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 September 30, 2019

And Limited Review Report

KPMG Hazem Hassan
Public Accountants & Consultants

Contents

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Translation of review report originally issued in Arabic

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 September 30, 2019, and the related consolidated interim statements of profit or loss, comprehensive income, changes in equity, and cash flows for the nine-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 September 30, 2019, and of its consolidated interim financial performance and its consolidated interim cash flows for the nine-month then ended in accordance with Egyptian Accounting Standards.

KPMG Hazem Hassan

Public Accountants & Consultants

Cairo November 13, 2019

KPMG Hazem Hassan
Public Accountants and Consultants
(4)

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

EGP	Note No.	30 September 2019	31 December 2018
Non-current assets			
Property, plant, equipment	(23)	286 144 192	287 051 622
Projects under construction	(24)	16 842 493	11 137 625
Biological Assets under construction		-	7 944 190
Investments in associates and joint ventures	(25)	1 309 465	3 000 000
Investments - available for sale	(26)	4 250 000	4 250 000
Investment properties	(27)	119 783 989	120 313 395
Notes receivables	(28)	7 363 914 057	7 665 834 206
Total non-current assets		**7 792 244 196**	**8 099 531 038**
Current assets			
Other assets	(15)	7 005 929	8 216 290
Completed units ready for sale	(16)	16 980 715	21 884 293
Works in process	(17)	13 740 676 767	8 771 755 720
Trade and notes receivable	(18)	3 698 505 087	3 968 869 882
Debtors and other debit balances	(19)	2 193 072 688	1 851 380 992
Loans to joint ventures	(20)	-	-
Investments in treasury bills	(21)	1 619 943 687	1 927 465 583
Cash at banks and on hand	(22)	2 620 484 906	2 237 914 428
Total current assets		**23 896 669 779**	**18 787 487 188**
Total assets		**31 688 913 975**	**26 887 018 226**
Equity			
Issued & paid in capital	(29)	1 396 715 488	1 369 194 672
Legal reserve	(30)	213 930 055	213 930 055
Special reserve - share premium	(31)	1 392 418 060	1 389 595 728
Retained earnings		2 130 442 367	1 847 915 972
Treasury shares		-	(12 833)
Profit from sale of treasury shares	(32)	1 725 456	1 725 456
Reserve for employee stock option plan	(49)	37 401 385	21 001 101
Equity attributable to equity holders of the Company		**5 172 632 811**	**4 843 350 151**
Non-controlling interests	(33)	63 083 580	63 701 852
Total equity		**5 235 716 391**	**4 907 052 003**
Non-current liabilities			
Loans	(34)	1 329 116 331	933 339 597
Notes payable	(35)	157 699 690	276 650 024
New Urban Communities Autority	(36)	4 631 362 890	-
Deferred tax liabilities	(13)	12 015 164	13 494 124
Total non-current liabilities		**6 130 194 075**	**1 223 483 745**
Current liabilities			
Banks	(38)	2 344 483	
Loans - Short term	(34)	607 073 115	586 931 449
Contractors, suppliers and notes payable	(40)	709 929 894	875 972 969
Advances - from customers	(39)	15 958 665 380	16 596 378 710
Creditors and other credit balances	(41)	2 714 305 039	2 393 153 663
Provision for completion	(37)	330 685 598	304 045 687
Total current liabilities		**20 323 003 509**	**20 756 482 478**
Total liabilities		**26 453 197 584**	**21 979 966 223**
Total equity and liabilities		**31 688 913 975**	**26 887 018 226**

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

Financial Director	**Group Financial Controller**	**Chief Financial Officer**	**Managing Director**	**Chairman**
A-Hegazy				
Mohamed Samir	Ahmed Hegazi	Omar Elhamawy	Magued Sherif	Hani Sarie El Din

"Limted 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 ended September 30

EGP	Note No	from 1/1/2019 to 30/9/2019	from 1/1/2018 to 30/9/2018	from 1/7/2019 to 30/9/2019	from 1/7/2018 to 30/9/2018
Revenues					
Sales of real estate and lands	(5)	3 246 280 534	1 837 681 956	1 333 873 306	862 822 474
Revenues of services of managing cities and resorts		134 602 553	102 462 906	46 761 359	39 432 341
Revenues of rental of real state		13 952 026	9 975 319	4 685 017	4 035 187
Revenues from golf course and restaurants		10 826 532	9 584 954	3 843 840	3 188 250
Total operation revenues		**3 405 661 645**	**1 959 705 135**	**1 389 163 522**	**909 478 252**
Cost of sales					
Cost of sales of real estate and lands	(6)	(2 280 085 678)	(994 567 098)	(986 542 001)	(520 645 367)
Costs of services of managing cities and resorts		(118 630 078)	(85 975 458)	(43 941 866)	(36 349 817)
Costs of rental of real state		(7 312 505)	(4 537 137)	(2 780 452)	(1 925 815)
Cost of golf course and restaurants		(25 687 775)	(15 544 199)	(12 046 000)	(5 563 474)
Total operation costs		**(2 431 716 036)**	**(1 100 623 892)**	**(1 045 310 319)**	**(564 484 473)**
Gross profit		**973 945 609**	**859 081 243**	**343 853 203**	**344 993 779**
Other operating revenues	(7)	176 814 947	152 319 324	55 136 039	42 748 712
Selling and marketing expenses	(8)	(234 900 970)	(200 679 141)	(86 514 627)	(75 693 416)
General and administrative expenses	(9)	(317 853 927)	(225 940 504)	(102 787 476)	(82 329 503)
Other operating expenses	(10)	(86 130 766)	(52 346 494)	(22 608 638)	(13 889 001)
Operating profit		**511 874 893**	**532 434 428**	**187 078 501**	**215 830 571**
Finance income	(11)	351 602 831	369 165 771	109 598 898	131 247 717
Finance cost	(12)	(165 633 373)	(82 197 737)	(64 365 653)	(25 868 728)
Net finance income		**185 969 458**	**286 968 034**	**45 233 245**	**105 378 989**
Net profit before tax		**697 844 351**	**819 402 462**	**232 311 746**	**321 209 560**
Income tax	(13)	(191 751 130)	(206 495 333)	(64 140 047)	(82 392 808)
Profit for the period		**506 093 221**	**612 907 129**	**168 171 699**	**238 816 752**
Attributable to:					
Equity holders of the Company		503 971 039	611 804 128	167 778 888	238 920 004
Non-controlling interests	(33)	2 122 182	1 103 001	392 811	(103 252)
Net Profit for the period		**506 093 221**	**612 907 129**	**168 171 699**	**238 816 752**
Earnings per share from continuing operations (EGP / Share)	(14)	**1.44**	**1.75**	**0.48**	**0.68**

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

Sixth of October for Development and Investment Company "SODIC"
(An Egyptian Joint Stock Company)
Consolidated interim statement of comprehensive income
for the financial period ended September 30

EGP	Note No.	from 1/1/2019 to 30/9/2019	from 1/1/2018 to 30/9/2018	from 1/7/2019 to 30/9/2019	from 1/7/2018 to 30/9/2018
profit of the period		**506 093 221**	**612 907 129**	**168 171 699**	**238 816 752**
Total other comprehensive income items for the period after income tax		-	-	-	-
Total comprehensive income of the period		**506 093 221**	**612 907 129**	**168 171 699**	**238 816 752**
Total comprehensive income is attributable to:					
Equity holders of the Company		503 971 039	611 804 128	167 778 888	238 920 004
Non-controlling interests	(33)	2 122 182	1 103 001	392 811	(103 252)
Total comprehensive income for the period		**506 093 221**	**612 907 129**	**168 171 699**	**238 816 752**

