Translation of financial statements
and review report originally issued in Arabic

Sixth of October for Development and Investment Company "SODIC"

(An Egyptian Joint Stock Company)

Separate Interim Financial Statements

For the Financial Period Ended June 30, 2021

And Limited Review Report

KPMG Hazem Hassan
Public Accountants & Consultants

Contents	**Page**

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

EGP	Note No.	30 June 2021	31 December 2020
Non-current assets			
Property, plant, and equipment	(24)	533 087 365	548 622 812
Projects under construction		17 827 732	9 502 504
Investment properties	(25)	33 815 118	29 910 428
Investment properties under development	(26)	1 079 073 620	995 662 907
Investments in subsidiaries	(37)	1 715 332 466	1 715 332 466
Right of use assets	(28)	26 092 758	28 728 247
Notes receivables	(19)	354 581 792	354 276 810
Deferred tax assets	(15)	44 340 253	25 030 673
Investments at fair value through OCI	(27)	26 152	26 152
Total non-current assets		**3 804 177 256**	**3 707 092 999**
Current assets			
Inventory	(17)	30 786 178	33 782 271
Work in process	(18)	10 055 752 051	9 290 192 149
Trade and notes receivable	(20)	490 366 465	466 527 815
Due from related parties	(41)	12 785 359	13 797 439
Debtors and other debit balances	(21)	1 245 325 012	1 174 444 770
Financial investments at amortized cost	(22)	398 815 080	192 220 683
Cash and cash equivalents	(23)	415 445 716	547 105 620
Total current assets		**12 649 275 861**	**11 718 070 747**
Total assets		**16 453 453 117**	**15 425 163 746**
Equity			
Issued & paid in capital	(29)	1 424 789 472	1 424 789 472
Legal reserve	(29)	224 840 771	223 686 636
Special reserve - share premium	(29)	1 430 122 641	1 382 852 956
Retained earnings		201 716 236	502 712 260
Profit from sale of treasury shares	(30)	1 725 456	1 725 456
Reserve for employee stock option plan		21 104 173	21 528 566
Total equity		**3 304 298 749**	**3 557 295 346**
Non-current liabilities			
Loans	(31)	675 419 393	1 013 370 573
New Urban Communities Authority	(32)	5 758 530 690	5 349 923 684
Lease contract liabilities	(28)	26 047 765	28 387 121
Total non-current liabilities		**6 459 997 848**	**6 391 681 378**
Current liabilities			
Loans	(31)	771 602 356	433 651 176
Contractors, suppliers and notes payable	(33)	1 045 203 340	1 106 104 298
Due to related parties	(41)	561 407 980	67 989 672
Advances - from customers	(34)	3 426 188 029	2 863 542 547
Creditors and other credit balances	(35)	507 775 620	585 991 915
New Urban Communities Authority	(32)	229 284 641	262 491 314
Income tax liabilities		3 169 612	5 962 627
Lease contract liabilities	(28)	3 226 261	4 027 946
Provisions	(36)	141 298 681	146 425 527
Total current liabilities		**6 689 156 520**	**5 476 187 022**
Total liabilities		**13 149 154 368**	**11 867 868 400**
Total equity and liabilities		**16 453 453 117**	**15 425 163 746**

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

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

"Limited review report attached"

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

EGP	Note No.	from 1/1/2021 to 30/6/2021	Adjusted from 1/1/2020 to 30/6/2020	from 1/4/2021 to 30/6/2021	Adjusted from 1/4/2020 to 30/6/2020
Continuing operations					
Revenue					
Sales	(6)	629 898 391	317 339 695	374 860 900	153 989 150
Clubs revenue		-	2 096 845	-	-
		629 898 391	**319 436 540**	**374 860 900**	**153 989 150**
Cost of sales					
Cost	(7)	(367 264 563)	(209 693 068)	(218 352 065)	(102 601 524)
Clubs cost		(33 547 754)	(13 743 190)	(20 134 855)	(40 520)
		(400 812 317)	**(223 436 258)**	**(238 486 920)**	**(102 642 044)**
Gross profit		**229 086 074**	**96 000 282**	**136 373 980**	**51 347 106**
Other operating revenues	(8)	25 603 369	17 629 795	11 636 429	10 939 993
Selling and marketing expenses	(9)	(112 392 960)	(71 460 905)	(70 229 354)	(45 450 743)
General and administrative expenses	(10)	(198 804 632)	(161 615 759)	(104 597 496)	(87 612 782)
Expected credit losses	(12)	(8 288)	-	-	-
Other operating expenses	(11)	(785 951)	(370 667)	(402 628)	(185 334)
Operating (Loss)		**(57 302 388)**	**(119 817 254)**	**(27 219 069)**	**(70 961 760)**
Finance income	(13)	22 120 740	25 768 743	11 345 288	10 092 781
Finance cost	(14)	(65 691 654)	(72 560 456)	(33 143 339)	(28 917 985)
Net finance cost		**(43 570 914)**	**(46 791 713)**	**(21 798 051)**	**(18 825 204)**
Net (loss) before tax		**(100 873 302)**	**(166 608 967)**	**(49 017 120)**	**(89 786 964)**
Income tax	(15)	16 139 968	(5 464 705)	8 471 034	(2 568 221)
(Loss) for the period		**(84 733 334)**	**(172 073 672)**	**(40 546 086)**	**(92 355 185)**
(Loss) per share from (loss) of the period (EGP / Share)	(16)	**(0.24)**	**(0.48)**	**(0.11)**	**(0.26)**

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

EGP	from 1/1/2021 to 30/6/2021	Adjusted from 1/1/2020 to 30/6/2020	from 1/4/2021 to 30/6/2021	Adjusted from 1/4/2020 to 30/6/2020
(Loss) for the period	**(84 733 334)**	**(172 073 672)**	**(40 546 086)**	**(92 355 185)**
Total other comprehensive income after income tax	-	-	-	-
Total comprehensive income of the period	**(84 733 334)**	**(172 073 672)**	**(40 546 086)**	**(92 355 185)**

* 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 interim statement of changes in Equity
for the financial period ended June 30, 2021

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 January 1, 2020 (Before Adjustement)	**1 396 715 488**	**213 930 055**	**1 410 926 940**	**683 237 171**	**1 725 456**	**23 772 451**	**3 730 307 561**
New standards effect	-	-	-	(2 122 432)	-	-	**(2 122 432)**
Balance as at January 1, 2020 (After Adjustment)	**1 396 715 488**	**213 930 055**	**1 410 926 940**	**681 114 739**	**1 725 456**	**23 772 451**	**3 728 185 129**
Total comprehensive income							
(Loss) for the period	-	-	-	(171 181 207)	-	-	**(171 181 207)**
New standards effect	-	-	-	(892 465)	-	-	**(892 465)**
Other comprehensive income items	-	-	-	-	-	-	-
Total comprehensive income	**-**	**-**	**-**	**(172 073 672)**	**-**	**-**	**(172 073 672)**
Transactions with owners of the Company							
Dividends	-	-	-	(211 248 380)	-	2 151 654	**(209 096 726)**
Transferred to legal reserve	-	9 756 581	-	(9 756 581)	-	-	-
Total transactions with owners of the Company	**-**	**9 756 581**	**-**	**(221 004 961)**	**-**	**2 151 654**	**(209 096 726)**
Balance as at June 30, 2020 (After Adjustment)	**1 396 715 488**	**223 686 636**	**1 410 926 940**	**288 036 106**	**1 725 456**	**25 924 105**	**3 347 014 731**
Balance as at December 31, 2020	**1 424 789 472**	**223 686 636**	**1 382 852 956**	**502 712 260**	**1 725 456**	**21 528 566**	**3 557 295 346**
Total comprehensive income							
(Loss) for the period	-	-	-	(84 733 334)	-	-	**(84 733 334)**
Other comprehensive income items	-	-	-	-	-	-	-
Total comprehensive income	**-**	**-**	**-**	**(84 733 334)**	**-**	**-**	**(84 733 334)**
Total transactions with owners of the Company							
Dividends	-	-	-	(215 108 555)	-	3 847 489	**(211 261 066)**
Transferred to legal reserve	-	1 154 135	-	(1 154 135)	-	-	-
Transferred to special reserve-share premium	-	-	47 269 685	-	-	-	**47 269 685**
Reserve for employee stock option plan	-	-	-	-	-	10 584 658	**10 584 658**
Excuted amounts of employees stock option plan	-	-	-	-	-	(15 366 856)	**(15 366 856)**
Transferred to profit or loss - interest income on ESOP acco	-	-	-	-	-	510 316	**510 316**
Total transactions with owners of the Company	**-**	**1 154 135**	**47 269 685**	**(216 262 690)**	**-**	**(424 393)**	**(168 263 263)**
Balance as at June 30, 2021	**1 424 789 472**	**224 840 771**	**1 430 122 641**	**201 716 236**	**1 725 456**	**21 104 173**	**3 304 298 749**

