Translation of financial statements and auditor's report originally issued in Arabic

Sixth of October for Development and Investment Company "SODIC"

(An Egyptian Joint Stock Company)

Separate Financial Statements

For the Financial Year Ended December 31, 2020

And Auditor's Report

KPMG Hazem Hassan
Public Accountants & Consultants

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KPMG
Hazem Hassan
Public Accountants & Consultants

B (105) – Avenue (2) – Smart Village
Km 28 Cairo – Alex Desert Road
Giza – Cairo – Egypt
Postal Code : 12577

Telephone : (202) 35 37 5000 – 35 37 5005
E-mail : Egypt@kpmg.com.eg
Fax : (202) 35 37 3537
P.O. Box : (5) Smart Village

Auditor's Report
To the Shareholders of Sixth of October for Development and Investment Company "SODIC"

Report on the Separate Financial Statements

We have audited the accompanying separate financial statements of Sixth of October for Development and Investment Company "SODIC" (S.A.E.), which comprise the separate statement of financial position as at December 31, 2020, and the separate statements of profit or loss, comprehensive income, changes in equity and cash flows for the financial year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Separate Financial Statements

These separate financial statements are the responsibility of Company's management. Management is responsible for the preparation and fair presentation of these separate financial statements in accordance with the Egyptian Accounting Standards and in the light of the prevailing Egyptian laws, management responsibility includes, designing, implementing and maintaining internal control relevant to the preparation and fair presentation of separate financial statements that are free from material misstatement, whether due to fraud or error; management responsibility also includes selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these separate financial statements based on our audit. We conducted our audit in accordance with the Egyptian Standards on Auditing and in the light of the prevailing Egyptian laws. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the separate financial statements.

Opinion

In our opinion, the separate financial statements referred to above present fairly, in all material respects, the separate financial position of Sixth of October for Development and Investment Company "SODIC", as at December 31, 2020, and of its separate financial performance and its separate cash flows for the year then ended in accordance with the Egyptian Accounting Standards and the Egyptian laws and regulations relating to the preparation of these financial statements.

Report on Other Legal and Regulatory Requirements

The Company maintains proper books of account, which include all that is required by law and by the statutes of the Company, the financial statements are in agreement thereto.

The financial information included in the Board of Directors' report, prepared in accordance with Law No. 159 of 1981 and its executive regulations, is in agreement with the Company's books of account, according to the limits of this information in books.

KPMG Hazem Hassan

Public Accountants & Consultants

Cairo March 28th, 2021

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

EGP	Note No.	31 December 2020	31 December 2019	31 December 2018
Non-current assets				
Property, plant, and equipment	(24)	548 622 812	264 741 100	275 226 558
Projects under construction		9 502 504	5 307 360	4 748 569
Investment properties	(25)	29 910 428	15 643 622	16 384 955
Investment properties under development	(26)	995 662 907	-	-
Investments in subsidiaries	(37)	1 715 332 466	1 715 332 466	1 715 332 466
Right of use assets	(28)	28 728 247	-	-
Notes receivables	(19)	354 276 810	272 389 460	106 929 758
Deferred tax assets	(15)	25 030 673	-	-
Investments at fair value through OCI	(27)	26 152	26 152	4 276 152
Total non-current assets		**3 707 092 999**	**2 273 440 160**	**2 122 898 458**
Current assets				
Inventory	(17)	33 782 271	5 581 427	8 717 028
Work in process	(18)	9 290 192 149	8 587 324 412	2 660 479 548
Trade and notes receivable	(20)	466 527 815	365 913 520	237 763 279
Due from related parties	(41)	13 797 439	38 928 271	85 033 659
Debtors and other debit balances	(21)	1 174 444 770	1 190 874 545	1 093 534 976
Investments in treasury bills	(22)	192 220 683	210 633 699	706 415 448
Cash and cash equivalent	(23)	547 105 620	672 633 084	454 923 481
Total current assets		**11 718 070 747**	**11 071 888 958**	**5 246 867 419**
Total assets		**15 425 163 746**	**13 345 329 118**	**7 369 765 877**
Equity				
Issued & paid in capital	(29)	1 424 789 472	1 396 715 488	1 369 194 672
Legal reserve	(29)	223 686 636	213 930 055	213 930 055
Special reserve - share premium	(29)	1 382 852 956	1 410 926 940	1 389 595 728
Retained earnings		502 712 260	683 237 171	707 790 666
Profit from sale of treasury shares	(30)	1 725 456	1 725 456	1 725 456
Reserve for employee stock option plan		21 528 566	23 772 451	21 001 101
Total equity		**3 557 295 346**	**3 730 307 561**	**3 703 237 678**
Non-current liabilities				
Loans	(31)	1 013 370 573	1 119 375 242	498 339 597
Notes payable		-	-	84 141 759
New Urban Communities Authority	(32)	5 349 923 684	4 806 340 854	-
Lease contract liabilities	(28)	28 387 121	-	-
Deferred tax liabilities	(15)	-	176 710	9 185 192
Total non-current liabilities		**6 391 681 378**	**5 925 892 806**	**591 666 548**
Current liabilities				
Loans	(31)	433 651 176	228 964 355	148 623 467
Contractors, suppliers and notes payable	(33)	1 106 104 298	359 588 978	630 744 787
Due to related parties	(41)	67 989 672	195 838 530	173 761 853
Advances - from customers	(34)	2 863 542 547	2 274 052 218	1 706 281 260
Creditors and other credit balances	(35)	585 991 915	467 885 382	336 377 121
New Urban Communities Authority	(32)	262 491 314	97 370 724	-
Income tax liabilities		5 962 627	17 109 964	-
Lease contract liabilities	(28)	4 027 946	-	-
Provisions	(36)	146 425 527	48 318 600	79 073 163
Total current liabilities		**5 476 187 022**	**3 689 128 751**	**3 074 861 651**
Total liabilities		**11 867 868 400**	**9 615 021 557**	**3 666 528 199**
Total equity and liabilities		**15 425 163 746**	**13 345 329 118**	**7 369 765 877**

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

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

"Audit report attached"

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

EGP	Note No.	2020	2019
Continuing operations			
Revenue			
Sales	(6)	1 800 208 939	1 628 040 938
Clubs revenues		2 096 844	8 393 096
		1 802 305 783	**1 636 434 034**
Cost of sales			
Cost	(7)	(1 201 662 811)	(831 283 097)
Clubs cost		(55 209 336)	(46 603 945)
		(1 256 872 147)	**(877 887 042)**
Gross profit		**545 433 636**	**758 546 992**
Other operating revenues	(8)	53 603 178	42 478 615
Selling and marketing expenses	(9)	(221 822 723)	(176 066 207)
General and administrative expenses	(10)	(402 036 345)	(382 208 590)
Expected credit losses	(12)	125 874 757	-
Other operating expenses	(11)	(882 103)	(7 656 450)
Operating profit		**100 170 400**	**235 094 360**
Finance income	(13)	47 866 059	172 544 334
Finance cost	(14)	(142 280 938)	(204 298 742)
Net finance cost		**(94 414 879)**	**(31 754 408)**
Net profit before tax		**5 755 521**	**203 339 952**
Income tax	(15)	17 327 175	(8 208 349)
Profit for the year		**23 082 696**	**195 131 603**
Earnings per share from profit of the year (EGP / Share)	(16)	**0.06**	**0.55**

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

Sixth of October for Development and Investment Company "SODIC"
(An Egyptian Joint Stock Company)
Separate statement of comprehensive income
for the financial period ended December 31,

EGP	2020	2019
Profit for the year	23 082 696	195 131 603
Total other comprehensive income after income tax	-	-
Total comprehensive income of the year	**23 082 696**	**195 131 603**

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

Sixth of October for Development and Investment Company "SODIC"
(An Egyptian Joint Stock Company)
Separate statement of changes in Equity
for the financial year ended December 31, 2020

EGP	Issued and paid in capital	Legal reserve	Special reserve- share premium	Retained earnings	Profit from selling of treasury shares	Reserve for employee stock option plan	Total
Balance as at December 31, 2018	**1 369 194 672**	**213 930 055**	**1 389 595 728**	**707 790 666**	**1 725 456**	**21 001 101**	**3 703 237 678**
Total comprehensive income							
Net profit for the year	-	-	-	195 131 603	-	-	195 131 603
Other comprehensive income items	-	-	-	-	-	-	-
Total comprehensive income	-	-	-	**195 131 603**	-	-	**195 131 603**
Increase in capital	27 520 816	-	(27 520 816)	-	-	-	-
Dividends	-	-	-	(219 685 098)	-	1 760 444	(217 924 654)
Transferred to special reserve - share premium	-	-	30 343 148	-	-	-	30 343 148
Reserve for employee stock option plan	-	-	18 508 880	-	-	(18 508 880)	-
Set aside for employee stock option plan	-	-	-	-	-	19 519 786	19 519 786
Total transactions with owners of the Company	**27 520 816**	-	**21 331 212**	**(219 685 098)**	-	**2 771 350**	**(168 061 720)**
Balance as at December 31, 2019	**1 396 715 488**	**213 930 055**	**1 410 926 940**	**683 237 171**	**1 725 456**	**23 772 451**	**3 730 307 561**
Balance as at January 01, 2020	**1 396 715 488**	**213 930 055**	**1 410 926 940**	**683 237 171**	**1 725 456**	**23 772 451**	**3 730 307 561**
New standards effect	-	-	-	(2 122 432)	-	-	(2 122 432)
Adjusted Balance as at January 01, 2020	**1 396 715 488**	**213 930 055**	**1 410 926 940**	**681 114 739**	**1 725 456**	**23 772 451**	**3 728 185 129**
Total comprehensive income for the year							
Net profit for the year	-	-	-	23 082 696	-	-	23 082 696
Other comprehensive income items	-	-	-	-	-	-	-
Total comprehensive income	-	-	-	**23 082 696**	-	-	**23 082 696**
Transactions with owners of the Company							
Increase in capital	28 073 984	-	(28 073 984)	-	-	-	-
Dividends	-	-	-	(211 248 380)	-	1 936 488	(209 311 892)
Transferred to legal reserve	-	9 756 581	-	(9 756 581)	-	-	-
Transferred to retained earnings	-	-	-	19 519 786	-	(19 519 786)	-
Reserve for employee stock option plan	-	-	-	-	-	15 339 413	15 339 413
Total transactions with owners of the Company	**28 073 984**	**9 756 581**	**(28 073 984)**	**(201 485 175)**	-	**(2 243 885)**	**(193 972 479)**
Balance as at December 31, 2020	**1 424 789 472**	**223 686 636**	**1 382 852 956**	**502 712 260**	**1 725 456**	**21 528 566**	**3 557 295 346**

