

**Sixth of October for Development and Investment Company “SODIC”
(An Egyptian Joint Stock Company)
Separate Interim Financial Statements
For the Financial Period Ended March 31, 2022
And Limited Review Report**

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Hazem Hassan
Public Accountants & Consultants

*Translation of review report
originally issued in Arabic*

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

Introduction

We have performed a limited review for the accompanying separate interim statement of financial position of Sixth of October for Development and Investment Company “SODIC” (S.A.E) as at March 31, 2022, and the related separate interim statements of profit or loss, comprehensive income, changes in equity, and cash flows for the three-month then ended, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and fair presentation of these separate interim financial statements in accordance with Egyptian Accounting Standards. Our responsibility is to express a conclusion on these separate interim financial statements based on our limited review.

Scope of Limited Review

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

Conclusion

Based on our limited review, nothing has come to our attention that causes us to believe that the accompanying separate interim financial statements do not present fairly, in all material respects, the separate financial position of the Company as at March 31, 2022, and of its separate interim financial performance and its separate interim cash flows for the three-month then ended in accordance with Egyptian Accounting Standards.

KPMG Hazem Hassan

Public Accountants & Consultants

Public Accountants and Consultants

Cairo April 20, 2022

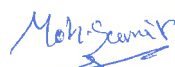
Sixth of October for Development and Investment Company "SODIC"
(An Egyptian Joint Stock Company)

Separate interim statement of financial position as at

| EGP | Note No. | 31 March 2022 | 31 December 2021 |
|--|----------|-----------------------|-----------------------|
| Non-current assets | | | |
| Property, plant, and equipment | (23) | 719 910 290 | 735 348 202 |
| Projects under construction | | 25 946 596 | 24 435 803 |
| Investment properties | (24) | 243 448 299 | 246 484 616 |
| Investment properties under development | (25) | 1 396 401 897 | 1 334 447 840 |
| Investments in subsidiaries | (36) | 1 715 332 466 | 1 715 332 466 |
| Right of use assets | (27) | 22 822 729 | 24 213 673 |
| Notes receivables | (18) | 413 530 188 | 445 331 368 |
| Deferred tax assets | (14) | 121 454 658 | 117 964 929 |
| Investments at fair value through OCI | (26) | 26 152 | 26 152 |
| Total non-current assets | | 4 658 873 275 | 4 643 585 049 |
| Current assets | | | |
| Inventory | (16) | 53 084 050 | 31 959 575 |
| Work in process | (17) | 7 899 746 838 | 7 606 497 958 |
| Trade and notes receivable | (19) | 538 332 955 | 492 022 217 |
| Due from related parties | (40) | 1 564 997 | 582 525 |
| Debtors and other debit balances | (20) | 1 460 751 226 | 1 516 404 645 |
| Financial investments at amortized cost | (21) | 276 585 942 | 144 178 909 |
| Cash and cash equivalents | (22) | 476 332 335 | 605 837 984 |
| Total current assets | | 10 706 398 343 | 10 397 483 813 |
| Total assets | | 15 365 271 618 | 15 041 068 862 |
| Equity | | | |
| Issued & paid in capital | (28) | 1 424 789 472 | 1 424 789 472 |
| Legal reserve | (28) | 224 840 771 | 224 840 771 |
| Special reserve - share premium | (28) | 1 483 154 057 | 1 483 154 057 |
| Retained earnings | | (92 536 897) | (73 495 825) |
| Profit from sale of treasury shares | (29) | 1 725 456 | 1 725 456 |
| Total equity | | 3 041 972 859 | 3 061 013 931 |
| Non-current liabilities | | | |
| Loans | (30) | 1 335 934 569 | 261 000 000 |
| New Urban Communities Authority | (31) | 4 051 151 790 | 3 971 255 748 |
| Lease contract liabilities | (27) | 22 778 166 | 22 196 732 |
| Total non-current liabilities | | 5 409 864 525 | 4 254 452 480 |
| Current liabilities | | | |
| Loans | (30) | 89 739 744 | 1 186 021 749 |
| Contractors, suppliers and notes payable | (32) | 344 161 544 | 337 046 212 |
| Due to related parties | (40) | 1 861 835 566 | 1 654 474 156 |
| Advances - from customers | (33) | 3 543 015 754 | 3 412 194 602 |
| Creditors and other credit balances | (34) | 775 074 606 | 875 664 585 |
| New Urban Communities Authority | (31) | 91 440 150 | 92 417 693 |
| Income tax liabilities | | 8 427 985 | 7 072 239 |
| Lease contract liabilities | (27) | 4 143 869 | 5 154 977 |
| Provisions | (35) | 195 595 016 | 155 556 238 |
| Total current liabilities | | 6 913 434 234 | 7 725 602 451 |
| Total liabilities | | 12 323 298 759 | 11 980 054 931 |
| Total equity and liabilities | | 15 365 271 618 | 15 041 068 862 |

* The accompanying notes from (1) to (47) form an integral part of these separate financial statements and to be read therewith.

Financial Director



Mohamed Samir

Group Financial
Controller



Ahmed Hegazi

Chief Financial
Officer



Omar Elhamawy

Managing Director



Magued Sherif

"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 ended in March 31

| EGP | Note No. | 2022 | 2021 |
|---|-------------|-----------------------------------|-----------------------------------|
| Revenue | | | |
| Sales | (5) | 321 126 083 | 255 037 491 |
| Clubs revenue | | 8 249 890 | - |
| | | <u>329 375 973</u> | <u>255 037 491</u> |
| Cost of sales | | | |
| Cost of sales | (6) | (170 038 828) | (148 912 498) |
| Clubs cost | | (14 329 219) | (13 412 899) |
| | | <u>(184 368 047)</u> | <u>(162 325 397)</u> |
| Gross profit | | 145 007 926 | 92 712 094 |
| Other operating revenues | (7) | 16 530 025 | 13 966 940 |
| Selling and marketing expenses | (8) | (46 732 451) | (42 163 606) |
| General and administrative expenses | (9) | (117 418 156) | (94 207 136) |
| Expected credit (losses) | (11) | (1 495 466) | (8 288) |
| Other operating expenses | (10) | (3 036 317) | (383 323) |
| Operating (loss) | | <u>(7 144 439)</u> | <u>(30 083 319)</u> |
| Finance income | (12) | 28 680 983 | 10 775 452 |
| Finance cost | (13) | (42 711 599) | (32 548 315) |
| Net finance cost | | <u>(14 030 616)</u> | <u>(21 772 863)</u> |
| Net (loss) before tax | | <u>(21 175 055)</u> | <u>(51 856 182)</u> |
| Income tax | (14) | 2 133 983 | 7 668 934 |
| (Loss) for the period | | <u><u>(19 041 072)</u></u> | <u><u>(44 187 248)</u></u> |
| (Loss) per share from (loss) of the period (EGP / Share) | (15) | <u><u>(0.05)</u></u> | <u><u>(0.12)</u></u> |

* The accompanying notes from (1) to (47) 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 comprehensive income
for the financial period ended in March 31

| EGP | 2022 | 2021 |
|---|----------------------------|----------------------------|
| (Loss) for the period | <u>(19 041 072)</u> | <u>(44 187 248)</u> |
| Total other comprehensive income for the period after income tax | - | - |
| Total comprehensive income for the period | <u><u>(19 041 072)</u></u> | <u><u>(44 187 248)</u></u> |