* 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 interim statement of cash flows
for the financial period ended

EGP	Note No.	30 June 2021	Adjusted 30 June 2020
Cash flows from operating activities			
(Loss) for the period before tax		(100 873 302)	(166 608 967)
Adjustments for:			
Depreciation of fixed assets and investment properties	(24) , (25)	28 146 880	14 688 858
Capital gain		(999)	(499)
Depreciation of right of use assets		2 635 489	2 305 026
Interest of lease contract liabilities		1 280 068	1 335 811
Employee stock option plan expense		10 584 658	-
Credit interest transferred from incentive system		510 317	-
Reversal of fixed assets impairment		(911 295)	(911 295)
Return on investments at amortized cost	(13)	(15 848 058)	(13 266 732)
Reversal expected credit losses		8 288	-
Provision for completion	(36)	34 643 400	1 112 358
Provision for vacations formed		4 186 441	-
Changes in:			
Inventory		2 996 093	(47 725 687)
Works in process		(765 559 902)	(713 802 917)
Trade and notes receivables		(24 143 632)	22 350 783
Due from related parties		1 012 080	671 219
Debtors and other debit balances		(72 042 851)	68 547 527
Provision of completion used	(36)	(39 770 246)	(11 987 060)
Provision for vacations used		(665 996)	-
Advances from customers		562 645 482	445 003 379
Contractors, suppliers and notes payable		(60 900 958)	52 326 353
Due to related parties		493 418 308	337 205 084
New Urban Communties Authoirty		375 400 333	-
Creditors and other credit balances		(81 736 742)	66 621 796
Income tax paid		(5 962 627)	(17 927 546)
Net cash generated from from operating activities		**349 051 229**	**39 937 491**
Net cash flows from investing activities			
Payments for purchase of fixed assets, projects under construction	(24)	(19 239 417)	(15 347 705)
Payments for investments property under development		(88 101 354)	-
Lease contract liabilities		(4 421 109)	(2 748 372)
Payments for investments at amortized cost		(515 221 340)	(278 439 160)
Proceeds from investments at amortized cost		324 475 000	296 050 000
Proceeds from sell of employee stock option plan		33 065 905	-
Proceeds from sale of fixed assets		1 000	500
Net cash (used in) investing activities		**(269 441 315)**	**(484 737)**
Cash flows from financing activities			
Proceeds from loans		-	30 000 000
Dividends paid		(211 261 066)	(209 096 726)
Net cash (used in) financing activities		**(211 261 066)**	**(179 096 726)**
Net (decrease) in cash and cash equivalents		**(131 651 152)**	**(139 643 972)**
Cash and cash equivalents at January 1		546 178 699	671 633 084
Cash and cash equivalents at June 30	(23)	**414 527 547**	**531 989 112**

* 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 interim financial statements
for the financial period June 30, 2021

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. Mr. Osama Saleh 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 August XX, 2021.
- Details of the Company's accounting policies are included in Note (49).

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 Period in which the change in estimate, if the change affects only that Period, or in the Period of change and future Periods if the change affects both.

A- Judgments

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognized in the financial statements is included in the following notes:

- Revenue recognition: revenue is recognized as detailed in the accounting policies applied.
- Equity-accounted investees (associates Companies): whether the Company has significant influence over an investee.
- Lease contracts classification.

B- Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties at June 30, 2021 that might have a material adjustment to the carrying amounts of assets and liabilities in the next financial period is included in the following notes:

- Recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources.
- Measurement of ECL for cash at banks, trade and notes receivables and other financial assets.

C- Measurement of fair values

Certain number of the Company's accounting policies and disclosures require measurement of fair values, for both financial and non-financial assets and liabilities.

Measurement of the fair Value of assets and liabilities depends on mainly on available market data, and the data that is relied upon in the evaluation is classified according to the following hierarchy:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs of the quoted prices included in level (1) that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Company recognizes transfers between levels of the fair value hierarchy at the end of the financial year during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in the following notes:

- Share-based payments.
- Financial instruments.
- Investment properties

5. Changes in significant accounting policies

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.

On April 12, 2020 the Egyptian Financial Regulatory Authority has agreed to postpone the application of the new Egyptian Accounting Standards on the periodic financial statements that will be issued during the year 2020

On September 17, 2020, the Prime Minister issued Decree No. 1871 of 2020 to postpone applying the following Egyptian accounting standards to January 1st, 2021.

a) Egyptian Accounting Standard No.47 "Financial instruments"
b) Egyptian Accounting Standard No.48 "Revenue from Contracts with Customers"
c) Egyptian Accounting Standard No. 49 "Lease contracts"

The company management has decided to early adopt Egyptian Accounting Standard No. 47 "Financial instruments", Egyptian Accounting Standard No. 48 "Revenue from Contracts with Customers", and Egyptian Accounting Standard No. 49 "Lease contracts "from January 1, 2020.

6. Revenues

Revenue represents in the present value of delivered units at the delivery date to the Customer during the period.

	30/06/2021 EGP	Adjusted 30/06/2020 EGP
Revenues from the sale of units in **Allegria** project	-	27 863 837
Revenues from the sale of units in **Forty West** project	19 152 231	77 234 529
Revenues from the sale of units in **Westown** project	302 805 716	51 585 431
Revenues from the sale of units in **Westown Courtyards** project	19 034 210	52 029 925
Revenues from the sale of units in **Polygon 9,10**	41 284 854	30 072 257
Revenues from the sale of units in **Polygon X**	41 753 623	-
Revenues from the sale of units in **October Plaza** project	187 890 797	59 856 150
	611 921 431	**298 642 129**
Sales returns	(2 566 931)	(14 850 269)
	609 354 500	**283 791 860**
Realized Interest of installments during the period	40 565 095	41 078 545
Discount for early payment	(20 021 204)	(7 530 710)
	629 898 391	**317 339 695**

- Includes an amount of EGP 44 992 517 representing the value of interest on the collected installments revenue from customers of delivered units.

7. Cost of sales

	30/06/2021 EGP	Adjusted 30/06/2020 EGP
Cost of sales of units in **Allegria** project	-	18 499 441
Cost of sales of units in **Forty West** project	18 615 980	76 036 322
Cost of sales of units in **Westown** project	165 840 721	26 661 581
Cost of sales of units in **Westown Courtyards** project	11 226 172	31 037 843
Cost of sales of units in **Polygon 9,10** project	18 037 730	15 860 927
Cost of sales of units in **Polygon X** project	23 804 648	-
Cost of sales of units in **October Plaza** project	131 666 468	47 445 836
	369 191 719	**215 541 950**
Cost of sales returns	(1 927 156)	(5 848 882)
	367 264 563	**209 693 068**

- Includes an amount of EGP 44 992 517 representing the capitalized interest on installments collected from customers of delivered units
- Includes an amount of EGP 18 149 450 representing the adjustment to the cost of land for SODIC West El Sheikh Zayed plot as shown in detail in note (18-1).

8. Other operating revenues

	30/06/2021 EGP	Adjusted 30/06/2020 EGP
Cancellations and delay penalties	16 662 219	13 352 784
Other revenue	5 851 312	2 150 617
Buildings leased revenue	2 177 544	1 214 600
Capital gain	999	499
Reversal of impairment losses of fixed assets	911 295	911 295
	25 603 369	**17 629 795**

9. Selling and marketing expenses

	30/06/2021 EGP	Adjusted 30/06/2020 EGP
Salaries and wages	30 800 898	25 602 877
Sales commissions	21 508 752	7 777 356
Advertising	40 722 200	22 499 908
Conferences and exhibitions	5 496 695	1 346 491
Rent	534 748	77 854
Travel, transportation and cars	52 589	356 733
Maintenance, cleaning, agriculture and security	1 120 001	493 501
Professional and consultants' fees	2 422 768	2 449 363
Gifts	1 910 538	2 929 763
Printing and photocopying	749 629	91 456
Fees, stamps and licenses	2 196 470	2 197 880
Communication and electricity	1 244 280	1 255 179
Depreciation – Marketing	477 590	423 159
Employees training	5 000	27 372
Vacations	387 831	412 546
Right of use amortization	2 635 489	2 305 026
Others	127 482	1 214 441
	112 392 960	**71 460 905**

10. General and administrative expenses

	30/06/2021 EGP	Adjusted 30/06/2020 EGP
Salaries, wages and bonuses*	66 224 649	53 809 554
Board of Directors' remunerations and allowances	3 609 000	4 768 114
Employees stock option plan	10 584 658	-
Training and medical care	5 295 220	13 282 838
Professional and consultancy fees	13 899 496	8 828 089
Advertising	326 065	497 056
Donations	960 000	4 598 170
Maintenance, cleaning, agriculture, security and guarding	40 506 548	31 790 709
Administrative depreciation of fixed assets	26 883 340	13 895 031
Subscriptions and governmental dues	2 622 596	889 640
Rent	2 562 304	2 248 515
Travel and transportation	1 102 559	1 534 767
Communication and electricity	1 155 941	5 517 988
Stationery and computer supplies	9 207 300	6 108 143
Buffet, hospitality and reception	594 252	838 777
Bank charges	749 986	3 584 808
Employees benefits	5 623 188	2 278 830
Employees vacations	2 161 636	2 603 631
Gifts	1 842 287	3 292 946
Conferences and exhibitions	91 143	-
Insurance installments	1 204 944	603 228
Comprehensive medical insurance	1 574 746	621 448
Others	22 774	23 477
	198 804 632	**161 615 759**