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

Sixth of October for Development and Investment Company "SODIC"
(An Egyptian Joint Stock Company)
Separate statement of cash flows
for the financial year ended December 31,

EGP	Note No.	2020	2019
Cash flows from operating activities			
Net profit for the year before tax		5 755 521	203 339 952
Adjustments for:			
Depreciation of fixed assets and investment properties	(25) , (24)	30 586 798	26 909 616
Capital gain		(19 807)	(5 736)
Depreciation of Right of use assets		4 752 737	-
Intrest of Lease contract liabilities		2 613 459	-
Employee stock option plan expense		14 961 380	19 519 786
Credit interest transferred from incentive system		378 033	
Revenue from sale of available for sale investments		-	(4 410 844)
Reversal of fixed assets impairment		(1 822 590)	(1 822 590)
Return on investments in treasury bills		(29 813 131)	(85 549 820)
Impairment loss of due from related parties		(125 874 757)	6 915 117
Provision for completion	(36)	115 472 320	11 973 363
Provision for completion no longer required	(36)	-	(12 753 497)
Impairment of available for sale investments	(27)	1 625	-
Provision for vacations formed		7 349 686	3 548 515
Changes in:			
Inventory		(28 200 844)	3 135 601
Works in process		(1 304 548 669)	(1 023 133 286)
Trade and notes receivables		(182 501 645)	(293 609 943)
Due from related parties		151 005 562	39 190 271
Debtors and other debit balances		16 379 895	(97 339 569)
Provision of completion used	(36)	(17 365 393)	(29 974 429)
Provision for vacations used		(4 733 907)	(3 051 063)
Advances from customers		589 490 329	567 770 958
Notes payable - long term		-	(84 141 759)
Contractors, suppliers and notes payable		746 515 320	(271 155 809)
Due to related parties		(127 848 858)	22 076 677
Creditors and other credit balances		115 490 753	130 903 943
Income tax paid		(19 027 546)	-
Net cash (used in) from operating activities		**(41 003 729)**	**(871 664 546)**
Net cash flows from investing activities			
Payments for purchase of fixed assets, projects under construction	(24)	(16 405 290)	(14 424 791)
Lease contract liabilities		(5 678 820)	-
Payments for acquisition of investments available for sale		(1 625)	-
Proceeds from sell of investments available for sale		-	8 660 844
Payments for Investments in treasury bills		(766 589 923)	(679 389 392)
Proceeds from Investments in treasury bills		814 816 070	1 260 720 961
Proceeds from sell of employee stock option plan		-	30 343 148
Proceeds from sale of fixed assets		38 672	11 500
Net cash generated from investing activities		**26 179 084**	**605 922 270**
Cash flows from financing activities			
Proceeds from short and long term loans		98 682 152	920 000 000
Payments for short and long term loans		-	(218 623 467)
Dividends paid		(209 311 892)	(217 924 654)
Net cash (used in) / generated from financing activities		**(110 629 740)**	**483 451 879**
Net (decrease) / increase in cash and cash equivalents		**(125 454 385)**	**217 709 603**
Cash and cash equivalents at January 1		671 633 084	453 923 481
Cash and cash equivalents at December 31	(23)	**546 178 699**	**671 633 084**

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

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

1. Background and activities

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

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

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

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

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

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

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

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

- The separate financial statements have been prepared in accordance with Egyptian Accounting Standards and applicable laws and regulations.
- The separate financial statements were approved by the Board of Directors on March 28, 2021.
- Details of the Company's accounting policies are included in Note (49).
- This is the first financial statements of the Company in which Egyptian Accounting Standard No.47 "Financial instruments", Egyptian Accounting Standard No.48 "Revenue from Contracts with Customers", and Egyptian Accounting Standard No. 49 "Lease contracts" have been applied. The related changes to significant accounting policies are described in Note No. (5).

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 December 31, 2020 that might have a material adjustment to the carrying amounts of assets and liabilities in the next financial year is included in the following notes:
- Recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources.
- Measurement of ECL for cash at banks, trade and notes receivables and other financial assets.

C- Measurement of fair values

Certain number of the Company's accounting policies and disclosures require measurement of fair values, for both financial and non-financial assets and liabilities.
Measurement of the fair Value of assets and liabilities depends on mainly on available market data, and the data that is relied upon in the evaluation is classified according to the following hierarchy:

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

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

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

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

5. Changes in significant accounting policies

- The Company has chosen to use the modified retrospective approach in implementing the above-mentioned standards, hence recognizing differences resulted from the implementation of those new standards "if any" in retained earnings at January 1, 2020. Comparative information was not restated to reflect the requirements of the new standards.
- The following table presents the transitional impact Resulted from application of Egyptian Accounting Standard No. 47 "Financial instruments", Egyptian Accounting Standard No. 48 "Revenue from Contracts with Customers", and Egyptian Accounting Standard No. 49 "Lease contracts" is expected to have on the opening balances of the Company's financial position, as of January 1, 2020.

EGP	Opening balances of Financial position before reclassifications	Reclassifications	Opening balances of financial position	Impact of EAS 47 Classification and measurement	Impact of EAS 47 Impairment	Impact of EAS 48	Impact of EAS 49	Adjusted balances of financial position
Non-current assets								
Right-of-use assets	-	-	-	-	-	-	30 969 983	30 969 983
Notes receivables	4 054 954 051	(3 782 564 591)	272 389 460	-	-	-	-	272 389 460
Other non-current assets	2 273 440 160	-	2 273 440 160	-	-	-	-	2 273 440 160
Total non-current assets	**6 328 394 211**	**(3 782 564 591)**	**2 545 829 620**	-	-	-	**30 969 983**	**2 576 799 603**
Current assets								
Works in process	8 587 324 412	-	8 587 324 412	-	-	283 394 218	-	8 870 718 630
Trade and notes receivable	1 456 833 064	(1 090 919 544)	365 913 520	-	-	-	-	365 913 520
Debtors and other debit balances	945 741 958	245 132 587	1 190 874 545	-	(33 093)	-	-	1 190 841 452
Cash and cash equivalents	939 975 767	(267 342 683)	672 633 084	-	(89 893)	-	-	672 543 191
Other current assets	621 056 917	-	621 056 917	-	-	-	-	621 056 917
Total current assets	**12 550 932 118**	**(1 113 129 640)**	**11 437 802 478**	-	**(122 986)**	**283 394 218**	-	**11 721 073 710**
Total assets	**18 879 326 329**	**(4 895 694 231)**	**13 983 632 098**	-	**(122 986)**	**283 394 218**	**30 969 983**	**14 297 873 313**
Equity								
Retained earnings	683 237 171	-	683 237 171	-	(122 986)	-	(1 999 445)	681 114 740
Equity	3 047 070 390	-	3 047 070 390	-	-	-	-	3 047 070 390
Total Equity	**3 730 307 561**	-	**3 730 307 561**	-	**(122 986)**	-	**(1 999 445)**	**3 728 185 130**
Non-current liabilities								
Lease liabilities	-	-	-	-	-	-	29 939 374	29 939 374
Other non-current liabilities	5 925 892 806	-	5 925 892 806	-	-	-	-	5 925 892 806
Total non-current liabilities	**5 925 892 806**	-	**5 925 892 806**	-	-	-	**29 939 374**	**5 955 832 180**
Current liabilities								
Advances - from customers	6 908 819 877	(4 634 767 659)	2 274 052 218	-	-	283 394 218	-	2 557 446 436
Creditors and other credit balances	826 182 678	(260 926 572)	565 256 106	-	-	-	-	565 256 106
Lease liabilities	-	-	-	-	-	-	3 030 054	3 030 054
Other current liabilities	1 415 076 533	-	1 415 076 533	-	-	-	-	1 415 076 533
Total current liabilities	**9 150 079 088**	**(4 895 694 231)**	**4 254 384 857**	-	-	**283 394 218**	**3 030 054**	**4 540 809 129**
Total equity & liabilities	**18 806 279 455**	**(4 895 694 231)**	**13 910 585 224**	-	**(122 986)**	**283 394 218**	**30 969 983**	**14 224 826 439**

A- Egyptian Accounting Standard No. (47) – Financial Instruments

- Egyptian Accounting Standard No. 47 sets out requirements for recognition and measuring financial assets & liabilities, and certain contracts for buying and selling non-financial items. This standard replaces the Egyptian Accounting Standard No.25 Financial instruments: presentation and disclosure, Egyptian Accounting Standard No. 26 Financial instruments: recognition and measurement and, Egyptian Accounting Standard No. 40 Financial instruments: disclosures applied to the disclosure for year 2020.

- **Classification and measurement of financial assets and financial liabilities**
The new standard requires the Company to assess the classification of financial assets on its balance sheets in accordance with the cash flow characteristics of the financial assets and the relevant business model that the Company has for a specific class of financial assets.
Egyptian accounting standard No.47 no longer has an "Available-for-sale" classification for financial assets. The new standard has different requirements for debt or equity financial assets.

- Debt instruments should be classified and measured either at:
• Amortized cost, where the effective interest rate method will apply;
• Fair value through other comprehensive income, with subsequent recycling to the income statement upon disposal of the financial asset; or
• Fair value through profit or loss.

- Investments in equity instruments, other than those to which consolidation or equity accounting apply, should be classified and measured either at:
• Fair value through other comprehensive income, with subsequent recycling to the statement of profit or loss upon disposal of the financial asset; or
• Fair value through profit or loss.

The company will continue to initially measure financial assets at its fair value plus transaction cost upon initial recognition, except for financial assets measured at fair value through profit or loss, consistent with current practices. The majority of the financial assets classification will not be impacted by the transition Egyptian accounting standard No.47 on January 1, 2020. The reclassifications upon transition to Egyptian accounting standard No.47 are presented in the table presented earlier in this Note.

Egyptian Accounting Standard No. 47 largely retains the existing requirements in EAS No. 26 for the classifications and measurement of financial liabilities.

The adoption of Egyptian Accounting Standard No. 47 has no significant effect on the Company's accounting policies related to financial liabilities and derivative financial instruments.

- **Impairment**
Egyptian Accounting Standard No. 47 use the Expected Credit Loss model, which replaces the incurred loss model of EAS 26 whereby an allowance for doubtful debt was required only in circumstances where a loss event has occurred. By contrast, the Expected Credit Loss model requires the Company to recognize an allowance for doubtful debt on all financial assets carried at amortized cost, as well as debt instruments classified as financial assets carried at fair value through other comprehensive income, since initial recognition, irrespective whether a loss event has occurred.

As a result, the allowance for doubtful debt of the Company will increase upon implementation of EAS 47 on January 1, 2020. The expected impact of applying the Expected Credit Loss model is shown in the table presented earlier in this Note.

- **Hedge Accounting**
  Egyptian Accounting Standard No. 47, allows for more possibilities for the Company to apply hedge accounting. In addition, the requirements of the standard have been more closely aligned with the Company's risk management policies and hedge effectiveness will be measured prospectively.

