

Sixth of October for Development and Investment Company "SODIC"
(An Egyptian Joint Stock Company)
Separate Interim Financial Statements
For The Financial Period Ended March 31, 2020
And Limited Review Report

 **Hazem Hassan**
Public Accountants & Consultants

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*Translation of review report
originally issued in Arabic*

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

Introduction

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

Scope of Limited Review

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

Conclusion

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

Emphasis of matter

As detailed in note no. (43) of the notes to the financial statements, most countries of the world, including Egypt, were exposed during the first quarter of 2020 to an economic recess as a result of the outbreak of the novel Coronavirus disease (COVID-19), the governments of the world, including the Egyptian government, took precautionary measures in efforts to quarantine the epidemic, these measures led to a recess and economic slowdown at the global and local levels, which has affected all business activities on several aspects in Egypt. Therefore, it is probable that this matter will have a significant impact on items of assets, liabilities and operating income presented in the separate financial statements of the company during the subsequent periods / years, in addition to, the probable impact on operational and marketing plans and their related future cash flows. As detailed in the aforementioned note, the Company's Management is currently taking several measures to encounter this risk and limit its impact on its financial position and support its ability to continue exercising its activity as a going concern. However in the light of the instability and uncertainty as a result of the current events, the extent of the impact of this event depend mainly on the time span of the continuity of this effect at which this event is expected to come to an end, and their implications in addition to the Company's ability to achieve its plans in order to encounter this danger. Hence the Company's Management believes that in light of its current knowledge and available information, the Company's management do not expect that the novel Coronavirus disease (COVID-19) will not affect on the Company's ability to continue in the foreseeable future.

KPMG Hazem Hassan**Public Accountants & Consultants**

Cairo June 14, 2020



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

EGP	Note No.	31 March 2020	31 December 2019
Non-current assets			
Property, plant, equipment	(21)	261 821 104	264 741 100
Projects under construction		5 307 360	5 307 360
Investments in subsidiaries	(32)	1 715 332 466	1 715 332 466
Investments - available for sale	(23)	26 152	26 152
Investment properties	(22)	15 458 289	15 643 622
Notes receivables	(17)	4 427 732 945	4 054 954 051
Total non-current assets		6 425 678 316	6 056 004 751
Current assets			
Inventory	(15)	5 532 820	5 581 427
Work in process	(16)	9 162 444 329	8 587 324 412
Trade and notes receivable	(18)	1 487 910 737	1 456 833 064
Due from related parties	(35)	42 019 322	38 928 271
Debtors and other debit balances	(19)	928 809 137	945 741 958
Investments in treasury bills		102 943 840	210 633 699
Cash at banks and on hand	(20)	985 022 082	939 975 767
Total current assets		12 714 682 267	12 185 018 598
Total assets		19 140 360 583	18 241 023 349
Equity			
Issued & paid in capital	(24)	1 396 715 488	1 396 715 488
Legal reserve	(24)	223 686 635	213 930 055
Special reserve - share premium	(24)	1 410 926 940	1 410 926 940
Retained earnings		402 251 843	683 237 171
Profit from sale of treasury shares	(25)	1 725 456	1 725 456
Reserve for employee stock option plan		25 924 105	23 772 451
Total equity		3 461 230 467	3 730 307 561
Non-current liabilities			
Loans	(26)	1 074 734 153	1 119 375 242
New Urban Communities Authority	(27)	4 987 523 037	4 806 340 854
Deferred tax liabilities	(13)	1 600 477	176 710
Total non-current liabilities		6 063 857 667	5 925 892 806
Current liabilities			
Loans	(26)	303 605 444	228 964 355
Contractors, suppliers and notes payable	(28)	443 403 361	359 588 978
Due to related parties	(35)	226 991 788	195 838 530
Advances - from customers	(29)	7 562 285 531	6 908 819 877
Creditors and other credit balances	(30)	1 020 151 291	826 182 678
Income tax liabilities		18 582 680	17 109 964
Provisions	(31)	40 252 354	48 318 600
Total current liabilities		9 615 272 449	8 584 822 982
Total liabilities		15 679 130 116	14 510 715 788
Total equity and liabilities		19 140 360 583	18 241 023 349

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

Financial Director



Mohamed Samir

**Group Financial
Controller**



Ahmed Hegazi

**Chief Financial
Officer**



Omar Elhamawy

Managing Director



Magued Sherif

Chairman



Ossama Saleh

"Audit report attached"

Sixth of October for Development and Investment Company "SODIC"
(An Egyptian Joint Stock Company)
Separate statement of profit or loss
for the financial period March 31, 2020

EGP	Note	2020	2019
Continuing operations			
Revenue	(5)	126 189 749	157 566 868
Cost of sales	(6)	(90 128 658)	(97 538 821)
Gross profit		36 061 091	60 028 047
Other operating revenues	(7)	32 915 062	32 276 998
Selling and marketing expenses	(8)	(25 789 848)	(47 337 713)
General and administrative expenses	(9)	(75 323 720)	(62 813 000)
Other operating expenses	(10)	(16 850 721)	(10 394 272)
Operating Profit / (Loss)		(48 988 136)	(28 239 940)
Finance income	(11)	15 675 962	48 088 189
Finance cost	(12)	(42 971 710)	(40 309 023)
Net finance income		(27 295 748)	7 779 166
Net Profit / (Loss) before tax		(76 283 884)	(20 460 774)
Income tax	(13)	(2 896 484)	(6 128 925)
Profit / (Loss) for the period		(79 180 368)	(26 589 699)
Earnings / (Losses) per share from Profit / (Loss) of the period (EGP / Share)	(14)	-0.23	-0.08

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

Sixth of October for Development and Investment Company "SODIC"

(An Egyptian Joint Stock Company)

**Separate statement of comprehensive income
for the financial period March 31, 2020**

EGP	2020	2019
Profit / (Loss) for the period	<u>(79 180 368)</u>	<u>(26 589 699)</u>
Total other comprehensive income after income tax	<u>-</u>	<u>-</u>
Total comprehensive income of the period	<u><u>(79 180 368)</u></u>	<u><u>(26 589 699)</u></u>

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

Sixth of October for Development and Investment Company "SODIC"

(An Egyptian Joint Stock Company)

**Separate statement of changes in Equity
for the financial period March 31, 2020**

EGP

	Issued and paid in capital	Legal reserve	Special reserve- share premium	Retained earnings	Profit from selling of treasury shares	Reserve for employee stock option plan	Total
Balance as at December 31, 2018	1 369 194 672	213 930 055	1 389 595 728	707 790 666	1 725 456	21 001 101	3 703 237 678
Net loss for the period	-	-	-	(26 589 699)	-	-	(26 589 699)
Total comprehensive income	-	-	-	(26 589 699)	-	-	(26 589 699)
Transactions with owners of the Company							
Increase in capital	27 520 816	-	(27 520 816)	-	-	-	-
Transferred to special reserve- share premium	-	-	30 343 148	-	-	-	30 343 148
Set aside for employee stock option plan	-	-	-	-	-	4 879 947	4 879 947
Total transactions with owners of the Company	27 520 816	-	2 822 332	-	-	4 879 947	35 223 095
Balance as at March 31, 2019	1 396 715 488	213 930 055	1 392 418 060	681 200 967	1 725 456	25 881 048	3 711 871 074
Balance as at December 31, 2019	1 396 715 488	213 930 055	1 410 926 940	683 237 171	1 725 456	23 772 451	3 730 307 561
Total comprehensive income	-	-	-	(79 180 368)	-	-	(79 180 368)
Transactions with owners of the Company							
Dividends	-	-	-	(79 180 368)	-	-	(79 180 368)
Transferred to legal reserve	-	-	-	(192 048 380)	-	2 151 654	(189 896 726)
Total transactions with owners of the Company	-	9 756 580	-	(9 756 580)	-	-	-
Balance as at March 31, 2020	1 396 715 488	223 686 635	1 410 926 940	402 251 843	1 725 456	25 924 105	3 461 230 467