* The accompanying notes from (1) to (47) 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 in March 31, 2022

| 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, 2021 | 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 | | | | | | | |
| Gain for the period | - | - | - | (2 122 432) | - | - | (2 122 432) |
| Other comprehensive income items | - | - | - | - | - | - | - |
| Total comprehensive income | - | - | - | (2 122 432) | - | - | (2 122 432) |
| Transactions with owners of the Company | | | | | | | |
| Transferred to special reserve-share premium | - | - | 46 389 927 | - | - | - | 46 389 927 |
| Reserve for employee stock option plan | - | - | - | - | - | (9 240 652) | (9 240 652) |
| Total transactions with owners of the Company | - | - | 46 389 927 | - | - | (9 240 652) | 37 149 275 |
| Balance as at March 31, 2021 | 1 424 789 472 | 223 686 636 | 1 429 242 883 | 500 589 828 | 1 725 456 | 12 287 914 | 3 592 322 189 |
| Balance as at December 31, 2021 | 1 424 789 472 | 224 840 771 | 1 483 154 057 | (73 495 825) | 1 725 456 | - | 3 061 013 931 |
| Total comprehensive income | | | | | | | |
| (Loss) for the period | - | - | - | (19 041 072) | - | - | (19 041 072) |
| Other comprehensive income items | - | - | - | - | - | - | - |
| Total comprehensive income | - | - | - | (19 041 072) | - | - | (19 041 072) |
| Transactions with owners of the Company | | | | | | | |
| Total transactions with owners of the Company | - | - | - | - | - | - | - |
| Balance as at March 31, 2022 | 1 424 789 472 | 224 840 771 | 1 483 154 057 | (92 536 897) | 1 725 456 | - | 3 041 972 859 |

* The accompanying notes from (1) to (47) 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 in March 31

| EGP | Note No. | 2022 | 2021 |
|--|-------------|-----------------------|-----------------------|
| <u>Cash flows from operating activities</u> | | | |
| (Loss) for the period before tax | | (21 175 055) | (51 856 182) |
| <u>Adjustments for:</u> | | | |
| Depreciation of fixed assets and investment properties | (23) , (24) | 20 225 572 | 14 090 195 |
| Capital gain | | (29 021) | - |
| Depreciation of right of use assets | | 1 390 944 | 1 205 078 |
| Interest of lease contract liabilities | | 570 780 | 647 275 |
| Employee stock option plan expense | | - | 5 292 329 |
| Credit interest on the reserve for employee stock option plan | | - | 510 317 |
| (Reversal) of fixed assets impairment | | (455 647) | (455 647) |
| Return on investments at amortized cost | (12) | (6 778 732) | (6 952 253) |
| <u>Changes in:</u> | | | |
| Inventory | | (21 124 475) | 304 855 |
| Works in process | | (214 330 381) | (206 046 287) |
| Trade and notes receivables | | (14 509 558) | 23 272 309 |
| Due from related parties | | (982 472) | 11 646 997 |
| Debtors and other debit balances | | 55 653 419 | (57 685 426) |
| Provision for completion formed | (35) | 54 834 331 | 14 696 031 |
| Provision for vacations formed | | 2 713 264 | - |
| Provision for completion used | (35) | (14 795 553) | (23 187 579) |
| Provision for vacations used | | - | (100 214) |
| Advances from customers | | 130 821 152 | 339 750 124 |
| Contractors, suppliers and notes payable | | 7 115 332 | (13 880 597) |
| Due to related parties | | 207 361 410 | 168 466 959 |
| Creditors and other credit balances | | (103 303 243) | (14 186 943) |
| New Urban Communities Authority | | - | (24 725 493) |
| Net cash generated from operating activities | | 83 202 067 | 180 805 848 |
| <u>Net cash flows from investing activities</u> | | | |
| Payments for purchase of property, plant and equipment and projects under construction | (23) | (2 844 863) | (11 191 164) |
| Payments for investments property under development | | (61 954 057) | (83 410 713) |
| Payments for investments at amortized cost | | (326 700 690) | (190 238 362) |
| Proceeds from investments at amortized cost | | 201 072 389 | 139 725 000 |
| Proceeds from sale of property, plant and equipment | | 67 395 | 32 509 705 |
| Net cash (used in) from investing activities | | (190 359 826) | (112 605 534) |
| <u>Cash flows from financing activities</u> | | | |
| Proceeds from loans | | 15 700 000 | - |
| Dividends paid | | (37 047 436) | - |
| Lease contract liabilities | | (1 000 454) | (1 642 910) |
| Net cash (used in) financing activities | | (22 347 890) | (1 642 910) |
| Net (decrease) / increase in cash and cash equivalents | | (129 505 649) | 66 557 404 |
| Cash and cash equivalents at January 1 | | 604 926 547 | 546 178 699 |
| Effect of movement in expected credit loss on cash and cash equivalents | | - | 8 752 |
| Cash and cash equivalents at December 31 | (22) | 475 420 898 | 612 744 855 |

* The accompanying notes from (1) to (47) 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 ended in March 31, 2022

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. Talal Al Dhiyebi is the Chairman for the Company and Mr. Magued Sherif is the Managing Director of the Company.

*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 ended in March 31, 2022*

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 April 20, 2022.
- Details of the Company's accounting policies are included in Note (47).

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 March 31, 2022 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 period during which the change has occurred.

*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 ended in March 31, 2022*

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

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

5. Sales

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

| | For the three months ended 31/03/2022 | For the three months ended 31/03/2021 |
|--|--|--|
| | <u>EGP</u> | <u>EGP</u> |
| Revenues from the sale of units in Allegría project | 24 258 924 | - |
| Revenues from the sale of units in Forty West project | - | 18 792 231 |
| Revenues from the sale of units in Westown project | 155 206 579 | 156 223 077 |
| Revenues from the sale of units in Westown Courtyards project | - | 6 547 533 |
| Revenues from the sale of units in Polygon 9,10 | 13 212 842 | 28 546 003 |
| Revenues from the sale of units in SODIC East | 34 528 932 | - |
| Revenues from the sale of units in October Plaza project | 87 817 470 | 35 234 762 |
| | 315 024 747 | 245 343 606 |
| Realized Interest of installments during the period | 23 006 086 | 21 295 271 |
| Discount for early payment | (16 904 750) | (11 601 386) |
| | 321 126 083 | 255 037 491 |

- Revenue from Units until March 31, 2022 Includes an amount of EGP 21 948 863 representing the value of interest on the collected installments revenue from customers of delivered units.

6. Cost of sales

| | For the three months ended 31/03/2022 | For the three months ended 31/03/2021 |
|---|--|--|
| | <u>EGP</u> | <u>EGP</u> |
| Cost of sales of units in Allegría project | 17 754 809 | - |
| Cost of sales of units in Forty West project | - | 18 754 756 |
| Cost of sales of units in Westown project | 61 949 346 | 88 558 832 |
| Cost of sales of units in Westown Courtyards project | - | 3 575 343 |
| Cost of sales of units in Polygon 9,10 project | 4 468 144 | 13 122 522 |
| Cost of sales of units in SODIC East project | 31 765 884 | - |
| Cost of sales of units in October Plaza project | 54 100 645 | 24 901 045 |
| | 170 038 828 | 148 912 498 |

- Cost of Sales from Units until March 31, 2022 Includes an amount of EGP 21 948 863 representing the value of interest on the collected installments revenue from customers of delivered units
- Includes an amount of EGP 8 347 328 representing the adjustment to the cost of land for SODIC West El Sheikh Zayed plot as shown in detail in note (17-1).