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

	30/06/2021 EGP	30/06/2020 EGP
Salaries	5 651 607	5 596 450
	5 651 607	**5 596 450**

11. Other operating expenses

	30/06/2021 EGP	Adjusted 30/06/2020 EGP
Depreciation of leased units	785 951	370 667
	785 951	**370 667**

12. Expected credit losses

	Balance at 31/12/2020	Movement during the period	Balance as at 30/06/2021
	EGP	EGP	EGP
Expected credit losses on cash and cash equivalent	73 079	8 752	81 831
Expected credit losses on debtors and other debit balance	49 880	(464)	49 416
Reversal of impairment on due from related parties	495 229 991	-	495 229 991
	495 352 950	**8 288**	**495 361 238**

13. Finance income

	30/06/2021	30/06/2020
	EGP	EGP
Interest income	6 272 682	11 470 231
Return on investment at amortized cost	15 848 058	13 266 732
Foreign exchange gains from balances denominated in foreign currencies	-	1 031 780
	22 120 740	**25 768 743**

14. Finance cost

	30/06/2021	Adjusted 30/06/2020
	EGP	EGP
Interest expense	63 730 691	71 224 645
Interest of Lease Contract Liabilities	1 280 068	1 335 811
Foreign exchange losses from balances denominated in foreign currencies	680 895	-
	65 691 654	**72 560 456**

15. Income tax

A- Items recognized in the profit or loss

	30/06/2021	30/06/2020
	EGP	EGP
Current income tax	3 169 612	3 470 927
Deferred income tax (benefit)	(20 572 317)	(453 030)
Deferred income tax expense	1 262 737	2 446 808
	(16 139 968)	**5 464 705**

B- Deferred tax assets and liabilities movement

	Statement of financial position		P&L Statement	
	30/06/2021	31/12/2020	30/06/2021	30/06/2020
	EGP	EGP	EGP	EGP
Property, plant and equipment	(3 961 408)	(3 852 211)	109 197	(453 030)
Provision for completion	29 542 203	30 695 743	1 153 540	2 446 808
Carried forward tax losses	24 984 915	4 412 598	(20 572 317)	-
Foreign exchange translation	(6 225 457)	(6 225 457)	-	-
Net deferred income tax	**44 340 253**	**25 030 673**	**(19 309 580)**	**1 993 778**

C- Reconciliation of effective income tax rate

	30/06/2021 EGP	30/06/2020 EGP
Profit for the period before income taxes	(100 873 302)	(166 608 967)
Tax rate	**22.5%**	**22.5%**
Income tax calculated according to income tax law	-	-
Depreciation of fixed assets and amortization of the other assets	109 197	(453 030)
Provisions	1 153 540	2 446 808
Special tax pool (treasury bills)	3 169 612	2 653 346
Tax losses	(20 572 317)	-
Tax adjustment related to prior years	-	817 581
Income tax according to profit or loss statement	**(16 139 968)**	**5 464 705**
Effective tax rate	**-**	**-**

A- Unrecognized deferred tax assets

	30/06/2021 EGP	31/12/2020 EGP
Deductible temporary differences	129 736 789	129 939 965
	129 736 789	**129 939 965**

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

16. (Loss) per share

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

	30/06/2021 EGP	30/06/2020 EGP
Net (loss) for the period	(84 733 334)	(172 073 672)
Employees share of profit	-	-
Board of directors' remunerations	-	-
	(84 733 334)	**(172 073 672)**
Divided on:		
Weighted average number of shares outstanding during the period	356 197 368	356 197 368
(Loss) per share (EGP / share)	**(0.24)**	**(0.48)**

The average number of shares outstanding was calculated, taking the increase in the issued capital, amounting to EGP 28 073 984 distributed among 7 018 496 shares for the beneficiaries of the reward and incentive system for employees, managers and executive board members, which were indicated in the company's commercial register on December 23, 2020.

17. Inventory

	30/06/2021	31/12/2020
	EGP	EGP
Cost of completed units	24 646 428	27 267 108
Operating equipment (Clubs)	6 139 750	6 017 917
Communication devices	-	497 246
	30 786 178	**33 782 271**

18. Work in process

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

	30/06/2021	31/12/2020
	EGP	EGP
SODIC West project costs (18-1)	1 562 512 076	1 487 317 500
October Plaza project costs	589 308 464	636 327 117
Sodic East project costs	1 334 712 212	1 068 661 211
500 ACRE project cost (18-2)	6 569 219 299	6 097 886 321
	10 055 752 051	**9 290 192 149**

- Includes an amount of EGP 431 894 252 representing the value of capitalized interest on installments collected from customers.
- An amount of EGP 1 079 073 620 has been reclassified during the period to Investment properties under development as the Company management has decided to lease those real estate units upon completion instead of selling (Note 26).

(18-1) The balance contains on EGP 267 959 046 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 profit 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").

(18-2) The balance includes an amount of EGP 6 412 467 671 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 (32).

19. Trade and note receivable – long term

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

	30/06/2021	31/12/2020
	EGP	EGP
Notes receivable – units' installments *	435 932 407	437 217 416
Deduct: Unamortized interest-notes receivable	81 350 615	82 940 606
	354 581 792	**354 276 810**

* The balance of notes receivable - units, represents the value of notes receivables received from delivered units' customers that are due within 12 months from the date of the financial position.

Notes receivables not included in the financial statements have been disclosed in note no. (43)

The Company's exposure to credit and currency risk related to trade and notes receivable is disclosed in note (40).

20. Trade and notes receivable – short term

	30/06/2021 EGP	31/12/2020 EGP
Trade receivable	105 397 673	66 337 770
Notes receivable – units' installments *	400 276 592	420 766 577
	505 674 265	**487 104 347**
Deduct: Unamortized interest – notes receivable	15 107 800	20 376 532
	490 566 465	**466 727 815**
Expected credit losses on notes receivables	(200 000)	(200 000)
	490 366 465	**466 527 815**

* The balance of notes receivable - units, represents the value of notes receivables received from real estate delivered units customers that are due after 12 months from the date of the financial position.
Notes receivables not included in the financial statements have been disclosed in note no. (43).
The Company's exposure to credit and currency risks related to trade and notes receivable is disclosed in note no. (40).

21. Debtors and other debit balances

	30/06/2021 EGP	31/12/2020 EGP
Contractors and suppliers – advance payments	246 753 303	245 539 946
Heliopolis Housing and Development Company (*)	228 532 600	228 532 600
Restricted cash for SODIC East project	14 356 132	14 089 495
Commissions and Prepaid expenses	324 359 514	276 038 928
Deposits with others	8 424 855	7 740 939
Due from the bonus and incentives plan to employees and managers fund	7 269 695	4 235 615
Bank Current (**)	390 682 310	369 478 308
Withholding tax	21 127 991	22 721 220
Other debit balances	4 223 185	6 472 756
	1 245 729 585	**1 174 849 807**
Expected credit losses on debtors and other debit balances	(404 573)	(405 037)
	1 245 325 012	**1 174 444 770**

(*) 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 board of directors, in its Meeting held on August 11, 2020, has agreed to amend the terms and conditions of the co-development contract with Heliopolis Housing and Development Company, including the amendment of the minimum guarantee according to the co-development contract by increasing the minimum guarantee, rescheduling the annual payments taking into consideration reducing the scheduled payments required of the company during the next five years while maintaining the same present value and the overall time period of the reimbursements, the board decided to delegate the managing director to negotiate and sign on behalf of company all the documents and contracts necessary in this regard.

(**) The balance represents maintenance deposits collected from customers, which have been invested in time deposits and interest-bearing current accounts for the purpose of financing the regular maintenance expenses related to the delivered units, and the company cannot be used for any other purpose,
The Company's exposure to credit and currency risks related to debtors and other debit balances is disclosed in note no. (40).

22. Financial investments at amortized cost

	30/06/2021 EGP	31/12/2020 EGP
Treasury bills at par value	408 250 000	195 725 000
Unearned return on treasury bills	(9 434 920)	(3 504 317)
	398 815 080	**192 220 683**

The Company's exposure to market risk related to the trading investments is disclosed in note no. (40).