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

Sixth of October for Development and Investment Company "SODIC"
(An Egyptian Joint Stock Company)
Consolidated interim statement of changes in Equity
for the financial period ended September 30, 2019

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, 2017	1 369 194 672	206 217 101	1 389 595 728	1 408 181 914	(12 833)	1 725 456	1 645 597	4 376 547 635	66 686 563	4 443 234 198
Total comprehensive income										
Net profit for the period	-	-	-	611 804 128	-	-	-	611 804 128	1 103 001	612 907 129
Other comprehensive income items	-	-	-	-	-	-	-	-	-	-
Total comprehensive income	-	-	-	611 804 128	-	-	-	611 804 128	1 103 001	612 907 129
Transactions with owners of the Company										
Transferred to legal reserve	-	7 712 954	-	(7 712 954)	-	-	-	-	-	-
Dividends to employees in subsidiaries	-	-	-	(1 498 054)	-	-	-	(1 498 054)	-	(1 498 054)
Total transactions with owners of the Company	-	7 712 954	-	(9 211 008)	-	-	-	(1 498 054)	-	(1 498 054)
Balance as at September 30, 2018	1 369 194 672	213 930 055	1 389 595 728	2 010 775 034	(12 833)	1 725 456	1 645 597	4 986 853 709	67 789 564	5 054 643 273
Balance as at December 31, 2018	1 369 194 672	213 930 055	1 389 595 728	1 847 915 972	(12 833)	1 725 456	21 001 101	4 843 350 151	63 701 852	4 907 052 003
Total comprehensive income for the year										
Net profit for the period	-	-	-	503 971 039	-	-	-	503 971 039	2 122 182	506 093 221
Other comprehensive income items	-	-	-	-	-	-	-	-	-	-
Total comprehensive income	-	-	-	503 971 039	-	-	-	503 971 039	2 122 182	506 093 221
Transactions with owners of the Company										
Increase in capital	27 520 816	-	-	-	-	-	-	27 520 816	-	27 520 816
Dividends	-	-	-	(219 685 098)	-	-	1 760 444	(217 924 654)	-	(217 924 654)
Transferred to special reserve- share premium	-	-	2 822 332	-	-	-	-	2 822 332	-	2 822 332
Set aside amount for bonus and incentive plan	-	-	-	-	-	-	14 639 840	14 639 840	-	14 639 840
Purchase of non-controlling intersts without change in control	-	-	-	(1 759 546)	-	-	-	(1 759 546)	(2 740 454)	(4 500 000)
Selling of treasury shares	-	-	-	-	12 833	-	-	12 833	-	12 833
Total transactions with owners of the Company	27 520 816		2 822 332	(221 444 644)	12 833	-	16 400 284	(174 688 379)	(2 740 454)	(177 428 833)
Balance at September 30, 2019	1 396 715 488	213 930 055	1 392 418 060	2 130 442 367	-	1 725 456	37 401 385	5 172 632 811	63 083 580	5 235 716 391

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

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

EGP	Note No	2019	2018
Cash flows from operating activities			
Net profit for the period before tax		697 844 351	819 402 462
Adjustments for:			
Depreciation of fixed assets and investment properties	(28) ، (23)	35 797 660	29 615 814
Capital loss / (gain)	(10) ، (7)	54 024	(358 920)
Return on investments in treasury bills	(11)	(223 407 525)	(225 567 087)
Impairment loss of debtors, trade receivables and loans to joint ventures	(10)	4 175 669	3 308 907
Share in Associates & joint ventures	(10)	1 690 535	-
Reversal of impairment loss of debtors	(7)	-	(240 263)
Provisions formed	(37)	121 210 742	116 068 784
Provisions no longer required	(37)	(235 633)	-
Reversal of impairment of property, plant and equipment	(23)	(1 366 942)	(1 366 942)
Employees stock option plan expense in shares	(9)	14 639 840	-
Changes in:			
Other assets		1 210 361	(3 201 747)
Finished units available for sale		(70 591)	(892 428)
Works in process		(235 797 960)	(794 020 853)
Trade and notes receivables		572 284 944	(196 840 086)
Debtors and other debit balances		(343 343 620)	(184 323 293)
Loans to joint ventures		(2 523 745)	(1 596 395)
Provisions used	(37)	(94 335 198)	(36 227 151)
Advances from customers		(637 713 330)	1 434 151 904
Contractors, suppliers and notes payable		(284 993 409)	(436 269 627)
Creditors and other credit balances		29 167 561	57 560 298
Restricted cash		(2 170 034)	40 430 163
Net cash (used in) / generated from operating activities		**(347 882 300)**	**619 633 540**
Cash flows from investing activities			
Payments for purchase of fixed assets, projects under construction and biological assets		(33 838 349)	(22 175 583)
Payments for investments in treasury bills		(1 722 641 703)	(2 484 086 980)
Proceeds from investments in treasury bills		2 253 571 124	616 795 620
Payments for acquiring additional shares in subsidiaries	(33)	(4 500 000)	-
Proceeds rom sale of fixed assets		59 744	1 353 889
Net cash generated from / (used in) investing activities		**492 650 816**	**(1 888 113 054)**
Cash flows from financing activities			
(Payments for) banks - credit facilities		-	(277 047)
Proceeds banks - credit facilities		2 344 483	
Proceeds from short and long term loans		880 000 000	420 000 000
(paid to) short and long term loans		(464 081 600)	(402 476 172)
Proceeds from sale of treasury shares		12 833	-
Dividends to non-controling interests		-	-
Proceeds from bounce and incentive plan		30 343 148	-
Dividends paid		(212 986 936)	-
Dividends to employees and BOD of Subsidiaries		-	(1 498 054)
Net cash generated from financing activities		**235 631 928**	**15 748 727**
Net increase / (decrease) in cash and cash equivalents		**380 400 444**	**(1 252 730 787)**
Cash and cash equivalents at January 1		2 200 695 156	3 433 362 722
Cash and cash equivalents at September 30	(22)	**2 581 095 600**	**2 180 631 935**

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

Sixth of October for Development and Investment Company "SODIC"
(An Egyptian Joint Stock Company)
Notes to the consolidated interim financial statements
For the financial period of September 30, 2019

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 period ended September 30, 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. Dr. Hany Sarie El Din 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 November 13, 2019.

