was notified on December 7, 2014.
- The Board of Directors have decided in the meeting dated November 30, 2016 to increase the issued capital from EGP 1 355 638 292 to become EGP 1 369 194 672 by an amount of EGP 13 556 380 divided on 3 389 095 shares of par value EGP 4 per share, this capital increase should be financed from the special reserve- Additional paid in capital, and to be fully utilized by the Employees Stock Option Plan granted to the executive board members and the directors as per the option plan approved by the extra ordinary general assembly dated January 20, 2016, which have decided to apply the Employees Stock Option Plan for the executive board members and directors through assigning shares with certain conditions. The commercial register was modified on February 5, 2017.
- The board of directors have decided on the meeting dated October 23, 2018 to increase the issued capital from EGP 1 369 194 672 to become EGP 1 396 715 488 by an amount of EGP 27 520 816 divided on 6 880 204 shares of par value EGP 4 per share, this capital increase should be financed from the special reserve- Additional paid in capital, and to be fully utilized for the second and third sections from the sections of Employees Stock Option Plan granted to the executive board members and the directors as per the option plan approved by the extra ordinary general assembly dated January 20, 2016, which have decided to apply the Employees Stock Option Plan for the executive board members and directors through assigning shares with certain conditions, and delegate the board of directors to execute the procedures of the required increase to issue new shares to be utilize in the Employees Stock Option Plan, The commercial register was modified on January 8, 2019.

The current capital structure for the holding company:

Shareholder	**Number of shares**	**Share value** EGP	**Ownership percentage** %
Olayan Saudi Investment Company.	48 331 696	193 326 784	13.84
RA Six Holdings Limited	31 992 544	127 970 176	9.16
Rimco EGT Investment LL	25 484 739	101 938 956	7.30
EKUITY Holding for Investments	17 783 767	71 135 068	5.09
FIDELITY INVESTMENT TRUST	11 700 184	46 800 736	3.35
Norges Bank	9 786 000	39 144 000	2.80
MOON CAPITAL PARTNERS MASTER FUND	8 914 317	35 657 268	2.55
Financial Holdings International LTD	7 267 503	29 070 012	2.08
Walid Suleiman Abdelmohsen Abanumay	6 301 380	25 205 520	1.80
Yazeid Suleiman Abdelmohsen Abanumay	6 233 653	24 934 612	1.79
Al- Majid Investments LLC.	5 700 000	22 800 000	1.63
Waha Investment Management Company SPC	5 530 750	22 123 000	1.58
Other shareholders	164 152 339	656 609 356	47.03
	349 178 872	**1 396 715 488**	**100**

29. Legal Reserve

The balance as at March 31, 2020 is represented as follows: -

	EGP
Legal reserve of 5% of the Company's net profits till year 2017	41 447 167
Add:	
Increase of the legal reserve with the difference between the par value of the treasury shares and its actual cost (according to the Company's Extra-Ordinary General Assembly Meeting held on July 10, 2003).	4 627 374
Increase of the legal reserve with part of capital increase share premium with limits of half of the Company's issued share capital during 2006.	123 409 151
Increase of the legal reserve with part of capital increase share premium during year 2007 with limits of half of the Company's issued share capital.	5 000 000
Increase of the legal reserve with part of the capital increase share premium with limits of half of the Company's issued share capital during 2010.	39 446 365
Increase in legal reserve by 5% of 2019 net profit.	9 756 580
Deduct:	
The amount used to increase the issued share capital during 2011.	2
	223 686 635

30. Special reserve – share premium

The balance as at March 31, 2020 is represented in the following:

Description	**EGP**
Total value of the capital increase share premiums collected for the years 2006 and 2010	1 455 017 340
Add:	
Share premium of the employees' incentive and bonus plan issued during 2007.	90 000 000
The value of selling 712 500 share which has been sold through beneficiaries of incentive and bonus plan during 2014 at EGP 30 per share (after split).	21 375 000
The value of 537 500 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 during the capital increase in 2008 and were converted as a result of the termination of the program.	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.	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.	1 180 000
The value received from the sale of 3 083 938 shares which had been sold by beneficiaries of the Employees Stock Option Plan during year 2017 at an average of EGP 9.27 per share.	28 588 105
Share premium for issuing 3 083 938 shares which were transferred from the shares set aside for the Employees Stock Option Plan during 2017 as a result of execution	16 630 524
The value received from the sale of 3 273 263 shares which had been sold by beneficiaries of the Employees Stock Option Plan during year 2019 by average EGP 9.27 per share.	30 343 148
The value received from the sale of 3 273 263 shares which had been sold by beneficiaries of the Employees Stock Option Plan during year 2019 by average EGP 9.27 per share.	18 508 880
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
Amount used for share capital increase during 2017	13 556 380
Amount used for share capital increase during 2019	27 520 816
	1 410 926 940

31. Profit from sale of treasury shares

- On August 14, 2011, the Board of Directors of the Parent Company approved the purchase of one Million treasury shares at EGP 18 per share (the par value is EGP 4 per share) with a total amount of EGP 18 018 000 from the Parent Company's shares offered on the Egyptian stock exchange. On August 13, 2012 the Parent Company's Board of Directors agreed to sell these shares for a total value of EGP 21 710 867 resulting in a profit from the sale of treasury shares with an amount of EGP 3 692 867.
- On February 1, 2015, the Parent 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. The conversion of the shares into treasury shares was executed on July 14, 2015, these shares carrying a book value of EGP 10 150 000 have been sold during the financial year ended December 31, 2016 with a selling value amounted to EGP 8 182 589 realizing a loss in the amount of EGP 1 967 411. Accordingly, the profit from sale of treasury shares reserve becomes EGP 1 725 456.