23. Cash and cash equivalent

	30/06/2021 EGP	31/12/2020 EGP
Bank - time deposits *	195 560 620	224 412 720
Bank - current accounts	214 191 331	318 759 271
Checks under collection	3 191 557	2 044 671
Cash on hand	2 584 039	1 962 037
	415 527 547	**547 178 699**
Expected credit losses	(81 831)	(73 079)
	415 445 716	**547 105 620**

* Deposits include an amount of EGP 1 million restricted as a guarantee for the credit facilities granted from a group of commercial banks.
Exposure to interest rate risk and currency risk for cash on hands and at banks which is disclosed in note no. (40).
For the purpose of preparing the separate statement of cash flows, cash and cash equivalents items are represented as follows:

	30/06/2021 EGP	31/12/2020 EGP
Cash and cash equivalents Before ECL	415 527 547	547 178 699
Less:		
Restricted cash	1 000 000	1 000 000
Cash and cash equivalent according to separate statement of cash flows	**414 527 547**	**546 178 699**

24- Fixed Assets

EGP	Lands	Buildings	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												
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 year	-	243 501 363	2 783 058	32 718 693	20 801 406	4 935 886	384 534	2 522 953	1 808 775	10 822 796	-	**320 279 464**
Disposals during the year	(8 495 157)	-	-	-	-	(108 551)	-	-	-	-	-	**(8 603 708)**
Cost as at December 31, 2020	**80 127 093**	**410 359 371**	**17 076 252**	**45 063 361**	**27 700 246**	**30 883 432**	**2 815 710**	**18 103 749**	**54 885 906**	**11 218 810**	**99 377 533**	**797 611 463**
Cost as at January 1, 2021	**80 127 093**	**410 359 371**	**17 076 252**	**45 063 361**	**27 700 246**	**30 883 432**	**2 815 710**	**18 103 749**	**54 885 906**	**11 218 810**	**99 377 533**	**797 611 463**
Additions during the period	-	867 182	2 720 000	218 510	4 573 935	2 253 475	22 063	259 024	-	-	-	**10 914 189**
Disposals during the period	-	-	-	-	-	(1 440)	-	-	-	-	-	**(1 440)**
Balance at June 30, 2021	**80 127 093**	**411 226 553**	**19 796 252**	**45 281 871**	**32 274 181**	**33 135 467**	**2 837 773**	**18 362 773**	**54 885 906**	**11 218 810**	**99 377 533**	**808 524 212**
Accumulated depreciation												
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 year	-	7 871 640	1 790 170	962 072	677 630	3 818 057	339 824	2 766 703	9 279 713	377 921	1 822 590	**29 706 320**
Accumulated depreciation of disposals during the year	-	-	-	-	-	(89 686)	-	-	-	-	-	**(89 686)**
Accumulated depreciation at December 31, 2020	**-**	**44 452 336**	**10 282 713**	**9 782 383**	**5 848 477**	**18 734 959**	**2 135 703**	**14 819 296**	**43 145 777**	**409 474**	**17 774 682**	**167 385 800**
Accumulated depreciation at January 1, 2020	**-**	**44 452 336**	**10 282 713**	**9 782 383**	**5 848 477**	**18 734 959**	**2 135 703**	**14 819 296**	**43 145 777**	**409 474**	**17 774 682**	**167 385 800**
Depreciation during the period	-	10 150 727	1 247 483	4 314 891	2 797 524	2 218 121	174 435	879 115	4 442 963	224 376	911 294	**27 360 929**
Accumulated depreciation of disposals during the period	-	-	-	-	-	(1 439)	-	-	-	-	-	**(1 439)**
Accumulated depreciation at June 30, 2021	**-**	**54 603 063**	**11 530 196**	**14 097 274**	**8 646 001**	**20 951 641**	**2 310 138**	**15 698 411**	**47 588 740**	**633 850**	**18 685 976**	**194 745 290**
Impairment of Golf course												
Accunuated Impaireent at January 1,2020	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**83 425 441**	**83 425 441**
Impairment reversal during the year	-	-	-	-	-	-	-	-	-	-	**(1 822 590)**	**(1 822 590)**
Accumulated impairment at December 31, 2020	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**81 602 851**	**81 602 851**
Impairment reversal during the period	-	-	-	-	-	-	-	-	-	-	**(911 294)**	**(911 294)**
Accumulated impairment at June 30, 2021	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**80 691 557**	**80 691 557**
Net book value												
At January 1, 2020	**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 December 31, 2020	**80 127 093**	**365 907 035**	**6 793 539**	**35 280 978**	**21 851 769**	**12 148 473**	**680 007**	**3 284 453**	**11 740 129**	**10 809 336**	**-**	**548 622 812**
At June 30, 2021	**80 127 093**	**356 623 490**	**8 266 056**	**31 184 597**	**23 628 180**	**12 183 826**	**527 635**	**2 664 362**	**7 297 166**	**10 584 960**	**-**	**533 087 365**

*** Property, plant, and equipment include fully depreciated assets at a cost of EGP 69 177 511 at June 30, 2021.**

25. Investment properties

The movement of investment property during the period is as follow: -

Description	**Leased out units**
Cost	**EGP**
At January 1, 2020	**18 992 619**
Additions during the year	15 147 284
At December 31, 2020	**34 139 903**
At January 1, 2021	**34 139 903**
Additions during the period	4 690 641
At June 30, 2021	**38 830 544**
Less	
Accumulated depreciation	
At January 1, 2020	**3 348 997**
Depreciation for the year	880 478
At December 31, 2020	**4 229 475**
At January 1, 2021	**4 229 475**
Depreciation for the period	785 951
At June 30, 2021	**5 015 426**
Net carrying amount as at January 1, 2020	**15 643 622**
Net carrying amount as at December 31, 2020	**29 910 428**
Net carrying amount as at June 30, 2021	**33 815 118**

- The fair value of investment properties leased out to others amounted to EGP 112 million as at 31 March 2021.

26. Investment properties under development

This item represents the value of investments property under development that have been re-presented from the accounts of work in progress, as the Company management have decided to lease those units upon completion instead of selling them as follows:

	30/06/2021	**31/12/2020**
	EGP	**EGP**
SODIC projects in **SODIC West**	860 513 885	777 103 172
SODIC projects in **October Plaza**	218 559 735	218 559 735
	1 079 073 620	**995 662 907**

27. Investment at fair value through OCI

	Legal Form	Ownership	Paid amount of Participation	Carrying amount as at 30/06/2021	Carrying amount as at 31/12/2020
		%	%	EGP	EGP
SODIC for Golf and Tourist Development Co.	S.A.E	0.0025	25	2 875	2 875
Beverly Hills for Management of Cities and Resorts Co.	S.A.E	0.06	100	26 152	26 152
				29 027	**29 027**
Impairment of available for sale investments				(2 875)	(2 875)
				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.

28. Lease Contracts Assets & Liabilities

During the year 2020, the company early adopted the Egyptian Accounting Standard No. 49 "Lease contracts", accordingly the Company recognized right of use assets and liabilities of the lease contracts.

28-1 Right of use – assets

This item represents the right of use resulting from lease contracts of sales offices, employees housing, software and photocopier as follows:

Cost	EGP
At January 1, 2021	**37 101 824**
Additions during the period	-
At June 30, 2021	**37 101 824**
Accumulated depreciation	
At January 1, 2021	**8 373 577**
Depreciation for the period	2 635 489
At June 30, 2021	**11 009 066**
Net carrying amount as at June 30, 2021	**26 092 758**

28-2 Lease contract liabilities

Present value of the total liabilities resulted from right of use are as follows:

	30/06/2021	31/12/2020
	EGP	EGP
Lease contract liabilities	37 095 782	41 516 891
Unamortized interests	(7 821 756)	(9 101 824)
Net present value of lease contract liabilities	**29 274 026**	**32 415 067**
Less		
Short-term lease liabilities	3 226 261	4 027 946
Long-term lease liabilities	**26 047 765**	**28 387 121**

29. Share capital and reserves

29.1. 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 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 board of directors have decided on the meeting dated September 7, 2020 to increase the issued capital from EGP 1 396 715 488 to become EGP 1 424 789 472 by an amount of EGP 28 073 984 divided on 7 018 496 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 fourth and fifth sections from the sections of Employees Stock Option Plan granted to the executive board members and the directors as per the option plan approved by the extra ordinary general assembly dated January 20, 2016, which have decided to apply the Employees Stock Option Plan for the executive board members and directors through assigning shares with certain conditions, and delegate the board of directors to execute the procedures of the required increase to issue new shares to be utilize in the Employees Stock Option Plan, an invitation was made to held a general assembly meeting on November 1, 2020 to consider amending article 6 and 7 of the company statutes, The necessary procedures are being taken to register this increase in the commercial register in 23 December 2020.