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 period in which the change in estimate, if the change affects only that period, or in the period of change and future period 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 instruments at the date of the financial statements without deducting any estimate for the future costs of sale. The financial asset values is 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 nine months ended 30/09/2019 EGP	For the nine months ended 30/09/2018 EGP
Revenues from the sale of Sodic projects in West Cairo	881 645 379	609 324 638
Revenues from the sale of Sodic projects in East Cairo	2 042 913 361	833 720 529
Revenues from the sale of Sodic projects in North Coast	321 721 794	394 636 789
	3 246 280 534	**1 837 681 956**

6. Cost of real estate and land sold

	For the nine months ended 30/09/2019 EGP	For the nine months ended 30/09/2018 EGP
Cost of sales of Sodic projects in West Cairo (*)	493 449 861	268 290 552
Cost of sales of Sodic projects in East Cairo	1 591 713 396	468 865 961
Cost of sales of Sodic projects in North Coast	194 922 421	257 410 585
	2 280 085 678	**994 567 098**

(*) Includes an amount of EGP 34 553 964 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 nine months ended 30/09/2019 EGP	For the nine months ended 31/09/2018 EGP
Interest income realized from installments during the period	127 347 913	67 014 986
Assignment, cancellation dues and delay penalties	31 900 702	78 884 431
Other income	15 963 757	4 453 782
Reversal of impairment of property, plant and equipment	1 366 942	1 366 942
Provisions no longer required and reversal of impairment of debtors	235 633	240 263
Capital gain	-	358 920
	176 814 947	**152 319 324**

8. Selling and marketing expenses

	For the nine months ended 30/09/2019 EGP	For the nine months ended 30/09/2018 EGP
Salaries and wages	34 431 073	25 695 818
Sales commissions	95 101 411	61 618 594
Advertising expenses	59 388 198	67 984 694
Conferences and exhibitions	4 581 159	1 805 520
Advertising events	16 300 738	20 039 938
Rent	11 693 826	5 351 992
Maintenance, cleaning and agriculture	565 609	1 672 343
Travel, transportation and cars	607 989	3 044 182
Professional and consultants fees	4 012 290	1 552 850
Tips and gifts	376 906	4 695 545
Depreciation	613 417	570 756
Fees and stamps	2 328 865	2 091 344
Printing and photocopying	1 654 137	2 330 848
Others	3 245 352	2 224 717
	234 900 970	**200 679 141**

9. General and administrative expenses

	For the nine months ended 30/09/2019 EGP	For the nine months ended 30/09/2018 EGP
Salaries, wages and bonuses (9-1)	84 969 854	78 241 230
Board of Directors' remunerations and allowances	8 661 000	9 551 415
Training, medical care, meals & uniforms	15 401 101	15 149 004
Employees Stock Option Plan (9-2)	14 639 840	-
Specific employees benefits	6 081 008	6 522 338
Maintenance, cleaning, agriculture, security and guarding	61 069 341	48 277 249
Professional and consultancy fees	24 457 747	14 113 528
Advertising, exhibitions and conferences	5 628 167	1 934 619
Donations	3 693 365	2 889 050
Gifts and tips	2 468 299	1 734 073
Administrative depreciation of fixed assets	21 604 171	20 315 925
Reception and hospitality	1 898 527	1 485 937
Stationary and computer supplies	7 888 719	4 581 615
Communication, electricity, telephone and water	14 409 779	5 589 149
Subscriptions and governmental dues	3 216 944	3 671 476
Rent	1 530 871	1 625 198
Travel and transportation	3 589 627	2 290 198
Bank charges	5 832 126	3 062 448
Employees vacations	2 830 156	244 007
Insurance installments	907 102	466 401
Comprehensive medical insurance	9 558 336	-
Real estate property tax expense	1 874 678	-
Golf course and the club - admin expenses	8 341 978	-
Others	7 301 191	4 195 644
	317 853 927	**225 940 504**

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

	For the nine months ended 30/09/2019 EGP	For the nine months ended 30/09/2018 EGP
Salaries	10 792 327	10 060 620
	10 792 327	**10 060 620**

(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 (49).

10. Other operating expenses

	For the nine months ended 30/09/2019 EGP	For the nine months ended 30/09/2018 EGP
Discount for early payment	80 195 879	49 037 587
Provision of claims	14 659	-
Capital Losses	54 024	-
Impairment losses of debtors and loans to joints ventures	4 175 669	3 308 907
Share in associates and joint ventures	1 690 535	-
	86 130 766	**52 346 494**

11. Finance income

	For the nine months ended 30/09/2019 EGP	For the nine months ended 30/09/2018 EGP
Interest income	128 195 306	142 945 047
Return on investment in treasury bills	223 407 525	225 567 087
Net foreign exchange translation	-	653 637
	351 602 831	**369 165 771**

12. Finance cost

	For the nine months ended 30/09/2019 EGP	For the nine months ended 30/09/2018 EGP
Interest expense	138 979 124	82 197 737
Foreign exchange losses from balances denominated in foreign currencies	26 654 249	-
	165 633 373	**82 197 737**

13. Income tax

A- Items recognized in the profit or loss

	For the nine months ended 30/09/2019 EGP	For the nine months ended 30/09/2018 EGP
Current income tax	193 230 090	209 523 233
Deferred income tax (benefit)	(1 478 960)	(3 027 900)
	191 751 130	**206 495 333**

B- Deferred tax assets and liabilities movement

September 30, 2019

	Balance as at 1/1/2019 asset / (liability) EGP	Charged to profit or loss EGP	Balance as at 30/09/2019 — 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)	356 501	-	(2 632 224)	(2 632 224)
Foreign exchange translation	(10 596 160)	1 122 459	-	(9 473 701)	(9 473 701)
Provisions	90 761	-	90 761	-	90 761
Net	(13 494 124)	1 478 960	90 761	(12 105 925)	(12 015 164)

December 31, 2018

	Balance at 1/1/2018 asset / (liability) EGP	Charged to profit or loss EGP	Balance as at 31/12/2018 — Deferred tax resulted in asset EGP	Deferred tax resulted in (liability) EGP	Net deferred tax resulted in (Liability) / Asset EGP
Property, plant and equipment	(1 928 707)	(1 060 018)	-	(2 988 725)	(2 988 725)
Foreign exchange translation	(10 605 334)	9 174	-	(10 596 160)	(10 596 160)
Provisions	90 761	-	90 761	-	90 761
Net	(12 443 280)	(1 050 844)	90 761	(13 584 885)	(13 494 124)

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

D- Unrecognized deferred tax assets

	30/09/2019 EGP	31/12/2018 EGP
Temporary deductible differences	93 186 743	87 500 325
Tax losses carried forward	48 127 388	48 081 715
	141 314 131	**135 582 040**

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 September 30, 2019, is calculated based on the Parent Company's share in earnings for the period using the weighted average number of outstanding shares during the period as follows:

	For the nine months ended 30/09/2019 EGP	**For the nine months ended 30/09/2018 EGP**
Net profit for the period (parent company share)	503 971 039	611 804 128
Employees share of profit	-	-
Board of directors' remunerations	-	-
Employees and board of directors share in subsidiaries and associates companies	-	-
	503 971 039	**611 804 128**
Weighted average number of shares outstanding during the period*	349 178 872	349 178 872
Earnings per share (EGP / share)	**1.44**	**1.75**

B- Earnings per share

Earnings per share as at September 30, 2019, is calculated based on the Parent Company's share in earnings for the period according to separate financial statement using the weighted average number of outstanding shares during the period as follows:

	For the nine months ended 30/09/2019 EGP	**For the nine months ended 30/09/2018 EGP**
Net (loss) / profit for the period (due to separate profit or loss statement)	(28 439 638)	142 636 405
Employees share of profit	-	-
Board of directors' remunerations	-	-
	(28 439 638)	**142 636 405**
Weighted average number of shares outstanding during the period	349 178 872	349 178 872
(Losses) / earnings per share (EGP / share)	**(0.08)**	**0.41**

- The average number of shares outstanding was calculated taking into account the increase in the issued share capital by LE 27,520,816 distributed over the number of 6,880,204 shares to the beneficiaries of the employees stock option plan, which were registered in the Company's Commercial Register on 8 January 2018.