*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 ended in March 31, 2022*

7. Other operating revenues

| | For the three months ended 31/03/2022 <u>EGP</u> | For the three months ended 31/03/2021 <u>EGP</u> |
|---|---|---|
| Cancellations and delay penalties | 10 308 810 | 9 407 408 |
| Buildings leased revenue | 3 330 140 | 1 120 878 |
| Capital gain | 29 021 | - |
| Reversal of impairment losses of fixed assets | 455 647 | 455 647 |
| GoSmart revenue | 2 188 929 | 2 503 160 |
| Other revenue | 217 478 | 479 847 |
| | <u>16 530 025</u> | <u>13 966 940</u> |

8. Selling and marketing expenses

| | For the three months ended 31/03/2022 <u>EGP</u> | For the three months ended 31/03/2021 <u>EGP</u> |
|---|---|---|
| Salaries and wages | 16 571 412 | 14 752 378 |
| Sales commissions | 18 520 901 | 9 130 138 |
| Advertising | 2 889 876 | 10 670 883 |
| Conferences and exhibitions | - | 2 507 843 |
| Rent | 243 682 | 227 838 |
| Travel, transportation and cars | 334 299 | 22 795 |
| Maintenance, cleaning, agriculture and security | 868 788 | 1 628 383 |
| Professional and consultants' fees | 1 676 802 | 295 814 |
| Gifts | 447 115 | - |
| Printing and photocopying | 691 563 | 17 745 |
| Fees, stamps and licenses | 1 820 589 | 1 023 662 |
| Communication and electricity | 646 903 | 406 212 |
| Depreciation – Marketing | 331 873 | 246 779 |
| Vacations | 235 240 | - |
| Right of use amortization | 1 390 944 | 1 205 078 |
| Others | 62 464 | 28 058 |
| | <u>46 732 451</u> | <u>42 163 606</u> |

*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 ended in March 31, 2022*

9. General and administrative expenses

| | For the three months ended 31/03/2022 <u>EGP</u> | For the three months ended 31/03/2021 <u>EGP</u> |
|---|---|---|
| Salaries, wages and bonuses | 38 030 303 | 26 343 027 |
| Board of Directors' remunerations and allowances | 3 260 162 | 1 804 500 |
| Employees stock option plan | - | 5 292 329 |
| Training and medical care | 8 358 522 | 4 893 649 |
| Professional and consultancy fees (*) | 15 650 579 | 4 768 075 |
| Advertising | 156 000 | - |
| Donations | 5 000 | 185 000 |
| Maintenance, cleaning, agriculture, security and guarding | 18 449 955 | 27 317 146 |
| Administrative depreciation of fixed assets | 16 857 916 | 13 460 093 |
| Subscriptions and governmental dues | 1 088 244 | 479 146 |
| Rent | 1 029 665 | 1 068 770 |
| Travel and transportation | 1 200 986 | 575 050 |
| Communication and electricity | 460 238 | 754 192 |
| Stationery and computer supplies | 3 604 335 | 2 176 031 |
| Buffet, hospitality and reception | 589 580 | 140 792 |
| Bank charges | 285 472 | 462 688 |
| Employees benefits | 2 926 593 | 2 652 540 |
| Employees vacations | 1 284 743 | - |
| Gifts | 475 296 | 691 559 |
| Conferences and exhibitions | 1 735 033 | - |
| Insurance installments | 410 693 | 496 291 |
| Comprehensive medical insurance | 994 035 | 637 594 |
| Others | 564 806 | 8 664 |
| | <u>117 418 156</u> | <u>94 207 136</u> |

(*) Professional and consultancy fees include an amount of EGP 5.44 million representing financial advisors' fees for studies on the initial offer made by Aldar Real Estate Company to acquire the Company's shares.

10. Other operating expenses

| | For the three months ended 31/03/2022 <u>EGP</u> | For the three months ended 31/03/2021 <u>EGP</u> |
|------------------------------|---|---|
| Depreciation of leased units | 3 036 317 | 383 323 |
| | <u>3 036 317</u> | <u>383 323</u> |

*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 ended in March 31, 2022*

11. Expected credit losses

| | Balance in 31/12/2021 | Movement during the period | Balance in 31/12/2022 |
|---|--------------------------|----------------------------------|--------------------------|
| | <u>EGP</u> | <u>EGP</u> | <u>EGP</u> |
| Long term notes receivable | 559 624 | - | 559 624 |
| Trade and notes receivable | 7 735 725 | - | 7 735 725 |
| Due from related parties | 495 283 203 | - | 495 283 203 |
| Expected credit losses on debtors and other debit balance | 461 968 | 1 495 466 | 1 957 434 |
| Financial investments at amortized cost | 35 269 | - | 35 269 |
| Expected credit losses on cash and cash equivalent | 88 563 | - | 88 563 |
| | <u>504 164 352</u> | <u>1 495 466</u> | <u>505 659 818</u> |

12. Finance income

| | For the three months ended 31/03/2022 | For the three months ended 31/03/2021 |
|--|---|---|
| | <u>EGP</u> | <u>EGP</u> |
| Interest income | 1 554 847 | 3 823 199 |
| Return on investment at amortized cost | 6 778 732 | 6 952 253 |
| Foreign exchange gain from balances denominated in foreign currencies (*) | 20 347 403 | - |
| | <u>28 680 983</u> | <u>10 775 452</u> |

(*) As the Company has a surplus of foreign currencies at the date of the financial position, the Company realized gain from foreign exchange from balances dominated in foreign currencies as a result of the increase in the exchange rate of the USD against the EGP during the period from EGP 15.64 /USD to EGP 18.27 /USD at the date of the financial position

13. Finance cost

| | For the three months ended 31/03/2022 | For the three months ended 31/03/2021 |
|--|---|---|
| | <u>EGP</u> | <u>EGP</u> |
| Interest expense | 42 140 819 | 31 875 256 |
| Interest of lease contract liabilities | 570 780 | 647 275 |
| Foreign exchange losses from balances denominated in foreign currencies | - | 25 784 |
| | <u>42 711 599</u> | <u>32 548 315</u> |

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14. **Income tax**

A- Items recognized in the profit or loss

| | For the three months ended 31/03/2022 <u>EGP</u> | For the three months ended 31/03/2021 <u>EGP</u> |
|-------------------------------|---|---|
| Current income tax | 1 355 746 | 1 390 451 |
| Deferred income tax expense | 6 133 995 | 2 406 349 |
| Deferred income tax (benefit) | (9 623 724) | (11 465 734) |
| | <u>(2 133 983)</u> | <u>(7 668 934)</u> |

B- Deferred tax assets and liabilities movement

| | Statement of financial position | | P&L Statement | |
|--------------------------------|--|----------------------------------|----------------------------------|----------------------------------|
| | 31/03/2022 <u>EGP</u> | 31/12/2021 <u>EGP</u> | 31/03/2022 <u>EGP</u> | 31/03/2021 <u>EGP</u> |
| Property, plant and equipment | 165 982 | (449 017) | 614 999 | 495 751 |
| Provision for completion | 41 758 878 | 32 750 153 | 9 008 725 | 1 910 598 |
| Carried forward tax losses | 85 219 305 | 91 353 300 | (6 133 995) | (11 465 734) |
| Foreign exchange translation | (5 689 507) | (5 689 507) | - | - |
| Net deferred income tax | <u>121 454 658</u> | <u>117 964 929</u> | <u>(3 489 729)</u> | <u>(9 059 385)</u> |

C- Reconciliation of effective income tax rate

| | For the three months ended 31/03/2022 <u>EGP</u> | For the three months ended 31/03/2021 <u>EGP</u> |
|---|---|---|
| Loss/ profit for the period before income taxes | (21 175 055) | (51 856 182) |
| Tax rate | <u>22.5%</u> | <u>22.5%</u> |
| Income tax calculated according to income tax law | <u>(4 764 387)</u> | <u>(11 667 641)</u> |
| Special tax pool (financial investments at amortized costs) | 135 575 | 173 806 |
| Non- deductible expenses / income | 5 815 831 | 15 104 231 |
| Current-period losses for which no deferred tax asset is recognized | 946 964 | 4 058 538 |
| Income tax according to profit or loss statement | <u>2 133 983</u> | <u>7 668 934</u> |
| Effective tax rate | <u>10.08%</u> | <u>14.79%</u> |

D- Unrecognized deferred tax assets

| | 31/03/2022 <u>EGP</u> | 31/12/2021 <u>EGP</u> |
|----------------------------------|----------------------------------|----------------------------------|
| Deductible temporary differences | 131 666 497 | 131 424 603 |
| | <u>131 666 497</u> | <u>131 424 603</u> |

The deferred tax assets related to net Impairment value on Golf Course, the decrease in the value of the due from related parties and the decrease in the value of debtors and other debit balances have not been recognized due to the lack of a appropriate degree to ensure the existence of sufficient future tax profits through which to benefit from these assets.