- **Transition**
  The Company has adopted the standard using the modified retrospective approach for classification and measurement and impairment. This means that the cumulative impact of the adoption will be recognized in retained earnings as of January 1, 2020 and that comparatives will not be restated.

B- Egyptian Accounting Standard No. (48) – Revenue from Contracts with Customers

Egyptian Accounting Standard No. (48), establishes a comprehensive framework for determining whether, how much and when revenue is recognized, It replaced the following EASs (EAS No. (11)"Revenue" and EAS No. (8) "Construction Contracts"), Revenue is recognized when a customer obtains control of the goods or services. Also, determining the timing of control transfer of company at a point of time or over time - requires personal judgment.

- **Revenue recognition**
  Due to the nature of the Company's, as well as the Company's existing accounting policies, the impact of Egyptian Accounting Standard No. (48), on revenue recognition by the Company will be material, as shown in the table presented earlier in this Note.

- **Costs of obtaining a contract with customer**
  Under Egyptian Accounting Standard No. (48), certain incremental costs incurred in acquiring a contract with a customer ("contract costs"), which previously did not qualify for recognition as an asset under any of the other accounting standards, will be deferred in the Separated statement of financial position.
  The impact of capitalizing contract costs upon implementation of Egyptian Accounting Standard No. (48), is shown in the table presented earlier in this Note.

- **Transition**
  The Company has adopted the standard using the modified retrospective approach. This means that the cumulative impact of the adoption will be recognized in retained earnings as of January 1, 2020 and that comparatives will not be restated.
  The impact of applying Egyptian Accounting Standard No. (48), on the Group financial position opining balances as at January 1, 2020 is shown in the table presented earlier in this Note.

C- **Egyptian Accounting Standard No. (49) – Lease Contracts**

Egyptian Accounting Standard No. (49), replaces Egyptian Accounting Standard No. (20) "Accounting rules and standards related to financial lease operations". Egyptian Accounting Standard No. (49) "Lease Contracts" introduces a single accounting model for the lessor and the lessee where a lessee recognizes a right-of-use asset representing its right to use the underlying asset and a lease liability representing PV of obligation to make lease payments, taking into account that the lease contracts are not classified in respect of the lessee as operating or finance lease contracts. There are optional exemptions for short-term lease contracts and low-value lease contracts.

- As a lessor, the company shall classify each lease contract either as an operating lease or a finance lease contract.
- For finance lease contract, a lessor must recognize the assets held under a finance lease contract in the Statement of Financial Position and present them as receivable with an amount equivalent to the net investment in the lease contract.
- For operating leases contract, a lessor should recognize the lease payments of operating lease contracts as income either based on a straight-line method or based on any other regular basis.
- The impact of applying Egyptian Accounting Standard No. (49), on the Company financial position opining balances as at January 1, 2020 is shown in the table presented earlier in this Note.

- **Recognition and measurement**

  At the beginning of the contract, the Company assesses whether the contract includes lease arrangements, and in relation to such arrangements, the Company recognizes the right of use assets and lease contracts liabilities except for short-term lease contracts and low-value asset contracts as follows:

- Upon initial recognition the right of use asset is measured as the amount equal to initially measure lease liability adjusted for lease prepayments, initial direct cost, lease incentives and the discounted estimated asset retirement obligation. Subsequently the right of use assets will be measured at cost net of any accumulated depreciation and accumulated impairment losses. Depreciation is calculated on a straight-line basis over the shorter estimated useful lives of the right-of-use assets or the lease term.

- The lease liability is measured upon initial recognition at the present value of the future lease payments over the lease term, discounted with the prevailing incremental borrowing rate. Generally, the Company uses the incremental borrowing rate as the discount rate. Subsequently lease liabilities are measured at amortized cost using the effective interest rate method.

- Right-of-use assets and lease liabilities will be re-measured subsequently if one of the following events occurs:
  - Change in lease price due to indexation or rate which has become effective in reporting period
  - Modifications to the lease contract
  - Reassessment of the lease term
- Leases which are short term in nature (less than 12 months including extension options) and leases of low value items will continue to be expensed in the statement of profit or loss as incurred.

- **Transition**

  The Company early adopted Egyptian Accounting Standard No. (49), using the modified retrospective approach. This means that the cumulative impact of the adoption will be recognized in retained earnings as of January 1, 2020 and that comparatives will not be restated

  On transition to Egyptian Accounting Standard No. (49), the Company elected to apply the practical method to exclude the evaluation according to which the transactions represent lease contracts. The Company applied Egyptian Accounting Standard No. (49), only to contracts that were previously identified as lease contracts. Contracts that were not identified as lease contracts under Egyptian Accounting Standard No. (20), were not reassessed. Therefore, the definition of a lease contract under Egyptian Accounting Standard No. (49), was applied only to contracts entered into or changed on January 1, 2020 or after that date. The Company used a number of the following practical incentives when applying Egyptian Accounting Standard No. (49), to lease contracts previously classified as operating lease contracts under Egyptian Accounting Standard No. (20):

- Apply a single discount rate to a Group of lease contracts with identical characteristics to a reasonable extent. The weighted-average incremental rate applied to lease liabilities expected to be recognized on January 1, 2020 is 8.75%
- Apply the exemption by not recognizing the assets and liabilities of the right of use asset which expire during year 2020.
- Excluded the initial direct cost from the measurement of the right of use asset on the initial application date.

The Company also elected to use recognition' exemptions for lease contracts that do not exceed lease terms 12 months or less from the first application date and do not include the option to purchase "short-term lease contracts" as well as low-value lease contracts "low-value assets".

The significant judgments in determining the term of the lease for contracts that includes renewal options

The Company defines the term of the lease contract as the irrevocable period of the lease contract. In addition to any periods covered by the option to extend the lease contract if this right can be exercised in a reasonable degree, or any periods covered by the option to terminate the lease contract, if it is certain to exercise this right.

The Company has the option for certain lease contacts to lease assets for additional periods, the Company applies judgment in assessing whether it is certain and reasonable to exercise the option of renewal, this means that all relevant factors that create an economic incentive to practice renewal are taken into consideration, after the start date, the Company edits the lease term if there is a major event or change in conditions under its control and affects its ability to exercise (or not exercise) the renewal option (for example) a change in business strategy.

6. Revenues

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

	2020 EGP	2019 EGP
Revenues from the sale of units in **Allegria** project	98 089 881	82 101 204
Revenues from the sale of units in **Forty West** project	121 775 746	652 292 393
Revenues from the sale of units in **Westown** project	887 557 134	51 583 272
Revenues from the sale of units in **Westown Courtyards** project	157 053 860	576 394 734
Revenues from the sale of units in **Polygon 9,10**	66 381 276	235 526 214
Revenues from the sale of units in **October Plaza** project	467 348 052	-
	1 798 205 949	**1 597 897 817**
Sales returns	(18 004 110)	-
	1 780 201 839	**1 597 897 817**
Realized Interest of Installments during the year	69 603 538	71 001 286
Discount for early payment	(49 596 438)	(40 858 165)
	1 800 208 939	**1 628 040 938**

- Includes an amount of EGP 181 671 766 representing the value of interest on the collected installments Revenue from customers of delivered units.

7. Cost of sales

	2020 EGP	2019 EGP
Cost of sales of units in **Allegria** project	85 506 445	56 505 557
Cost of sales of units in **Forty West** project	119 903 408	344 399 734
Cost of sales of units in **Westown** project	515 220 769	16 648 123
Cost of sales of units in **Westown Courtyards** project	91 844 273	316 244 954
Cost of sales of units in **Polygon 9,10** project	34 728 404	108 644 172
Cost of sales of units in **October Plaza** project	361 807 128	-
Cost of sales of units in **Beverly Hills** project	-	1 594 054
Provision for completion no longer required	-	(12 753 497)
	1 209 010 427	**831 283 097**
Cost of sales returns	(7 347 616)	-
	1 201 662 811	**831 283 097**

- Includes an amount of EGP 181 671 766 representing the capitalized interest on installments collected from customers of delivered unites
- Includes an amount of EGP 52 340 942 representing the adjustment to the cost of land for SODIC West El Sheikh Zayed plot as shown in detail in note (18-1).

8. Other operating revenues

	2020 EGP	2019 EGP
Assignment, cancellation dues and delay penalties	44 528 638	28 122 752
Other revenue	4 537 200	7 018 593
Gain on sale of available for sale investments	-	4 410 844
Buildings leased revenue	2 694 943	1 098 100
Capital gain	19 807	5 736
Reversal of impairment losses of fixed assets	1 822 590	1 822 590
	53 603 178	**42 478 615**

9. Selling and marketing expenses

	2020 EGP	2019 EGP
Salaries and wages	52 662 934	44 386 281
Sales commissions	52 758 420	40 895 594
Advertising expenses	69 136 109	54 984 952
Conferences and exhibitions	13 908 668	19 159 066
Rent	877 157	3 965 629
Travel, transportation and cars	593 328	728 303
Maintenance, cleaning, agriculture and security	2 226 758	2 814 739
Professional and consultants' fees	9 566 338	3 184 683
Gifts	5 467 052	386 311
Printing and photocopying	1 854 167	1 053 025
Fees, stamps and licenses	2 747 058	1 213 080
Communication and electricity	2 788 443	1 121 121
Depreciation – Marketing	844 014	733 497
Employees training	27 372	471 028
Vacations	822 140	13 899
Right of Use Amortization	4 752 737	-
Others	790 028	954 999
	221 822 723	**176 066 207**

10. General and administrative expenses

	2020 EGP	2019 EGP
Salaries, wages and bonuses*	182 263 358	147 826 769
Board of Directors' remunerations and allowances	8 410 864	12 298 421
Employees Stock Option Plan	14 961 380	19 519 786
Training and medical care	19 361 726	20 716 486
Professional and consultancy fees	21 135 570	47 269 646
Advertising	708 856	981 600
Donations	5 253 170	5 020 566
Maintenance, cleaning, agriculture, security and guarding	62 598 807	45 490 922
Administrative depreciation of fixed assets	28 862 305	25 434 786
Subscriptions and governmental dues	3 351 111	2 505 786
Rent	4 765 234	3 562 874
Travel and transportation	2 606 339	4 784 977
Communication and electricity	11 587 331	12 534 251
Stationary and computer supplies	10 160 721	9 465 351
Buffet, hospitality and reception	1 317 235	1 155 377
Bank charges	8 192 095	7 545 303
Employees benefits	2 278 830	4 764 068
Employees vacations	3 118 469	3 357 967
Gifts	4 792 994	2 364 418
Conferences and exhibitions	8 648	354 596
Insurance installments	1 210 052	1 049 847
Comprehensive medical insurance	4 505 359	4 039 127
Others	585 891	165 666
	402 036 345	**382 208 590**