15. Other assets

	30/09/2019 EGP	**31/12/2018 EGP**
Inventories	7 005 929	8 216 290
	7 005 929	**8 216 290**

16. Completed units ready for sale

	30/09/2019 EGP	31/12/2018 EGP
Cost of completed commercial units	16 332 448	21 236 026
Cost of units purchased for resale	648 267	648 267
	16 980 715	**21 884 293**

17. Work in process

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

	30/09/2019 EGP	31/12/2018 EGP
West Cairo projects costs (17-1)	8 460 189 372	3 017 280 124
East Cairo projects costs	5 002 420 000	5 387 235 402
North Cost projects costs	278 067 395	367 240 194
	13 740 676 767	**8 771 755 720**

(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 366 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 periods, 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 5 025 178 896 represents net present value of the project's land of 500 acres in Sheikh Zayed extension in addition to the capitalized interests in accordance with 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).

18. Trade and notes receivable

	30/09/2019 EGP	31/12/2018 EGP
Trade receivable	134 684 847	117 694 580
Notes receivable *	3 615 841 069	3 905 668 719
	3 750 525 916	**4 023 363 299**
Deduct :		
unamortized interest – notes receivable	51 732 326	54 204 914
	3 698 793 590	**3 969 158 385**
Deduct :		
Impairment losses of trade and notes receivable	288 503	288 503
	3 698 505 087	**3 968 869 882**

* The balance includes the following

- An amount of EGP 271 891 921 that represents the net amount of notes receivable relating to SODIC East project with a gross amount of EGP 361 641 959.
  The gross amount was decreased by EGP 89 750 030 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).
- An amount of EGP 19 787 651 that represents the net amount of notes receivable relating to Malaaz project with a gross amount of EGP 27 482 849, the gross amount was decreased by EGP 7 695 198 representing the share of the Owners Union – Shahin of the residential units mentioned as per the revenue share agreement according to the percentage mentioned in the agreement.
  The Group's exposure to credit and currency risks related to trade and notes receivable is disclosed in note No (43).

19. Debtors and other debit balances

	30/09/2019 EGP	31/12/2018 EGP
Contractors and suppliers – advance payments	1 309 487 119	1 017 832 335
Due from related parties – Joint Venture	35 191 620	35 191 620
Accrued Revenues	79 269 776	82 900 851
Due from related parties	3 651 669	3 651 669
Prepaid expenses	480 162 977	471 094 128
Deposits with others	32 242 094	27 943 858
Tax Authority	47 936 199	44 551 663
Letter of guarantee cover	-	431 508
Due from the bonus and incentives plan to employees and	1 921 094	364 894
Heliopolis Development and Housing Company (19-1)	165 064 814	100 000 000
Owners Union – Shahin (19-2)	37 898 314	39 375 344
Bank accounts – Joint operation (19-3)	34 861 894	97 353 326
Debtors from projects maintenance	21 464 037	15 591 336
Other debit balances	65 879 621	35 405 076
	2 315 031 228	**1 971 687 608**
Deduct :-		
Impairment losses of debtors and other debit balances	121 958 540	120 306 616
	2 193 072 688	**1 851 380 992**

(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 and 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) 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" informs the Owners Union – Shahin that Tabrouk Development Company which is a subsidiary of SODIC, owned % 99.9 will replace it in the co-development contract dated March 8, 2018 mentioned above, and all rights and obligations will be transferred to Tabrouk Development Company from July 4, 2018.

(19-3) This balance represents the collected amounts from customers in the joint accounts held by the banks for both SODIC East and Malaaz projects and those balances are restricted unless agreed upon by both the developer and the owner in accordance with the contract terms of 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. (43).

20. Loans to Joint Ventures

	30/09/2019	31/12/2018
	EGP	EGP
This item represents the loan granted to the Joint Venture project by the Group on August 16, 2010 for a total amount of USD 19.5 Million. The loan carries an interest rate of 8.5% per annum. The principal together with interest were scheduled for payment before September 30, 2011. The loan was renewed with an interest rate of 12.5% per annum.	135 485 961	135 485 960
This item represents the utilized amount of the bridge loan granted to the Joint Venture project on October 28, 2010 for a total amount of USD 8 338 153. The loan carries an interest rate of 8.5% per annum.	62 398 642	59 874 897
	197 884 603	195 360 857
Deduct :-		
Impairment for loans to joint ventures	197 884 603	195 360 857
	–	–

21. Investments in treasury bills

	30/09/2019	31/12/2018
	EGP	EGP
Treasury bills at par value	1 698 625 000	2 056 850 000
Unearned return on treasury bills	(78 681 313)	(129 384 417)
	1 619 943 687	**1 927 465 583**

The Group's exposure to market risk related to the trading investments is disclosed in note No. (43).

22. Cash at banks and on hand

	30/09/2019	31/12/2018
	EGP	EGP
Bank - time deposits *	1 582 260 452	1 713 293 085
Bank - current accounts	980 850 069	479 462 891
Checks under collection	52 597 262	40 385 203
Cash on hand	4 777 123	4 773 249
	2 620 484 906	**2 237 914 428**

* Deposits include an amount of EGP 22.39 Million restricted as a guarantee for the credit facility granted to the Parent Company and one of its subsidiaries from a commercial banks. In addition, it includes an amount of EGP 1,046 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:

	30/09/2019 EGP	30/09/2018 EGP
Cash at banks and on hand	2 620 484 906	2 196 921 241
Less:		
Restricted Deposits	22 389 306	16 289 306
Deposits matures after three months	17 000 000	-
Cash and cash equivalents in the consolidated statement of cash flows	**2 581 095 600**	**2 180 631 935**

The Group's exposure to interest rate risk and currency risk for cash on hands and at banks which is disclosed in note No. (43)