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15. (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:

| | For the three months ended 31/03/2022 EGP | For the three months ended 31/03/2021 EGP |
|---|--|--|
| Net (loss) for the period | (19 041 072) | (44 187 248) |
| Employees share of profit | - | - |
| | (19 041 072) | (44 187 248) |
| <u>Divided on:</u> | | |
| Weighted average number of shares outstanding during the period | 356 197 368 | 356 197 368 |
| (Loss) per share (EGP / share) | (0.05) | (0.12) |

16. Inventory

| | 31/03/2022 EGP | 31/12/2021 EGP |
|-----------------------------|---------------------------|---------------------------|
| Cost of completed units | 44 240 047 | 22 719 272 |
| Operating equipment (Clubs) | 8 306 053 | 8 306 053 |
| Communication devices | 537 950 | 934 250 |
| | 53 084 050 | 31 959 575 |

17. Work in process

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

| | 31/03/2022 EGP | 31/12/2021 EGP |
|---------------------------------|---------------------------|---------------------------|
| SODIC West project costs (17-1) | 856 996 504 | 844 218 380 |
| October Plaza project costs | 363 809 485 | 402 925 101 |
| Sodic East project costs | 1 969 616 209 | 1 742 838 293 |
| 464.81 ACRE project cost (17-2) | 4 709 324 640 | 4 616 516 184 |
| | 7 899 746 838 | 7 606 497 958 |

- Includes an amount of EGP 513 383 431 representing the value of capitalized interest on installments collected from customers.

- (17-1) The balance contains on EGP 237 959 194 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").
- (17-2) The balance includes an amount of EGP 4 569 946 696 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 11.413 billion as shown in detail in note (31).

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On July 15, 2021, a letter was received from the Ministry of Housing, Utilities & Urban Communities ("The Ministry") regarding the 500-acre plot in New Zayed currently being developed by the Company in co-development 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.

On August 26, 2021, a letter was received from the Sheikh Zayed City Development Authority stating that the subject of the aforementioned plot of land had been presented to the New Urban Communities Authority Board of Directors, including a proposal to amend the site of the Company's project land to a new site. The proposed new site is located in the New Sheikh Zayed City extension over an area of approximately 440 acres adjacent to the old plot of land and includes parts of it. In addition, it is more efficient than the original plot site.

On November 24, 2021 the Company received letter from the Sheikh Zayed City Development Authority stating that taking into account the spatial changes that occurred In the Sheikh Zayed expansion area and their Impact on the plot of land previously allocated for the project, it was presented to the Board of Directors of the New Urban Communities Authority, which decided to approve the replacement of previous plot of land allocating it to the Company in the area of Republican Decree no. (77) for the year 2017 on a plot of land with an area of 464.81 acres with the same distinction for the original plot of Land and the area, provided that "an appropriate alternative period for the implementation of the project is added the Company will benefit from the value of the previous expenses for the issuance of Ministerial Resolution No. (980) on December 12, 2019, issuing the ministerial decision for alternative land and without Paying new administrative expenses and on December 20, 2021 the new site was received and annex to contract is currently being edited that includes the obligations of each party, provided that the rest of conditions and controls remain as they are. According, the Company's management decided to prove the financial impact of these amendments according to the best possible estimate in light of the information available on the date of approval issuance of financial Statements.

18. Trade and note receivable – non current

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

| | 31/03/2022 | 31/12/2021 |
|--|---------------------------|---------------------------|
| | <u>EGP</u> | <u>EGP</u> |
| Notes receivable – units' installments * | 512 330 918 | 550 592 449 |
| Unamortized interest-notes receivable | (98 241 107) | (104 701 457) |
| Expected credit losses on trade and notes receivable | (559 624) | (559 624) |
| | <u>413 530 188</u> | <u>445 331 368</u> |

* The balance of notes receivable - units, represents the value of notes receivables received from 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. (42).

-The Company's exposure to credit and currency risk related to trade and notes receivable is disclosed in note (39).

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19. Trade and notes receivable – current

| | 31/03/2022 | 31/12/2021 |
|---|---------------------------|---------------------------|
| | <u>EGP</u> | <u>EGP</u> |
| Trade receivable | 110 691 774 | 77 366 864 |
| Notes receivable – units' installments * | 456 117 718 | 441 871 804 |
| | <u>566 809 492</u> | <u>519 238 668</u> |
| Unamortized interest – notes receivable | (20 540 812) | (19 280 726) |
| | <u>546 452 608</u> | <u>499 957 942</u> |
| Expected credit losses on notes receivables | (7 935 725) | (7 935 725) |
| | <u>538 332 995</u> | <u>492 022 217</u> |

* The balance of notes receivable - units, represents the value of notes receivables received from real estate 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. (42).

-The Company's exposure to credit and currency risks related to trade and notes receivable is disclosed in note no. (39).

20. Debtors and other debit balances

| | 31/03/2022 | 31/12/2021 |
|---|-----------------------------|-----------------------------|
| | <u>EGP</u> | <u>EGP</u> |
| Contractors and suppliers – advance payments | 289 055 651 | 321 765 799 |
| Heliopolis Housing and Development Company (*) | 228 532 600 | 228 532 600 |
| Restricted cash for SODIC East project | 37 563 166 | 27 018 818 |
| Amounts withheld for the 500-acre project | 1 353 001 | 286 414 |
| Commissions and Prepaid expenses | 298 040 869 | 291 848 818 |
| Deposits with others | 8 583 755 | 8 189 725 |
| Due from the bonus and incentives plan to employees and managers fund | 5 473 472 | 5 473 472 |
| Bank current (**) | 565 917 024 | 595 924 399 |
| Withholding tax | 16 681 296 | 26 638 802 |
| Other debit balances | 11 507 826 | 11 187 766 |
| | <u>1 462 708 660</u> | <u>1 516 866 613</u> |
| Expected credit losses on debtors and other debit balances | (1 957 434) | (461 968) |
| | <u>1 460 751 226</u> | <u>1 516 404 645</u> |

(*) This item represents the amount paid as a down payment to Heliopolis Housing and Development Company, this amount will be settled with Heliopolis Housing and Development 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

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present value and the overall time period of the reimbursements, On December 21, 2020, an appendix has been signed to amend some of the terms and conditions of the co-development contract.

- (**) 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. (39).

21. Financial investments at amortized cost

| | 31/03/2022 | 31/12/2021 |
|---|---------------------------|---------------------------|
| | <u>EGP</u> | <u>EGP</u> |
| Treasury bills at par value | 279 375 000 | 145 699 773 |
| Unearned return on treasury bills | (2 753 789) | (1 485 595) |
| Expected credit loss on loans to joint ventures | (35 269) | (35 269) |
| | <u>276 585 942</u> | <u>144 178 909</u> |

The Company's exposure to market risk related to the trading investments is disclosed in note no. (39).

22. Cash and cash equivalent

| | 31/03/2022 | 31/12/2021 |
|-------------------------|---------------------------|---------------------------|
| | <u>EGP</u> | <u>EGP</u> |
| Bank - time deposits * | 157 830 340 | 286 966 880 |
| Bank - current accounts | 310 033 471 | 307 244 544 |
| Checks under collection | 4 653 401 | 10 136 143 |
| Cash on hand | 3 903 686 | 1 578 980 |
| | <u>476 420 898</u> | <u>605 926 547</u> |
| Expected credit losses | (88 563) | (88 563) |
| | <u>476 332 335</u> | <u>605 837 984</u> |

- * 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. (39).