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

	2020 EGP	2019 EGP
Salaries	11 191 040	11 266 064
	11 191 040	**11 266 064**

11. Other operating expenses

	2020 EGP	2019 EGP
Depreciation of leased unites	880 478	741 333
Impairment losses of related parties	-	6 915 117
Impairment of Investment	1 625	-
	880 103	**7 656 450**

12. Expected credit losses

	Balance at 31/12/2019	Accumulated effect average at 01/01/2020	Movement during the year	Balance as at 31/12/2020
	EGP	EGP	EGP	EGP
Expected credit losses on cash and cash equivalent	-	89 893	(16 814)	73 079
Expected credit losses on debtors and other debit balance	-	33 093	16 787	49 880
Reversal of Impairment on due from related parties	621 104 721	-	(125 874 730)	495 229 991
Net deferred income tax	**621 104 721**	**122 986**	**(125 874 757)**	**495 352 950**

13. Finance income

	2020	2019
	EGP	EGP
Interest income	18 052 928	86 994 514
Return on investment in treasury bills	29 813 131	85 549 820
	47 866 059	**172 544 334**

14. Finance cost

	2020	2019
	EGP	EGP
Interest expense	136 186 063	185 378 900
Interest of Lease Contract Liabilities	2 613 459	-
Foreign exchange translation	3 481 416	18 919 842
	142 280 938	**204 298 742**

15. Income tax

A- Items recognized in the profit or loss

	2020	2019
	EGP	EGP
Current income tax	7 880 208	17 216 831
Deferred income tax (benefit)	(25 207 383)	(9 008 482)
	(17 327 175)	**8 208 349**

B- Deferred tax assets and liabilities movement

	Statement of financial position		P&L Statement	
	31/12/2020	31/12/2019	31/12/2020	31/12/2019
	EGP	EGP	EGP	EGP
Property, plant and equipment	(3 852 211)	(1 278 388)	(2 573 823)	(332 514)
Provision for completion	30 695 743	8 621 684	22 074 059	8 621 684
Carried forward tax losses	4 412 598	-	4 412 598	-
Foreign exchange translation	(6 225 457)	(7 520 006)	1 294 549	719 312
Net deferred income tax	**25 030 673**	**(176 710)**	**25 207 383**	**9 008 482**

C- Effective tax rate

	2020 EGP	2019 EGP
Profit for the year before income taxes	5 755 521	203 339 952
Tax rate	**22.5%**	**22.5%**
Income tax calculated according to income tax law	**1 294 992**	**45 751 489**
Depreciation of fixed assets and amortization of the other assets	362 251	514 762
Provisions	(28 142 981)	(14 283 715)
Deductible expenses / revenues	8 497 540	4 749 807
Exchange rate	(511 231)	2 685 696
Special tax pool (treasury bills)	(745 328)	(507 895)
Tax losses	-	(30 701 795)
Tax adjustment related to prior years	1 917 582	-
Income tax according to profit or loss statement	**(17 327 175)**	**8 208 349**
Effective tax rate	-	**4.04%**

D- Unrecognized deferred tax assets

	31/12/2020 EGP	31/12/2019 EGP
Deductible temporary differences	129 939 965	158 599 197
	129 939 965	**158 599 197**

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

16. Earnings per share

Earnings per share is calculated based on the net profit of the year using the weighted average number of outstanding shares during the year as follows:

	2020 EGP	2019 EGP
Net profit for the year	23 082 696	195 131 603
Employees share of profit	-	-
Board of directors' remunerations	-	-
	23 082 696	**195 131 603**
Divided on:		
Weighted average number of shares outstanding during the year	356 197 368	356 197 368
Earnings per share (EGP / share)	**0.06**	**0.55**

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

17. Inventory

	31/12/2020 EGP	31/12/2019 EGP
Cost of completed units	27 267 108	5 530 728
Operating equipment (Club)	6 017 917	-
Communication devices	497 246	50 699
	33 782 271	**5 581 427**

18. Work in process

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

	31/12/2020 EGP	31/12/2019 EGP
SODIC West project costs (18-1)	1 487 316 500	2 275 765 892
October Plaza project costs	636 327 117	816 693 549
Sodic East project costs	1 068 661 211	229 063 084
500 ACRE project cost (18-2)	6 097 886 321	5 265 801 887
	9 290 192 149	**8 587 324 412**

- Includes an amount of EGP 336 450 147 representing the value of capitalized interest on installments collected from customers.
- An amount of EGP 995 662 907 has been reclassified during the year to Investment properties under development as the Company management has decided to lease those real estate units upon completion instead of selling (Note 26).

(18-1) The balance contains on 285 982 004 EGP representing the present value of the share of the work under construction from the settlement amount of the Company's land in Sheikh Zayed as a component of the cost of the units whose revenues will be recognized in the statement of profit or losses for future years, this amount represents the remainder of the present value of a total settlement amount of EGP 800 million with the Illicit Gains Authority ("IGA").

(18-2) The balance includes an amount of EGP 5 986 469 854 representing the net present value of the project's minimum land payments for the 500 Acre in Sheikh Zayed extension in addition to the capitalized interests in accordance with the co-development agreement between the Company and the New Urban Communities Authority "NUCA" with a minimum guarantee to the Authority amounting to EGP 14.22 billion as shown in detail in note (32).

19. Trade and note receivable – long term

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

	31/12/2020 EGP	31/12/2019 EGP
Notes receivable – units' installments *	437 217 416	367 494 752
Deduct: Unamortized interest-notes receivable	82 940 606	95 105 292
	354 276 810	**272 389 460**

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

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

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

20. Trade and notes receivable – short term

	31/12/2020 EGP	31/12/2019 EGP
Trade receivable	66 337 770	95 139 368
Notes receivable – units' installments *	420 766 577	290 304 901
	487 104 347	**385 444 269**
Deduct: unamortized interest – notes receivable	20 376 532	19 330 749
	466 727 815	**366 113 520**
Expected credit losses	(200 000)	(200 000)
	466 527 815	**365 913 520**

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

21. Debtors and other debit balances

	31/12/2020 EGP	31/12/2019 EGP
Contractors and suppliers – advance payments	245 539 946	524 265 374
Heliopolis Housing and Development Company (*)	228 532 600	165 064 796
Restricted cash for SODIC East project	14 089 495	14 126 028
Commissions and Prepaid expenses	276 038 928	191 813 684
Deposits with others	7 740 939	4 875 151
Due from the bonus and incentives plan to employees and Mange	4 235 615	1 921 094
Bank Current (**)	369 478 308	245 132 587
Withholding tax	22 721 220	29 450 644
Other debit balances	6 472 756	14 580 344
	1 174 849 807	**1 191 229 702**
Expected credit losses on debtors and other debit balances	(405 037)	(355 157)
	1 174 444 770	**1 190 874 545**

(*) This item represents the amount paid as a down payment to Heliopolis Housing and Development Company, this amount will be settled with Heliopolis Housing and Development and Company's revenue share in the co-development contract pertaining to New Heliopolis City. Accordingly, the Company will act as a real estate developer for the land plot owned by Heliopolis Housing and Development Company with an area of 655 acres in New Heliopolis City and Heliopolis Housing and Development Company will earn a share of the revenue with minimum guarantee amounting to EGP 5.01 billion. The two parties have agreed that the Company at its own expense and under its responsibility will implement, finance, market and sell the units of the project and all its inclusions and components, in addition to providing management and maintenance either directly or through third parties, and delivering on all other obligations as stipulated in the co-development contract and will accordingly share the revenue according to the defined percentages in the contract for each component of the project.
The board of directors, in its Meeting held on August 11, 2020, has agreed to amend the terms and conditions of the co-development contract with Heliopolis Housing and Development Company, including the amendment of the minimum guarantee according to the co-development contract by increasing the minimum guarantee, rescheduling the annual payments taking into consideration reducing the scheduled payments required of the company during the next five years while maintaining the same present value and the overall time period of the reimbursements, the board decided to delegate the managing director to negotiate and sign on behalf of company all the documents and contracts necessary in this regard.

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

22. Investments in treasury bills

	31/12/2020 EGP	31/12/2019 EGP
Treasury bills at par value	195 725 000	217 750 000
Unearned return on treasury bills	(3 504 317)	(7 116 301)
	192 220 683	**210 633 699**

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

23. Cash and cash equivalent

	31/12/2020 EGP	31/12/2019 EGP
Bank - time deposits *	224 412 720	581 278 382
Bank - current accounts	318 759 271	84 595 509
Checks under collection	2 044 671	4 100 486
Cash on hand	1 962 037	2 658 707
	547 178 699	**672 633 084**
Expected credit loss	(73 079)	-
	547 105 620	**672 633 084**

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

	31/12/2020 EGP	31/12/2019 EGP
C & CE Before ECL	547 178 699	672 633 084
Less:		
Restricted cash	(1 000 000)	(1 000 000)
Cash and cash equivalent according to separate statement of cash flows	**546 178 699**	**671 633 084**