32. Non-controlling interest

Non-controlling interest balance as at March 31, 2020, represents the interest shares in subsidiary's equity as follows:

	Percentage %	Non-controlling interest Profit / (loss) for the period EGP	excluding profit / (loss) for the period EGP	as of 31/03/2020 EGP	as of 31/12/2019 EGP
Sixth of October for Development and Real Estate Projects Co. "SOREAL"	0.01	7 224	228 123	235 347	228 123
Beverly Hills for Management of Cities and Resorts Co.	53.25	(776 667)	28 692 774	27 916 107	28 692 774
SODIC Garden City for Development and Investment Co.	50	653 607	29 856 705	30 510 312	29 856 705
Al Yosr for Projects and Real Estate Development Co.	0.001	(161)	24 825	24 664	24 825
SODIC for Development and Real Estate Investment Co.	0.001	-	20	20	20
Edara for Services of Cities and Resorts Co.	0.003	476	1 683	2 159	1 683
Fourteen for Real Estate Investment Co.	0.004	-	2	2	2
La Maison for Real Estate Investment Co.	0.004	-	2	2	2
		(115 521)	**58 804 134**	**58 688 613**	**58 804 134**

33. Long-term loans

	31/03/2020 EGP	31/12/2019 EGP
On April 4, 2017, Sixth of October for Development and Investment Company "SODIC" singed a medium-term syndicated loan contract with group of banks represented by Arab African International Bank "facility agent" with a total amount of EGP 1 300 Million on two tranches: - First tranche amount of EGP 243 Million to finance the total debt outstanding due to group of banks represented by Arab African International Bank. - Second tranche amount of EGP 1 057 Million to finance "SODIC West" projects located in Kilo 38 Cairo/Alex desert road -Giza- Egypt. **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:** Thirty months from the date of the signature, or December 31, 2019, which is earlier, and this period shall apply to the principal of loan only. **Repayment:** Commenced on December 31, 2019, and repayable in (14) quarterly unequal installments.	1 030 339 597	1 030 339 597
On August 30, 2017, Sixth of October for Development and Investment Company "SODIC" singed a medium-term loan contract with Commercial International Bank "CIB" with a total amount of EGP 270 Million to finance the development cost of October Plaza Project which will be established on area of 31 acres in northern expansions at sixth of October city, and on 16 July 2019 the total amount of the facility has been increased up to maximum EGP 500 Million. **Guarantees:** - The Company committed to deposit all revenues from the sale of the project. - The Company shall sign a mortgage and a first-degree right of transfer on the project in favor of the bank. - The Company shall get insurance cover 110% the project's constructions in favor of the bank. **Grace period:** Three years and six months applied on the principal of the loan only from the date of first drawdown. **Repayment:** Commences on March 2021, and repayable in (13) quarterly unequal installments.	348 000 000	318 000 000
After	**1 378 339 597**	**1 348 339 597**

	31/03/2020 EGP	31/12/2019 EGP
Before	**1 378 339 597**	**1 348 339 597**
On December 26, 2019, a Company's subsidiary singed a medium-term loan contract with Commercial International Bank "CIB" with a total amount of EGP one Billion to finance Technical investment cost of EDNC Project. **Guarantees:** - The Company committed to deposit all revenues from the project. - The Company shall sign a mortgage on leased units including its share in the cost of the project land within 12 months after the project completion - The Company shall get insurance cover 110% the project's constructions in favor of the bank	118 120 841	40 504 842
On July 3, 2014, a Company's subsidiary signed a medium term facility agreement with Arab African International Bank (**AAIB**) for a total amount of EGP 950 Million to finance the repayment of advance payments and installments due to the New Urban Communities Authority against the land of the project through the funding of the Real Estate Development Model. On August 23, 2017, the Company signed the first addendum to the above mentioned loan agreement, increasing the facility amount by EGP 450 Million (Tranche B) can be increased with an amount equal to what has been repaid under the facility of (Trance A) so the total amount of the medium term facility after the increase will amount to EGP 1.4 Billion. Based on that, the two parties have agreed to amend some of the facility contract terms and conditions. **Guarantees:** - The company's commitment to assign all revenues arising from the project before or after the date of the facility for the benefit of the project. - Accounts mortgage contracts: debt interest and all amounts deposited therein are pledged for the interest of the bank, and pledge the project's account. **Availability period:** For Tranche A commences from the signing date until December 31, 2017. For Tranche B commences from the signing date until March 31, 2020. **Grace period:** For Tranche A Three months after the end of availability period, this applies to the principle amount of the loan only. For Tranche B Three months after the end of availability period valid till 31 March 2020, this applies to the principle amount of the loan only. **Repayment:** For Tranche A commences at the end of the grace period, and to be paid on 8 consecutive quarters each 3 months ending, December 31, 2019. For Tranche B commences at the end of the grace period, and to be paid on 5 consecutive quarters each 3 months ending, March 31, 2021.	510 000 000	485 000 000
Total	**2 006 460 438**	**1 873 844 439**

	31/03/2020 EGP	31/12/2019 EGP
Before " **Total**"	**2 006 460 438**	**1 873 844 439**
Deduct: current portion		
A medium-term loan from CIB	17 400 000	-
A medium-term loan for one subsidiary from Arab African International Bank	510 000 000	363 750 000
A medium-term syndicated loan contract with group of banks represented by Arab African International Bank	286 205 444	228 964 355
Total of current portion	**813 605 444**	**592 714 335**
	1 192 854 994	**1 281 130 084**