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

Sixth of October for Development and Investment Company "SODIC"

(An Egyptian Joint Stock Company)

Separate statement of cash flows

EGP	Note No	2020	2019
<u>Cash flows from operating activities</u>			
Net profit / (loss) for the period before tax		(76 283 884)	(20 460 774)
<u>Adjustments for:</u>			
Depreciation of fixed assets and Investment properties	(21) , (22)	7 329 716	6 555 676
Employee stock option plan expense		-	4 879 947
Capital gain		(499)	-
Reversal of fixed assets impairment		(455 647)	(455 647)
Return on investments in treasury bills		(7 363 581)	(31 783 811)
Impairment loss of due from related parties		-	1 986 260
Provision for completion	(31)	441 230	1 708 748
<u>Changes in:</u>			
Inventory		48 607	1 619 487
Works in process		(393 937 734)	(251 217 833)
Trade and notes receivables		(403 856 567)	(181 954 635)
Due from related parties		(3 091 051)	27 680 286
Debtors and other debit balances		16 932 821	(475 049 511)
Provision of completion used	(31)	(8 507 476)	(11 790 794)
Advances from customers		653 465 654	365 972 949
Notes payable - long term		-	2 479 509
Contractors, suppliers and notes payable		83 814 383	222 610 913
Due to related parties		31 153 258	320 490 831
Creditors and other credit balances		4 071 887	35 065 014
Net cash (used in) from operating activities		(96 238 883)	18 336 615
<u>Net cash flows from investing activities</u>			
Payments for purchase of fixed assets, projects under construction	(21)	(3 768 742)	(2 249 625)
Proceeds from sale of fixed assets		500	1 236
Payments for Investments in treasury bills		(103 996 560)	(131 142 360)
Proceeds from Investments in treasury bills		219 050 000	207 779 395
Proceeds from sell of employee stock option plan		-	30 343 148
Net cash generated from investing activities		111 285 198	104 731 794
<u>Cash flows from financing activities</u>			
Changes in long and short term loans		30 000 000	333 964 679
Net cash generated from financing activities		30 000 000	333 964 679
Net increase in cash and cash equivalents		45 046 315	457 033 088
Cash and cash equivalents at January 1		938 975 767	690 383 944
Cash and cash equivalents at March 31	(20)	984 022 082	1 147 417 032

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

Sixth of October for Development and Investment Company "SODIC"

(An Egyptian Joint Stock Company)

Notes to the separate financial statements

for the financial period March 31, 2020

1. Background and activities

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

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

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

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

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

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

1-5 The registered office of the Company is located at Km. 38 Cairo / Alexandria Desert Road, Sheikh Zayed City. Dr. Hani Sarie El Din is the Chairman for the Company and Mr. Magued Sherif is the Managing Director of the Company.

2. Basis of preparation of separate financial statements

Compliance with accounting standards and laws

- The separate financial statements have been prepared in accordance with Egyptian Accounting Standards and applicable laws and regulations.
- The separate financial statements were approved by the Board of Directors on June 14, 2020.

3. Functional and presentation currency

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

4. Use of judgment and estimates

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

Measurement of fair value

- The fair value of financial instruments is determined based on the market value of the financial instrument or a similar financial instrument at the date of the financial statements without deducting any estimate for the future costs of sale. The financial asset values 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. Revenues

Revenue represent in the present value of delivered units in delivery date to the clients during the year.

	31/03/2020	31/03/2019
	EGP	EGP
Revenues from the sale of units in Allegría project	12 356 560	33 747 926
Revenues from the sale of units in Forty West project	50 422 373	-
Revenues from the sale of units in Westown Residences project	-	1 689 638
Revenues from the sale of units in Westown Courtyards project	35 686 992	122 129 304
Revenues from the sale of units in Polygon 9,10	27 723 824	-
	126 189 749	157 566 868

*Sixth of October for Development and Investment Company "SODIC" (An Egyptian Joint Stock Company)
Notes to the separate financial statements for the financial period March 31, 2020*

6. Cost of sales

	31/03/2020	31/03/2019
	<u>EGP</u>	<u>EGP</u>
Cost of sales of units in Allegria project	5 854 084	27 895 265
Cost of sales of units in Forty West project	51 161 157	-
Cost of sales of units in Westown Residences project	-	869 251
Cost of sales of units in Westown Courtyards project	19 611 772	68 774 305
Cost of sales of units in Polygon 9,10 project	13 501 645	-
	90 128 658	97 538 821

(*) Cost of sales includes an amount of EGP 5 607 109 representing the adjustment to the cost of land for the SODIC West, El Sheikh Zayed plot as shown in detail in note (16-2).

7. Other operating revenues

	31/03/2020	31/03/2019
	<u>EGP</u>	<u>EGP</u>
Interest income realized from installments during the year	24 128 415	20 598 720
Assignment, cancellation dues and delay penalties	4 718 217	8 597 787
Other revenue	862 117	691 589
Income from management & operation of the golf course	887 679	1 122 288
Income from management & operation of the Westown club	424 027	504 442
Income from management & operation of the Allegria club	785 139	-
Buildings leased revenue	653 322	306 525
Capital gain	499	-
Reversal of impairment losses of fixed assets	455 647	455 647
	32 915 062	32 276 998

8. Selling and marketing expenses

	31/03/2020	31/03/2019
	<u>EGP</u>	<u>EGP</u>
Salaries and wages	10 883 608	16 123 067
Sales commissions	3 438 000	7 503 966
Advertising expenses	4 864 283	9 302 452
Conferences and exhibitions	1 130 522	11 182 177
Rent	968 254	1 036 917
Travel, transportation and cars	352 925	555 124
Maintenance, cleaning, agriculture and security	60 171	236 502
Professional and consultants' fees	247 950	221 388
Gifts	111 125	50
Printing and photocopying	717 437	403 937
Fees, stamps and licenses	1 953 999	265 210
Depreciation – Marketing	204 793	177 325
Employees training	-	193 548
Vacations	147 642	-
Others	709 139	136 050
	25 789 848	47 337 713

Sixth of October for Development and Investment Company "SODIC" (An Egyptian Joint Stock Company)
Notes to the separate financial statements for the financial period March 31, 2020

9. General and administrative expenses

	31/03/2020	31/03/2019
	<u>EGP</u>	<u>EGP</u>
Salaries, wages and bonuses*	24 322 952	22 677 739
Board of Directors' remunerations and allowances	2 905 548	3 263 714
Employees Stock Option Plan	-	4 879 947
Training and medical care	4 000 186	5 343 992
Professional and consultancy fees	3 890 634	2 678 698
Advertising	751 456	343 200
Donations	4 100 000	60 000
Golf course expenses	871 843	1 080 591
Algeria club expenses	-	1 630 507
Westown club expenses	95 944	-
Maintenance, cleaning, agriculture, security and guarding	13 250 428	4 136 633
Administrative depreciation of fixed assets	6 939 590	6 192 963
Subscriptions and governmental dues	366 450	881 323
Rent	1 132 646	605 276
Travel and transportation	1 200 465	1 081 871
Communication and electricity	2 966 498	2 951 913
Stationary and computer supplies	2 275 314	1 376 285
Buffet, hospitality and reception	188 658	117 730
Bank charges	1 432 019	545 147
Employees benefits	2 278 830	2 213 875
Employees vacations	891 155	-
Gifts	729 708	420 187
Conferences and exhibitions	93 480	88 323
Insurance installments	300 962	202 778
Comprehensive medical insurance	315 474	-
Others	23 480	40 308
	<u>75 323 720</u>	<u>62 813 000</u>

(*) This item includes salaries of the executive Board of Directors as follows:

	31/03/2020	31/03/2019
	<u>EGP</u>	<u>EGP</u>
Salaries	2 683 132	2 919 988
	<u>2 683 132</u>	<u>2 919 988</u>

10. Other operating expenses

	31/03/2020	31/03/2019
	<u>EGP</u>	<u>EGP</u>
SODIC West Land adjustment*		
Discount for early payment	3 930 505	3 901 475
Depreciation of leased unites	185 333	185 333
Impairment losses of related parties	-	1 986 260
Allegria club expenses	8 056 627	-
Golf course expenses	4 004 356	3 704 993
Westown club expenses	673 900	616 211
	<u>16 850 721</u>	<u>10 394 272</u>

(*) Represents the adjustment to the cost of sales for previous periods as a result of the adjustment to the cost of land for SODIC West El Sheikh Zayed plot as shown in details in note (16-1).