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 January 1, 2018	93 628 961	57 755 151	188 422 642	23 641 640	29 162 525	854 916	24 979 563	9 175 799	27 401 895	-	54 100 278	509 123 370
Additions during the year	-	-	1 080 356	4 342 812	8 147 418	168 575	8 008 347	4 223 876	3 031 477	396 014	-	29 398 875
Adjustments during the year	-	-	(856 292)	-	-	-	-	-	-	-	-	(856 292)
Disposals during the year	-	-	-	(711 500)	(3 300)	-	(5 390)	-	(4 076)	-	-	(724 266)
Cost at December 31, 2018	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
Cost at January1, 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 period	-	-	5 459 747	5 157 520	2 534 081	631 503	6 823 109	1 742 632	4 641 989	-	1 142 900	28 133 481
Disposals during the period	-	-	-	-	-	-	(76 480)	-	(120 000)	-	-	(196 480)
Reclassification	-	-	-	-	(5 469 162)	-	(1 039 264)	1 083 433	(1 397 292)	-	6 822 285	-
Cost at September 30, 2019	93 628 961	57 755 151	194 106 453	32 430 472	34 371 562	1 654 994	38 689 885	16 225 740	33 553 993	396 014	62 065 463	564 878 688
Accumulated depreciation and impairment losses												
Accumulated depreciation and impairment losses at January 1, 2018	93 628 961	-	26 528 976	15 091 157	19 346 772	524 677	14 300 391	8 207 164	20 262 064	-	17 876 477	215 766 639
Depreciation during the year	1 822 590	-	9 522 927	2 940 904	3 615 384	180 899	4 592 073	1 918 652	3 119 538	15 712	8 606 918	36 335 597
Accumulated depreciation of disposals during the year	-	-	-	(376 822)	(3 300)	-	(5 385)	-	(4 074)	-	-	(389 581)
Reversal of Impairment losses during the year	(1 822 590)	-	-	-	-	-	-	-	-	-	-	(1 822 590)
Accumulated depreciation and impairment losses at December 31, 2018	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
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 period	1 366 942	-	7 321 695	2 624 092	2 537 483	145 861	4 299 682	1 774 497	2 753 017	11 881	7 458 935	30 294 085
Accumulated depreciation of disposals during the period	-	-	-	-	-	-	(70 712)	-	(12 000)	-	-	(82 712)
Reversal of impairment losses during the period	(1 366 942)	-	-	-	-	-	-	-	-	-	-	(1 366 942)
Reclassification	-	-	-	(26)	(2 147 877)	-	(467 894)	468 091	(825 386)	-	2 973 092	-
Accumulated depreciation and impairment losses at September 30, 2019	93 628 961		43 373 598	20 279 305	23 348 462	851 437	22 648 155	12 368 404	25 293 159	27 593	36 915 422	278 734 496
Carrying amount												
Carrying amount At January 1, 2018	-	57 755 151	161 893 666	8 550 483	9 815 753	330 239	10 679 172	968 635	7 139 831	-	36 223 801	293 356 731
Carrying amount At December 31, 2018	-	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 September 30, 2019	-	57 755 151	150 732 855	12 151 167	11 023 100	803 557	16 041 730	3 857 336	8 260 834	368 421	25 150 041	286 144 192

Fixed assets included fully depreciated assets amounted to EGP 73 856 786 at September 30, 2019

24. Projects under construction

This item is represented as follows:

	30/09/2019 EGP	31/12/2018 EGP
Buildings and constructions	9 392 325	9 372 833
Advance payments -fixtures and purchasing of fixed assets	7 450 168	1 764 792
	16 842 493	**11 137 625**

25. Investments in associates and joint ventures

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

	Legal Form	Ownership Percentage 30/6/2019 %	Ownership Percentage 31/12/2018 %	Carrying amount 30/09/2019 EGP	Carrying amount 31/12/2018 EGP
Royal Gardens for Investment Property Co.	SAE	20	20	1 309 465	3 000 000
Palmyra SODIC Real Estate Development (A)	Syrian Ltd.	50	50	-	-
				1 309 465	3 000 000

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
September 30, 2019						
Palmyra SODIC Real Estate Development (A)	131 593	(1 112 492)	980 899	40 913	-	2 524
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. Available for sale investments

This item is represented as follows:

	Legal Form	Ownership	Paid amount of Participation	Carrying amount as at 30/09/2019	Carrying amount as at 31/12/2018
		%	%	EGP	EGP
Egyptian Company for Development and Management of Smart Villages	S.A.E	1.8	100	4 250 000	4 250 000
				4 250 000	**4 250 000**

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

27. Investment properties

The net carrying amount of the investment properties as at September 30, 2019, amounted to EGP 119 783 989. The amount includes commercial / residential units leased out to others.
The movement of the investment properties and its associated depreciation during the period as follows:-

Description	Leased out	HUB Project's units	Total
	EGP	EGP	EGP
Cost			
At January 1, 2018	**23 217 039**	**87 129 570**	**110 346 609**
Additions during the year	21 345 908	**2 117 271**	23 463 179
At December 31, 2018	**44 562 947**	**89 246 841**	**133 809 788**
At January 1, 2019	**44 562 947**	**89 246 841**	**133 809 788**
Additions during the period	4 974 169	-	4 974 169
At September 30, 2019	**49 537 117**	**89 246 841**	**138 783 957**
Less			
Accumulated depreciation			
At January 1, 2018	**2 276 873**	**7 428 917**	**9 705 790**
Depreciation for the year	933 236	2 857 367	3 790 603
At December 31, 2018	**3 210 109**	**10 286 284**	**13 496 393**
At January 1, 2019	**3 210 109**	**10 286 284**	**13 496 393**
Depreciation for the period	1 384 481	4 119 094	5 503 575
At September 30, 2019	**4 594 590**	**14 405 378**	**18 999 968**
Net carrying amount as at January 1, 2018	**20 940 166**	**79 700 653**	**100 640 819**
Net carrying amount as at December 31, 2018	**41 352 838**	**78 960 557**	**120 313 395**
Net carrying amount as at September 30, 2019	**44 942 527**	**74 841 463**	**119 783 989**

28. Notes receivable – Long-term

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

	30/09/2019	31/12/2018
	EGP	EGP
Notes receivable *	7 533 524 695	7 812 465 501
Deduct:		
Unamortized interest	169 610 638	146 631 295
	7 363 914 057	**7 665 834 206**

* The balance includes the following:

- An amount of EGP 917 085 400which represents the net amount of notes receivable – long term related to SODIC East project with a gross amount of EGP 1 287 867 653 has been deducted by an amount of EGP 370 782 253 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).
- An amount of EGP 138 351 841 that represents the net amount of long-term notes receivable relating to Malaaz project with a gross amount of EGP 192 155 335. The gross amount was deducted by an amount of EGP 53 803 494 representing the share of Owners Union– Shahin of the residential units mentioned as per the revenue share agreement "according to the percentage mentioned in the agreement".

The Group's exposure to credit, and currency risks related to trade and notes receivable is disclosed in note No. (43).

29. 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 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 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 executives 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 executives 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 represented as follow:

Shareholder	Number of shares	Share value	Ownership percentage
		EGP	%
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	17 711 522	70 846 088	5.07
FIDELITY INVESTMENT TRUST	9 122 884	36 491 536	2.61
Norges Bank	9 032 000	36 128 000	2.59
EFG Hermes Holdings Financial Group.	8 183 111	32 732 444	2.34
Financial Holdings International LTD	7 267 503	29 070 012	2.08
Walid Bin Seliman Bin AbdElmohssen Abanumey	6 301 380	25 205 520	1.80
Yazeid Bin Seliman Bin AbdElmohssen Abanumey	6 233 653	24 934 612	1.79
Al- Majid Investments LLC.	5 700 000	22 800 000	1.63
Other shareholders	173 817 840	695 271 360	49.79
	349 178 872	**1 396 715 488**	**100**

30. Legal Reserve

The balance as at September 30, 2019 is represented as follows:-

	EGP
Legal reserve equal 5% of the Company's net profit till year 2016	33 734 213
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 2017 net profit.	7 712 954
Deduct:	
The amount used to increase the issued share capital during 2011.	2
	213 930 055

31. Special reserve – share premium

The balance as at September 30, 2019 is represented in the following:

Description	EGP
Total value of the capital increase share premiums collected for the years 2006 and 2010.	1 455 017 340
Add:	
Share premium of the employees' incentive and bonus plan issued during 2007.	90 000 000
The value of selling 712 500 share which has been sold through beneficiaries of incentive and bonus plan during 2014 with EGP 30 per share (after split).	21 375 000
The value of 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 with the capital increase in 2008 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 the year by average EGP 9.27 per share.	28 588 105
The value received from the sale of 3 083 938 shares which had been sold by beneficiaries of the Employees Stock Option Plan during the year by average EGP 9.27 per share.	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 the year by average EGP 9.27 per share.	30 343 148
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
	1 392 418 060

32. 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, and the conversion of the shares into treasury shares has been executed on July 14, 2015, these shares carrying a book value of EGP 10 150 000 have been sold during the financial 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.