34. Creditors and notes payable

	31/03/2020 EGP	31/12/2019 EGP
Total par value of the checks issued to New Urban Communities Authority which are payable till Jan. 1, 2021.	-	75 000 000
Creditors	25 631 291	16 676
Unamortized interest	-	(7 471 059)
	25 631 291	**67 545 617**

The Company's exposure to credit risk related to long-term notes payable are disclosed in Note No. (42)

35. New Urban Communities Authority

	31/03/2020 EGP	31/12/2019 EGP
New Urban Communities Authority	13 812 073 659	13 812 073 659
Deduct: Unamortized interest	8 824 550 622	9 005 732 805
	4 987 523 037	**4 806 340 854**

On March 21, 2019 a co-development agreement was signed between the company and the Urban Communities Authority "NUCA" to establish an integrated urban project with an area of 500 acres under deficit or increase, according to the contract NUCA share in return of the land includes an advance payment, annual cash installments in addition a percentage of the project expected revenues with a total minimum value of EGP 14.22 billion, an amount of EGP 300 Million was paid upon signing the contract and the remaining will be paid over 11 years that represents the duration of the contract.

36. Provisions

A- Provision for completion of works

	Balance as at 1/1/2020 EGP	Formed during the period EGP	Used during the period EGP	Provisions no longer required during the period EGP	Balance as at 31/03/2020 EGP
Provision for completion of works *	176 345 259	2 068 448	(20 547 549)	-	157 866 158
	176 345 259	**2 068 448**	**(20 547 549)**	**-**	**157 866 158**

* This provision is for estimated costs related to delivered units and expected to be incurred in the following years to complete the execution of the project in its final stage

B- Claims provisions

	Balance as at 1/1/2020 EGP	Formed during the period EGP	Used during the period EGP	Provisions no longer required during the period EGP	Balance as at 31/03/2020 EGP
Provision for expected claims	11 568 646	-	-	-	11 568 64
	11 568 646	**-**	**-**	**-**	**11 568 64**

- The provision is created for existing claims related to 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 would seriously affect the company's negotiations with those parties.

37. Advances - from customers

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

	31/03/2020 EGP	31/12/2019 EGP
Advances – Projects in West Cairo	6 420 636 385	5 702 964 718
Advances – Projects in East Cairo (37-1)	10 682 194 301	10 767 524 573
Advances – Projects on the North Coast	650 376 092	701 497 531
Advances – Clubs Memberships	607 854 538	571 787 738
	18 361 061 316	**17 743 774 560**

(37-1) The balance of Advances – Projects in East Cairo includes an amount of EGP 1 753 144 474 which represents the net advances from customers of SODIC EAST project with a total contracted value of EGP 2 497 648 759 . The total contracted value has been reduced by EGP 744 504 285, which represents Heliopolis Housing And Development Company's share of the residential units mentioned in the joint operation contract (70% for the developer and 30% for the owner).

38. Contractors, suppliers and notes payable

	31/03/2020 EGP	31/12/2019 EGP
Contractors	276 576 198	262 443 569
Suppliers	62 961 435	37 344 346
Notes payable **(38-1)**	466 745 990	419 716 762
	806 283 623	**719 504 677**
Deduct:		
Unamortized interest - notes payable	15 657 732	14 685 288
	790 625 891	**704 819 389**

(38-1) Notes payable include EGP 150 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. (42).

39. Creditors and other credit balances

	31/03/2020 EGP	31/12/2019 EGP
Amounts collected on account for management, operation and maintenance of projects	1 739 043 481	1 687 815 159
Due to related parties	146 909	146 909
Accrued expenses	102 418 172	108 148 328
New Urban Authority (39-1)	84 241 503	97 370 724
Customers - Beverly Hills – capital contributions	15 506 487	15 426 047
Customers – credit balances	109 135 228	81 529 604
Tax Authority – other than Income tax	35 916 430	41 704 336
Dividends payable	189 896 726	-
Accrued compensated absence	6 473 983	4 668 624
Insurance Deposits collected from customers – Against modifications	1 849 615	1 849 615
Social insurance - Contractors	7 337 119	6 946 001
Unearned revenue	29 042 359	15 627 491
Retentions	73 891 801	72 452 267
Due to beneficiaries from Incentive plan	1 077 107	1 077 107
Deposits from others	59 428 529	48 470 222
Sundry creditors short term	29 564 530	21 914 901
	2 484 969 979	**2 205 147 335**

(39-1) The balance represents the net present value of the short-term amount due to New Urban Communities Authority for the 500-acre land as detailed disclosed in note no. (35).

The Group's exposure to currency and liquidity risks related to creditors is disclosed in note No. (42).

40. Non - cash transactions

For the purpose of preparing the consolidated statement of cash flows for the financial year ended March 31, 2020, the effect of the following investment transactions was excluded as they are considered non - cash transactions:

	EGP
The value of buildings under construction and other Works in progress transferred to investment properties	715 389
The value of finished commercial units transferred to investment properties	3 475 961
The non-cash transaction of recognizing net present value adjustments of the land of the 500 acres project in Sheikh Zayed Extension	121 111 236

41. Fair values

Fair values versus carrying values

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

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

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

Capital management

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

The Board of Directors of the Parent Company monitors the return on capital, which the Company defines as net profit for the 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 year. In addition, The Company is not subject to externally imposed capital requirements.

42. Financial risk management

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

A. Credit risk
B. Liquidity risk
C. Market risk
D. Currency risk
E. Interest rate risk
F. Other market price risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, as well as 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, sets appropriate risk limits and controls, and monitors risks and adherence to limits.