24- Fixed Assets

EGP	Lands	Buildings	Vehicles	Furniture and fixtures	Generators, machinery and equipment	Computers and Printers	Communication devices	Computer Software's	Leasehold improvements	Solar power stations	Golf Course	Total
Cost												
Cost as at January 1, 2019	88 622 250	166 638 708	11 244 245	10 943 573	6 288 890	19 757 180	2 431 176	13 399 675	53 077 131	396 014	99 377 533	472 176 375
Additions during the year	-	219 300	3 048 949	1 401 095	609 950	6 405 585	-	2 181 121	-	-	-	13 866 000
Disposals during the year	-	-	-	-	-	(106 668)	-	-	-	-	-	(106 668)
Cost as at December 31, 2019	88 622 250	166 858 008	14 293 194	12 344 668	6 898 840	26 056 097	2 431 176	15 580 796	53 077 131	396 014	99 377 533	485 935 707
Cost as at January1, 2020	88 622 250	166 858 008	14 293 194	12 344 668	6 898 840	26 056 097	2 431 176	15 580 796	53 077 131	396 014	99 377 533	485 935 707
Additions during the year	-	243 501 363	2 783 058	32 718 693	20 801 406	4 935 886	384 534	2 522 953	1 808 775	10 822 796	-	320 279 464
Disposals during the year	(8 495 157)	-	-	-	-	(108 551)	-	-	-	-	-	(8 603 708)
Balance at December 31, 2020	80 127 093	410 359 371	17 076 252	45 063 361	27 700 246	30 883 432	2 815 710	18 103 749	54 885 906	11 218 810	99 377 533	797 611 463
Accumulated depreciation												
Accumulated depreciation at January 1, 2019	-	28 694 157	7 216 426	7 903 059	4 576 345	12 215 139	1 525 483	10 125 816	25 300 147	15 712	14 129 502	111 701 786
Depreciation during the year	-	7 886 539	1 276 117	917 252	594 502	2 892 352	270 396	1 926 777	8 565 917	15 841	1 822 590	26 168 283
Accumulated depreciation of disposals during the year	-	-	-	-	-	(100 903)	-	-	-	-	-	(100 903)
Accumulated depreciation at December 31, 2019	-	36 580 696	8 492 543	8 820 311	5 170 847	15 006 588	1 795 879	12 052 593	33 866 064	31 553	15 952 092	137 769 166
Accumulated depreciation at January 1, 2020	-	36 580 696	8 492 543	8 820 311	5 170 847	15 006 588	1 795 879	12 052 593	33 866 064	31 553	15 952 092	137 769 166
Depreciation during the year	-	7 871 640	1 790 170	962 072	677 630	3 818 057	339 824	2 766 703	9 279 713	377 921	1 822 590	29 706 320
Accumulated depreciation of disposals during the year	-	-	-	-	-	(89 686)	-	-	-	-	-	(89 686)
Accumulated depreciation at December 31, 2020	-	44 452 336	10 282 713	9 782 383	5 848 477	18 734 959	2 135 703	14 819 296	43 145 777	409 474	17 774 682	167 385 800
Impairment of Golf course												
Accunuated Impaireent at January 1,2019	-	-	-	-	-	-	-	-	-	-	85 248 031	85 248 031
Impairment reversal during the year	-	-	-	-	-	-	-	-	-	-	(1 822 590)	(1 822 590)
Accumulated impairment at December 31, 2019	-	-	-	-	-	-	-	-	-	-	83 425 441	83 425 441
Impairment reversal during the year	-	-	-	-	-	-	-	-	-	-	(1 822 590)	(1 822 590)
Accumulated impairment at December 31, 2020	-	-	-	-	-	-	-	-	-	-	81 602 851	81 602 851
Net book value												
At January 1, 2019	88 622 250	137 944 551	4 027 819	3 040 514	1 712 545	7 542 041	905 693	3 273 859	27 776 984	380 302	-	275 226 558
At December 31, 2019	88 622 250	130 277 312	5 800 651	3 524 357	1 727 993	11 049 509	635 297	3 528 203	19 211 067	364 461	-	264 741 100
At December 31, 2020	80 127 093	365 907 035	6 793 539	35 280 978	21 851 769	12 148 473	680 007	3 284 453	11 740 129	10 809 336	-	548 622 812

*** Property, plant, and equipment include fully depreciated assets at a cost of EGP 63,509,142 at December 31, 2020.**

25. Investment properties

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

Description	Leased out units
Cost	**EGP**
At January 1, 2019	18 992 619
Additions during the year	-
At December 31, 2019	**18 992 619**
At January 1, 2020	18 992 619
Additions during the year	15 147 284
At December 31, 2020	**34 139 903**
Less	
Accumulated depreciation	
At January 1, 2019	2 607 664
Depreciation for the year	741 333
At December 31, 2019	**3 348 997**
At January 1, 2020	**3 348 997**
Depreciation for the year	880 478
At December 31, 2020	**4 229 475**
Net carrying amount as at January 1, 2019	**16 384 955**
Net carrying amount as at December 31, 2019	**15 643 622**
Net carrying amount as at December 31, 2020	**29 910 428**

- The fair value of investment properties leased out to others amounted to EGP 112 million as at 31 December 2020.

26. Investment properties under development

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

	31/12/2020	31/12/2019
	EGP	EGP
Sodic projects in Sodic West	777 102 172	-
Sodic projects in October Plaza	218 559 735	-
	995 662 907	-

27. Investment at Fair Value Through OCI

	Legal Form	Ownership	Paid amount of Participation	Carrying amount as at 31/12/2020	Carrying amount as at 31/12/2019
		%	%	EGP	EGP
SODIC for Golf and Tourist Development Co.	S.A.E	0.0025	25	2 875	1 250
Beverly Hills for Management of Cities and Resorts Co.	S.A.E	0.06	100	26 152	26 152
				29 027	**27 402**
Impairment of available for sale investments				(2 875)	(1 250)
				26 152	**26 152**

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

28. Lease Contracts Assets & Liabilities

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

28-1 Right of use – assets

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

	EGP
Cost	
At January 1, 2020	34 590 823
Additions during the year	2 511 001
At December 31, 2020	**37 101 824**
Less	
Accumulated depreciation	
At January 1, 2020	3 620 840
Depreciation for the year	4 752 737
At December 31, 2020	**8 373 577**
Net carrying amount as at December 31, 2020	**28 728 247**

28-2 Lease contract liabilities

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

	31/12/2020	31/12/2019
	EGP	EGP
Lease contract liabilities	41 517 676	-
Unamortized interests	(9 102 609)	-
Net present value of lease contract liabilities	**32 415 067**	-
Less		
Short-term lease liabilities	4 027 946	-
Long-term lease liabilities	**28 387 121**	-

29. Share capital and reserves

29.1. Share capital

- The authorized capital of the Company is EGP 2.8 billion.
- The Company's issued and paid in capital is EGP 1.355 Billion distributed over 338 909 573 shares with a par value of EGP 4 per share, the commercial register was Modified on December 7, 2014.
- The Board of Directors have decided in the meeting dated November 30, 2016 to increase the issued capital from EGP 1 355 638 292 to become EGP 1 369 194 672 by an amount of EGP 13 556 380 divided on 3 389 095 shares of par value EGP 4 per share, this capital increase should be financed from the special reserve- Additional paid in capital, and to be fully utilized by the Employees Stock Option Plan granted to the executives board members and the directors as per the option plan approved by the extra ordinary general assembly dated January 20, 2016, which have decided to apply the Employees Stock Option Plan for the executive board members and directors through assigning shares with certain conditions. The commercial register was modified on February 5, 2017.
- The Board of Directors have decided on the meeting dated October 23, 2018 to increase the issued capital from EGP 1 369 194 672 to become EGP 1 396 715 488 by an amount of EGP 27 520 816 divided on 6 880 204 shares of par value EGP 4 per share, this capital increase should be financed from the special reserve- Additional paid in capital, and to be fully utilized for the second and third sections from the sections of Employees Stock Option Plan granted to the executives board members and the directors as per the option plan approved by the extra ordinary general assembly dated January 20, 2016, which have decided to apply the Employees Stock Option Plan for the executive board members and directors through assigning shares with certain conditions, and delegate the Board of Directors to execute the procedures of the required increase to issue new shares to be utilize in the Employees Stock Option Plan. The commercial register was modified on January 8, 2019 for this increase.
- The 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.

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

Shareholder	**Number of shares**	**Share value** EGP	**Ownership percentage** %
ACT Financial for Consulting SAE (and related parties	51 203 289	204 813 156	14.37
Olayan Saudi Investment Company	48 331 696	193 326 784	13.57
Walid Suleiman Abdelmohsen Abanumay (and related parties)	35 096 108	140 384 432	9.85
RA Six Holdings Limited	31 992 544	127 970 176	8.98
Rimco EGT Investment LL	25 484 739	101 938 956	7.15
EKUITY Holding for Investments	17 645 257	70 581 028	4.95
Other shareholders	146 443 735	585 774 940	41.13
	356 197 368	**1 424 789 472**	**100**

29.2. Reserves

a. Legal Reserve

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

	EGP
Legal reserve of 5% form the Company's net profit till year 2016	33 734 213
Add:	
Increase of the legal reserve with the difference between the par value of the treasury shares and its actual cost (according to the Company's Extra-Ordinary General Assembly Meeting held on July 10, 2003).	4 627 374
Increase of the legal reserve with part of capital increase share premium with limits of half of the Company's issued share capital during 2006.	123 409 151
Increase of the legal reserve with part of capital increase share premium during 2007 with limits of half of the Company's issued share capital.	5 000 000
Increase in legal reserve with a part of the capital share premium during 2010 with limits of half of the Company's issued share capital.	39 446 365
Increase of the legal reserve with 5% of the net profit for the year 2017.	7 712 954
Increase of the legal reserve with 5% of the net profit for the year 2019.	9 756 581
Deduct:	
The amount used to increase the issued share capital during 2011.	2
	223 686 636

b. Special reserve – share premium

The balance is represented in the following:

Description	EGP
Total value of the capital increase share premiums collected for the years 2006 and 2010	1 455 017 340
Add:	
Share premium of the employees' incentive and bonus plan issued during 2007.	90 000 000
The value of selling 712 500 share which has been sold through beneficiaries of incentive and bonus plan during at 2014 EGP 30 per share (after split).	21 375 000
The value of 537 500 shares converted to treasury shares during 2015 at par value, these shares were previously set aside for the benefit of the incentive and bonus plan during the capital increase in 2008 and were converted as a result of the termination of the program.	2 150 000
The value received from the selling of offering rights for 737 500 shares during 2014, which were transferred from shares held for "incentive and bonus plan" as a result of the termination of the program.	16 306 910
The value of accrued dividends for 737 500 shares which were transferred from the shares set aside for the incentive and bonus plan during 2015 as a result of the termination of the program.	1 180 000
The value received from the sale of 3 083 938 shares which had been sold by beneficiaries of the Employees Stock Option Plan during year 2017 at an average of EGP 9.27 per share.	28 588 105
Share premium for issuing 3 083 938 shares which were transferred from the shares set aside for the Employees Stock Option Plan during 2017 as a result of execution	16 630 524
The value received from the sale of 3 273 263 shares which had been sold by beneficiaries of the Employees Stock Option Plan during year 2019 by average EGP 9.27 per share.	30 343 148
Share premium of set aside for employees incentive and bonus plan for 3 273 263 shares during 2019	18 508 880
Deduct	
Amounts transferred to the legal reserve	167 855 516
Capital increase – related expenses	55 240 255
Amount used for share capital increase during 2008	5 000 000
Amount used for share capital increase during 2017	13 556 380
Amount used for share capital increase during 2019	27 520 816
Amount used for share capital increase during 2020	28 073 984
	1 382 852 956

30. Profit from sale of treasury shares

- On August 14, 2011, the Board of Directors of the Company approved the purchase of one million treasury shares at EGP 18 per share (the par value is EGP 4 per share) with a total amount of EGP 18 018 000 from the Company's shares offered on the Egyptian stock exchange. On August 13, 2012 the Company's Board of Directors agreed to sell these shares for a total value of EGP 21 710 867 resulting in a profit from the sale of treasury shares with an amount of EGP 3 692 867.
- During March 2016 treasury shares which were transferred from incentive and bonus plan for employees and executive directors of the Company according to the Extraordinary General Assembly meeting held on February 1st, 2015 were sold resulting in an actual loss amounting to EGP 1 967 411, the profit from sale of treasury shares reserve becomes EGP 1 725 456.