*Sixth of October for Development and Investment Company "SODIC" (An Egyptian Joint Stock Company)
Notes to the separate financial statements for the financial period March 31, 2020*

11. Finance income

	31/03/2020	31/03/2019
	<u>EGP</u>	<u>EGP</u>
Interest income	8 312 381	16 304 378
Return on investment in treasury bills	7 363 581	31 783 811
	<u>15 675 962</u>	<u>48 088 189</u>

12. Finance cost

	31/03/2020	31/03/2019
	<u>EGP</u>	<u>EGP</u>
Interest expense	39 730 103	34 299 427
Foreign exchange translation	3 241 607	6 009 596
	<u>42 971 710</u>	<u>40 309 023</u>

13. Income tax

A- Items recognized in the profit or loss

	31/03/2020	31/03/2019
	<u>EGP</u>	<u>EGP</u>
Current income tax	1 472 717	6 356 762
Deferred income tax (benefit)	(391 138)	(227 837)
Deferred income tax expense	1 814 905	-
	<u>2 896 484</u>	<u>6 128 925</u>

B- Deferred tax assets and liabilities movement

	Statement of financial position		Statement of profit or loss	
	31/03/2020	31/12/2019	31/03/2020	31/03/2019
	<u>EGP</u>	<u>EGP</u>	<u>EGP</u>	<u>EGP</u>
Property, plant and equipment	(887 250)	(1 278 388)	(391 138)	(227 837)
Provision for completion	6 806 779	8 621 684	1 814 905	-
Foreign exchange translation	(7 520 006)	(7 520 006)	-	-
Net deferred income tax	<u>(1 600 477)</u>	<u>(176 710)</u>	<u>1 423 767</u>	<u>(227 837)</u>

C- Unrecognized deferred tax assets

	31/12/2020	31/12/2019
	<u>EGP</u>	<u>EGP</u>
Deductible temporary differences	158 496 676	158 599 197
	<u>158 496 676</u>	<u>158 599 197</u>

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

14. (Losses) per share

Earnings per share is calculated based on the net profit / (loss) of the period using the weighted average number of outstanding shares during the period as follows:

	31/03/2020	31/03/2019
	<u>EGP</u>	<u>EGP</u>
Net (loss) for the period	(79 180 368)	(26 589 699)
Employees share of profit	-	-
Board of directors' remunerations	-	-
	<u>(79 180 368)</u>	<u>(26 589 699)</u>
<u>Divided on:</u>		
Weighted average number of shares outstanding during the period	349 178 872	349 178 872
(Losses) per share (EGP / share)	<u>(0.23)</u>	<u>(0.08)</u>

15. Inventory

	31/03/2020	31/12/2019
	<u>EGP</u>	<u>EGP</u>
Cost of completed commercial units	4 882 460	4 882 460
Cost of units purchased for resale	648 268	648 268
Communication devices	2 092	50 699
	<u>5 532 820</u>	<u>5 581 427</u>

16. Work in process

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

	31/03/2020	31/12/2019
	<u>EGP</u>	<u>EGP</u>
SODIC West project costs	2 111 400 818	1 948 283 467
October Plaza project costs	885 026 752	816 693 549
Sodic East project costs	390 133 652	229 063 084
500 Hector project cost (16-1)	5 451 186 892	5 265 801 887
Sodic west Land adjusting (16-2)	324 696 215	327 482 425
	<u>9 162 444 329</u>	<u>8 587 324 412</u>

(16-1) The balance includes an amount of EGP 5 388 564 296 representing the net present value of the project's minimum land payments for the 500 Acre in Sheikh Zayed extension in addition to the capitalized interests in accordance with the co-development agreement between the Company and the New Urban Communities Authority "NUCA" with a minimum guarantee to the Authority amounting to EGP 14.22 billion as shown in detail in note (27).

(16-2) The balance representing the present value of the share of the work under construction from the settlement amount of the Company's land in Sheikh Zayed as a component of the cost of the units whose revenues will be recognized in the statement of income or losses for future years, this amount represents the remainder of the present value of a total settlement amount of EGP 800 million with the Illicit Gains Authority ("IGA").

Sixth of October for Development and Investment Company "SODIC" (An Egyptian Joint Stock Company)
Notes to the separate financial statements for the financial period March 31, 2020

17. Trade and note receivable – long term

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

	31/03/2020	31/12/2019
	<u>EGP</u>	<u>EGP</u>
Notes receivable *	4 508 900 991	4 150 059 343
<u>Deduct:</u> Unamortized interest-notes receivable	81 168 046	95 105 292
	<u>4 427 732 945</u>	<u>4 054 954 051</u>

* The balance includes an amount of EGP 1 025 160 333 which representing the net amount of notes receivable long term related to SODIC East project with a gross amount of EGP 1 438 669 502. The gross amount has been deducted by an amount of EGP 413 509 169 representing the share of Heliopolis Housing and Development Company of the residential units mentioned as per the revenue share agreement.

The Company's exposure to credit and currency risk related to trade and notes receivable is disclosed in note (34).

18. Trade and notes receivable – short term

	31/03/2020	31/12/2019
	<u>EGP</u>	<u>EGP</u>
Trade receivable	90 347 148	95 139 368
Notes receivable *	1 412 631 168	1 381 224 445
	<u>1 502 978 316</u>	<u>1 476 363 813</u>
<u>Deduct:</u> unamortized interest – notes receivable	14 867 579	19 330 749
	<u>1 488 110 737</u>	<u>1 457 033 064</u>
Impairment losses of trade and notes receivable	(200 000)	(200 000)
	<u>1 487 910 737</u>	<u>1 456 833 064</u>

(*) The balance includes an amount of EGP 266 396 064 that representing the net amount of notes receivable relating to SODIC East project with a gross amount of EGP 363 825 711 has been deducted by EGP 97 429 647 representing the share of Heliopolis Housing and Development Company of the residential units mentioned as per the revenue share agreement.

The Company's exposure to credit and currency risks related to trade and notes receivable is disclosed in note no. (34).

19. Debtors and other debit balances

	31/03/2020	31/12/2019
	<u>EGP</u>	<u>EGP</u>
Contractors and suppliers -- advance payments	468 569 168	524 265 374
Heliopolis Housing and Development Company (*)	165 064 814	165 064 796
Restricted cash for SODIC East project	14 010 890	14 126 028
Commissions and Prepaid expenses	227 341 761	191 813 684
Deposits with others	5 396 026	4 875 151
Due from the bonus and incentives plan to employees and	2 056 938	1 921 094
Withholding tax	33 047 955	29 450 644
Other debit balances	13 676 742	14 580 344
	<u>929 164 294</u>	<u>946 097 115</u>
Impairment loss in debtors and other debit balances	(355 157)	(355 157)
	<u>928 809 137</u>	<u>945 741 958</u>

- (*) 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 and 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.