33. Non-controlling interest

Non-controlling interest balance as at September 30, 2019, represents the interest shares in subsidiary's equity as follows:

		Non-controlling interest			
	Percentage %	**Profit / (loss) for the period EGP**	**excluding profit / (loss) for the period EGP**	**as at 30/09/2019 EGP**	**as at 31/12/2018 EGP**
Sixth of October for Development and Real Estate Projects Co. "SOREAL"	0.01	27 125	184 475	211 600	184 475
Beverly Hills for Management of Cities and Resorts Co.	53.25	904 584	28 613 458	29 518 042	28 613 458
SODIC Garden City for Development and Investment Co.	50	1 191 065	32 135 077	33 326 142	32 135 077
Al Yosr for Projects and Real Estate Development Co.	0.001	(826)	27 072	26 246	27 072
SODIC for Development and Real Estate Investment Co.	0.001	-	20	20	20
Tegara for Trading Centers Co.	-	-	-	-	2 740 454
Edara for Services of Cities and Resorts Co.	0.003	234	1 292	1 526	1 292
Fourteen for Real Estate Investment Co.	0.004	-	2	2	2
La Maison for Real Estate Investment Co.	0.004	-	2	2	2
		2 122 182	**60 961 398**	**63 083 580**	**63 701 852**

* During the period the group acquired additional 4.76% of Tegara Company for trading centers (a subsidiary) share capital , with an acquisition price of EGP 4 500 000 , accordingly the group's ownership increased from 95.24% to 100% , Non-controlling interest were decreased by EGP 2 740 454 , and retained earnings were decreased by EGP 1 759 456.

34. Long-term loans

	30/09/2019 EGP	31/12/2018 EGP
On July16, 2014, Sixth of October for Development and Investment Company "SODIC" signed a medium-term loan contract with Commercial International Bank (CIB) for an amount of EGP 300 Million to finance the total amount due to Solidere International following the settlement agreement Tranche (A) to finance any deficit in the cash flows related to the development of specific blocks on Westown Residences in stage (B) tranche (B).	26 035 323	104 141 290
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 the project's constructions in favor of the bank.		
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:	1 087 580 686	444 821 774
– 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 September 30, 2019, which is earlier, and this period shall apply to the principal of loan only.		
Repayment:		
Commenced on September 30, 2019, and repayable in (14) quarterly unequal installments.		
After	1 113 616 009	548 963 064

		31/12/2018 **EGP**
Before	1 113 616 009	548 963 064
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:** Commenced on March 2021, and repayable in (13) quarterly unequal installments.	228 000 000	98 000 000
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 be amounted 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 December 31, 2019.	594 573 437	873 307 982
After	**1 933 189 446**	**1 520 271 046**

	30/09/2019 EGP	31/12/2018 EGP
Before	1 933 189 446	1 520 271 046

Grace period:
Three months after the end of availability period, 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, December 31, 2019.

Total	**1 933 189 446**	**1 520 271 046**
Deduct: current portion		
A medium term loan from CIB	26 035 323	104 141 290
A medium term loan for one of subsidiary from Arab African International Bank	352 073 437	438 307 982
A medium-term syndicated loan contract with group of banks represented l Arab African International Bank	228 964 355	44 482 177
Total of current portion	**607 073 115**	**586 931 449**
	1 329 116 331	**933 339 597**

35. Long-term notes payable

	30/09/2019 EGP	31/12/2018 EGP
Total par value of the checks issued to New Urban Communities Authority which are payable till Jan. 1, 2021.	75 000 000	225 000 000
Total par value of the checks issued to El Sheikh Zayed land settlement	105 500 000	105 500 000
Suppliers 's notes payables	33 347	-
Unamortized interest	(22 833 657)	(53 849 976)
	157 699 690	**276 650 024**

The Company's exposure to credit risk related to long-term notes payable are disclosed in Note No. (43)

36. New Urban Communities Authority

	30/09/2019 EGP	31/12/2018 EGP
Creditors	13 812 073 659	-
Deduct: Unamortized interest	9 180 710 769	-
	4 631 362 890	-

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, an annual cash installments in addition a percentage of the project expected revenues with a total minimum value of EGP 14.220 billion, an amount of EGP 300 was paid upon signing the contract and the remaining will be paid over 11 years that represents the duration of the contract.

37. Provisions

A- Provision for completion

	Balance as at 1/1/2019	Formed during the period	Used during the period	Provisions no longer required during the period	Balance as at 30/09/2019
	EGP	EGP	EGP	EGP	EGP
Provision for completion of works (*)	292 298 590	121 196 083	(94 335 198)	-	319 159 475
	292 298 590	**121 196 083**	**(94 335 198)**	**-**	**319 159 475**

* This provision is formed against the estimated costs expected to be incurred to complete the execution of the project in its final stage related to units delivered to customers, which are expected to be incurred in the following periods.

B- Claims provisions

	Balance as at 1/1/2019	Formed during the period	Used during the period	Provisions no longer required during the period	Balance as at 30/09/2019
	EGP	EGP	EGP	EGP	EGP
Provision for expected claims	11 747 097	14 659	-	(235 633)	11 526 123
	11 747 097	**14 659**	**-**	**(235 633)**	**11 526 123**

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

38. Bank - credit facilities

	30/09/2019	31/12/2018
	EGP	EGP
Represents the amounts drawn down from the EGP 5 Million fully secured overdraft facility signed with QNB Bank and one of the subsidiaries. The facility is fully secured by deposits kept at the bank and baring 2% interest rate above the Central Bank of Egypt reserves deposits adjusted rate and the facility expires on 30 April 2020.	2 344 483	-
	2 344 483	**-**

Information regarding the Group's exposure to interest rate and liquidity risks is disclosed in note no. (43).

39. Advances - from customers

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

	30/09/2019 EGP	31/12/2018 EGP
Advances – Projects in West Cairo	4 059 466 724	3 588 726 489
Advances – Projects in East Cairo (39-1)	11 074 089 413	11 845 695 359
Advances – Projects on the North Coast (39-2)	825 109 243	1 161 956 862
	15 958 665 380	**16 596 378 710**

(39-1) The balance of Advances – Projects in East Cairo includes an amount of EGP 1 524 913 658 That represents net advances from customers of SODIC EAST project with a total contracted value of EGP 2 177 107 158 which has been reduced by EGP 652 193 500 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).

(39-2) The balance of Advances – North Coast project includes amount of EGP 204 734 509, That amount represents net of advances from customers of Malaaz with a total contracted value of EGP 284 353 484 which has been reduced by EGP 79 618 975 represents Owners Union - Shahin's share of the residential units mentioned in the joint operation contract (72% for the developer and 28% for the owner).

40. Contractors, suppliers and notes payable

	30/09/2019 EGP	31/12/2018 EGP
Contractors	305 942 707	181 964 586
Suppliers	24 596 566	26 094 291
Notes payable **(40-1)**	389 119 558	701 823 163
	719 658 831	**909 882 040**
Deduct:		
Unamortized interest-notes payable	9 728 937	33 909 071
	709 929 894	**875 972 969**

(40-1) Notes payable includes 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. (43).