– The current capital structure for the holding company represented as follow:

Shareholder	**Number of shares**	**Share value**	**Ownership percentage**
		EGP	**%**
ACT Financial for Consulting SAE (and related parties)	60 476 000	241 904 000	16.98
Olayan Saudi Investment Company	48 331 696	193 326 784	13.57
RA Six Holdings Limited	31 992 544	127 970 176	8.98
Walid Suleiman Abdelmohsen Abanumay (and related parties)	30 199 017	120 796 068	8.48
Rimco EGT Investment LL	25 484 739	101 938 956	7.15
EKUITY Holding for Investments	17 615 408	70 461 632	4.95
Other shareholders	142 097 964	568 391 856	39.89
	356 197 368	**1 424 789 472**	**100**

29.2. Reserves

a. Legal Reserve

The balance as at June 30, 2021 is represented as follows: -

	EGP
Legal reserve of 5% form the Company's net profit till year 2016	33 734 213
Add:	
Increase of the legal reserve with the difference between the par value of the treasury shares and its actual cost (according to the Company's Extra-Ordinary General Assembly Meeting held on July 10, 2003).	4 627 374
Increase of the legal reserve with part of capital increase share premium with limits of half of the Company's issued share capital during 2006.	123 409 151
Increase of the legal reserve with part of capital increase share premium during 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.	9 756 581
Increase of the legal reserve with 5% of the net profit for the year 2020.	1 154 135
Deduct:	
The amount used to increase the issued share capital during 2011.	2
	224 840 771

b. Special reserve – share premium

The balance is represented in the following:

Description	**EGP**
Total value of the capital increase share premiums collected for the years 2006 and 2010	1 455 017 340
Add:	
Share premium of the employees' incentive and bonus plan issued during 2007.	90 000 000
The value of selling 712 500 share which has been sold through beneficiaries of incentive and bonus plan during 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	18 508 880
The value received from the sale of 3 566 980 shares which had been sold by beneficiaries of the Employees Stock Option Plan during year 2021 by average EGP 9.27 per share.	33 065 905
Share premium of set aside for employees' incentive and bonus plan for 3 566 980 shares during 2021	14 203 780
Deduct	
Amounts transferred to the legal reserve	167 855 516
Capital increase – related expenses	55 240 255
Amount used for share capital increase during 2008	5 000 000
Amount used for share capital increase during 2017	13 556 380
Amount used for share capital increase during 2019	27 520 816
Amount used for share capital increase during 2020	28 073 984
	1 430 122 641

30. 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, the profit from sale of treasury shares reserve becomes EGP 1 725 456.

31. Loans

	30/06/2021 EGP	31/12/2020 EGP
On April 4, 2017, Sixth of October for Development and Investment Company "SODIC" singed a medium-term syndicated loan contract with group of banks represented by Arab African International Bank "facility agent" with a total amount of EGP 1 300 Million on two tranches: – First tranche amount of EGP 243 Million to finance the total debt outstanding due to group of banks represented by Arab African International Bank. – Second tranche amount of EGP 1 057 Million to finance "SODIC West" projects located in Kilo 38 Cairo/Alex desert road -Giza- Egypt. **Guarantees:** – Unconditional and irrevocable revenue transfer by which the lender and some of its subsidiaries transfer all current and future proceeds, selling and lease contracts of the current and foreseeable project units to the interest of the "Guarantee agent". – Accounts mortgage contracts: debt interest and all amounts deposited therein are pledged for the interest of the "guarantee agent" and pledge the project's account. – Promissory note from the Company (the borrower). **Grace period:** Thirty months from the date of the signature, or 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.	1 099 021 749	1 099 021 749
On August 30, 2017, Sixth of October for Development and Investment Company "SODIC" singed a medium-term loan contract with Commercial International Bank "CIB" with a total amount of EGP 270 Million to finance the development cost of October Plaza Project which will be established on area of 31 acres in northern expansions at Sixth of October city and on 14 July 2019 the total amount of the facility has been increased up to maximum EGP 500 Million. **Guarantees:** – The Company committed to deposit all revenues from the sale of the project. – The Company shall sign a mortgage and a first-degree right of transfer on the project in favor of the bank. – The Company shall get insurance cover 110% the project's constructions in favor of the bank. **Grace period**: Three years and six months applied on the principal of the loan only from the date of first drawdown. **Repayment:** Commences on March 2021, and repayable in (13) quarterly unequal installments.	348 000 000	348 000 000
	1 447 021 749	**1 447 021 749**
Deduct: Current portion		
– Syndicated loan from Arab African International Bank	728 102 356	364 051 176
– Loan from CIB	43 500 000	69 600 000
Total current portion	**771 602 356**	**433 651 176**
Long Term Assets	**675 419 393**	**1 013 370 573**

32. New Urban Communities Authority

	30/06/2021 EGP	31/12/2020 EGP
New Urban Communities Authority "NUCA"	13 796 268 213	13 846 865 698
Unamortized interest	(7 808 452 882)	(8 234 450 700)
	5 987 815 331	**5 612 414 998**
Deduct: Current portion	229 284 641	262 491 314
Long Term portion	**5 758 530 690**	**5 349 923 684**

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.

33. Contractors, suppliers and notes payable

	30/06/2021 EGP	31/12/2020 EGP
Contractors	200 801 208	209 599 668
Suppliers	22 346 511	23 229 321
Notes payable *	822 055 621	873 275 309
	1 045 203 340	**1 106 104 298**

The Company's exposure to currency and liquidity risks related to suppliers, contractors and notes payable is disclosed in note no. (40).

* Notes payable include an amount of EGP 726 733 485 representing the value of issued checks to reconcile the subsidiaries balances.

34. Advances from customers

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

	30/06/2021 EGP	31/12/2020 EGP
Advances – **SODIC West**	896 574 439	942 992 916
Advances – **October Plaza 1**	222 386 050	280 886 235
Advances – **SODIC East (*)**	1 191 611 303	932 818 307
Advances – **Acres Sheikh Zayed 500**	904 702 716	523 319 256
Advances – **Clubs' memberships**	210 913 521	183 525 833
	3 426 188 029	**2 863 542 547**

- Includes an amount of EGP 431 894 252 representing the value of financial component on installments collected from customers.
- Uncollected notes receivables for undelivered units, that are not included in the financial statements have been disclosed in note no. (43).

(*) The balance of Advances – Projects in East Cairo includes an amount of EGP 1 603 644 474 which represents the net advances from customers of SODIC EAST project with a total contracted value of EGP. The total contracted value has been reduced by EGP 412 033 171, 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).

35. Creditors and other credit balances

	30/06/2021 EGP	31/12/2020 EGP
Accrued expenses	23 066 113	125 117 917
Amounts collected on account for management, operation and maintenance of projects	395 740 180	374 566 227
Creditors of gas and electricity installments	4 086 831	-
Insurance Deposits collected from customers – Against	2 698 563	2 045 700
Customers-credit balances of **Polygon** project (35-1)	2 400 674	2 383 158
Customers-credit balances of **Strip 1** project	537 004	537 004
Customers - cancellation	26 679 830	30 738 007
Dividends payable	424 881	240 374
Tax authority	32 910 328	37 186 802
Accrued compensated absence	10 804 846	7 284 403
Sundry creditors	983 412	1 130 147
Due to beneficiaries from incentive plan	1 077 107	1 077 107
Advances-rents	6 365 851	3 685 069
	507 775 620	**585 991 915**

(35-1) The balance represents the amount due to Polygon Co. for Real Estate Investment -a subsidiary, the value of notes receivables the Company collects it for and on behalf of SODIC polygon.

The Company's exposure to currency and liquidity risks related to creditors is disclosed in note no. (40).

36. Provisions

36-1 Provision for completion of works

	Balance as at 01/01/2021 EGP	Formed during the period EGP	Used during the period EGP	Balance as at 30/06/2021 EGP
Provision for completion of works	136 425 526	34 643 400	39 770 246	131 298 680
	136 425 526	**34 643 400**	**39 770 246**	**131 298 680**

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.

36-2 Provision for claims

	Balance as at 01/01/2021 EGP	Formed during the period EGP	Used during the period EGP	Balance as at 30/06/2021 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 the information required by the Egyptian accounting standards with those parties as the management assumes that the disclosure of such information would seriously affect the company's negotiations with those parties.

37. Investments in subsidiaries

	Legal Form	Ownership %	Paid amount of Participation %	Carrying amount as at 30/06/2021 EGP	Carrying amount as at 31/12/2020 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**

38. Fair 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.

39. 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 year divided by total equity. The Board of Directors of the Parent Company also monitors the level of dividends to ordinary shareholders.

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

40. 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
D. Currency risk
E. Interest rate risk
F. Other market price 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.

40-1 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 group extends corporate guarantees to subsidiaries, when needed, after the approval of the Extra Ordinary General Assembly Meeting (EGM).

40-2 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 year 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.

40-3 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.

40-4 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.

40-5 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.

40-6 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' 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.

40-7 Credit risk

The carrying amount of financial assets represents the maximum exposure to credit risk as at June 30, 2021 as follows.