The Company's exposure to credit and currency risks related to debtors and other debit balances is disclosed in note no. (34).

20. Cash at banks and on hand

	31/03/2020	31/12/2019
	<u>EGP</u>	<u>EGP</u>
Bank - time deposits *	558 111 800	806 778 382
Bank - current accounts	392 381 172	104 228 096
Checks under collection	32 016 043	26 310 582
Cash on hand	2 513 067	2 658 707
	<u>985 022 082</u>	<u>939 975 767</u>

- (*) Deposits include an amount of EGP 1 million restricted as a guarantee for the credit facilities granted from a group of commercial banks. In addition, it includes an amount of EGP 294 million representing the value of deposits collected from customers under the regular maintenance expenses account.

The Company's exposure to interest rate risk for financial assets which is disclosed in note no. (34).

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

	31/03/2020	31/12/2019
	<u>EGP</u>	<u>EGP</u>
Cash at banks and on hand	985 022 082	939 975 767
<u>Less:</u>		
Restricted cash	1 000 000	1 000 000
Cash and cash equivalent according to separate statement of cash flows	<u>984 022 082</u>	<u>938 975 767</u>

Notes to the separate financial statements for the financial period March 31, 2010

21- Property, plant, equipment

EGP

Cost	Lands	Buildings of the Company's premises	Vehicles	Furniture and fixtures	Generators, machinery and equipment	Computers and Printers	Communication devices	Computer Software's	Leasehold improvements	Solar power stations	Golf Course	Total
Cost as at January 1, 2019	88 622 250	166 638 708	11 244 245	10 943 573	6 288 890	19 757 180	2 431 176	13 399 675	53 077 131	396 014	99 377 533	472 176 375
Additions during the period	-	219 300	3 048 949	1 401 095	609 950	6 405 585	-	2 181 121	-	-	-	13 866 000
Disposals during the period	-	-	-	-	-	(106 668)	-	-	-	-	-	(106 668)
Cost as at December 31, 2019	88 622 250	166 858 008	14 293 194	12 344 668	6 898 840	26 056 097	2 431 176	15 580 796	53 077 131	396 014	99 377 533	485 935 707
Cost as at January 1, 2020	88 622 250	166 858 008	14 293 194	12 344 668	6 898 840	26 056 097	2 431 176	15 580 796	53 077 131	396 014	99 377 533	485 935 707
Additions during the period	-	-	-	225 388	46 512	2 082 211	384 534	1 030 097	-	-	-	3 768 742
Disposals during the period	-	-	-	-	-	(24 300)	-	-	-	-	-	(24 300)
Balance at March 31, 2020	88 622 250	166 858 008	14 293 194	12 570 056	6 945 352	28 114 008	2 815 710	16 610 893	53 077 131	396 014	99 377 533	489 680 149
Accumulated depreciation												
Accumulated depreciation at January 1, 2019	-	28 694 157	7 216 426	7 903 059	4 576 345	12 215 139	1 525 483	10 125 816	25 500 147	15 712	14 129 502	111 701 786
Depreciation during the period*	-	7 886 539	1 276 117	917 252	594 502	2 892 352	270 396	1 926 777	8 565 917	15 841	1 822 590	26 168 283
Accumulated depreciation of disposals during the period	-	-	-	-	-	(100 903)	-	-	-	-	-	(100 903)
Accumulated depreciation at March 31, 2019	-	36 580 696	8 492 543	8 820 311	5 170 847	15 006 588	1 795 879	12 052 593	33 866 064	31 553	15 952 092	137 769 166
Accumulated depreciation at January 1, 2020	-	36 580 696	8 492 543	8 820 311	5 170 847	15 006 588	1 795 879	12 052 593	33 866 064	31 553	15 952 092	137 769 166
Depreciation during the period	-	1 967 910	426 538	235 078	155 894	893 034	79 348	785 502	2 141 472	3 960	455 047	7 144 383
Accumulated depreciation of disposals during the period	-	-	-	-	-	(24 298)	-	-	-	-	-	(24 298)
Accumulated depreciation at March 31, 2020	-	38 548 606	8 919 081	9 055 389	5 326 741	15 875 324	1 875 227	12 838 095	36 007 536	35 513	16 407 739	144 889 251
Impairment of Golf course												
Accumulated Impairment at January 1, 2019	-	-	-	-	-	-	-	-	-	-	85 248 031	85 248 031
Impairment reversal during the year	-	-	-	-	-	-	-	-	-	-	(1 822 590)	(1 822 590)
Accumulated impairment at December 31, 2019	-	-	-	-	-	-	-	-	-	-	83 425 441	83 425 441
Impairment reversal during the year	-	-	-	-	-	-	-	-	-	-	(455 647)	(455 647)
Accumulated impairment at March 31, 2020	-	-	-	-	-	-	-	-	-	-	82 969 794	82 969 794
Net book value												
At January 1, 2019	88 622 250	137 944 551	4 027 819	3 040 514	1 712 545	7 542 041	905 693	3 273 859	27 776 984	380 302	-	275 226 558
At March 31, 2019	88 622 250	130 277 312	5 800 651	3 524 357	1 727 993	11 049 509	635 297	3 528 203	19 211 067	364 461	-	264 741 100
At March 31, 2020	88 622 250	128 309 402	5 374 113	3 514 667	1 618 611	12 238 684	940 483	3 772 798	17 069 595	360 501	-	261 821 104

* Property, plant, equipment include fully depreciated assets at a cost of EGP 56,580,827 at March 31, 2020.

22. Investment properties

The net carrying amount of the investment properties as at March 31, 2020, amounted to EGP 15 458 289 the movement of investment property during the period is as follow: -

<u>Description</u>	<u>Leased out units</u>
<u>Cost</u>	<u>EGP</u>
At January 1, 2019	18 992 619
Additions during the year	-
At December 31, 2019	18 992 619
At January 1, 2020	18 992 619
Additions during the period	-
At March 31, 2020	18 992 619
<u>Less</u>	
<u>Accumulated depreciation</u>	
At January 1, 2019	2 607 664
Depreciation for the year	741 333
At December 31, 2019	3 348 997
At January 1, 2020	3 348 997
Depreciation for the period	185 333
At December 31 2020	3 534 330
Net carrying amount as at January 1, 2019	16 384 955
Net carrying amount as at December 31, 2019	15 643 622
Net carrying amount as at December 31, 2020	15 458 289

23. Available for sale investments

	<u>Legal Form</u>	<u>Ownership %</u>	<u>Paid amount of Participation %</u>	<u>Carrying amount as at 31/03/2020 EGP</u>	<u>Carrying amount as at 31/12/2019 EGP</u>
SODIC for Golf and Tourist Development Co.	S.A.E	0.0025	25	1 250	1 250
Beverly Hills for Management of Cities and Resorts Co.	S.A.E	0.06	100	26 152	26 152
				27 402	27 402
Impairment of available for sale investments				(1 250)	(1 250)
				26 152	26 152

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

24. Share capital and reserves

24.1. Share capital

- The authorized capital of the Company is EGP 2.8 billion.
- The Company's issued and paid in capital is EGP 1.355 Billion distributed over 338 909 573 shares with a par value of EGP 4 per share, the commercial register was notified on December 7, 2014.
- The Board of Directors have decided in the meeting dated November 30, 2016 to increase the issued capital from EGP 1 355 638 292 to become EGP 1 369 194 672 by an amount of EGP 13 556 380 divided on 3 389 095 shares of par value EGP 4 per share, this capital increase should be financed from the special reserve- Additional paid in capital, and to be fully utilized by the Employees Stock Option Plan granted to the 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 for this increase.
- The current capital structure for the holding company represented as follow:

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

*Sixth of October for Development and Investment Company "SODIC" (An Egyptian Joint Stock Company)
Notes to the separate financial statements for the financial period March 31, 2020*

24.2. Reserves

a. Legal Reserve

The balance as at December 31, 2019 is represented as follows: -

	<u>EGP</u>
Legal reserve of 5% form the Company's net profit till year 2016	33 734 213
<u>Add:</u>	
Increase of the legal reserve with the difference between the par value of the treasury shares and its actual cost (according to the Company's Extra-Ordinary General Assembly Meeting held on July 10, 2003).	4 627 374
Increase of the legal reserve with part of capital increase share premium with limits of half of the Company's issued share capital during 2006.	123 409 151
Increase of the legal reserve with part of capital increase share premium during 2007 with limits of half of the Company's issued share capital.	5 000 000
Increase in legal reserve with a part of the capital share premium during 2010 with limits of half of the Company's issued share capital.	39 446 365
Increase of the legal reserve with 5% of the net profit for the year 2017.	7 712 954
Increase of the legal reserve with 5% of the net profit for the year 2019.	9 756 580
<u>Deduct:</u>	
The amount used to increase the issued share capital during 2011.	2
	<u>223 686 635</u>

b. Special reserve – share premium

The balance is represented in the following:

<u>Description</u>	<u>EGP</u>
Total value of the capital increase share premiums collected for the years 2006 and 2010	1 455 017 340
<u>Add:</u>	
Share premium of the employees' incentive and bonus plan issued during 2007.	90 000 000
The value of selling 712 500 share which has been sold through beneficiaries of incentive and bonus plan during at 2014 EGP 30 per share (after split).	21 375 000
The value of 537 500 shares converted to treasury shares during 2015 at par value, these shares were previously set aside for the benefit of the incentive and bonus plan during the capital increase in 2008 and were converted as a result of the termination of the program.	2 150 000
The value received from the selling of offering rights for 737 500 shares during 2014, which were transferred from shares held for "incentive and bonus plan" as a result of the termination of the program.	16 306 910
The value of accrued dividends for 737 500 shares which were transferred from the shares set aside for the incentive and bonus plan during 2015 as a result of the termination of the program.	1 180 000
The value received from the sale of 3 083 938 shares which had been sold by beneficiaries of the Employees Stock Option Plan during year 2017 at an average of EGP 9.27 per share.	28 588 105
Share premium for issuing 3 083 938 shares which were transferred from the shares set aside for the Employees Stock Option Plan during 2017 as a result of execution	16 630 524
The value received from the sale of 3 273 263 shares which had been sold by beneficiaries of the Employees Stock Option Plan during year 2019 by average EGP 9.27 per share.	30 343 148
Share premium of set aside for employees incentive and bonus plan for 3 273 263 shares during 2019	18 508 880
<u>Deduct</u>	
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
	<u>1 410 926 940</u>

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25. Profit from sale of treasury shares

- On August 14, 2011, the Board of Directors of the Company approved the purchase of one million treasury shares at EGP 18 per share (the par value is EGP 4 per share) with a total amount of EGP 18 018 000 from the Company's shares offered on the Egyptian stock exchange. On August 13, 2012 the Company's Board of Directors agreed to sell these shares for a total value of EGP 21 710 867 resulting in a profit from the sale of treasury shares with an amount of EGP 3 692 867.
- During March 2016 treasury shares which were transferred from incentive and bonus plan for employees and executive directors of the Company according to the Extraordinary General Assembly meeting held on February 1st, 2015 were sold resulting in an actual loss amounting to EGP 1 967 411 as mentioned in note no. (24). accordingly, the profit from sale of treasury shares reserve becomes EGP 1 725 456.

26. Loans

	31/03/2020 EGP	31/12/2019 EGP
On April 4, 2017, Sixth of October for Development and Investment Company "SODIC" signed 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:	1 030 339 597	1 030 339 597
<ul style="list-style-type: none"> - 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:		
<ul style="list-style-type: none"> - 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.		
On August 30, 2017, Sixth of October for Development and Investment Company "SODIC" signed 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 14 July 2019 the total amount of the facility has been increased up to maximum EGP 500 Million.	348 000 000	318 000 000
Guarantees:		
<ul style="list-style-type: none"> - The Company committed to deposit all revenues from the sale of the project. - The Company shall sign a mortgage and a first degree right of transfer on the project in favor of the bank. - The Company shall get insurance cover 110% the project's constructions in favor of the bank. 		
Grace period:		
Three years and six months applied on the principal of the loan only from the date of first drawdown.		
Repayment:		
Commences on March 2021, and repayable in (13) quarterly unequal installments.		
After	1 378 339 597	1 348 339 597

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Before	31/03/2020	31/12/2019
	EGP	EGP
	1 378 339 597	1 348 339 597
<u>Deduct: Current portion</u>		
– Syndicated loan from Arab African International Bank	286 205 444	228 964 355
– Loan from CIB	17 400 000	-
Total current portion	303 605 444	228 964 355
	1 074 734 153	1 119 375 242

27. New Urban Communities Authority

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

On March 21, 2019 a co-development agreement was signed between the Company and the New 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 represents in advance payment, cash payment and a percentage of the project expected revenues with minimum guarantee amounting to EGP 14.220 billion. An amount of EGP 300 Million was paid upon signing the contract and the remaining amount will be paid according to annual installments over 11 years which represents the duration of the contract.

28. Contractors, suppliers and notes payable

	31/03/2020	31/12/2019
	EGP	EGP
Contractors	170 310 492	160 398 223
Suppliers	17 946 486	15 306 909
Notes payable	263 166 004	194 724 367
	451 422 982	370 429 499
<u>Deduct:</u> Unamortized interest-notes payable	8 019 621	10 840 521
	443 403 361	359 588 978

The Company's exposure to currency and liquidity risks related to suppliers, contractors and notes payable is disclosed in note no. (34).

29. Advances from customers

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

	31/03/2020	31/12/2019
	EGP	EGP
Advances – SODIC West	2 921 119 177	2 995 664 601
Advances – October Plaza 1	1 159 358 136	1 113 297 675
Advances – SODIC East*	1 753 144 474	1 712 384 478
Advances – Acres Sheikh Zayed 500	1 470 221 501	859 156 337
Advances – Clubs' Memberships	258 442 243	228 316 786
	7 562 285 531	6 908 819 877

* The balance represents the net of advances from customers with a total contractual value of EGP 2 497 648 759. The total contracted value has been reduced by EGP 744 504 285 which represents Heliopolis Housing and Development Company's share of the residential units mentioned in the joint operation contract (70% for the developer and 30% for the owner).

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30. Creditors and other credit balances

	31/03/2020	31/12/2019
	<u>EGP</u>	<u>EGP</u>
Accrued expenses	61 507 117	75 139 797
New Urban Authority (30-1)	92 047 138	108 846 894
Amounts collected on account for management, operation and maintenance of projects	618 275 647	582 971 310
Creditors of gas and electricity installments	28 773 622	26 479 222
Insurance Deposits collected from customers – Against	279 615	279 615
Customers-credit balances of Polygon project (30-2)	578 501	2 024 179
Customers-credit balances of Strip 1 project	261 953	261 953
Customers - cancellation	6 835 920	7 643 789
Dividends payable	189 896 726	-
Tax Authority	12 823 554	18 721 642
Accrued compensated absence	6 473 983	4 668 624
Sundry creditors	4 388 236	3 976 142
Due to beneficiaries from Incentive plan	1 077 107	1 077 107
Advances-rents	4 737 807	5 568 574
	<u>1 027 956 926</u>	<u>837 658 848</u>
<u>Deduct:</u> Unamortized interest- New Urban Authority	7 805 635	11 476 170
	<u>1 020 151 291</u>	<u>826 182 678</u>

- (30-1) The balance represents the amount due to New Urban Communities Authority for the 500-acre land as detailed disclosed in note no. (27).
- (30-2) The balance represents the amount due to Polygon Co. for Real Estate Investment -a subsidiary, the value of notes receivables the Company collects it for and on behalf of SODIC polygon.
The Company's exposure to currency and liquidity risks related to creditors is disclosed in note no. (34).