41. Creditors and other credit balances

	30/09/2019 EGP	31/12/2018 EGP
Amounts collected on account for management, operation and maintenance of projects	1 536 891 361	1 357 121 107
Due to related parties	146 909	146 909
Accrued expenses	27 602 963	84 034 755
New Urban Authority (41-1)	93 816 005	-
Customers - Beverly Hills – capital contributions	15 234 627	15 075 320
Customers – credit balances	102 414 081	64 265 957
Tax Authority	228 756 120	283 501 977
Dividends payable	4 937 718	91 643
Accrued compensated absence	3 547 559	4 496 820
Insurance Deposits collected from customers – Against modifications	1 749 615	784 615
Social insurance	5 177 813	5 190 834
Unearned revenue	24 393 123	11 615 871
Retentions	73 247 979	65 473 210
Due to beneficiaries from Incentive plan	1 077 107	1 192 490
Deposits from others	53 733 530	39 940 623
Premiums of club	484 234 025	443 213 850
Sundry creditors	57 344 504	17 007 682
	2 714 305 039	**2 393 153 663**

(41-1) The balance represents the amount due to New Urban Communities Authority for 500 acre land as detailed disclosed in note no. (36).

The Group's exposure to currency and liquidity risks related to creditors is disclosed in note No. (43).

42. Fair values

Fair values versus carrying values

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

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

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

Capital management

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

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

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

43. 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, and the Group management of capital. Further quantitative disclosures are included throughout these consolidated financial statements.

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

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

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

a) Credit risk

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

Trade and other receivables

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

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

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

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

Investments

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

Guarantees

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

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

b) Liquidity risk

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

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

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

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

- EGP 5 Million as a bank facility for one of the subsidiaries guaranteed by time deposits.
- A facility amounting to EGP 150 Million. The facility is fully secured by deposits amounting to EGP 150 Million.
- A facility amounting to EGP 150 Million for one of the subsidiaries. The facility is fully secured by deposits amounting to EGP 150 Million.
- A medium term loan in the amount of EGP 1 300 Million.
- A medium term loan in the amount of EGP 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.

c) Market risk

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

d) Currency risk

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

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

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

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

e) Interest rate risk

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

f) Other market price risk

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

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

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

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

43-1 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 September 30, 2019, amounted to EGP 16 001 493 206 (December 31, 2018: EGP 16 157 765 379).

43-2 Liquidity risk

The following are the contractual maturities of financial liabilities:

September 30, 2019	**Carrying EGP**	**Less than 1 year EGP**	**1-2 years EGP**	**2-5 years EGP**
Bank Facilities	2 344 483	2 344 483	-	-
Short - term loans	607 073 115	607 073 115	-	-
Long – term loans	1 329 116 331	-	1 129 404 698	199 711 633
Contractors and suppliers	330 539 273	330 539 273	-	-
Other creditors	7 345 667 930	2 147 559 923	965 436 159	4 232 671 848
Notes payable –short term	379 390 621	379 390 621	-	-
Notes payable –long term	157 699 690	-	157 699 690	-
	10 151 831 443	**3 466 907 415**	**2 252 540 547**	**4 432 383 481**

December 31, 2018	**Carrying EGP**	**Less than 1 year EGP**	**1-2 years EGP**	**2-5 years EGP**
Short - term loans	586 931 449	586 931 449	-	-
Long – term loans	933 339 597	-	636 543 065	296 796 532
Contractors and suppliers	208 058 877	208 058 877	-	-
Other creditors	2 393 153 663	1 833 367 621	539 426 966	20 359 076
Notes payable – short term	667 914 092	667 914 092	-	-
Notes payable – long term	276 650 024	-	276 650 024	-
	5 066 047 702	**3 296 272 039**	**1 452 620 055**	**317 155 608**

43-3 Currency risk

Exposure to currency risk

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

September 30, 2019

Description	**USD**	**Euro**
Cash at banks	17 217 974	47 269
Notes receivables	596 610	-
Debtors and other debit balances	-	216 160
Creditors and other credit balances	(486 000)	-
Surplus of foreign currencies	**17 328 584**	**263 429**

December 31, 2018

Description	**USD**	**Euro**
Cash at banks	13 653 356	294 852
Notes receivables	2 963 187	-
Debtors and other debit balances	-	359 256
Creditors and other credit balances	(486 000)	-
Surplus of foreign currencies	**16 130 543**	**654 108**

43-4 Interest rate risk

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

	Carrying amount	
	30/09/2019	**31/12/2018**
Financial instruments with a fixed rate	**EGP**	**EGP**
Financial assets	14 264 623 283	15 275 462 756
Financial liabilities	(537 090 311)	(944 564 116)
	13 727 532 972	**14 330 898 640**
Financial instruments with a variable rate		
Financial liabilities	(1 938 533 929)	(1 520 271 046)
	(1 938 533 929)	**(1 520 271 046)**

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

44. Transactions with related parties

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

a) Transactions with related parties

Party / Relationship	Nature of transaction	30/09/2019 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	2 523 745

b) Balances resulting from transactions with related parties

Party	Item as shown in the consolidated balance sheet	30/09/2019 EGP	31/12/2018 EGP
Palmyra – SODIC for Real Estate Development *	Loans to Joint Ventures	197 884 603	195 360 857
	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).

45. Tax status

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

Corporate tax

- Years from 1996 till 2005 have been tax inspected and tax differences has been paid and settled.
- Year from 2006 till 2014 have been inspected and settlement of accrued tax differences is under way for those years.
- Year from 2015 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 its annual tax return on due dates in accordance with Law No. 91 of 2005.

Salary tax

- Year from 1996 till 2012 have been inspected and tax differences has been paid and settled.
- The years 2013 to 2015 the company received form 38 salaries on 29/1/2019 the form was objected to and an internal committee was assigned for re-examination.
- 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 pays the monthly salary tax on a regular basis.

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 tax quarterly according to withholding and add on tax forms on a regular basis.

Stamp tax

- Tax inspection was carried out from 1996 till December 31, 2014, and tax differences have been fully paid.
- Years from 2015 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 provides stamp tax returns on a regular basis.

Sales tax

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

The value added tax

- Years from 2016 till 2017 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 add tax returns on a regular basis and pay the accrued taxes on the legal dates.

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.

46. Capital commitments

Capital commitments as at June 30, 2018 amounted EGP 3 750 is represented in contracted and unexecuted works (December 31, 2018: EGP 140 150).

47. Legal status

There is a dispute between the parent Company and another party regarding the contract concluded between them on 23/2/1999 which is related to delivering this party a plot of land as a usufruct right for indefinite year of time and a return for an annual rental with a minimal amount for a total of 96 acres approximately and which has not been delivered up till this date as the management of this party did not abide by the detailed conditions of the contract. There are exchanged notifications concerning this land between the management of the parent Company and the management of this party. During 2009, this party raised a court case No. 3 of 2009 Civil 6th of October against the parent Company asking it for the delivery of the allocated land. A preliminary sentence was issued by the court in its session held on February 22, 2010 to refer this matter to Experts and to delegate the Experts Office of the Ministry of Justice to embark this case and set a session to be held on April 26, 2010 for the expert to present his report. The session was postponed by the court several times On November 24, 2014, 6 of October partial court decided to dissuade its decline decree of previous proof procedures dated February 22, 2010 The hearing was scheduled for January 9, 2020, at which the court decided to appoint an expert and the hearing session 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 been arisen to this party since its effect was based on conditions that have not been met. In addition, in case of any dispute raised by this party to possess the land, the parent Company has the actual and physical possession of the land and hence it has the right to continue in possessing the land till settlement of this dispute in front of court.