The Group aims to develop a disciplined and constructive control environment through 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 surprise inspection of internal control and the policies associated with risk management and reports the findings to the Company's Board of Directors.

a) Credit risk

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

Trade and other receivables

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

All of the Group's revenues is attributable to sales transactions 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 obtains advance payments and cheques that cover 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 only after the 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 on the date of the default 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. The Company's management does not expect any counterparty to fail to meet their obligations.

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), and there are no guarantees for any party outside the Group.

b) **Liquidity risk**

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

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

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

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

- EGP 5 Million as a bank facility for one of the subsidiaries guaranteed by time deposits.
- A medium-term loan in the amount of EGP 1 300 Million.
- A medium-term loan in the amount of EGP 500 Million.
- A medium-term loan in the amount of EGP 1 400 Million for one of the subsidiaries.
- A medium-term loan in the amount of EGP 1 000 Million for one of the subsidiaries.

c) **Market risk**

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposure within acceptable parameters, while optimizing the return.

d) **Currency risk**

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

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

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

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

e) **Interest rate risk**

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

f) Other market price risk

Equity price risk arises from available-for-sale equity securities, The management of the Group monitors the mix of equity securities in its investment portfolio based on market indices and the objective valuation of the financial statements related to these shares.
Material investments within the portfolio are managed on an individual basis and all buying and selling 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 as held for trading because their performance is actively monitored, and they are managed on a fair value basis.

42-1 Credit risk

The carrying amount of financial assets represented in the balances of trade and notes receivables, debtors and cash and cash equivalent, loans to joint venture, and investments in trading securities. The maximum exposure to credit risk as at March 31, 2020, amounted to EGP 17 384 182 402 (December 31, 2018: EGP 17 411 145 256).

42-2 Liquidity risk

The following are the contractual maturities of financial liabilities:

March 31, 2020	Carrying amount EGP	Less than 1 year EGP	1-2 years EGP	2-5 years EGP
Short - term loans	813 605 444	813 605 444	-	-
Long – term loans	1 192 854 994	-	564 849 252	628 005 742
Contractors and suppliers	339 537 633	339 537 633	-	-
Other creditors	7 733 689 533	2 153 729 573	775 431 724	4 804 528 206
Notes payable –short term	451 088 258	451 088 258	-	-
Notes payable –long term	-	-	-	-
	10 530 775 862	**3 757 960 908**	**1 340 281 006**	**5 432 533 948**

December 31, 2019	Carrying amount EGP	Less than 1 year EGP	1-2 years EGP	2-5 years EGP
Short - term loans	592 714 355	592 714 355	-	-
Long – term loans	1 281 130 084	-	642 778 710	638 351 374
Contractors and suppliers	299 787 915	299 787 915	-	-
Other creditors	7 257 732 822	1 975 813 493	877 585 183	4 404 334 146
Notes payable –short term	405 031 474	405 031 474	-	-
Notes payable –long term	67 545 617	-	67 545 617	-
	9 903 942 267	**3 273 347 237**	**1 587 909 510**	**5 042 685 520**

42-3 Currency risk

Exposure to currency risk

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

March 31, 2020

Description	USD	Euro
Cash at banks	18 597 794	28 281
Notes receivables	596 610	-
Debtors and other debit balances	-	174 460
Creditors and other credit balances	(486 000)	-
Surplus of foreign currencies	**18 708 404**	**202 741**

December 31, 2019 Description	USD	Euro
Cash at banks	17 559 166	294 852
Notes receivables	596 610	-
Debtors and other debit balances	-	359 256
Creditors and other credit balances	(486 000)	-
Surplus of foreign currencies	**17 669 776**	**654 108**

42-4 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	
	31/03/2020	**31/12/2019**
Financial instruments with a fixed rate	**EGP**	**EGP**
Financial assets	16 006 330 299	16 634 978 052
Financial liabilities	(475 771 036)	(472 577 091)
	15 530 559 263	**16 162 400 961**
Financial instruments with a variable rate		
Financial liabilities	(2 006 640 438)	(1 873 844 439)
	(2 006 640 438)	**(1 873 844 439)**

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

43. 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 these companies. 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 group's management and are exclusive of 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	31/03/2020 Amount of transaction EGP
Executive managers and Board of Directors (Parent Company)	Executive and Board of Directors	(See note No.9-1).
Palmyra – SODIC for Real Estate Development	Loan for joint projects	329 394

b) Balances resulting from transactions with related parties

Party	Item as shown in the consolidated balance sheet	31/03/2020 EGP	31/12/2019 EGP
Palmyra – SODIC for Real Estate Development *	Loans to Joint Ventures	199 947 737	199 618 343
	Accrued interest on loan under debtors caption	65 482 130	65 482 130
	Accrued on joint venture – related parties under debtor caption	35 191 620	35 191 620

* Impairment in dues from Palmyra – SODIC for Real Estate Development has been recorded as described in note No. (20).

44. Tax status

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

Corporate tax

- Years 1996 to 2005 have been inspected and tax differences have been paid and settled.
- Years 2006 to 2014 have been inspected and settlement of accrued tax differences is under way
- Year 2015 to 2018 have not been inspected and no tax claims have been received till the date of authorizing of these financial statements for issuance.
- The Company submits its annual tax return on due dates in accordance with Law No. 91 of 2005.