	Note No.	30/06/2021 EGP	31/12/2020 EGP
Trade and note receivable – long term	(19)	354 581 792	354 276 810
Trade and notes receivable – short term	(20)	490 566 465	466 727 815
Debtors and other debit balances	(21)	921 370 071	898 810 879
Cash and cash equivalents	(23)	412 943 508	545 216 662
		2 179 461 836	**2 265 032 166**

40-8 Liquidity risk

The following are the contractual maturities of financial liabilities:

June 30, 2021	**Carrying amount EGP**	**Less than 1 year EGP**	**1-2 years EGP**	**2-5 years EGP**
Short - term loans	771 602 356	771 602 356	-	-
Long - term loans	675 419 393	-	466 619 393	208 800 000
New Urban Communities Authority	5 987 815 331	229 284 641	298 479 930	5 460 050 760
Contractors and suppliers	223 147 719	223 147 719	-	-
Other creditors	507 516 177	315 531 392	185 002 416	6 982 369
Notes payable –short term	822 055 621	822 055 621	-	-
	8 987 556 597	**2 361 621 729**	**950 101 739**	**5 675 833 129**

December 31, 2020	**Carrying amount EGP**	**Less than 1 year EGP**	**1-2 years EGP**	**2-5 years EGP**
Short - term loans	433 651 176	433 651 176	-	-
Long – term loans	1 013 370 573	-	650 476 769	362 893 804
New Urban Communities Authority	5 612 414 998	262 491 314	277 300 744	5 072 622 940
Contractors and suppliers	232 828 989	232 828 989	-	-
Other creditors	585 991 915	293 617 703	281 740 741	10 633 471
Notes payable – short term	873 275 309	873 275 309	-	-
	8 751 532 960	**2 095 864 491**	**1 209 518 254**	**5 446 150 215**

40-9 Currency risk

Exposure to currency risk

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

	30/06/2021 USD	**31/12/2020 USD**
Notes receivable short / long - term	596 610	596 610
Maintenance creditors	(486 000)	(486 000)
Cash at banks	12 121 771	11 362 990
Surplus of foreign currencies	**12 232 381**	**11 473 600**

The following is the average exchange rates during the period:

	Average exchange rate during the period		**Spot rate at the financial statements date**	
	30/06/2021 EGP	**31/12/2020 EGP**	**30/06/2021 EGP**	**31/12/2020 EGP**
USD	15.63	15.78	15.61	15.66

Sensitivity Analysis

A reasonably possible strengthening (weakening) of 5% other currencies exchange rate against Egyptian pound As of June 30, 2021 would have affected the measurement of financial instruments denominated in a foreign currency and affected equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases.

	Profit or Loss	
	Strengthening	**Weakening**
USD	9 547 373	9 547 373

A reasonably possible strengthening (weakening) of 5% other currencies exchange rate against Egyptian pound as of December 31, 2020 would have affected the measurement of financial instruments denominated in a foreign currency and affected equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases.

	Profit or Loss	
	Strengthening	**Weakening**
USD	8 983 829	8 983 829

40-10 Interest rate risk

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

	Carrying amount	
	30/06/2021	**31/12/2020**
Financial instruments with a fixed rate	**EGP**	**EGP**
Financial assets	844 948 257	820 804 625
Financial liabilities	(822 055 621)	(873 275 309)
	22 892 636	**(52 470 684)**
Financial instruments with a variable rate		
Financial liabilities	(1 447 021 749)	(1 447 021 749)
	(1 447 021 749)	**(1 447 021 749)**

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.

41. Related parties

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

Party	Nature of relationship	Nature of transaction	30/06/2021 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.	2 092 333
Sixth of October for Development and Real Estate Projects (SOREAL)	A subsidiary	Payments on behalf of the Company	22 062 250
		Cash payments	302 275 570
Sodic Garden City for development and investment	A subsidiary	Payments on behalf of the Company	307 814
		Cash payments	2 479 871
Edara for Services of Cities and Resorts Company	A subsidiary	Works of agriculture, maintenance and security services for SODIC West	82 878 268
Al Yosr for Projects and Real estate Development Company	A subsidiary	Payment on behalf of the company	9 419 746
		Cash payments	21 277 406
SOREAL for Real estate investment Company	A subsidiary	Payments on behalf of the Company	24 262 853
		Cash payments	85 763 038
Tabrouk Development Company	A subsidiary	Payments on behalf of the Company	3 132 434
		Cash payments	159 777 374
SODIC for Development and Real Estate Investment Company	A subsidiary	Payments on behalf of the Company	93 486
SODIC Clubs	A subsidiary	Payments on behalf of the Company	1 583 309
		Cash proceeds	45 000 000
		Cash payments	13 664 899
SODIC Syria	A subsidiary	Payments on behalf of the Company	52 210
El Diwan for Real Estate Development Company	A subsidiary	Payments on behalf of the Company	17 628
		Cash proceeds	54 462
SODIC Polygon for Real Estate Investment Co.	A subsidiary	Payments on behalf of the Company	25 084
		Cash proceeds	5 089 663
La Maison for Real Estate Investment Co.	A subsidiary	Payments on behalf of the Company	9 946 532
		Cash proceeds	70 030
Tegara for Trading Centers Co.	A subsidiary	Payments on behalf of the Company	4 727
Executive directors and board members			Refer to note no. 10

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

a) Due from related parties

	30/06/2021 EGP	31/12/2020 EGP
Green scape 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	-	4 301 358
SODIC Syria Company – a subsidiary	434 027 785	433 975 575
La Maison for Real Estate Investment Company - S.A.E	9 876 502	-
Palmyra Real Estate Development Company –a Joint project	35 191 620	35 191 620
Diwan for Real Estate Development Company – a subsidiary	2 628	39 462
Sodic Garden City for development and investment	-	1 175 656
SOREAL for Real Estate Company – a subsidiary	-	6 066 029
Edara for Services of Cities and Resorts Company – a subsidiary	2 634 480	2 214 934
SODIC for securitization – a subsidiary	214 812	-
Tegara for Trading Centers Co.	4 727	-
	508 015 350	**509 027 430**
Expected credit loss (41- 1)	(495 229 991)	(495 229 991)
	12 785 359	**13 797 439**

(41-1) 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 495 229 991 as at June 30, 2021.

b) Due to related parties

	30/06/2021 EGP	31/12/2020 EGP
Sixth of October for Development and Real Estate Projects (SOREAL) – a subsidiary.	308 206 067	27 992 747
SOREAL for Real Estate Company – a subsidiary.	55 434 156	-
SODIC Polygon for Real Estate Investment Company – a subsidiary	5 064 579	-
Al Yosr for Projects and Real estate Development Company – a subsidiary	7 556 302	-
Sodic Garden City for development and investment	996 401	-
SODIC for Hotels and Clubs	16 354 224	29 074 779
Tabrouk Development Company – a subsidiary	162 918 123	6 273 183
SODIC for Development and Real Estate Investment Company	4 493 858	4 587 344
Beverly Hills for Management of Cities and Resorts Co.	328 299	-
SODIC for Golf and Tourist Development Co	55 971	61 619
	561 407 980	**67 989 672**

42. Tax status

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

Corporate tax

- Years 1996 to 2018 have been tax inspected and tax differences have been paid and settled.
- Years 2019 to 2020 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 regulations and amendments and pays the due tax.

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 due dates in accordance with the law.

Withholding tax

- Tax inspection has been carried out from 1996 till the first quarter of the year 2017, and the Company has not received any tax claims till the date of authorizing of these financial statements for issuance.
- The Company pays the withholding tax on due dates in accordance with the law.

Stamp tax

- Tax inspection was carried out from 1996 to 2014, and tax differences have been fully paid.
- Years 2015 to 2019 under inspection and no tax claims have been received till the date of authorizing of these financial statements for issuance.
- The year 2020 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 stamp tax returns on a regular basis and pates the accrued taxes on due dates in accordance with the law.

Sales/value added tax

- Years 1996 to 2019 have been inspected and tax differences have been paid and settled.
- The year 2020 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 due dates in accordance with the law.

Real estate property tax

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

43. Post-dated checks (off balance sheet)

The company maintains post-dated checks amounted to EGP 7 661 254 744 (December 31, 2020: EGP 7 566 590 368). which represent post-dated checks of undelivered units and not included in statement of financial position. These checks represent future instalments according to payment schedule of each customer according to contracts with customers as follow.