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

| | 31/03/2022 | 31/12/2021 |
|---|---------------------------|---------------------------|
| | <u>EGP</u> | <u>EGP</u> |
| Cash and cash equivalents Before ECL | 476 420 898 | 605 926 547 |
| Restricted cash | (1 000 000) | (1 000 000) |
| Cash and cash equivalent according to separate statement of cash flows | <u>475 420 898</u> | <u>604 926 547</u> |

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23- 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 |
|---|------------|-------------|------------|------------------------|-------------------------------------|------------------------|-----------------------|---------------------|------------------------|----------------------|--------------|---------------|
| <u>Cost</u> | | | | | | | | | | | | |
| 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 year | 923 092 | 195 035 968 | 4 834 000 | 5 063 783 | 17 168 976 | 4 106 128 | 22 063 | 1 009 554 | 20 159 916 | - | - | 248 323 480 |
| Disposals during the year | - | - | (229 250) | - | (230 091) | (4 023 669) | (55 254) | - | - | - | - | (4 538 264) |
| Cost as at December 31, 2021 | 81 050 185 | 605 395 339 | 21 681 002 | 50 127 144 | 44 639 131 | 30 965 891 | 2 782 519 | 19 113 303 | 75 045 822 | 11 218 810 | 99 377 533 | 1 041 396 679 |
| Cost as at January 1, 2022 | 81 050 185 | 605 395 339 | 21 681 002 | 50 127 144 | 44 639 131 | 30 965 891 | 2 782 519 | 19 113 303 | 75 045 822 | 11 218 810 | 99 377 533 | 1 041 396 679 |
| Additions during the period | - | - | 315 000 | 271 049 | 126 465 | 514 754 | 40 014 | 66 788 | - | - | - | 1 334 070 |
| Disposals during the period | - | - | - | - | (40 926) | (52 383) | - | - | - | - | - | (93 309) |
| Balance at March 31, 2022 | 81 050 185 | 605 395 339 | 21 996 002 | 50 398 193 | 44 724 670 | 31 428 262 | 2 822 533 | 19 180 091 | 75 045 822 | 11 218 810 | 99 377 533 | 1 042 637 440 |
| <u>Accumulated depreciation</u> | | | | | | | | | | | | |
| Accumulated depreciation at January 1, 2021 | - | 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 year | - | 25 115 020 | 2 620 571 | 9 071 512 | 6 188 088 | 4 479 778 | 320 043 | 1 717 380 | 10 880 997 | 448 753 | 1 822 590 | 62 664 732 |
| Accumulated depreciation of disposals during the year | - | - | (229 247) | - | (200 146) | (3 302 660) | (50 263) | - | - | - | - | (3 782 316) |
| Accumulated depreciation at December 31, 2021 | - | 69 567 356 | 12 674 037 | 18 853 895 | 11 836 419 | 19 912 077 | 2 405 483 | 16 536 676 | 54 026 774 | 858 227 | 19 597 272 | 226 268 216 |
| Accumulated depreciation at January 1, 2022 | - | 69 567 356 | 12 674 037 | 18 853 895 | 11 836 419 | 19 912 077 | 2 405 483 | 16 536 676 | 54 026 774 | 858 227 | 19 597 272 | 226 268 216 |
| Depreciation during the period | - | 7 476 123 | 746 892 | 2 382 623 | 2 029 088 | 1 004 752 | 48 813 | 417 379 | 2 515 750 | 112 188 | 455 647 | 17 189 255 |
| Accumulated depreciation of disposals during the period | - | - | - | - | (2 558) | (52 377) | - | - | - | - | - | (54 935) |
| Accumulated depreciation at March 31, 2022 | - | 77 043 479 | 13 420 929 | 21 236 518 | 13 862 949 | 20 864 452 | 2 454 296 | 16 954 055 | 56 542 524 | 970 415 | 20 052 919 | 243 402 536 |
| <u>Impairment of Golf course</u> | | | | | | | | | | | | |
| Accumulated Impairment at January 1, 2021 | - | - | - | - | - | - | - | - | - | - | 81 602 851 | 81 602 851 |
| Impairment reversal during the year | - | - | - | - | - | - | - | - | - | - | (1 822 590) | (1 822 590) |
| Accumulated impairment at December 31, 2021 | - | - | - | - | - | - | - | - | - | - | 79 780 261 | 79 780 261 |
| Impairment reversal during the period | - | - | - | - | - | - | - | - | - | - | (455 647) | (455 647) |
| Accumulated impairment at March 31, 2022 | - | - | - | - | - | - | - | - | - | - | 79 324 614 | 79 324 614 |
| <u>Net book value</u> | | | | | | | | | | | | |
| At January 1, 2021 | 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 December 31, 2021 | 81 050 185 | 535 827 983 | 9 006 965 | 31 273 249 | 32 802 712 | 11 053 814 | 377 036 | 2 576 627 | 21 019 048 | 10 360 583 | - | 735 348 202 |
| At March 31, 2022 | 81 050 185 | 528 351 860 | 8 575 073 | 29 161 675 | 30 861 721 | 10 563 810 | 368 237 | 2 226 036 | 18 503 298 | 10 248 395 | - | 719 910 290 |

* Property, plant, and equipment include fully depreciated assets at a cost of EGP 115 095 555 at March 31, 2022.

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24. **Investment properties**

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

| <u>Description</u> | <u>Leased out units</u> |
|--|--------------------------------|
| <u>Cost</u> | <u>EGP</u> |
| At January 1, 2021 | 34 139 903 |
| Additions during the year | 225 438 514 |
| Disposal during the year | (10 187 226) |
| At December 31, 2021 | 249 391 191 |
| At January 1, 2022 | 249 391 191 |
| Additions during the period | - |
| At March 31, 2022 | 249 391 191 |
| <u>Less</u> | |
| <u>Accumulated depreciation</u> | |
| At January 1, 2021 | 4 229 475 |
| Depreciation for the year | 1 635 652 |
| Accumulated amortization of disposals | (2 958 552) |
| At December 31, 2021 | 2 906 575 |
| At January 1, 2022 | 2 906 575 |
| Depreciation for the period | 3 036 317 |
| At March 31, 2022 | 5 942 892 |
| Net carrying amount as at January 1, 2021 | 29 910 428 |
| Net carrying amount as at December 31, 2021 | 246 484 616 |
| Net carrying amount as at March 31, 2022 | 243 448 299 |

- The fair value of investment properties leased out to others amounted to EGP 257 million as at March 31, 2022.

25. **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:

| | 31/03/2022 | 31/12/2021 |
|--|----------------------|----------------------|
| | <u>EGP</u> | <u>EGP</u> |
| SODIC projects in SODIC West | 1 141 899 030 | 1 082 572 244 |
| SODIC projects in October Plaza | 254 502 867 | 251 875 596 |
| | 1 396 401 897 | 1 334 447 840 |

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26. Investment at fair value through OCI

| | Legal Form | Ownership % | Paid amount of Participation % | Carrying amount as at 31/03/2022 EGP | Carrying amount as at 31/12/2021 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.

27. 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.

27-1 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:

| <u>Cost</u> | EGP |
|--|-------------------|
| At January 1, 2022 | 38 004 628 |
| Additions during the period | - |
| At March 31, 2022 | 38 004 628 |
| <u>Accumulated depreciation</u> | |
| At January 1, 2022 | 13 790 955 |
| Depreciation for the period | 1 390 944 |
| At March 31, 2022 | 15 181 899 |
| Net carrying amount as at March 31, 2022 | 22 822 729 |

27-2 Lease contract liabilities

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

| | 31/03/2022 EGP | 31/12/2021 EGP |
|---|-------------------|-------------------|
| Lease contract liabilities | 33 002 356 | 34 002 810 |
| Unamortized interests | (6 080 321) | (6 651 101) |
| Net present value of lease contract liabilities | 26 922 035 | 27 351 709 |
| Short-term lease liabilities | 4 143 869 | 5 154 977 |
| Long-term lease liabilities | 22 778 166 | 22 196 732 |
| | 26 922 035 | 27 351 709 |

28. Share capital and reserves

28-1 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.