Salary tax

- Years 1996 to 2012 have been inspected and tax differences have been paid and settled.
- Years 2013 to 2018 have not been inspected and no tax claims have been received till the date of authorizing of these financial statements for issuance.
- The Company pays the salary tax on a timely basis as required by law

Withholding tax

- Tax inspection has been carried out from 1996 till the first quarter of the year 2017, and the Company has not received any tax claims till the date of authorizing of these financial statements for issuance.
- The Company pays the withholding tax on a timely basis as required by law

Stamp tax

- Tax inspection was carried out from 1996 till December 31, 2014, and tax differences have been fully paid.
- Years 2015 to 2018 have not been inspected and no tax claims have been received till the date of authorizing of these financial statements for issuance.
- The Company provides stamp tax returns and pays the accrued taxes on a timely basis as required by law.

Sales tax

- The Company was inspected from inception till December 31, 2015, and tax differences have been fully paid.

The value added tax

- Years from 2016 till 2018 have not been inspected and no tax claims have been received till the date of authorizing of these financial statements for issuance.
- The Company submits the value added tax returns and pays the accrued taxes on a timely basis as required by law.

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.

45. Capital commitments

Capital commitments as of December 2019 amounted EGP 3 750 (December 31, 2018: EGP 3 750).

46. Legal status

There is a dispute between the parent Company and another party regarding the contract concluded between them on 23/2/1999 which is related to delivering this party a plot of land as a usufruct right for indefinite year of time and a return for an annual rental with a minimal amount for a total of 96 acres approximately and which has not been delivered up till this date as the management of this party did not abide by the detailed conditions of the contract. There are exchanged notifications concerning this land between the management of the parent Company and the management of this party. During 2009, this party raised a court case No. 3 of 2009 Civil 6th of October against the parent Company asking it for the delivery of the allocated land. A preliminary judgment 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, the latest on which to November 24, 2014. On that date, the 6 of October partial court decided to reverse its previous decree of proof procedures dated February 22, 2010 by refusing the case. The other party appealed the decision and a hearing was scheduled for July 9, 2020; during the session on November 24, 2014 the court also decided to appoint an expert, the session for the expert has not been determined yet.

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 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.

47. Basis of measurement

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

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

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

- On January 20, 2016 the extraordinary general assembly have approved the new Employees Stock Option Plan for executive board members and directors through granting shares with special conditions as per stated in the plan that part of the company's shares should be assigned to the employee stock option plan equal to 1% of the company's issued capital annually on five tranches for a period of six years and three months as per annex (1). These shares will be made available by using the special reserve- additional paid in capital, or reserves, or part of it, or retained earnings, or part of it for capital increase. The additional shares are to be issued to the employee stock option plan based on the approval of the Board of Directors as per the delegation granted by the company's extraordinary general assembly dated January 20, 2016. The granting of the employee stock option plan shares is to be based on a decision from the supervisory committee by the treasurer.
- The board of directors have decided on the meeting dated November 30, 2016 to increase the issued capital from EGP 1 355 638 292 to become EGP 1 369 194 672 by an amount of EGP 13 556 380 divided on 3 389 095 shares of par value EGP 4 per share, this capital increase is to be financed from the special reserve- Additional paid in capital, and to be fully utilized by the Employees Stock Option plan granted to the executives board members and the directors as per the option plan approved by the extraordinary general assembly dated January 20, 2016, which have decided to apply the Employees Stock Option Plan for the executive board members and directors through assigning shares with certain conditions. The commercial register was modified on February 5, 2017.
- The Board of Directors have decided on the meeting dated October 23, 2018 to increase the issued capital from EGP 1 369 194 672 to become EGP 1 396 715 488 by an amount of EGP 27 520 816 divided on 6 880 204 shares of par value EGP 4 per share, this capital increase is to be financed from the special reserve- Additional paid in capital, and to be fully utilized for the second and third sections from the sections of Employees Stock Option plan granted to the executives board members and the directors as per the option plan approved by the extraordinary general assembly dated January 20, 2016, which have decided to apply the Employees Stock Option Plan for the executive board members and directors through assigning shares with certain conditions, and delegate the board of directors to execute the procedures of the required increase to issue new shares to be utilized in the Employees Stock Option plan, The commercial register was modified on January 8, 2019.

49. Significant accounting policies

49-1 Business combination

- The Group accounts for business combination using the acquisition method when control is transferred to the Group.
- The consideration transferred in the acquisition is generally measured at fair value, as are net values of the assets acquired where identifiable
- Any goodwill that arises is tested annually for Impairment. Any gain on a bargain purchase is recognized as profit or loss immediately.
- Transaction cost are expensed as incurred, except if related to the issue of debt or equity securities.
- The consideration transferred does not include amounts related to the settlement of pre-exiting relationship. Such amounts are generally recognized in profit or loss.

- Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay a contingent consideration meets the definition of financial instrument as classified as equity, then it is not re-measured and settlement is accounted for within equity. Otherwise, other contingent considerations are re-measured at fair value at each reporting date and subsequent changes in the fair value of the contingent consideration are recognized in profit or loss.

a) **Subsidiaries**

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

Subsidiary name	Country of Incorporation	Ownership As at 31/03/2020 %	Ownership As at 31/12/2019 %
1- Sixth of October for Development and Real Estate Projects Company "SOREAL" - S.A.E	Egypt	99.99	99.99
2- Beverly Hills for Management of Cities and Resorts Co. - S.A.E (*)	Egypt	46.75	46.75
3- SODIC Garden City for Development and Investment Co. S.A.E	Egypt	50	50
4- Al Yosr for Projects and Real Estate 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 Polygon for Real Estate Investment Co. - S.A.E	Egypt	100	100
7- SODIC for Golf and Tourist Development Co. - S.A.E	Egypt	100	100
8- Fourteen for Real Estate Investment Co. - S.A.E	Egypt	99.99	99.99
9- La Maison for Real Estate Investment Co. - S.A.E	Egypt	99.99	99.99
10- Tegara for Trading Centers Co. S.A.E	Egypt	100	100
11- Edara for Services of Cities and Resorts Co. –S.A.E	Egypt	99.97	99.97
12- Soreal for Real Estate Investment	Egypt	99.99	99.99
13- SODIC for Securitization	Egypt	99.99	99.99
14- SODIC Syria L.L.C (**)	Syria	100	100
15- Tabrouk Development Company (D)	Egypt	100	100
16- El Diwan for Real Estate Development Company	Egypt	100	100
17- SODIC for Management of Hotels and Clubs Company	Egypt	100	100

(*) The legal participation in Beverly Hills for Management of Cities and Resorts Co. amounts to 48.91 %, which includes 2.16 % transitory shares currently in the name of the Company. The title of these shares will be transferred to the ultimate shareholders (Owners of Beverly Hills Project units).