31. Loans

	31/12/2020 EGP	31/12/2019 EGP
On April 4, 2017, Sixth of October for Development and Investment Company "SODIC" singed a medium-term syndicated loan contract with group of banks represented by Arab African International Bank "facility agent" with a total amount of EGP 1 300 Million on two tranches: – First tranche amount of EGP 243 Million to finance the total debt outstanding due to group of banks represented by Arab African International Bank. – Second tranche amount of EGP 1 057 Million to finance "SODIC West" projects located in Kilo 38 Cairo/Alex desert road -Giza- Egypt. **Guarantees:** – Unconditional and irrevocable revenue transfer by which the lender and some of its subsidiaries transfer all current and future proceeds, selling and lease contracts of the current and foreseeable project units to the interest of the "Guarantee agent". – Accounts mortgage contracts: debt interest and all amounts deposited therein are pledged for the interest of the "guarantee agent" and pledge the project's account. – Promissory note from the Company (the borrower). **Grace period:** Thirty months from the date of the signature, or September 30, 2019, which is earlier, and this period shall apply to the principal of loan only. **Repayment:** Commenced on September 30, 2019, and repayable in (14) quarterly unequal installments.	1 099 021 749	1 030 339 597
On August 30, 2017, Sixth of October for Development and Investment Company "SODIC" singed a medium-term loan contract with Commercial International Bank "CIB" with a total amount of EGP 270 Million to finance the development cost of October Plaza Project which will be established on area of 31 acres in northern expansions at Sixth of October city and on 14 July 2019 the total amount of the facility has been increased up to maximum EGP 500 Million. **Guarantees:** – The Company committed to deposit all revenues from the sale of the project. – The Company shall sign a mortgage and a first degree right of transfer on the project in favor of the bank. – The Company shall get insurance cover 110% the project's constructions in favor of the bank. **Grace period:** Three years and six months applied on the principal of the loan only from the date of first drawdown. **Repayment:** Commences on March 2021, and repayable in (13) quarterly unequal installments.	348 000 000	318 000 000
	1 447 021 749	**1 348 339 597**
Deduct: Current portion		
– Syndicated loan from Arab African International Bank	364 051 176	228 964 355
– Loan from CIB	69 600 000	-
Total current portion	**433 651 176**	**228 964 355**
Long Term Assets	**1 013 370 573**	**1 119 375 242**

32. New Urban Communities Authority

	31/12/2020 EGP	31/12/2019 EGP
New Urban Communities Authority "NUCA"	13 846 865 698	13 920 920 553
Deduct: Unamortized interest	(8 234 450 700)	(9 017 208 975)
	5 612 414 998	**4 903 711 578**
Deduct: Current portion	262 491 314	97 370 724
Long Term Assets	**5 349 923 684**	**4 806 340 854**

On March 21, 2019 a co-development agreement was signed between the Company and the New Urban Communities Authority "NUCA" to establish an integrated urban project with an area of 500 acres under deficit or increase. According to the contract "NUCA" share represents in advance payment, cash payment and a percentage of the project expected revenues with minimum guarantee amounting to EGP 14.220 billion. An amount of EGP 300 Million was paid upon signing the contract and the remaining amount will be paid according to annual installments over 11 years which represents the duration of the contract.

33. Contractors, suppliers and notes payable

	31/12/2020 EGP	31/12/2019 EGP
Contractors	209 599 668	160 398 223
Suppliers	23 229 321	15 306 909
Notes payable *	873 275 309	194 724 367
	1 106 104 298	**370 429 499**
Deduct: Unamortized interest-notes payable	-	10 840 521
	1 106 104 298	**359 588 978**

The Company's exposure to currency and liquidity risks related to suppliers, contractors and notes payable is disclosed in note no. (40).
* Notes payable include an amount of EGP 751 020 029 representing the value of issued checks to reconcile the subsidiaries balances.

34. Advances from customers

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

	31/12/2020 EGP	31/12/2019 EGP
Advances – **SODIC West**	942 992 916	1 141 852 762
Advances – **October Plaza 1**	280 886 235	390 237 610
Advances – **SODIC East (*)**	932 818 307	535 290 611
Advances – **Acres Sheikh Zayed 500**	523 319 256	65 747 348
Advances – **Clubs' Memberships**	183 525 833	140 923 887
	2 863 542 547	**2 274 052 218**

- Includes an amount of EGP 336 450 147 representing the value of financial component on installments collected from customers.
- Uncollected notes receivables for undelivered units, that are not included in the financial statements have been disclosed in note no. (43).

(*) The balance of Advances – Projects in East Cairo includes an amount of EGP 1 274 375 023 which represents the net advances from customers of SODIC EAST project with a total contracted value of EGP. The total contracted value has been reduced by EGP 341 556 716, which represents Heliopolis Housing and Development Company's share of the residential units mentioned in the joint operation contract (70% for the developer and 30% for the owner).

35. Creditors and other credit balances

	31/12/2020 EGP	31/12/2019 EGP
Accrued expenses	125 117 917	75 139 797
Amounts collected on account for management, operation and maintenance of projects	374 566 227	322 044 738
Creditors of gas and electricity installments	-	26 479 222
Insurance Deposits collected from customers – Against	2 045 700	279 615
Customers-credit balances of **Polygon** project (35-1)	2 383 158	2 024 179
Customers-credit balances of **Strip 1** project	537 004	261 953
Customers - cancellation	30 738 007	7 643 789
Dividends payable	240 374	-
Tax Authority	37 186 802	18 721 642
Accrued compensated absence	7 284 403	4 668 624
Sundry creditors	1 130 147	3 976 142
Due to beneficiaries from Incentive plan	1 077 107	1 077 107
Advances-rents	3 685 069	5 568 574
	585 991 915	**467 885 382**

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

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

36. Provisions

36-1 Provision for completion of works

	Balance as at 1/1/2020 EGP	Formed during the year EGP	Used during the year EGP	Balance as at 31/12/2020 EGP
Provision for completion of works	38 318 599	115 472 320	17 365 393	136 425 526
	38 318 599	**115 472 320**	**17 365 393**	**136 425 526**

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

36-2 Provision for claims

	Balance as at 1/1/2020 EGP	Formed during the year EGP	Used during the year EGP	Balance as at 31/12/2020 EGP
Provision for claims	10 000 001	-	-	10 000 001
	10 000 001	**-**	**-**	**10 000 001**

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

37. Investments in subsidiaries

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

38. Fair values

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

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

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

39. Capital management

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

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

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

40. Financial risk management

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

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

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

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

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

40-1 Credit risk

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

Trade and other receivables

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

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

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

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

Investments

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

Guarantees

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

40-2 Liquidity risk

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

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

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

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

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

40-3 Market risk

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

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

40-4 Currency risk

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

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

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

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

40-5 Interest rate risk

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

40-6 Other market price risk

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

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

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

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

40-7 Credit risk

The carrying amount of financial assets represents the maximum exposure to credit risk as at December 31, 2020 as follows.

	Note No.	31/12/2020 EGP	31/12/2019 EGP
Trade and note receivable – long term	(19)	437 217 416	367 494 752
Trade and notes receivable – short term	(20)	487 104 347	385 444 269
Debtors and other debit balances	(21)	1 174 849 807	1 191 229 702
Cash and cash equivalent	(23)	547 178 699	672 633 084
		2 646 350 269	**2 616 801 807**

40-8 Liquidity risk

The following are the contractual maturities of financial liabilities:

December 31, 2020	**Carrying amount**	**Less than 1 year**	**1-2 years**	**2-5 years**
	EGP	**EGP**	**EGP**	**EGP**
Short - term loans	433 651 176	433 651 176	-	-
Long - term loans	1 013 370 573	-	650 476 769	362 893 804
New Urban Communities Authority	5 349 923 684	-	277 300 744	5 072 622 940
Contractors and suppliers	232 828 989	232 828 989	-	-
Other creditors	585 991 915	293 617 703	281 740 741	10 633 471
Notes payable –short term	873 275 309	873 275 309	-	-
	8 489 041 646	**1 833 373 177**	**1 209 518 254**	**5 446 150 215**

December 31, 2019	**Carrying amount EGP**	**Less than 1 year EGP**	**1-2 years EGP**	**2-5 years EGP**
Short - term loans	228 964 355	228 964 355	-	-
Long – term loans	1 119 375 242	-	521 528 710	597 846 532
New Urban Communities Authority	4 806 340 854	-	196 212 676	4 610 128 178
Contractors and suppliers	175 705 132	175 705 132	-	-
Other creditors	467 885 382	354 058 558	206 050 073	7 776 751
Notes payable – short term	183 883 846	183 883 846	-	-
	6 982 154 811	**842 611 891**	**923 791 459**	**5 215 751 461**

40-9 Currency risk

Exposure to currency risk

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

	31/12/2020 USD	**31/12/2019 USD**
Notes receivable short / long - term	596 610	596 610
Maintenance creditors	(486 000)	(486 000)
Cash at banks	11 362 990	10 941 985
Surplus of foreign currencies	**11 473 600**	**11 052 595**

The following is the average exchange rates during the year:

	Average exchange rate during the year		**Spot rate at the financial statements date**	
	31/12/2020	**31/12/2019**	**31/12/2020**	**31/12/2019**
	EGP	**EGP**	**EGP**	**EGP**
USD	15.78	16.53	15.66	15.99

Sensitivity Analysis

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

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

A reasonably possible strengthening (weakening) of 5% other currencies exchange rate against Egyptian pound as of December 31, 2019 would have affected the measurement of financial instruments denominated in a foreign currency and affected equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases.