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

| Shareholder | Number of shares | Share value <u>EGP</u> | Ownership percentage <u>%</u> |
|---------------------------------|---------------------|---------------------------|-------------------------------------|
| ALDAR VENTURES INTERNATIONAL | 213 240 140 | 852 960 560 | 59.87 |
| GAMMA FORGE LIMITED | 91 388 632 | 365 554 528 | 25.66 |
| EKUIITY Holding for Investments | 17 252 027 | 69 008 108 | 4.84 |
| Olayan Saudi Investment Company | 9 289 580 | 37 158 320 | 2.61 |
| Other shareholders | 25 026 989 | 100 107 956 | 7.02 |
| | 356 197 368 | 1 424 789 472 | 100 |

28-2 Reserves

a. Legal Reserve

The balance as at March 31, 2022 is represented as follows: -

| | <u>EGP</u> |
|--|--------------------|
| Legal reserve of 5% form the Company's net profit till year 2016 | 33 734 213 |
| 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 |
| The amount used to increase the issued share capital during 2011. | (2) |
| | 224 840 771 |

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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 |
| Share premium of the employees' incentive and bonus plan issued during 2007. | 90 000 000 |
| The value of selling 712 500 share which has been sold through beneficiaries of incentive and bonus plan during at 2014 EGP 30 per share (after split). | 21 375 000 |
| The value of 537 500 shares converted to treasury shares during 2015 at par value, these shares were previously set aside for the benefit of the incentive and bonus plan during the capital increase in 2008 and were converted as a result of the termination of the program. | 2 150 000 |
| The value received from the selling of offering rights for 737 500 shares during 2014, which were transferred from shares held for "incentive and bonus plan" as a result of the termination of the program. | 16 306 910 |
| The value of accrued dividends for 737 500 shares which were transferred from the shares set aside for the incentive and bonus plan during 2015 as a result of the termination of the program. | 1 180 000 |
| The value received from the sale of 3 083 938 shares which had been sold by beneficiaries of the Employees Stock Option Plan during year 2017 at an average of EGP 9.27 per share. | 28 588 105 |
| Share premium for issuing 3 083 938 shares which were transferred from the shares set aside for the Employees Stock Option Plan during 2017 as a result of execution | 16 630 524 |
| The value received from the sale of 3 273 263 shares which had been sold by beneficiaries of the Employees Stock Option Plan during year 2019 by average EGP 9.27 per share. | 30 343 148 |
| Share premium of set aside for employees' incentive and bonus plan for 3 273 263 shares during 2019 | 18 508 880 |
| The value received from the sale of 7 052 169 shares which had been sold by beneficiaries of the Employees Stock Option Plan during year 2021 by average EGP 9.27 per share. | 65 373 607 |
| Share premium of set aside for employees' incentive and bonus plan for 7 052 169 shares during 2021 | 34 927 494 |
| 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) |
| | 1 483 154 057 |

29. 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.

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30. Loans

| | 31/03/2022 | 31/12/2021 |
|--|-----------------------------|-----------------------------|
| | <u>EGP</u> | <u>EGP</u> |
| On October 13, 2021, Sixth of October for Development and Investment Company "SODIC" signed a medium-term syndicated loan contract with the Arab African International Bank "facility and guarantee agent" and Banque Misr (in its capacity as the account bank) with a total amount of EGP 1 570 million which replaces the previous syndicated loan contract on two tranches: | 1 114 721 749 | 1 099 021 749 |
| – First tranche amount to finance the total debt outstanding due to group of banks represented by Arab African International Bank. | | |
| – Second tranche to finance "SODIC West" projects located in Kilo 38 Cairo/Alex desert road -Giza- Egypt. | | |
| <u>Guarantees:</u> | | |
| – The Company pledges to deposit all proceeds from the sale of the project. | | |
| – The Company is obligated to conclude a mortgage and assignment of a right of the first degree on the account of the project in favor of the bank. | | |
| – The Company is obligated to conclude a mortgage procurement that allows to inquire about the possibility of registering the land and buildings constructed on the financed project in the name of the borrower and completing a first-class mortgage on the leased assets and buildings only. | | |
| – The Company is obligated to conclude an insurance policy on the construction work of the project in favor of the bank, with a coverage rate of 120% | | |
| On August 30, 2017, Sixth of October for Development and Investment Company "SODIC" signed a medium-term loan contract with Commercial International Bank "CIB" with a total amount of EGP 270 Million to finance the development cost of October Plaza Project which will be established on area of 31 acres in northern expansions at Sixth of October city and on 14 July 2019 the total amount of the facility has been increased up to maximum EGP 500 Million. | 326 250 000 | 348 000 000 |
| <u>Guarantees:</u> | | |
| – 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. | | |
| <u>Grace period:</u> | | |
| Three years and six months applied on the principal of the loan only from the date of first drawdown. | | |
| <u>Repayment:</u> | | |
| Commences on March 2021, and repayable in (13) quarterly unequal installments. | | |
| | <u>1 440 971 749</u> | <u>1 447 021 749</u> |
| | (15 297 436) | - |
| Unamortized loan cost | <u>1 425 674 313</u> | <u>1 447 021 749</u> |
| <u>Current portion</u> | | |
| Syndicated loan from Arab African International Bank | - | 364 051 176 |
| Loan from CIB | 91 350 000 | 69 600 000 |
| Unamortized loan cost | (1 610 256) | - |
| Total current portion | <u>89 739 744</u> | <u>433 651 176</u> |
| <u>Non-current portion</u> | | |
| Non-current portion | 1 349 621 749 | 1 013 370 573 |
| Unamortized loan cost | (13 687 180) | - |
| Total non-current portion | <u>1 335 934 569</u> | <u>1 447 021 749</u> |

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31. New Urban Communities Authority

| | 31/03/2022 | 31/12/2021 |
|--|-----------------------------|-----------------------------|
| | <u>EGP</u> | <u>EGP</u> |
| New Urban Communities Authority "NUCA" | 10 985 619 516 | 10 985 619 643 |
| Unamortized interest | (6 843 027 576) | (6 921 946 202) |
| | <u>4 142 591 940</u> | <u>4 063 673 441</u> |
| Current portion | 91 440 150 | (92 417 693) |
| Non-current portion | 4 051 151 790 | 3 971 255 748 |
| | <u>4 142 591 940</u> | <u>4 063 673 441</u> |

On March 21, 2019 a co-development agreement was signed between SODIC and the Urban Communities Authority "NUCA" to establish an integrated urban project with an area of 500 acres under deficit or increase, According to the contract, NUCA share in return of the land includes an advance payment, annual cash installments in addition to a percentage of the project expected revenues with a total minimum value of EGP 11,413 billion. The co-development contract is currently being amended the management of the Company has decided to prove the financial impact of these amendments on the date of approving the financial statements for issuance according to the best possible estimate in light of the information available as mentioned in detail in Note No. (17-2).

32. Contractors, suppliers and notes payable

| | 31/03/2022 | 31/12/2021 |
|-----------------|---------------------------|---------------------------|
| | <u>EGP</u> | <u>EGP</u> |
| Contractors | 204 516 806 | 211 768 696 |
| Suppliers | 27 048 762 | 26 332 563 |
| Notes payable * | 112 595 976 | 98 944 953 |
| | <u>344 161 544</u> | <u>337 046 212</u> |

The Company's exposure to currency and liquidity risks related to suppliers, contractors and notes payable is disclosed in note no. (39).