(***) On June 15, 2010, SODIC Syria Co. a Syrian limited liability Co. was established for acquiring a 50% stake of the share capital of Palmyra - SODIC for Real Estate Development L.L.C, a limited liability company registered and operating in the Syrian Arab Republic.

b) **Non-controlling interests**

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

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

c) **Loss of control**

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

d) **Investments accounted for equity method**

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

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

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

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

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

e) **Transaction elimination on consolidation**

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

49-2 Foreign currency

a) **Foreign currency transactions**

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

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

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

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

Foreign currency differences are generally recognized in profit or loss.

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

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

b) **Foreign Operations**

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

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

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

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

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

49-3 Discontinued operation

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

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

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

49-4 Revenue recognition

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

a. **Real estate and land sales**

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

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

b. **Service revenues**

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

c. **Rental income**

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

d. **Interest income**

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

e. **Commission revenue**

Commission revenue is recognized in the consolidated statement of profit or loss according to the accrual basis of accounting.

f. **Dividends**

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

49-5 Employee benefit

a) **Short – term employee benefits**

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

b) **Share – based payment arrangements**

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

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

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

c) **Defined contribution plans**

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

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

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

49-6 Finance income and finance costs

The Group's finance income and finance costs include:

- interest income
- interest expense
- The foreign currency gain or loss on financial assets and financial liabilities
- The fair value loss on contingent consideration classified as a financial liability
- The net gain or loss on hedging instruments that are recognized in profit or loss

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

49-7 Income Tax

Current tax and deferred tax are recognized as income or expense in the profit or loss for the year, except in cases in which the tax results from a process or an event that is recognized - at the same time or in a different year - outside the profit or loss, whether in other comprehensive income or in equity directly or business combination.

a) Current income tax

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

b) Deferred tax

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

Deferred tax is not recognized for:

- The initial recognition of goodwill.
- The initial recognition of assets or liabilities in a transaction that:
    a. Is not a business combination.
    b. Does not affect neither accounting nor taxable profit (or loss).
- Temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future.
- Deferred tax assets are recognized for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the company's future business plans. Deferred tax assets are reassessed at each reporting date, and recognized to the extent that it has become probable that future taxable profits will be available against which they can be used.

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

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

Deferred tax assets and liabilities are set-off only if certain conditions are met.

49-8 Biological assets

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

49-9 Units ready for sale

Units ready for sale are stated at cost or net realizable value, whichever is lower. 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.

49-10 Work in process

a) 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.

b) For variable land acquisition consideration, the company recognizes what was actually paid as part of the cost of work in progress, the cost is subsequently settled whether by increase or decrease according to actual payments and returns.

49-11 Property, plant and equipment

a) Recognition and measurement

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

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

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

b) Subsequent expenditure

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

c) Depreciation

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

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

Asset	Years
Buildings and construction works	5-20
Caravans	5-10
Vehicles and transportation	5
Furniture and fixtures	4-10
Beach Furniture and fixtures	3-5
Office and communications equipment	5
Computer software	3
Solar power stations	25
Generators, machinery and equipment	2-5
Kitchen utensils	10
Wells, pumps and networks	4
Leasehold improvements	5 years or lease term whichever is lower
Golf course assets	
Constructions	20
Irrigation networks	15
Equipment and tools	15

49-12 Projects under construction

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

49-13 Intangible assets and goodwill

a) Recognition and measurement

I. Goodwill:

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

II. Research and development:

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

III. Other intangible assets:

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

b) Subsequent expenditure

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

c) Amortization

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

Goodwill is not amortized.

49-14 Investment properties

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

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

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

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

49-15 Financial instruments

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

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

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

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

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

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

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

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

Financial assets at fair value through profit or loss

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

Held-to-maturity financial assets

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

Loans and receivables

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

Available-for-sale financial assets

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

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

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

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

4) Derivative financial instruments and hedge accounting

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

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

Cash Flow Hedges

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

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

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

49-16 Share capital

1) Ordinary Shares

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

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

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

49-17 Impairment

1) Non-derivative financial assets

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

Objective evidence that financial assets are impaired includes:

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

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

Financial assets measured at Amortized cost

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

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

An impairment loss is calculated as the difference between an asset's carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognized in profit or loss and reflected in an allowance account.

When the Group considers that there are no realistic prospects of recovery of the asset, the relevant amounts are written off.

If the amount of impairment loss subsequently decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, then the previously recognized impairment loss is reversed through profit or loss.

Available-for-sale financial assets

Impairment losses on available-for-sale financial assets are recognized by reclassifying the losses which have been recognized previously in OCI and the accumulated in the fair value reserve to profit or loss. The amount reclassified is the difference between the acquisition cost (net of any principal repayment and Amortization) and the current fair value, less any impairment loss previously recognized in profit or loss.