48. 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.

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

- On January 20, 2016 the extra ordinary 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 should be available through the special reserve- additional paid in capital, or through reserves, or part of it, or through retained earnings, or part of it which is to be used in the capital increase, this capital increase is based on the approval of the Board of Directors as per the proxy granted by the company's extra ordinary general assembly dated January 20, 2016. The grant of the employee stock option plan is done 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 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 executives 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 executives 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.

50. Significant accounting policies

50-1 Business combination

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

a) Subsidiaries

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

- Subsidiaries are represented in the following:-

Subsidiary name	Country of Incorporation	Ownership As at 30/09/2019 %	Ownership As at 31/12/2018 %
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	95.24
11- Edara for Services of Cities and Resorts Co. –S.A.E	Egypt	99.97	99.97
12- Soreal for Real Estate Investment	Egypt	99.99	99.99
13- SODIC for Securitization	Egypt	99.99	99.99
14- SODIC Syria L.L.C (***)	Syria	100	100
15- 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).

(**) During the period the group acquired additional 4.76% in Tegara Company for trading centers (subsidiary)share capital.

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

b) Non-controlling interests

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

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

c) Loss of control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is 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.

50-2 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.

50-3 Discontinued operation

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

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

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

50-4 Revenue recognition

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

a. **Real estate and land sales**

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

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

b. **Service revenues**

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

c. **Rental income**

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

d. **Interest income**

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

e. **Commission revenue**

Commission revenue is recognized in the consolidated statement of profit 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.

50-5 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 period during which the employees become unconditionally entitled to payment. The liability is remeasured at each reporting date and at settlement date based on the fair value of the SAR's. Any changes in the liability are recognized in profit or loss.

c) Define contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided. Prepaid contributions are 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 confined to the monthly instalments. Contributions are charged to statement of profit or loss using the accrual basis. During 2017, the Company suspended the charging profit or loss statement for one year only and will resume charging to profit or loss statement during 2018.

50-6 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.

50-7 Income Tax

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

a) Current income tax

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

b) Deferred tax

Deferred tax is 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:

- Taxable temporary differences arising on the initial recognition of goodwill.
- Temporary differences on the initial recognition of assets or liabilities in a transaction that is not:
  a. A business combination.
  b. And not affects either 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 business plans for individual subsidiaries in the Group. 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 offset only if certain criteria are met.

50-8 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.

50-9 Units ready for sale

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

50-10 Work in process

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

50-11 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 periods 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

50-12 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.

50-13 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.

50-14 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.

50-15 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 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 reclassified to profit or loss in the same period or periods during which the hedged forecast cash flows affects profit or loss or the hedged item affects profit or loss.

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

50-16 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.

50-17 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 period. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined (net of depreciation or Amortization) if no impairment loss had been recognized in previous periods.

50-18 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 period until finalization of all the project works.

50-19 Operational lease

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

50-20 Sale and leaseback

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

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

50-21 Investments

a- Available for sale investments

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

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

b- Held for trading investments

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

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

50-22 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.

50-23 Cash and cash equivalents

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

50-24 Borrowing costs

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

50-25 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 period of the borrowing using the effective interest rate.

50-26 Trade, contractors and other credit balances

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

50-27 Notes payable

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

50-28 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.

50-29 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.

50-30 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 period at which the declaration has been authorized.

50-31 Earnings / (losses) per share

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

51. 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. 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. 1- 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 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. 2- When measuring the impairment of financial assets the Incurred Loss	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
	Model is replaced by the Expected Credit Loss (ECL)Models, 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. 3- 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] 2-Egyptian Accounting Standard No. (4) -"Statement of Cash Flows". 3-Egyptian Accounting Standard No. (25) -"Financial Instruments: Presentation. 4-Egyptian Accounting Standard No. (26) - "Financial Instruments: Recognition and Measurement". 4- 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"	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: Egyptian Accounting Standard No. (8) - "Construction Contracts" as amended in 2015. Egyptian Accounting Standard No. (11) – "Revenue" as amended in 2015. For revenue recognition, Control Model is used instead of Risk and Rewards Model. 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	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
	the standard requires that contract must have a commercial substance in order for revenue to be recognized Expanding in the presentation and disclosure requirements		
The new Egyptian Accounting Standard No. (49) "Lease Contracts	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 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 liabilites, taking into account that the lease contracts are not classified in respect of the leassee as operating l or finance lease contracts . As for the lessor, he shall classify each lease contract either as an operating lease or a finance lease contract. 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 . 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.	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 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.

New or Amended Standards	**A Summary of the Most Significant Amendments**	**The Possible Impact on the Financial Statements**	**Date of Implementation**
Egyptian Accounting Standard No. (38) as ammended " Employees Benefits "	Anumber 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. (42) as ammended " Consolidated Financial Statements"	Some paragraphs related to the exclusion of the Investment Entities from the consolidation process were added . This amendment has resulted in introducing an amendment to some of the standards related to the subject of the Investment Entities. The standards that were ammended are as follows: (ESA 15) Related Party Disclosures (ESA 17)Consolidated and Separate Financial Statements (ESA 18) Investments in Associates (ESA 24) Income Taxes (ESA 29)Business Combinations ESA(30) Periodical Financial Statements EAS (44) Disclosure of Interests in Other Entities.	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 January 1st, 2020, and the early implementation thereof is permitted. -The new or amended paragraphs pertaining to the ammended standards concerning the investment entities shall apply on the effective date of Egyptian Accounting Standard No. (42) "Consolidated Financial Statements", as amended and issued in 2019
Issuance of Egyptian Accounting Interpretation No.(1)"Public Service Privileges Arrangements" ...	This interpretation provides guidance on the accounting by operators of public service privileges arrangements from a public entity to a private entity for the construction, operation and maintenance of the infrastructure for public utilities such as roads, bridges, tunnels, hospitals, airports, water supply facilities, power supplies and communications networks. .., etc This interpretation gives the option of continuing to apply the prior treatment of public service privilages arrangements that prevailed prior to January 1st,2019 on entities that used to recognize and measure the assets of these arrangements as fixed assets in accordance with Egyptian Accounting Standard No. 10 "Fixed Assets and Depreciation"until their useful lives are expired .	The Management is currently assessing the potential impact of implementing the amendment of the standard on the financial statements	Interpretation No.(1) applies to financial periods beginning on or after January 1st, 2019,

New or Amended Standards	A Summary of the Most Significant Amendments	The Possible Impact on the Financial Statements	Date of Implementation
Egyptian Accounting Standard No. (22) as ammended " Earnings per Share	The scope of implementaion of the Standard was amended to be applied to the separate, or consolidated financial statements issued to all enterprises.	The Management is currently assessing the potential impact of implementing the amendment of the standard on the financial statements	This amendment is introduced and applied to financial periods beginning on or after January 1st, 2019.
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 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.