	Profit or Loss	
	Strengthening	**Weakening**
USD	8 836 550	8 836 550

40-10 Interest rate risk

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

	Carrying amount	
	31/12/2020	**31/12/2019**
Financial instruments with a fixed rate	**EGP**	**EGP**
Financial assets	820 804 625	638 302 980
Financial liabilities	(873 275 309)	(183 883 846)
	(52 470 684)	**454 419 134**
Financial instruments with a variable rate		
Financial liabilities	(1 447 021 749)	(1 348 339 597)
	(1 447 021 749)	**(1 348 339 597)**

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

41. Related parties

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

Party	Nature of relationship	Nature of transaction	31/12/2020 Amount of Transaction EGP
Beverly Hills Company for Management of Cities and Resorts	A subsidiary	Works of agriculture, maintenance and security services for Beverly Hills City.	6 869 678
Sixth of October for Development and Real Estate Projects (SOREAL)	A subsidiary	Payments on behalf of the Company	169 874 481
		Cash payments	198 776 748
Sodic Garden City for development and investment	A subsidiary	Payments on behalf of the Company	1 490 801
		Cash payments	282 910
Edara for Services of Cities and Resorts Company	A subsidiary	Works of agriculture, maintenance and security services for SODIC West	167 620 038
Al Yosr for Projects and Real estate Development Company	A subsidiary	Payment on behalf of the company	56 045 148
		Cash payments	52 377 417
SOREAL for Real estate investment Company	A subsidiary	Payments on behalf of the Company	115 806 115
		Cash payments	106 734 969
Tabrouk Development Company	A subsidiary	Payments on behalf of the Company	21 945 299
		Cash payments	30 202 234
SODIC for Development and Real Estate Investment Company	A subsidiary	Payments on behalf of the Company	108 529
		Cash payments	4 697 319
SODIC Clubs	A subsidiary	Payments on behalf of the Company	4 304 327
		Cash payments	15 000 000
		Cash proceeds	23 000 000
SODIC Syria			48 210
Executive directors and board members			Refer to note no. 9

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

a) **Due from related parties**

	31/12/2020 EGP	31/12/2019 EGP
Sixth of October for Development and Real Estate Projects (SOREAL) – a subsidiary.	-	909 520
Tabrouk Development Company – a subsidiary.	-	1 983 752
Green scape for Agriculture and Reclamation Company – a subsidiary (under Liquidation)	3 651 668	3 651 668
Move-In for Advanced Contracting Company – a subsidiary	22 411 128	22 411 128
Al Yosr for Projects and Real estate Development Company – a subsidiary	4 301 358	633 627
SODIC for Development and Real Estate Investment Company – a subsidiary	-	1 446
SODIC Syria Company – a subsidiary	433 975 575	433 927 365
Fourteen for Real Estate Investment Company – a subsidiary	-	67 497 645
La Maison for Real Estate Investment Company - S.A.E	-	34 872 483
Palmyra Real Estate Development Company –a Joint project	35 191 620	35 191 620
SODIC for Golf and Tourist Development Company – a subsidiary	-	58 425 295
Diwan for Real Estate Development Company – a subsidiary	39 462	69 330
SODIC for Securitization Company	-	7 923
SODIC for Hotels and Clubs	-	87 040
Sodic Garden City for development and investment	1 175 656	-
SOREAL for Real Estate Company – a subsidiary.	6 066 029	-
Edara for Services of Cities and Resorts Company	2 214 934	-
Other related Companies	-	363 150
	509 027 430	**660 032 992**
Expected credit loss (41- 1)	(495 229 991)	(621 104 721)
	13 797 439	**38 928 271**

(41-1) Due to the current political circumstances in the Syrian Arab Republic which affected a significant impact on the economic sectors in general, and the confiscation of assets and documents related to Palmyra - SODIC Real Estate Development Company by the Syrian Arab Republic government, the management of SODIC addressed the Embassy of the Syrian Arab Republic in Egypt to protect all of its interest from these acts and commissioned a law firm for trying to reserve its interest.

Accordingly, the Board of Directors of Sixth of October Development and Investment "SODIC" saw that the assets of the investee company all become in dispute with the mentioned country's government, which requires to recognize a loss arising from an inability to recover its investments and therefore the Board of Directors decided on April 16, 2014 to impair the due from related parties relating to investments that have been injected for projects in the Syrian Arab Republic in addition to an impairment for due from some subsidiaries related to debts unexpected to be collected which are amounted to EGP 621 104 721 as at December 31, 2020.

b) Due to related parties

	31/12/2020 EGP	31/12/2019 EGP
Sixth of October for Development and Real Estate Projects (SOREAL) – a subsidiary.	27 992 747	-
SOREAL for Real Estate Company – a subsidiary.	-	4 262 670
SODIC Polygon for Real Estate Investment Company – a subsidiary	-	132 085 514
SODIC for Hotels and Clubs	29 074 779	-
Tabrouk Development Company – a subsidiary	6 273 183	-
Tegara for Trading Centers Co. – a subsidiary	-	51 780 101
Sodic Garden City for Development and investment Company – a subsidiary	-	32 235
Edara for Services of Cities and Resorts Company – a subsidiary	-	7 678 010
SODIC for Development and Real Estate Investment Company – a subsidiary	4 587 344	-
SODIC for Golf and Tourist Development Company – a subsidiary	61 619	-
	67 989 672	**195 838 530**

42. Tax status

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

Corporate tax

- Years 1996 to 2014 have been tax inspected and tax differences have been paid and settled.
- Years 2015 to 2018 have been inspected and the company did not receive any tax matches until the date of approval of the financial statements.
- Year 2019 have not been inspected and no tax claims have been received till the date of authorizing of these financial statements for issuance.
- The Company submits its annual tax return on due dates in accordance with Law No. 91 of 2005 regulations and amendments, and pays the due tax.

Salary tax

- Years 1996 to 2012 have been inspected and tax differences have been paid and settled.
- Years 2013 to 2019 have not been inspected and no tax claims have been received till the date of authorizing of these financial statements for issuance.
- The Company pays the monthly salary tax on due dates in accordance with the law.

Withholding tax

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

Stamp tax

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

Sales/value added tax

- Years 1996 to 2019 have been inspected and tax differences have been paid and settled.
- The Company submits the value-add tax returns on a regular basis and pay the accrued taxes on due dates in accordance with the law.

Real estate property tax

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

43. Post-dated checks (off balance sheet)

The company maintains post-dated checks amounted to EGP 7 566 590 368 (December 31, 2019: EGP 4 895 694 231). 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.

	31/12/2020 EGP	31/12/2019 EGP
Postdated checks units installment	6 916 568 488	4 547 374 760
Postdated checks clubhouse installment	217 695 496	87 392 899
Postdated checks maintenance installment	432 326 384	260 926 572
	7 566 590 368	**4 895 694 231**
These checks are due		
Checks due within 12 month	1 546 562 817	1 113 129 640
Checks due after one year – long term	6 020 027 551	3 782 564 591
	7 566 590 368	**4 895 694 231**

44. Comparative figures

Some comparative figures have been reclassified to be consistent with the classification of current financial statements, as some of these reclassifications has a material effect on the information in the statement of financial position at the beginning of the preceding period , the comparative figures for years 2019 and 2018 were re-presented in accordance with the Egyptian Accounting Standard No. (1) "Presentation of financial statements."

The most prominent reclassifications are:

- The company maintains post-dated checks of undelivered units amounted to EGP 4 895 694 231 as of December 31, 2019, these checks were treated as off-balance sheet, thus were not included in statement of financial position. That enhanced the presentation of advances & creditors by showing only the amounts collected in cash or at bank as advance payments or as maintenance deposits, and to enhance the receivables presentation by showing what the outstanding uncollected amounts related to delivered units already recognized as revenue. Whereas, post-dated checks for undelivered units represent future instalments according to payment schedule of each customer according to the contracts, accordingly these checks represent contractual collection terms for sales that will be recognized in the future upon satisfying the performance obligation of those contracts with customers.
- Reclassifying maintenance deposits collected from customers amounting to EGP 245 132 587 as at December 31, 2019, from cash & equivalent to other debit balances as the purpose of these deposits is to finance regular maintenance expenses related to the delivered units and cannot be used for any other purpose.
- Reclassifying interest income from installments during the year and discounts for early payment amounting to EGP 71 001 286 & EGP 40 858 165 respectively from other operating income & other operating expenses to sales revenue, in consistence with the presentation of revenue in accordance with the Egyptian Accounting Standard No. 48, by recognizing any financial component related to Revenue less any related discounts.

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

	Before reclassification	Reclassification		After reclassification
	EGP	Debit	Credit	EGP
Notes receivables – long term	4 054 954 051	-	3 782 564 591	272 389 460
Notes receivables – Short term	1 456 833 064	-	1 090 919 544	365 913 520
Debtors and other debit balances	945 741 958	245 132 587	-	1 190 874 545
Cash and cash equivalent	939 975 767	-	267 342 683	672 633 084
Advances - from customers	6 908 819 877	4 634 767 659	-	2 274 052 218
Creditors and other credit balances	826 182 678	260 926 572	-	565 256 106
Sales of real estate	1 597 897 817	40 858 165	71 001 286	1 628 040 938
Other operating expenses	82 636 155	-	40 858 165	41 777 990
Other operating revenues	121 872 979	71 001 286	-	50 871 711

45. Legal status

There is a dispute between the Company and another party regarding the contract concluded between them on 23/2/1999 which is related to delivering this party a plot of land as a usufruct right for indefinite year of time and a return for an annual rental with a minimal amount for a total of 96 acres approximately and which has not been delivered up till this date as the management of this party did not abide by the detailed conditions of the contract. There are exchanged notifications concerning this land between the management of the Company and the management of this party. During 2009, this party raised a court case No. 3 of 2009 Civil 6th of October against the parent Company asking it for the delivery of the allocated land. A preliminary sentence was issued by the court in its session held on February 22, 2010 to refer this matter to Experts and to delegate the Experts Office of the Ministry of Justice to embark this case and set a session to be held on April 26, 2010 for the expert to present his report. The session was postponed by the court several times On November 24, 2014, 6 of October partial court decided to dissuade its decline decree of previous proof procedures dated February 22, 2010. The hearing was scheduled for 08 April 2021.

The Company's legal counsel is of the opinion that the parent Company has the right to maintain and exploit this land under the contract as the said contract has not been affected and no usufruct right has been arisen to this party since its effect was based on conditions that have not been met. In addition, in case of any dispute raised by this party to possess the land, the parent Company has the actual and physical possession of the land and hence it has the right to continue in possessing the land till settlement of this dispute in front of court.

46. Basis of measurement

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

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

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

- On January 20, 2016 the extra ordinary general assembly have approved the new Employees Stock Option Plan for executive board members and directors through granting shares with special conditions as per stated in the plan that part of the Company's shares should be assigned to the employee stock option plan equal to 1% of the company's issued capital annually on five tranches for a year of six years and three months as per annex (1). These shares should be available through the special reserve- additional paid in capital, or through reserves, or part of it, or through retained earnings, or part of it which is to be used in the capital increase, this capital increase is based on the approval of the Board of Directors as per the proxy granted by the company's extra ordinary general assembly dated January 20, 2016. The grant of the employee stock option plan is done based on a decision from the supervisory committee by the treasurer.
- The Board of Directors have decided on the meeting dated November 30, 2016 to increase the issued capital from EGP 1 355 638 292 to become EGP 1 369 194 672 by an amount of EGP 13 556 380 divided on 3 389 095 shares of par value EGP 4 per share, this capital increase should be financed from the special reserve- Additional paid in capital, and to be fully utilized by the Employees Stock Option Plan granted to the executives board members and the directors as per the option plan approved by the extra ordinary general assembly dated January 20, 2016, which have decided to apply the Employees Stock Option Plan for the executive board members and directors through assigning shares with certain conditions. The commercial register was modified on February 5, 2017.
- The Board of Directors have decided on the meeting dated October 23, 2018 to increase the issued capital from EGP 1 369 194 672 to become EGP 1 396 715 488 by an amount of EGP 27 520 816 divided on 6 880 204 shares of par value EGP 4 per share, this capital increase should be financed from the special reserve- Additional paid in capital, and to be fully utilized for the second and third sections from the sections of Employees Stock Option Plan granted to the executives board members and the Directors as per the option plan approved by the extra ordinary general assembly dated January 20, 2016, which have decided to apply the Employees Stock Option Plan for the executive board members and directors through assigning shares with certain conditions, and delegate the Board of Directors to execute the procedures of the required increase to issue new shares to be utilize in the Employees Stock Option Plan, The commercial register was modified on January 8, 2019.
- The board of directors have decided on the meeting dated September 7, 2020 to increase the issued capital from EGP 1 396 715 488 to become EGP 1 424 789 472 by an amount of EGP 28 073 984 divided on 7 018 496 shares of par value EGP 4 per share, this capital increase should be financed from the special reserve- Additional paid in capital, and to be fully utilized for the fourth and fifth sections from the sections of Employees Stock Option Plan granted to the executive board members and the directors as per the option plan approved by the extra ordinary general assembly dated January 20, 2016 as mentioned in details in note (24).