If the fair value of an impaired available-for-sale debt security subsequently increases and the increase can be related objectively to an event occurring after the impairment loss was recognized, then the impairment loss is reversed through profit or Impairment loss.

Losses recognized in profit or loss for an investment in an equity instrument classified as available-for-sale are not reversed through profit or loss.

Equity-accounted investees

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

2) **Non-financial Assets**

At each reporting date, the Group reviews the carrying amounts of its non - financial assets (other than investment property, inventories and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

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

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognized in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed in the subsequent year. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined (net of depreciation or Amortization) if no impairment loss had been recognized in previous years.

49-18 Provisions

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

Provision for completion

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

49-19 Operational lease

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

49-20 Sale and leaseback

When the 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 year 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.

49-21 Investments

49-21-1 Available for sale investments

Financial instruments held by the Company and classified as available-for-sale investment are stated at cost and subsequently measured at fair value, unless this cannot be reliably measured. Changes in fair value are reported as a separate component in equity. When these investments are derecognized, the cumulative gain or loss previously recognized in equity is recognized in consolidated statement of profit or loss. Except the impairment loss, Investments in unlisted securities are stated at cost less impairment losses.

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

49-21-2 Held for trading investments

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

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

49-22 Trade, notes receivable and debtors

Trade and notes receivables, debtors and other debit balances, that do not carry interest are stated at their nominal value and are reduced by impairment losses, Impairment losses are formed when there is objective evidence that the Company is not able to collect the due amounts according to the original terms of the contracts. Impairment represents the difference between the book value and net recoverable amount which is represented in the future cash flows that the Company expects. Long-term trade and notes receivables are initially recognized at fair value and subsequently re-measured at amortized cost using the effective interest rate method.

49-23 Cash and cash equivalents

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

49-24 Borrowing costs

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

49-25 Interest –bearing borrowings

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

49-26 Trade, contractors and other credit balances

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

49-27 Notes payable

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

49-28 Cost of sold lands

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

49-29 Expenses

Lease payments

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

49-30 Employees' profit sharing

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

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

49-31 Earnings / (losses) per share

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

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

On March 18, 2019, the Minister of Investment and International Cooperation introduced amendments to some provisions of the Egyptian Accounting Standards issued thereby by virtue of Decree No. 110 of 2015, which include some new accounting standards as well as introducing amendments to certain existing standards.

given the current conditions the country is going through as a result of the outbreak of the Corona virus and the necessary economic and financial implications associated with it as stated in note (51) , the Egyptian government has implemented some preventive measures in efforts to quarantine the epidemic by imposing restrictions on the presence of human resources in companies at full capacity on a regular basis, and temporarily suspension of some business activities, including aviation and tourism activity . As a result, private companies have also implemented some preventive measures that varied from company to company according to activity, number of employees, job site and other considerations. These procedures included imposing restrictions on the number and duration of human resources in companies. This led to delying some companies to fully implement the new Egyptian Accounting Standards by the effective date of these standards, which is January 1, 2020.

The Supreme Committee assigned to review the Egyptian Accounting Standards, Egyptian standards, limited examination and other verification tasks. has agreed to postpone the application of the new Egyptian Accounting Standards and the accompanying amendments issued by decision no. 69 on the periodic financial statements that will be issued during the year 2020 provided that companies implement these standards and these amendments to the annual financial statements of these companies at the end of 2020, Accordingly, the Group did not apply these standards to its periodic consolidated financial statements for the three-month period ending March 31, 2020. The most prominent amendments are as follows:

New or Amended Standards	A Summary of the Most Significant Amendments	The Possible Impact on the Financial Statements	Date of Implementation
The new Egyptian Accounting Standard No. (47) "Financial Instruments"	1. The new Egyptian Accounting Standard No. (47), "Financial Instruments", supersedes the corresponding related issues included in the Egyptian Accounting Standard No. (26), "Financial Instruments: Recognition and Measurement". Accordingly, Egyptian Accounting Standard No. 26 was amended and reissued after cancelling the paragraphs pertaining to the issues addressed in the new Standard No. (47) and the scope of the amended Standard No. (26) was specified and intended to deal only with limited cases of Hedge Accounting according to the choice of the enterprise. 2. Pursuant to the requirements of the Standard, financial assets are classified based on their subsequent measurement whether at amortized cost, or fair value through other comprehensive income or at fair value	The Management is currently assessing the potential impact of implementing the amendment of the standard on the financial statements.	This standard applies to financial periods beginning on or after January1st, 2020, and the early implementation thereof is permitted; provided that the amended Egyptian Accounting Standards Nos. (1), (25), (26) and (40) are to be simultaneously applied.

New or Amended Standards	**A Summary of the Most Significant Amendments**	**The Possible Impact on the Financial Statements**	**Date of Implementation**
	through profit or loss, in accordance with the enterprise business model for managing financial assets and the contractual cash flow characteristics of the financial asset. 3. When measuring the impairment of financial assets the Incurred Loss Model is replaced by the Expected Credit Loss (ECL) Model, which requires measuring the impairment of all financial assets measured at amortized cost and financial instruments measured at fair value through other comprehensive income from their initial recognition date regardless whether there is any indication of the occurrence of loss event. 4. based on the requirements of this standard the following standards were amended: • Egyptian Accounting Standard No. (1) "Presentation of Financial Statements" as amended in 2019. • Egyptian Accounting Standard No. (4) - "Statement of Cash Flows". • Egyptian Accounting Standard No. (25) - "Financial Instruments: Presentation. • Egyptian Accounting Standard No. (26) - "Financial Instruments: Recognition and Measurement". • Egyptian Accounting Standard - EAS No. (40) - "Financial Instruments: Disclosures "		-These ammendments are effective as of the date of implementing Standard No. (47).
The new Egyptian Accounting Standard No. (48) - "Revenue from Contracts with Customers"	1. The new Egyptian Accounting Standard No. (48) - "Revenue from Contracts with Customers" shall supersede the following standards and accordingly such standards shall be deemed null and void: a. Egyptian Accounting Standard No. (8) - "Construction Contracts" as amended in 2015. b. Egyptian Accounting Standard No. (11) –	The Management is currently assessing the potential impact of implementing the amendment of the standard on the financial statements	Standard No (48) applies to financial periods beginning on or after January1st, 2020, and the early implementation thereof is permitted