31. Provisions

31-1 Provision for completion of works

	Balance as at 1/1/2020	Formed during the period	No longer required during the period	Used during the period	Balance as at 31/03/2020
	EGP	EGP	EGP	EGP	EGP
Provision for completion of works	38 318 599	441 230	-	(8 507 476)	30 252 353
	38 318 599	441 230	-	(8 507 476)	30 252 353

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

31-2 Provision for claims

	Balance as at 1/1/2020	Formed during the period	Used during the period	Balance as at 31/03/2020
	EGP	EGP	EGP	EGP
Provision for claims	10 000 001	-	-	10 000 001
	10 000 001	-	-	10 000 001

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

32. Investments in subsidiaries

	Legal Form	Ownership %	Paid amount of Participation %	Carrying amount as at 31/03/2020 EGP	Carrying amount as at 31/12/2019 EGP
Sixth of October for Development and Real Estate Projects Co. (SOREAL)	S.A.E	99.99	100	807 334 516	807 334 516
SOREAL for Real Estate Investment Co.	S.A.E	99.99	100	499 999 970	499 999 970
SODIC for Development and Real Estate Investment Co.		99.99	100	299 999 980	299 999 980
Tabrouk Development Co.	S.A.E	99.99	100	99 998 000	99 998 000
SODIC for Management of Hotels and Clubs	S.A.E	40	100	8 000 000	8 000 000
				1 715 332 466	1 715 332 466

33. Fair values

Capital management

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

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

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

Fair values versus carrying values

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

The main purpose of these financial instruments is to provide funding for the activities of the Company. According to the valuation techniques used to evaluate the assets and liabilities of the Company, the carrying value of these financial instruments represent a reasonable estimate of their fair value.

34. Financial risk management

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

- A. Credit risk
- B. Liquidity risk
- C. Market risk

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

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

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

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

34-1 Credit risk

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

Trade and other receivables

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

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

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

Sales of units are made subject to retention of title clauses and the ownership title is transferred after collection of the full sales value. In the event of non-payment, the unit is returned to the Company and the amounts collected from customers are repaid on the date of 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. The Company's management does not expect any counterparty to fail to meet their obligations.

Guarantees

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

34-2 Liquidity risk

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

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

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

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

- A medium-term loan in the amount of EGP 1.3 billion.
- A medium-term loan in the amount of EGP 500 million.

34-3 Market risk

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

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

34-4 Currency risk

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

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

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

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

34-5 Interest rate risk

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

34-6 Other market price risk

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

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

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

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

34-7 Credit risk

The carrying amount of financial assets represented in the balances of trade and notes receivables, debtors and cash and cash equivalent the maximum of credit risk exposure, the balances as at March 31, 2020 amounted to EGP 7 926 065 684 (At December 31, 2019: EGP 7 512 496 038).

*Sixth of October for Development and Investment Company "SODIC" (An Egyptian Joint Stock Company)
Notes to the separate financial statements for the financial period March 31, 2020*

34-8 Liquidity risk

The following are the contractual maturities of financial liabilities:

<u>March 31, 2020</u>	<u>Carrying amount</u>	<u>Less than 1 year</u>	<u>1-2 years</u>	<u>2-5 years</u>
	<u>EGP</u>	<u>EGP</u>	<u>EGP</u>	<u>EGP</u>
Short - term loans	303 605 444	303 605 444	-	-
Long - term loans	1 074 734 153	-	564 849 253	509 884 900
New Urban Communities Authority	4 987 523 037	-	203 609 205	4 783 913 832
Contractors and suppliers	188 256 978	188 256 978	-	-
Other creditors	1 020 151 291	634 245 313	371 870 814	14 035 164
Notes payable –short term	255 146 383	255 146 383	-	-
	<u>7 829 417 286</u>	<u>1 381 254 118</u>	<u>1 140 329 272</u>	<u>5 307 833 896</u>

<u>December 31, 2019</u>	<u>Carrying amount</u>	<u>Less than 1 year</u>	<u>1-2 years</u>	<u>2-5 years</u>
	<u>EGP</u>	<u>EGP</u>	<u>EGP</u>	<u>EGP</u>
Short - term loans	228 964 355	228 964 355	-	-
Long – term loans	1 119 375 242	-	521 528 710	597 846 532
New Urban Communities Authority	4 806 340 854	-	196 212 676	4 610 128 178
Contractors and suppliers	175 705 132	175 705 132	-	-
Other creditors	826 182 678	534 662 692	280 917 582	10 602 404
Notes payable – short term	183 883 846	183 883 846	-	-
	<u>7 340 452 107</u>	<u>1 123 216 025</u>	<u>998 658 968</u>	<u>5 218 577 114</u>

34-9 Currency risk

Exposure to currency risk

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

	<u>31/03/2020</u>	<u>31/03/2020</u>	<u>31/12/2019</u>	<u>31/12/2019</u>
<u>Description</u>	<u>Euro</u>	<u>USD</u>	<u>Euro</u>	<u>USD</u>
Notes receivable short / long - term	-	596 610	-	596 610
Maintenance creditors	-	(486 000)	-	(486 000)
Cash at banks	-	10 929 022	-	10 941 985
Surplus of foreign currencies	<u>-</u>	<u>11 039 632</u>	<u>-</u>	<u>11 052 595</u>

34-10 Interest rate risk

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

	<u>Carrying amount</u>	
	<u>31/03/2020</u>	<u>31/12/2019</u>
<u>Financial instruments with a fixed rate</u>	<u>EGP</u>	<u>EGP</u>
Financial assets	5 915 643 682	5 511 787 115
Financial liabilities	(253 146 383)	(183 883 846)
	<u>5 662 497 299</u>	<u>5 327 903 269</u>
<u>Financial instruments with a variable rate</u>		
Financial liabilities	(1 378 339 597)	1 348 339 597
	<u>(1 378 339 597)</u>	<u>(1 348 339 597)</u>

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

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Notes to the separate financial statements for the financial period March 31, 2020

35. Related parties

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

Party	Nature of relationship	Nature of transaction	31/03/2020 Amount of Transaction EGP
Beverly Hills Company for Management of Cities and Resorts	A subsidiary	Works of agriculture, maintenance and security services for Beverly Hills City.	645 743
Sixth of October for Development and Real Estate Projects (SOREAL)	A subsidiary	Payments on behalf of the Company	6 704 719
Sodic Garden City for development and investment	A subsidiary	Cash payments	25 609 687
Edara for Services of Cities and Resorts Company	A subsidiary	Payments on behalf of the Company	201 256
SODIC for Golf and Tourist Development Company	A subsidiary	Works of agriculture, maintenance and security services for SODIC West	32 767 604
		Payments on behalf of the Company	448 030
		Cash payments	13 000 000
		Fields operating expenses	11 606 016
SODIC Polygon for Real estate investment Company	A subsidiary	Payments on behalf of the Company	8 740 171
		Cash proceeds	435 321
Al Yosr for Projects and Real estate Development Company	A subsidiary	Payment on behalf of the company	5 152 276
		Cash payments	15 831 252
Fourteen for real estate investment Company	A subsidiary	Payments on behalf of the Company	341 163
La Maison for Real estate investment Company	A subsidiary	Payments on behalf of the Company	2 892 561
		Cash proceeds	705 291
SOREAL for Real estate investment Company	A subsidiary	Payments on behalf of the Company	9 972 167
		Cash payments	24 612 000
Tabrouk Development Company	A subsidiary	Payments on behalf of the Company	1 526 114
		Cash payments	5 103 493
Sodic for Securitization Company	A subsidiary	Payments on behalf of the Company	14 874
SODIC for Development and Real Estate Investment Company	A subsidiary	Payments on behalf of the Company	83 394
El Diwan for real estate development	A subsidiary	Payments on behalf of the Company	2 374
SODIC for Hotels and Clubs	A subsidiary	Payments on behalf of the Company	2 374
Executive directors and board members			Refer to note (9)