33. Advances from customers

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

| | 31/03/2022 | 31/12/2021 |
|--|-----------------------------|-----------------------------|
| | <u>EGP</u> | <u>EGP</u> |
| Advances – SODIC West | 789 210 821 | 803 465 104 |
| Advances – October Plaza 1 | 155 145 562 | 128 519 821 |
| Advances – SODIC East (*) | 1 627 908 697 | 1 465 100 580 |
| Advances – Acres Sheikh Zayed 500 | 745 689 252 | 788 150 539 |
| Advances – Clubs' memberships | 225 061 422 | 226 958 558 |
| | <u>3 543 015 754</u> | <u>3 412 194 602</u> |

- Includes an amount of EGP 502 083 387 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. (42).

(*) The balance of Advances – Projects in East Cairo includes an amount of EGP 2 173 418 035 which represents the net advances from customers of SODIC EAST project. The total contracted value has been reduced by EGP 545 509 338, 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 approximately).

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34. Creditors and other credit balances

| | 31/03/2022 | 31/12/2021 |
|--|--------------------|--------------------|
| | <u>EGP</u> | <u>EGP</u> |
| Accrued expenses | 50 484 116 | 215 188 165 |
| Amounts collected on account for management, operation and maintenance of projects | 633 595 663 | 595 924 399 |
| Creditors of gas and electricity installments | 9 959 782 | 7 483 037 |
| Insurance Deposits collected from customers – Against modifications | 3 527 325 | 3 672 950 |
| Customers-credit balances of Polygon project (*) | 24 916 | 28 810 |
| Customers-credit balances of Strip 1 project | 537 004 | 537 004 |
| Customers - cancellation | 13 966 637 | 18 009 425 |
| Tax authority | 46 259 910 | 23 681 399 |
| Accrued compensated absence | 3 067 771 | 354 507 |
| Sundry creditors | 3 330 673 | 1 807 935 |
| Advances-rents | 10 320 809 | 8 976 954 |
| | <u>775 074 606</u> | <u>875 664 585</u> |

- (*) 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. (39).

35. Provisions

35-1 Provision for completion of works

| | Balance as at 01/01/2022 | Formed during the period | Used during the period | Balance as at 31/03/2022 |
|-----------------------------------|-----------------------------|-----------------------------|---------------------------|-----------------------------|
| | <u>EGP</u> | <u>EGP</u> | <u>EGP</u> | <u>EGP</u> |
| Provision for completion of works | 145 556 237 | 54 834 331 | 14 795 553 | 185 595 015 |
| | <u>145 556 237</u> | <u>54 834 331</u> | <u>14 795 553</u> | <u>185 595 015</u> |

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

35-2 Provision for claims

| | Balance as at 01/01/2022 | Formed during the period | Used during the period | Balance as at 31/03/2022 |
|----------------------|-----------------------------|-----------------------------|---------------------------|-----------------------------|
| | <u>EGP</u> | <u>EGP</u> | <u>EGP</u> | <u>EGP</u> |
| Provision for claims | 10 000 001 | - | - | 10 000 001 |
| | <u>10 000 001</u> | <u>-</u> | <u>-</u> | <u>10 000 001</u> |

- 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.

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36. Investments in subsidiaries

| | Legal Form | Ownership % | Paid amount of Participation % | Carrying amount as at 31/03/2022 EGP | Carrying amount as at 31/12/2021 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 |

37. 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.

38. Capital management

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

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

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

39. 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.

39-1 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).

39-2 Liquidity risk

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

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

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

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

- A medium-term loan in the amount of EGP 1 570 million.
- A medium-term loan in the amount of EGP 500 million.

39-3 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.

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39-4 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.

39-5 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.

39-6 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.

39-7 Credit risk

The carrying amount of financial assets represents the maximum exposure to credit risk as at March 31, 2022 as follows.

| | Note | 31/03/2022 | 31/12/2021 |
|---|-------------|----------------------|----------------------|
| | No. | EGP | EGP |
| Trade and note receivable – non current | (18) | 414 089 812 | 445 890 992 |
| Trade and notes receivable – current | (19) | 546 268 680 | 499 957 942 |
| Due from related parties | (40) | 496 848 200 | 495 865 728 |
| Debtors and other debit balances | (20) | 1 164 667 791 | 1 225 017 795 |
| Financial investments at amortized cost | (21) | 276 621 211 | 114 214 178 |
| Cash and cash equivalents | (22) | 472 517 212 | 604 347 567 |
| | | 3 371 012 906 | 3 415 294 202 |

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39-8 Liquidity risk

The following are the contractual maturities of financial liabilities:

| <u>March 31, 2022</u> | Carrying amount <u>EGP</u> | Less than 1 year <u>EGP</u> | 1-2 years <u>EGP</u> | 2-5 years <u>EGP</u> |
|------------------------------------|---|--|---------------------------------|---------------------------------|
| Short - term loans | 89 739 744 | 89 739 744 | - | - |
| Long - term loans | 1 335 934 569 | - | 362 659 293 | 973 275 276 |
| New Urban Communities Authority | 4 142 591 940 | 91 440 150 | 397 280 399 | 3 653 871 391 |
| Contractors and suppliers | 231 565 568 | 231 565 568 | - | - |
| Other creditors | 775 074 606 | 542 650 014 | 223 971 452 | 8 453 140 |
| Notes payable –short term | 112 595 976 | 112 595 976 | - | - |
| | 6 687 502 403 | 1 067 991 452 | 983 911 144 | 4 635 599 807 |

| <u>December 31, 2021</u> | Carrying amount <u>EGP</u> | Less than 1 year <u>EGP</u> | 1-2 years <u>EGP</u> | 2-5 years <u>EGP</u> |
|------------------------------------|---|--|---------------------------------|---------------------------------|
| Short - term loans | 1 186 021 749 | 1 186 021 749 | - | - |
| Long – term loans | 261 000 000 | - | 104 400 000 | 156 600 000 |
| New Urban Communities Authority | 4 063 673 441 | 92 417 693 | 350 508 676 | 3 620 747 072 |
| Contractors and suppliers | 238 101 259 | 238 101 259 | - | - |
| Other creditors | 875 664 585 | 593 261 219 | 272 132 528 | 10 270 838 |
| Notes payable – short term | 98 944 953 | 98 944 953 | - | - |
| | 6 723 405 987 | 2 208 746 873 | 727 041 204 | 3 787 617 910 |

39-9 Currency risk

Exposure to currency risk

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

| | 31/03/2022 | 31/12/2021 |
|--------------------------------------|-------------------|-------------------|
| | <u>USD</u> | <u>USD</u> |
| Notes receivable short / long - term | 596 610 | 596 610 |
| Maintenance creditors | (486 000) | (486 000) |
| Cash at banks | 7 771 047 | 11 507 347 |
| Surplus of foreign currencies | 7 881 657 | 11 617 957 |

The following is the average exchange rates during the period:

| | Average exchange rate during the period | | Spot rate at the financial statements date | |
|-----|--|-------------------|---|-------------------|
| | 31/03/2022 | 31/12/2021 | 31/03/2022 | 31/12/2021 |
| | <u>EGP</u> | <u>EGP</u> | <u>EGP</u> | <u>EGP</u> |
| USD | 15.64 | 15.64 | 18.27 | 15.64 |

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Sensitivity Analysis

A reasonably possible strengthening (weakening) of 5% other currencies exchange rate against Egyptian pound As of March 31, 2022 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 | 7 199 894 | (7 199 894) |

A reasonably possible strengthening (weakening) of 5% other currencies exchange rate against Egyptian pound as of December 31, 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 | 9 085 242 | (9 085 242) |