New or Amended Standards	**A Summary of the Most Significant Amendments**	**The Possible Impact on the Financial Statements**	**Date of Implementation**
	"Revenue" as amended in 2015. 2. For revenue recognition, Control Model is used instead of Risk and Rewards Model. 3. incremental costs of obtaining a contract with a customer are recognized as an asset if the enterprise expects to recover those costs and the costs of fulfilling the contract are to be recognized as an asset when certain conditions are met 4. the standard requires that contract must have a commercial substance in order for revenue to be recognized 5. Expanding in the presentation and disclosure requirements		
The new Egyptian Accounting Standard No. (49) "Lease Contracts"	1. The new Egyptian Accounting Standard No. (49) "Lease Contracts" shall supersede and revoke Standard No. (20)," Accounting Rules and Standards related to Financial Leasing" issued in 2015 2. The Standard introduces a single accounting model for the lessor and the lessee where the lessee recognizes the usufruct of the leased asset as part of the company's assets and recognizes a liability that represents the present value of the unpaid lease payments under the company's liabilities, taking into account that the lease contracts are not classified in respect of the leassee as operating or finance lease contracts . 3. As for the lessor, he shall classify each lease contract either as an operating lease or a finance lease contract. 4. As for the finance lease, the lessor must recognize the assets held under a finance lease contract in the Statement of Financial Position and present them as amounts receivable with an amount equivalent to the amount of the net investment in the lease contract.	The Management is currently assessing the potential impact of implementing the amendment of the standard on the financial statements.	This standard No. (49) applies to financial periods beginning on or after January 1st, 2020, and the early implementation thereof is permitted if Egyptian Accounting Standard No. (48) "Revenue from Contracts with Customers" is simultaneously applied. Except for the above-mentioned date of enforcement, Standard No. (49) applies to lease contracts that were subjected to Finance Lease Law No. 95 of 1995 and its amendments and were treated according to Egyptian Accounting Standard No. 20, "Accounting rules and standards related to financial leasing " as well as the finance lease contracts that arise under and are subjected to Law No. 176 of 2018

New or Amended Standards	A Summary of the Most Significant Amendments	The Possible Impact on the Financial Statements	Date of Implementation
	5. As for operating leases, the lessor must recognize the lease payments of operating lease contracts as income either based on the straight-line method or based on any other regular basis.		to the effect of regulating both financial leasing and factoring activities starting from the beginning of the annual reporting period in which Law No. (95) of 1995 was revoked and Law No. (176) of 2018 was issued.
Egyptian Accounting Standard No. (38) as ammended " Employees Benefits "	A number of paragraphs were introduced and amended in order to amend the Accounting Rules of Settlements and Curtailments of Benefit Plans	The Management is currently assessing the potential impact of implementing the amendment of the standard on the financial statements.	This standard No. (38) applies to financial periods beginning on or after January 1st, 2020, and the early implementation thereof is permitted.
Egyptian Accounting Standard No. (34) as ammended " Real Estate Investment	The Fair Value Model option for all enterprises is no longer used when the subsequent measurement of their real estate investments is made and compliance shall apply only to the Cost Model, while only real estate investment funds are obliged to use the Fair Value Model, upon the subsequent measurement of all their real estate assets Based on this amendment, the following standards were amended: Egyptian Accounting Standard No. (32) Non-current Assets Held for Sale and Discontinued Operation Egyptian Accounting Standard No. (31) Impairment of Assets	The Management is currently assessing the potential impact of implementing the amendment of the standard on the financial statements	This amendment is introduced and shall apply to financial periods beginning on or after January 1st, 2019.
Egyptian Accounting Standard No. (4) as ammended " Statemnet of Cash Flows"	This standard requires the entity to provide disclosures that enable users of the financial statements to assess changes in liabilities arising from finance activities, including both changes arising from cash flows or non-cash flows.	The Management assessed the potential impact of implementing the amendment of the standard on the financial statements	This amendment has been applied.

51. Important events during the financial period that do not require adjusting the financial statements

The outbreak of Coronavirus disease (COVID-19) globally including Egypt during first quarter of 2020 has led to a state of global economic slowdown. Furthermore, the precautionary measures adopted by all governments of the worlds' countries including Egypt to stop the further spread of the pandemic have caused to further local and global economic recession that has affected all business sectors in different ways. However, SODIC group till the date of the issuance of the first quarter's financial statements have experienced a limited impact on the continuity of the company's operations, supply chain, human resources, collections, and cancellation of contracted units.

The company's management has formed a working team to develop and implement contingency plans to meet these exceptional circumstances, and we are currently closely monitoring and evaluating all developments related to the spread of the pandemic. Where all necessary measures will be taken to maintain our operational activities, and most importantly to protect our employees, suppliers, customers and all stakeholders associated with the company.

In light of our current knowledge and available information, there is no impact of the new virus Coronavirus disease (COVID-19) on the company's ability to continue as a going concern in the foreseeable future.