	30/06/2021 EGP	31/12/2020 EGP
Postdated checks unit's installment	6 946 186 358	6 916 568 488
Postdated checks clubhouse installment	251 345 473	217 695 496
Postdated checks maintenance installment	463 722 913	432 326 384
	7 661 254 744	**7 566 590 368**
These checks are due		
Checks due within 12 months	1 619 139 824	1 546 562 817
Checks due after one year – long term	6 042 114 920	6 020 027 551
	7 661 254 744	**7 566 590 368**

44. Comparative figures

- The following table shows the effect of those classifications on the opening balances of the financial position:

	Before reclassification EGP	Reclassification Debit	Reclassification Credit	After reclassification EGP
Sales Revenue	248 579 421	7 530 710	76 290 984	317 339 695
Clubs Revenue	-	-	2 096 845	2 096 845
Cost of Sales	174 480 630	35 212 438	-	209 693 068
Clubs Cost	-	13 743 190	-	13 743 190
Selling and marketing expenses	71 904 251	-	443 346	71 460 905
General and administrative expenses	162 624 066	-	1 008 307	161 615 759
Other operating expenses	20 636 259	-	20 265 592	370 667
Other operating revenue	60 805 185	43 175 390	-	17 629 795
Finance cost	71 224 645	1 335 811	-	72 560 456

45. Legal status

There is a dispute between the parent Company and another party regarding the contract concluded between them on 23/2/1999 which is related to delivering this party a plot of land as a usufruct right for indefinite year of time and a return for an annual rental with a minimal amount for a total of 96 acres approximately and which has not been delivered up till this date as the management of this party did not abide by the detailed conditions of the contract. There are exchanged notifications concerning this land between the management of the parent Company and the management of this party. During 2009, this party raised a court case No. 3 of 2009 Civil 6th of October against the parent Company asking it for the delivery of the allocated land. A preliminary judgment was issued by the court in its session held on February 22, 2010, to refer this matter to experts and to delegate the Experts Office of the Ministry of Justice to embark this case and set a session to be held on April 26, 2010, for the expert to present his report. The session was postponed by the court several times, the latest on which to November 24, 2014. On that date, the 6 of October partial court decided to reverse its previous decree of proof procedures dated February 22, 2010, by refusing the case. The other party appealed the decision and a hearing was scheduled for September 4, 2021.

The Company's legal counsel is of the opinion that the expert has concluded in his report to a conclusion in favor of the Company and The Company's legal counsel is of the opinion that the Company has the right to maintain and exploit this land under the contract as the said contract has not been affected and no usufruct right has arisen to this party since its effect was based on conditions that have not been met. In addition, in case of any dispute raised by this party to possess the land, the 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.

46. Basis of measurement

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

- Financial assets and liabilities recognized at fair values through profits or losses.
- Financial assets and liabilities recognized at fair values through other comprehensive income.

47. 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.
- The board of directors have decided on the meeting dated September 7, 2020 to increase the issued capital from EGP 1 396 715 488 to become EGP 1 424 789 472 by an amount of EGP 28 073 984 divided on 7 018 496 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 fourth and fifth sections from the sections of Employees Stock Option Plan granted to the executive board members and the directors as per the option plan approved by the extra ordinary general assembly dated January 20, 2016 as mentioned in details in note (29).

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

COVID-19

During 2020 The WHO declared the emerging COVID-19 outbreak a global pandemic, as a result, across the globe, governments, businesses, and individuals took action to prevent and manage the spread of the virus, and to protect health and livelihoods of themselves and their communities.
Our first and foremost priority during this crisis was the safety and wellbeing of our staff, their families, and our residents, all while ensuring business continuity to deliver to all our stakeholders. We created a cross-functional response team that works around the clock to address these issues. The process has accelerated our plans for digitalization both internally and on client interactions as we put the safety and health of our people first, while maintaining full operations.
We continue to operate at normal levels while enforcing preventative measures and monitoring the situation very closely to proactively respond to new developments.
We believe that while the ongoing outbreak presents challenges, it also provides an opportunity to standout and distinguish ourselves. The strength and liquidity of our balance sheet strongly support us but more importantly, we believe that it is our credibility and track record of strong performance in turbulent times as well as our customer centric approach to the crisis that make us stand out in these times.
We operate in a sector with very strong local demand fundamentals that has proven its resilience in face of historical and current challenges, and we continue to believe in the long-term drivers of growth in our market. In light of our current knowledge and available information, we do not expect the emerging virus (COVID-19) to have an impact on the company's ability to continue in the foreseeable future.

Subsequent events

The Company received on July 15, 2021, a letter from the Ministry of Housing, Utilities & Urban Communities regarding the 500 acre plot in New Zayed currently being developed by the Company in partnership with the New Urban Communities Authority ("NUCA"), the letter refers to some changes to the New Zayed area plans at large including the development of new projects adjacent to the aforementioned land plot, which would affect the Company's project on the plot. Accordingly, the location of the 500-acre plot is being adjusted in a way that preserves the nature and all components of the project and maximizes the benefit from these changes. The new location will be presented to NUCA's Board of Directors. However, till the date of the issuance of the financial statements, the financial impact of these amendments could not be determined as it is still under study

49. Significant accounting policies

The Company has consistently applied the following accounting policies to all periods presented in these Separate financial statements, except if mentioned otherwise (see also Note No. 5).

49-1 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 recognized in profit or loss.
- Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that met the definition of financial instrument is classified as equity, then it is not re-measured, and settlement is accounted for within equity. Otherwise, other contingent consideration is re-measured at fair value at each reporting date and subsequent changes in the fair value of the contingent consideration are recognized in profit or loss.

49-2 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:
    - Financial assets at fair value through OCI (except impairment, in which case foreign currency differences that have been recognized in OCI are reclassified to profit or loss).
    - A financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective.
    - Qualifying cash flow hedges to the extent that the hedges are effective.

49-3 Revenue from Contracts with Customers

- The Company applied the EAS No. 48 as of January 1, 2020.Information about the Company's accounting policies relating to contracts with customers is provided in five steps as identified (in Note No.5-B):
- Revenue from contracts with customers is recognized by the company based on five step module as identified in EAS No. 48:

Step 1: Determine the contract (contracts) with customer: A contract is defined as an agreement between two or more parties that meets the rights and obligations based on specified standards which must be met for each contract.

Step 2: Determine the performance obligations in contract: Performance obligations is a consideration when the goods and services are delivered.

Step 3: Determine the transaction price: Transaction price is the compensation amount that the Company expects to recognize to receive for the transfer of goods or services to customer, except for the collected amounts on behalf of other parties.

Step 4: Allocation of the transaction price of the performance obligations in the contract: If the service concession arrangement contains more than one performance obligation, the Company will allocate the transaction price on each performance obligation by an amount that specifies an amount against the contract in which the Company expects to receive in exchange for each performance obligation satisfaction.

Step 5: Revenue recognition when the entity satisfies its performance obligations.

- The Company satisfy the performance obligation and recognize revenue over time, if one of the following criteria is met: -

a) Company performance does not arise any asset that has an alternative use of the Company and the Company has an enforceable right to pay for completed performance until that date.
b) The Company arise or improves a customer-controlled asset when the asset is arisen or improved.
c) The customer receives and consumes the benefits of Company performance at the same time as soon as the company has performed.

- For performance obligations, if one of the above conditions is met, revenue is recognized in the Period in which the Company satisfies performance obligation.

- When the Company satisfies performance obligation by providing the services promised, it creates an asset based on payment for the contract performance obtained, when the amount of the contract received from customer exceeds the amount of the revenue recognized, resulting advance payments from the customer (contractual obligation)

- Revenue is recognized to the extent that is potential for the flow of economic benefits to the Company, revenue and costs can be measured reliably, where appropriate.
- The application of Egyptian Accounting Standard No. 48 requires management to use the following judgements:

Satisfaction of performance obligation

- The Company should assess all contracts with customers to determine whether performance obligations are satisfied over a period of time or at a point in time in order to determine the appropriate method for revenue recognition. The Company estimated that, and based on the agreement with customers, the Company does not arise asset has alternative use to the Company and usually has an enforceable right to pay it for completed performance to the date.
- In these circumstances, the Company recognizes revenue over a period of time, and if that is not the case, revenue is recognized at a point in time for the sale of goods, and revenue is usually recognized at a point in time.

Determine the transaction price

The Company has to determine the price of the transaction in its agreement with customers, using this judgement, the Company estimates the impact of any variable contract price on the contract due to discount, fines, any significant financing component in the contract, or any non-cash contract.

Control transfer in contracts with customers

- If the Company determines the performance obligations satisfaction at a point of time, revenue is recognized when control of related contract' assets are transferred to the customer.
- In addition, the application of Egyptian Accounting Standard No. 48 has resulted in:

Allocation of the transaction price of performance obligation in contracts with customers

- The Company elected to apply the input method to allocate the transaction price to performance obligations accordingly that revenue is recognized over a period of time, the Company considers the use of the input method, which requires recognition of revenue based on the Company's efforts to satisfy performance obligations, provides the best reference to the realized revenue. When applying the input method, the Company estimates efforts or inputs to satisfy a performance obligation, in addition to the cost of satisfying a contractual obligation with customers, these estimates include the time spent on service contracts.

Other matters to be considered

- Variable consideration if the consideration pledged in a contract includes a variable amount, then the Company shall estimate the amount of the consideration in which it has a right in exchange for transferring the goods or services pledged to the customer, the Company estimates the transaction price on contracts with the variable consideration using the expected value or the most likely amount method. this method is applied consistently throughout the contract and for identical types of contracts.