Sixth of October for Development and Investment Company "SODIC" (An Egyptian Joint Stock Company)
Notes to the separate financial statements for the financial period March 31, 2020

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

a) Due from related parties

	31/03/2020	31/12/2019
	<u>EGP</u>	<u>EGP</u>
Sixth of October for Development and Real Estate Projects (SOREAL) – a subsidiary.	-	909 520
Tabrouk Development Company – a subsidiary.	-	1 983 752
Greenscape for Agriculture and Reclamation Company – a subsidiary (under Liquidation)	3 651 668	3 651 668
Move-In for Advanced Contracting Company – a subsidiary	22 411 128	22 411 128
Al Yosr for Projects and Real estate Development Company – a subsidiary	-	633 627
SODIC for Development and Real Estate Investment Company – a subsidiary	84 840	1 446
SODIC Syria Company – a subsidiary	433 927 365	433 927 365
Fourteen for Real Estate Investment Company – a subsidiary	67 838 808	67 497 645
La Maison for Real Estate Investment Company - S.A.E	37 059 753	34 872 483
Edara for Services of Cities and Resorts Company – a subsidiary	2 072 327	-
Palmyra Real Estate Development Company –a Joint project	35 191 620	35 191 620
SODIC Garden City for Development and Investment Company – a subsidiary	169 022	-
SODIC for Golf and Tourist Development Company – a subsidiary	60 399 861	58 425 295
El Diwan for real estate development	71 704	69 330
Other related companies	245 947	458 113
	663 124 043	660 032 992
Impairment of due from related parties (35- 1)	(621 104 721)	(621 104 721)
	42 019 322	38 928 271

(35-1) Due to the current political circumstances in the Syrian Arab Republic which affected a significant impact on the economic sectors in general, and the confiscation of assets and documents related to Palmyra - SODIC Real Estate Development Company by the Syrian Arab Republic government, the management of SODIC addressed the Embassy of the Syrian Arab Republic in Egypt to protect all of its interest from these acts and commissioned a law firm for trying to reserve its interest.

Accordingly, the Board of Directors of Sixth of October Development and Investment "SODIC" saw that the assets of the investee company all become in dispute with the mentioned country's government, which requires to recognize a loss arising from an inability to recover its investments and therefore the Board of Directors decided on April 16, 2014 to impair the due from related parties relating to investments that have been injected for projects in the Syrian Arab Republic in addition to an impairment for due from some subsidiaries related to debts unexpected to be collected which are amounted to EGP 621 104 721 as at March 31, 2019.

*Sixth of October for Development and Investment Company "SODIC" (An Egyptian Joint Stock Company)
Notes to the separate financial statements for the financial period March 31, 2020*

b) Due to related parties

	31/03/2020	31/12/2019
	<u>EGP</u>	<u>EGP</u>
Sixth of October for Development and Real Estate Projects (SOREAL) – a subsidiary.	17 995 447	-
SOREAL for Real Estate Company – a subsidiary.	18 902 504	4 262 670
SODIC Polygon for Real Estate Investment Company – a subsidiary	126 260 805	132 085 514
Al Yoursr for property development – a subsidiary	10 045 349	-
Tabrouk Development Company – a subsidiary	1 593 627	-
Tegara for Trading Centers Co. – a subsidiary	51 777 727	51 780 101
Sodic Garden City for Development and investment Company – a subsidiary	-	32 235
Edara for Services of Cities and Resorts Company – a subsidiary	-	7 678 010
Beverly Hills Co. for Management of Cities and Resorts	416 329	-
	<u>226 991 788</u>	<u>195 838 530</u>

36. Tax status

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

Corporate tax

- Years 1996 to 2005 have been tax inspected and tax differences have been paid and settled.
- Years 2006 to 2014 have been inspected and settlement of accrued tax differences is under way for those years.
- Years 2015 to 2019 have not been inspected and no tax claims have been received till the date of authorizing of these financial statements for issuance.
- The Company submits its annual tax return on due dates in accordance with Law No. 91 of 2005.

Salary tax

- Years 1996 to 2012 have been inspected and tax differences have been paid and settled.
- Years 2013 to 2019 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 2015 to 2019 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

- Years 2016 to 2019 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.

The value added tax

- Years 2016 to 2018 have not been inspected and no tax claims have been received till the date of authorizing of these financial statements for issuance.
- The Company submits 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.

37. Capital commitments

Capital commitments as at March 31, 2020 amounted EGP 3 750 is represented in contracted and unexecuted works (December 31, 2019: EGP 3 750).

38. 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 July 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.

39. Basis of measurement

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

- Financial assets and liabilities recognized at fair values through profits and losses.
- Held for trading investments are valued at fair value.
- Available for sale investments, which have market values are valued at fair value.
- Transactions liabilities of share-based payments, which paid in cash, are valued at fair value.

40. 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 year 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.

41. Significant accounting policies

41.1. Consolidated financial statement

- The Company has subsidiaries and according to the Egyptian Accounting Standards No. (42) "consolidated financial statements" and Article 188 of the executive regulations for Companies' law No. 159 of 1981 , the Company is preparing consolidated financial statements for the Group which should be used as a reference to understand the financial position, financial performance and cash flows for the group as a whole.
- The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired.
- Any goodwill that arises is tested annually for Impairment. Any gain on a bargain purchase in recognized profit or loss immediately.
- Transaction cost are expensed as incurred, except if related to the issue of debt or equity securities.
- The consideration transferred does not include amounts related to the settlement of pre-exiting relationship. Such amounts are generally recognised in profit or loss.
- Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that met the definition of financial instrument is classified as

equity, then it is not re-measured and settlement is accounted for within equity. Otherwise, other contingent consideration is re-measured at fair value at each reporting date and subsequent changes in the fair value of the contingent consideration are recognized in profit or loss.

41.2. Foreign currency transactions

- Transactions in foreign currencies are translated at the foreign exchange rate prevailing at the date of the transaction.
- Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date.
- Assets and liabilities that are measured at fair value in a foreign currency are translated at the exchange rate when the fair value was determined.
- Non - monetary assets and liabilities that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction.
- Foreign currency differences are generally 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 recognised in OCI are reclassified to profit or loss).
 - A financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective.
 - Qualifying cash flow hedges to the extent that the hedges are effective.

41.3. Revenue recognition

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

a. Sales revenue

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

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

b. Return on investments

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

c. Rental income

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

41.4. Employee benefit

a) Short – term employee benefits

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

b) Share – based payment arrangements

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

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

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

c) Define contribution plans

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

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

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

41.5. Finance income and finance costs

The Company's finance income and finance costs include:

- Interest income
- Interest expense
- The foreign currency gain or loss on financial assets and financial liabilities
- 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 Company's right to receive payment is established.