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

During 2020 the world health organization 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 digitization both internally and on client interactions as we put the safety and health of our people first, while maintaining full operations. Construction was temporarily suspended then resumed fully after ensuring the appropriate measures were put in place by our contractors on site. Accordingly, we continue to operate at normal levels while enforcing preventative measures and monitoring the situation very closely to proactively respond to new developments.

The initial effect of the outbreak on the business was reflected in the lower number of deliveries during the first half of the year, as lockdowns and mobility restrictions decreased the urgency for customers to come in for handovers, postponing these visits to when the situation improves. As the lockdowns and restrictions were lifted and the situation continued to stabilize, deliveries picked up starting June and we continued to deliver at very solid levels that led our deliveries during the year 2020 to exceed our initial targets. Collection rates were also affected by the outbreak as the value of delinquencies increased during the first half of 2020 compared to our historical average. Starting June, our collection rates began to improve as the situation stabilized and economic activity restarted, with the delinquency rate for full year 2020 coming in very slightly above that of 2019. During the first half of the year our contracted sales were negatively affected by mobility restrictions and economic uncertainty as well as the cancellation of major marketing events and the postponement of a number of launches on our projects due to the (COVID-19) outbreak. We took action to mitigate the effect by successfully lunching our online virtual sales platform to reach our clients but despite our efforts, our sales during the first half of 2020 were lower than what we achieved during the same period in 2019. As the situation stabilized and uncertainty subsided, contracted sales increased significantly in July and continued strong performance during the third and fourth quarters of 2020 led our gross contracted sales for the year to surpass gross contracted sales achieved during 2019.

We believe that while the ongoing outbreak presents significant challenges, it also provides an opportunity to standout and distinguish ourselves. The strength and liquidity of our balance sheet strongly support us but more importantly, we believe that it is our credibility and track record of strong performance in turbulent times as well as our customer centric approach to the crisis that make us stand out in these times.

We operate in a sector with very strong local demand fundamentals that has proven its resilience in face of historical and current challenges, and we continue to believe in the long-term drivers of growth in our market. In light of our current knowledge and available information, we do not expect the emerging virus (COVID-19) to have an impact on the company's ability to continue in the foreseeable future.

49. Significant accounting policies

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

49-1 Financial statement

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

49-2 Foreign currency transactions

- Transactions in foreign currencies are translated at the foreign exchange rate prevailing at the date of the transaction.
- Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date.
- Assets and liabilities that are measured at fair value in a foreign currency are translated at the exchange rate when the fair value was determined.
- Non - monetary assets and liabilities that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction.
- Foreign currency differences are generally recognized in profit or loss, however, foreign currency differences arising from the translation of the following items are recognized in OCI:
  - Financial assets at fair value through OCI (except impairment, in which case foreign currency differences that have been recognized in OCI are reclassified to profit or loss).
  - A financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective.
  - Qualifying cash flow hedges to the extent that the hedges are effective.

49-3 Revenue from Contracts with Customers

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

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

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

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

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

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

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

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

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

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

- Revenue is recognized to the extent that is potential for the flow of economic benefits to the Company, revenue and costs can be measured reliably, where appropriate.

- The application of Egyptian Accounting Standard No. 48 requires management to use the following judgements:

Satisfaction of performance obligation

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

Determine the transaction price

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

Control transfer in contracts with customers

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

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

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

Other matters to be considered

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

The significant financing component

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

Revenue recognition

a. Real estate and land sales

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

The significant financing component

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

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

b. Services revenue

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

c. Interest income

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

d. Commission revenue

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

e. Dividends

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

f. Gain on sale of investments

Gain on sale of financial investments are recognized when ownership transfers to the buyer, based on the difference between the sale price and its carrying amount at the date of the sale.

Revenue is measured at the fair value of the consideration received or receivable to the company, and revenue is realized when there is sufficient expectation that there are future economic benefits that will flow to the company, and that the value of this revenue can be measured accurately, hence no revenue is recognized in the event of uncertainty about the recovery of this revenue Or the costs associated with it.

49-4 Employee benefit

a) Short – term employee benefits

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

b) Share – based payment arrangements

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

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

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

c) Define contribution plans

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

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

The company also contributes to a group insurance program for its employees with one of the insurance companies. Accordingly, the insured employees receive end of service benefits when leaving the Company that will be paid by the insurance company. The contribution of the Company is confined to the monthly instalments. Contributions are charged to statement of profit or loss using the accrual basis. The program has been suspended starting from April 1, 2020, according to the company's management decision.

49-5 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.

49-6 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.

49-7 Units ready for sale

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

49-8 Work in process

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

49-9 Property, plant and equipment

a) Recognition and measurement

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

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

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

b) Subsequent expenditure

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

c) Depreciation

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

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

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

49-10 Projects under construction

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

49-11 Investments properties under development

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

49-12 Investment properties

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

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

Asset	Years
Leased units	20

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

49-13 Financial instruments

1) Recognition and initial measurement

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

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

2) Classification and subsequent measurement

Financial assets- The applied policy from January 1, 2020

On initial recognition, a financial asset is classified as measured at: amortized cost; FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME – debt investment; FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME – equity investment; or FAIR VALUE THROUGH PROFIT OR LOSS.

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

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

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

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

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

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

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

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

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

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

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

Transfers of financial assets to third parties in transactions that do not qualify for de-recognition are not considered sales for this purpose, consistent with the Company's continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FAIR VALUE THROUGH PROFIT OR LOSS.

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

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers:

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

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

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

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

Debt investments at FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME	These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in OCI. On de-recognition, gains and losses accumulated in OCI are reclassified to profit or loss.

Financial assets – Policy applied before January 1, 2020

The Company classifies financial assets into one of the following classifications:
- Loans and debts
- Investments held to maturity
- Investments available for sale
- At fair value through profit or loss

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

Financial assets 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 held to maturity	The amortized cost is measured using the effective interest method.
Financial assets available for sale	Financial assets are measured at fair value. Changes in fair value other than impairment losses and foreign currency differences on debt instruments, are recognized in OCI and accumulated in the fair value reserve. When these assets are derecognized, the accumulated gain or loss recognized in OCI is reclassified to Separate statement of Profit or Loss.

Financial liabilities are classification as subsequent measurement at amortized cost or FAIR VALUE THROUGH PROFIT OR LOSS. A financial liability is classified as at FAIR VALUE THROUGH PROFIT OR LOSS if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FAIR VALUE THROUGH PROFIT OR LOSS are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on de-recognition is also recognized in profit or loss.

3) De-recognition

Financial assets

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Company enters into transactions whereby it transfers assets recognized in its statement of financial position but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

Financial liabilities

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire. The Company also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

On de-recognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

4) Offsetting

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

49-14 Share capital

1) Ordinary Shares:

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

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

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

49-15 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.

Policy applied before January 1, 2020

Non-derivative financial assets

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

Objective evidence that financial assets are impaired includes:

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

For an investment in an equity security, objective evidence of impairment includes a significant or prolonged decline in its fair value below its cost.

Financial assets at amortized cost

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

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

An impairment loss is calculated as the difference between an asset's carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate.

Equity- accounted investees

Impairment losses in equity-accounted investees are measured by comparing their carrying amount with the recoverable amount, and the impairment losses are recognized in profit or loss and the impairment loss is reversed when preferential changes occur in the estimates used to determine the recoverable amount.

Financial assets available for sale	Impairment losses on available-for-sale financial assets are recognized by reclassifying the losses accumulated in the fair value reserve to profit or loss. The amount reclassified is the difference between the acquisition cost (net of any principal repayment and amortization) and the current fair value, less any impairment loss previously recognized in profit or loss. If the fair value of an impaired available-for-sale debt security subsequently increases and the increase can be related objectively to an event occurring after the impairment loss was recognized, then the impairment loss is reversed through profit or loss. Impairment losses recognized in profit or loss for an investment in an equity instrument classified as available-for-sale in profit or loss are not reversed.

2) Non-financial assets

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

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

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

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

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

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

49-16 Provisions

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

Provision for completion

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

49-17 Lease contracts

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

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

2) Leased assets

Lease contracts for property, plant and equipment that are transferred in a large degree to the Company, all of the risks and rewards associated with the property are classified as finance leases. Leased assets are initially measured at an amount equal to the fair value of the fair value and the present value of the minimum lease payments, whichever is less. After initial recognition, the assets are accounted for according to the accounting policy applied to that asset.
Assets held under other contracts leases are classified as operating contracts leases and are not recognized in the Company's statement of financial position.

3) Lease payments

Operating leases' payments are recognized in profit or loss on a straight-line basis over the term of the lease. Received lease incentives are recognized as an integral part of the total lease expense, over the lease term.
The minimum lease payments of finance leases are divided between financing expenses and the reduction of unpaid liabilities. Finance charges are charged for each period during the lease period to reach a fixed periodic interest rate on the remaining balance of the obligation.

49-18 Investments in subsidiaries

Subsidiary companies are the entities in which the "Company" investor has the ability to control its financial and operating policies of the entity this ability exists by possessing half of the voting power or more in the related subsidiary.
Investments in subsidiaries are stated – when acquired – at its acquisition cost. If a decline in the recoverable amount exists for any investment below the carrying amount "Impairment", the carrying amount of the investment will be adjusted by the amount of such impairment and will be charged to the statement of profit or loss for each investment.

49-19 Cash and cash equivalents

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

49-20 Borrowing costs

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

49-21 Interest –bearing borrowings

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

49-22 Cost of sold lands

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

49-23 Employees' profit sharing

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

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

49-24 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.