39-10 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 | |
|--|-------------------------------|-------------------------------|
| | 31/03/2022 | 31/12/2021 |
| <u>Financial instruments with a fixed rate</u> | <u>EGP</u> | <u>EGP</u> |
| Financial assets | 952 047 071 | 937 353 585 |
| Financial liabilities | (112 595 976) | (98 944 953) |
| | <u>839 451 095</u> | <u>838 408 632</u> |
| <u>Financial instruments with a variable rate</u> | | |
| Financial liabilities | (1 425 674 313) | (1 447 021 749) |
| | <u>(1 425 674 313)</u> | <u>(1 447 021 749)</u> |

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

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40. **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, and have been approved by the Company's Ordinary General Assembly. A summary of significant transactions concluded during the period at the separate financial position date were as follows:

| Party | Nature of relationship | Nature of transaction | 31/03/2022 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 | 1 560 358 |
| Sixth of October for Development and Real Estate Projects (SOREAL) | A subsidiary | Payments on behalf of the Company | 6 462 587 |
| | | Cash payments | 89 205 351 |
| Sodic Garden City for development and investment | A subsidiary | Payments on behalf of the Company | 120 174 |
| Edara for Services of Cities and Resorts Company | A subsidiary | Works of agriculture, maintenance and security services for SODIC West | 45 825 776 |
| Al Yosr for Projects and Real estate Development Company | A subsidiary | Payment on behalf of the company | 3 774 409 |
| | | Cash payments | 28 045 127 |
| SOREAL for Real estate investment Company | A subsidiary | Payments on behalf of the Company | 9 016 594 |
| | | Cash payments | 52 488 496 |
| Tabrouk Development Company | A subsidiary | Payments on behalf of the Company | 32 871 088 |
| | | Cash payments | 87 964 983 |
| SODIC for Development and Real Estate Investment Company | A subsidiary | Payments on behalf of the Company | 12 789 |
| | | Cash payments | 2 561 295 |
| SODIC Clubs | A subsidiary | Payments on behalf of the Company | 265 582 |
| | | Cash proceeds | 18 182 392 |
| | | Cash payments | 15 909 311 |
| La Maison for Real Estate Investment Co | A subsidiary | Payments on behalf of the Company | 585 571 |
| | | Cash proceeds | 45 000 |
| Aldar for Real Estate Company – Egypt | A subsidiary | Payments on behalf of the Company | 3 015 |
| Sodic Securitizations | A subsidiary | Payments on behalf of the Company | 18 713 |
| | | Cash proceeds | 300 000 |
| Executive directors and board members | | | 8 557 663 |

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

a) Due from related parties

| | 31/03/2022 | 31/12/2021 |
|--|---------------------------|---------------------------|
| | <u>EGP</u> | <u>EGP</u> |
| 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 | - | - |
| SODIC Syria Company – a subsidiary | 434 027 785 | 434 027 785 |
| Palmyra Real Estate Development Company –a Joint project | 35 191 620 | 35 191 620 |
| SODIC for securitization – a subsidiary | 322 519 | 3 807 |
| SODIC Garden City for development and investment | 699 894 | 579 720 |
| Aldar for Real Estate Company – Egypt | 3 015 | |
| La Maison for Real Estate Investment Co. | 540 571 | - |
| | <u>496 848 200</u> | <u>495 865 728</u> |
| Expected credit losses (*) | (495 283 203) | (495 283 203) |
| | <u>1 564 997</u> | <u>582 525</u> |

(*) 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 495 283 203 as at December 31,2021.

b) Due to related parties

| | 31/03/2022 | 31/12/2021 |
|--|-----------------------------|-----------------------------|
| | <u>EGP</u> | <u>EGP</u> |
| Sixth of October for Development and Real Estate Projects (SOREAL) – a subsidiary. | 1 220 436 838 | 1 137 694 074 |
| SOREAL for Real Estate Company – a subsidiary. | 157 557 357 | 114 085 456 |
| Al Yosr for Projects and Real estate Development Company –a subsidiary | 53 012 137 | 28 741 419 |
| SODIC for Hotels and Clubs – a subsidiary | 35 414 346 | 37 945 544 |
| Tabrouk Development Company – a subsidiary | 274 858 813 | 219 764 917 |
| SODIC for Development and Real Estate Investment Company | 117 941 384 | 115 392 878 |
| Beverly Hills Company for Management of Cities and Resorts | 25 196 | - |
| ALDAR Ventures International | 2 068 101 | - |
| Edara for Services of Cities and Resorts Company – a subsidiary | 521 394 | 849 868 |
| | <u>1 861 835 566</u> | <u>1 654 474 156</u> |

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41. **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 2021 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 2019 have been inspected and tax differences have been paid and settled.
- Years 2020 to 2021 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

- The Company pays the withholding tax on due dates in accordance with the law.

Stamp tax

- Tax inspection was carried out from 1996 to 2020, and tax differences have been fully paid.
- Year 2021 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 pays 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.
- Years 2020 to 2021 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.

42. **Post-dated checks (off balance sheet)**

The company maintains post-dated checks amounted to EGP 6 737 123 108 (December 31, 2021: EGP 7 151 808 760). 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.

| | 31/03/2022 | 31/12/2021 |
|--|-----------------------------|-----------------------------|
| | <u>EGP</u> | <u>EGP</u> |
| Postdated checks unit's installment | 6 033 914 605 | 6 208 209 400 |
| Postdated checks Customers cancels | 10 305 836 | 318 939 272 |
| Postdated checks clubhouse installment | 211 283 664 | 214 484 055 |
| Postdated checks maintenance installment | 481 619 003 | 410 176 033 |
| | <u>6 737 123 108</u> | <u>7 151 808 760</u> |
| These checks are due | | |
| Checks due within 12 months | 1 598 199 095 | 1 853 949 833 |
| Checks due after one year – long term | 5 138 924 013 | 5 297 858 927 |
| | <u>6 737 123 108</u> | <u>7 151 808 760</u> |

43. Legal status

There is a dispute between the parent Company and another party regarding the contract concluded between them on February 23, 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. On November 3, 2021, the Court of Appeal again decided to refuse the appeal. Consequently, the judgment mentioned in the November 24, 2014 session in favor of the Company became final.

On January 2, 2022, the aforementioned body appealed the above-mentioned ruling and registered to No. 20964 of 91 judicial year in order to cancel the contested ruling - issued in Appeal No. 218 of 123 judicial year at the November 3, 2021 session. The Company and its legal advisor see the strength of the Company's legal position as the contract did not enter into force from the grounds that the appellant failed to implement his contractual obligations represented in not obtaining the approval of the general assembly and the competent administrative authorities in accordance with the provisions of this contract.

44. 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.

45. 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 (28).

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46. 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 stand out 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.

47. 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).

47-1 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-existing 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.

47-2 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.

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- 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.

47-3 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 Year 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.

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- 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.

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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 conpanies 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.

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47-4 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 to December 31, 2020 according to the company's management decision and continued from January 2021.

47-5 Finance income and finance costs

The Company's finance income and finance costs include:

- Interest income
- Interest expense
- The foreign currency gain or loss on financial assets and financial liabilities
- The net gain or loss on hedging instruments that are recognized in profit or loss

Interest income or expense is recognized using the effective interest method.

47-6 Income Tax

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

a) Current income tax

The recognition of the current tax for the current 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.

47-7 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.

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47-8 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.

47-9 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.

47-10 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:

| <u>Asset</u> | <u>Years</u> |
|-------------------------------------|--|
| Buildings | 5-20 |
| 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 |

47-11 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.

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47-12 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.

47-13 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.

47-14 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.

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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. |

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| | |
|--|---|
| 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

47-15 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.

47-16 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.

47-17 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.

47-18 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.

47-19 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.

47-20 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.

47-21 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.

47-22 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.

47-23 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.

47-24 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.

47-25 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.