The significant financing component

- The Company shall adjust the amount for the contract pledged for the time value of the cash if the contract has a significant financing component.

Revenue recognition

a. Real estate and land sales

- Revenue from sale of residential, admin, commercial and Land, service, and Land for which contracts were concluded is recorded upon transferring control to customers whether the said units have been completed or semi – completed (finished or semi-finished) at a value that reflects the expected value confanies in exchange for those units. To reflect those units / lands at a certain point of time.
- Revenues from sale of units/lands is recognized net of Sales Return value of sales as discounts granted to customers for early payment of future installments of the units over which control has transferred to customers.
- Revenues from sale of units/lands also includes the value of Realized interest on installments collected during the financial year / period from previous years' sales.

The significant financing component

- The company collects advance payments and installments from customers, before the transfer of control over contracted units to customers as agreed in the contract, accordingly there is a significant financing component in these contracts, taking into account the length of time between the customer's payments and the transfer of control to him, and the interest rate prevailing in the market.
- The transaction price for those contracts is discounted using the interest rate implicit in the contract, and the company uses the rate that would have been used in the event of a separate financing contract between the company and the customer at the beginning of the contract, which is usually equal to the interest rate prevailing in the state at the time of the contract.

- The company uses the exception of the practical application for short-term payments received from customers. This means the amounts collected from customers will not be modified to reflect the impact of the significant financing component if the period between the transfer of control over the units, service or payment is a year or less.

b. Services revenue

Service revenue is recognized when the service is rendered to customers. No revenue is recognized if there is uncertainty for the consideration or its associated costs.

c. Interest income

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

d. Commission revenue

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

e. Dividends

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

f. Gain on sale of investments

Gain on sale of financial investments are recognized when ownership transfers to the buyer, based on the difference between the sale price and it carrying amount at the date of the sale.
Revenue is measured at the fair value of the consideration received or receivable to the company, and revenue is realized when there is sufficient expectation that there are future economic benefits that will flow to the company, and that the value of this revenue can be measured accurately, hence no revenue is recognized in the event of uncertainty about the recovery of this revenue Or the costs associated with it.

49-4 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. The program has been suspended starting from April 1, 2020, according to the company's management decision.

49-5 <u>Finance income and finance costs</u>

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.

49-6 <u>Income Tax</u>

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 Period and prior years and that have not been paid as a liability, but if the taxes have already been paid in the current Period 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 Period 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.

49-7 Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the weighted average method. The cost also includes other expenses incurred by the company to bring the inventory to its location and its current condition.

The net realisable value is determined on the basis of the expected selling price under normal circumstances, minus the estimated costs required to complete the sale.

49-8 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, labour cost and other direct and indirect expenses). Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and selling expenses.

49-9 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.

49-10 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:

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

49-11 Projects under construction

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

49-12 Investments properties under development

Investments properties under development are recognized initially at cost. Cost includes all expenditures directly attributable to bringing the investment properties to a working condition for its intended use. Investments properties under development are transferred to Investments properties caption when they are completed and ready for their intended use.

49-13 Investment properties

This item includes properties held for rent or increase in its value or both, Investment property is initially measured at cost measure at cost after deducting.

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

Asset	**Years**
Leased units	20

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.

49-14 Financial instruments

1) Recognition and initial measurement

Trade receivables and debt securities issued are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FAIR VALUE THROUGH PROFIT OR LOSS, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

2) Classification and subsequent measurement

Financial assets- The applied policy from January 1, 2020

On initial recognition, a financial asset is classified as measured at: amortized cost; FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME – debt investment; FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME – equity investment; or FAIR VALUE THROUGH PROFIT OR LOSS.
Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FAIR VALUE THROUGH PROFIT OR LOSS:

- It is held within a business model whose objective is to hold assets to collect future cash flows.
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME if it meets both of the following conditions and is not designated as at FAIR VALUE THROUGH PROFIT OR LOSS:

- It is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets.
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortized cost or FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME as described above are measured at FAIR VALUE THROUGH PROFIT OR LOSS. This includes all derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME as at FAIR VALUE THROUGH PROFIT OR LOSS if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

The accounting policies related to the application are similar to the accounting policies applied by the Company, with the exception of the following accounting policy, which came into effect starting from January 1, 2020.

Financial assets- Business Model Assessment: Policy applied from January 1, 2020

The Company makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed, and information is provided to management. The information considered includes:

- The stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realizing cash flows through the sale of the assets;
- How the performance of the portfolio is evaluated and reported to the Company's management; and
- The risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- How managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- The frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for de-recognition are not considered sales for this purpose, consistent with the Company's continuing recognition of the assets.
Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FAIR VALUE THROUGH PROFIT OR LOSS.

Financial assets – Assessment whether contractual cash flows are solely payments of principal and interest: Policy applied from 1 January 2020

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.
In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers:

- Contingent events that would change the amount or timing of cash flows;
- Terms that may adjust the contractual coupon rate, including variable-rate features;
- Prepayment and extension features; and
- Terms that limit the Company's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a discount or premium to its contractual per amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Financial assets – Subsequent measurement and gains and losses: Policy applied from January 1, 2020

Financial assets classified at FAIR VALUE THROUGH PROFIT OR LOSS	Financial assets at FAIR VALUE THROUGH PROFIT OR LOSS are measured at fair value. Changes in the fair value, including any interest or dividend income, are recognized in profit or loss.
Financial assets at amortized cost	These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on de-recognition is recognized in profit or loss.
Equity investments at FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME	These assets are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in OCI and are never reclassified to profit or loss.
Debt investments at FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME	These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in OCI. On de-recognition, gains and losses accumulated in OCI are reclassified to profit or loss.

Financial assets – Policy applied before January 1, 2020

The Company classifies financial assets into one of the following classifications:

- Loans and debts
- Investments held to maturity
- Investments available for sale
- At fair value through profit or loss

49-15 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.

49-16 Impairment

1) Non-derivative financial assets

Policy applied from January 1, 2020

Financial instruments and contract assets

The Company recognizes loss allowances for ECLs on:

- Financial assets measured at amortized cost;
- Debt investments measured at FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME; and
- Contract assets.

The Company measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- Debt securities that are determined to have low credit risk at the reporting date; and
- Other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.
- Loss allowances for trade receivables and lease receivables are always measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Company considers a financial asset to be in default when:

- The debtor is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as releasing security (if any is held); or
- The financial asset is more than 90 days past due.

The Company considers a debt security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade'.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive).

ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the Company assesses whether financial assets carried at amortized cost and debt securities at FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME are credit impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- Significant financial difficulty of the borrower or issuer;
- A breach of contract such as a default or being more than 90 days past due;
- The restructuring of a loan or advance by the Company on terms that the Company would not consider otherwise;
- It is probable that the borrower will enter bankruptcy or other financial reorganization; or
- The disappearance of an active market for a security because of financial difficulties.

Presentation of allowance for ECL in the statement of financial position

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

For debt securities at FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME, the loss allowance is charged to profit or loss and is recognized in OCI.

Write-off

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For individual customers, the Company has a policy of writing off the gross carrying amount when the financial asset is two years past due based on historical experience of recoveries of similar assets. For corporate customers, the Company individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Company expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

49-17 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 period until finalization of all the project works.

49-18 Lease contracts

1) Determining whether the arrangement contains a lease contract or not

At inception of a contract, the Company assesses whether a contract is, or contains, a lease.

Initially or when evaluating any arrangement that contains a contract lease, the Company separates the payments and the other consideration which are required by the arrangement of the lease and those of other elements based on their relative fair values. If the Company concludes with a finance lease that it is not possible to separate the payments in a reliable manner, then the asset and the liability are recognized at an amount equal to the fair value of the underlying asset; Then the liability is reduced when the payments is fulfilled and the finance cost calculated on the obligation is recognized using the Company's additional borrowing rate.

2) Leased assets

Lease contracts for property, plant and equipment that are transferred in a large degree to the Company, all of the risks and rewards associated with the property are classified as finance leases. Leased assets are initially measured at an amount equal to the fair value of the fair value and the present value of the minimum lease payments, whichever is less. After initial recognition, the assets are accounted for according to the accounting policy applied to that asset.

Assets held under other contracts leases are classified as operating contracts leases and are not recognized in the Company's statement of financial position.

3) Lease payments

Operating leases' payments are recognized in profit or loss on a straight-line basis over the term of the lease. Received lease incentives are recognized as an integral part of the total lease expense, over the lease term.

The minimum lease payments of finance leases are divided between financing expenses and the reduction of unpaid liabilities. Finance charges are charged for each period during the lease period to reach a fixed periodic interest rate on the remaining balance of the obligation.

49-19 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.

49-20 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.

49-21 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.

49-22 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.

49-23 Cost of sold lands

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

49-24 Employees' profit sharing

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

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

49-25 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.