41.6. Income Tax

The recognition of the current tax and deferred tax as income or expense in the profit or loss for the year, except in cases in which the tax comes from process or event recognized - at the same time or in a different year - 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 year and prior years and that have not been paid as a liability, but if the taxes have already been paid in the current year and prior years in excess of the value payable for these years, this increase is recognized as an asset. The taxable current liabilities (assets) for the current year and prior years 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 year. Dividends are subject to tax as part of the current tax. But do not be offset for tax assets and liabilities only when certain conditions are met.

b) Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- Taxable temporary differences arising on the initial recognition of goodwill.,
- Temporary differences on the initial recognition of assets or liabilities in a transaction that is not:
 - a. A business combination.
 - b. And not affects neither accounting nor taxable profit or loss.
- Temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future.

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

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences. The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

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

41.7. Units ready for sale

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

41.8. Work in process

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

41.9. Property, plant and equipment

a) Recognition and measurement

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

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment. Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

b) Subsequent expenditure

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

c) Depreciation

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

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

<u>Asset</u>	<u>Years</u>
Buildings and construction works	5-10
Vehicles	5
Furniture and fixtures	10
Office and communications equipment	5
Generators, machinery and equipment	5
Solar power stations	25
Golf course constructions	20
Irrigation networks	15
Golf course equipment and tools	15
Leasehold improvements	5 years or lease term whichever is lower

41.10. Projects under construction

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

41.11. Investment properties

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

Depreciation is charged to statement of profit 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:

<u>Asset</u>	<u>Years</u>
Leased units	20

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

41.12. Financial instruments

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

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

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

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

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

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expired.

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

2) Non-derivative financial assets – Measurement

Financial assets at fair value through profit or loss:

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

Held-to-maturity financial assets:

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

Loans and receivables:

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

Available-for-sale financial assets:

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

3) Non-derivative financial liabilities – Measurement:

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

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

4) Derivative financial instruments and hedge accounting:

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

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

Cash Flow Hedges:

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

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

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

41.13. Share capital

1) Ordinary Shares:

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

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

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

41.14. Impairment

1) Non-derivative financial assets

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

Objective evidence that financial assets are impaired includes:

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

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

Financial assets measured at amortised cost

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

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

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

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

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

Available-for-sale financial assets

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

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

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

Equity-accounted investees

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

2) Non-financial Assets:

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

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

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

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

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

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

41.15. Provisions

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

Provision for completion

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

41.16. Operational lease

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

41.17. Sale and leaseback

When a company lets a property to a lessee, the legal title of this property is transferred to the lessee according to an executory contract subject to a finance lease contract signed between parties, accordingly any gain or loss resulting from the differences between the sale price and the net book value of the property is deferred and amortized over the year of the lease contract. When the property is then bought back, any unamortized gains or losses are recognized in the income statement on the buyback date.

41.18. Investments

a- Investments in subsidiaries

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

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

b- Available for sale investments

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

c- Held for trading investments

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

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

41.19. Trade, notes receivable and debtors

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

41.20. Cash and cash equivalents

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

41.21. Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of the qualifying asset, which require a long period to be prepared for use in its intended purposes or sold as part of the cost of the asset, and other borrowing costs are charged as an expense in the year in which they are incurred. The borrowing costs represent in the interest and other costs incurred by the Company to borrow the funds.

41.22. Interest –bearing borrowings

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

41.23. Trade, contractors and other credit balances

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

41.24. Notes payable

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

41.25. Cost of sold lands

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

41.26. 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.

41.27. Employees' profit sharing

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

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

41.28. Earnings / (losses) per share

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

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

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

given the current conditions the country is going through as a result of the outbreak of the Corona virus and the necessary economic and financial implications associated with it as stated in note (43), the Egyptian government has implemented some preventive measures in efforts to quarantine the epidemic by imposing restrictions on the presence of human resources in companies at full capacity on a regular basis, and temporarily suspension of some business activities, including aviation and tourism activity . As a result, private companies have also implemented some preventive measures that varied from company to company according to activity, number of employees, job site and other considerations. These procedures included imposing restrictions on the number and duration of human resources in companies. This led to delaying some companies to fully implement the new Egyptian Accounting Standards by the effective date of these standards, which is January 1, 2020.

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

The most prominent amendments are as follows:

<u>New or Amended Standards</u>	<u>A Summary of the Most Significant Amendments</u>	<u>The Possible Impact on the Financial Statements</u>	<u>Date of Implementation</u>
The new Egyptian Accounting Standard No. (47) "Financial Instruments"	<ol style="list-style-type: none"> 1. The new Egyptian Accounting Standard No. (47), "Financial Instruments", supersedes the corresponding related issues included in the Egyptian Accounting Standard No. (26), "Financial Instruments: Recognition and Measurement". Accordingly, Egyptian Accounting Standard No. 26 was amended and reissued after cancelling the paragraphs pertaining to the issues addressed in the new Standard No. (47) and the scope of the amended Standard No. (26) was specified and intended to deal only with limited cases of Hedge Accounting according to the choice of the enterprise. 2. Pursuant to the requirements of the Standard, financial assets are classified based on their subsequent measurement whether at amortized cost, or fair value through other comprehensive income or at fair value through profit or loss, in accordance 	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; provided that the amended Egyptian Accounting Standards Nos. (1), (25), (26) and (40) are to be simultaneously applied.

<u>New or Amended Standards</u>	<u>A Summary of the Most Significant Amendments</u>	<u>The Possible Impact on the Financial Statements</u>	<u>Date of Implementation</u>
	<p>with the enterprise business model for managing financial assets and the contractual cash flow characteristics of the financial asset.</p> <p>3. When measuring the impairment of financial assets the Incurred Loss Model is replaced by the Expected Credit Loss (ECL) Model, which requires measuring the impairment of all financial assets measured at amortized cost and financial instruments measured at fair value through other comprehensive income from their initial recognition date regardless whether there is any indication of the occurrence of loss event.</p> <p>4. based on the requirements of this standard the following standards were amended:</p> <ul style="list-style-type: none"> • Egyptian Accounting Standard No. (1) "Presentation of Financial Statements" as amended in 2019. • Egyptian Accounting Standard No. (4) - "Statement of Cash Flows". • Egyptian Accounting Standard No. (25) - "Financial Instruments: Presentation. • Egyptian Accounting Standard No. (26) - "Financial Instruments: Recognition and Measurement". • Egyptian Accounting Standard - EAS No. (40) - "Financial Instruments: Disclosures " 		-These amendments are effective as of the date of implementing Standard No. (47).
The new Egyptian Accounting Standard No. (48) - "Revenue from Contracts with Customers"	<p>1. The new Egyptian Accounting Standard No. (48) - "Revenue from Contracts with Customers" shall supersede the following standards and accordingly such standards shall be deemed null and void:</p> <ul style="list-style-type: none"> a. Egyptian Accounting Standard No. (8) - "Construction Contracts" as amended in 2015. b. Egyptian Accounting Standard No. (11) - 	The Management is currently assessing the potential impact of implementing the amendment of the standard on the financial statements	Standard No (48) applies to financial periods beginning on or after January 1st, 2020, and the early implementation thereof is permitted

*Sixth of October for Development and Investment Company "SODIC" (An Egyptian Joint Stock Company)
Notes to the separate financial statements for the financial period March 31, 2020*

<u>New or Amended Standards</u>	<u>A Summary of the Most Significant Amendments</u>	<u>The Possible Impact on the Financial Statements</u>	<u>Date of Implementation</u>
	<p>"Revenue" as amended in 2015.</p> <ol style="list-style-type: none"> 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 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"	<ol style="list-style-type: none"> 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 liabilities, taking into account that the lease contracts are not classified in respect of the lessee as operating 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. 	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

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

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

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

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

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