


Sixth of October for Development and Investment Company "SODIC"
(An Egyptian Joint Stock Company)
Consolidated Interim Financial Statements
For The Financial Period Ended March 31, 2018
And Limited Review Report

 **Hazem Hassan**
Public Accountants & Consultants

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*Translation of review report
originally issued in Arabic*

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

Introduction

We have performed a limited review for the accompanying consolidated interim statement of financial position of Sixth of October for Development and Investment Company "SODIC" (S.A.E) as at March 31, 2018, and the related consolidated interim statements of profit or loss, comprehensive income, changes in equity, and cash flows for the three-month then ended, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and fair presentation of these consolidated interim financial statements in accordance with Egyptian Accounting Standards. Our responsibility is to express a conclusion on these consolidated interim financial statements based on our limited review.

Scope of Limited Review

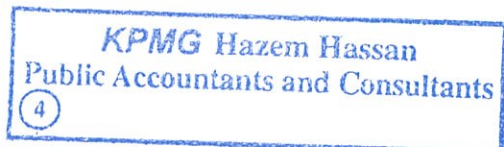
We conducted our limited review in accordance with Egyptian Standard on Review Engagements (no. 2410), "Limited Review of Interim Financial Statements Performed by the Independent Auditor of the Entity." A limited review of interim financial statements consists of making inquiries, primarily of persons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

Conclusion

Based on our limited review, nothing has come to our attention that causes us to believe that the accompanying consolidated interim financial statements do not present fairly, in all material respects, the consolidated financial position of the Company as at March 31, 2018, and of its consolidated interim financial performance and its consolidated interim cash flows for the three-month then ended in accordance with Egyptian Accounting Standards.

KPMG Hazem Hassan
Public Accountants & Consultants


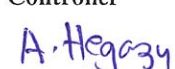



Cairo May 15, 2018



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

EGP	Note No.	31 March 2018	31 December 2017
Non-current assets			
Property, plant, equipment	(23)	289 843 018	293 356 731
Projects under construction	(24)	8 968 343	7 224 581
Biological Assets under construction	(25)	7 337 632	7 155 205
Investments in associates and joint ventures	(26)	-	-
Investments - available for sale	(27)	4 250 000	4 250 000
Investment properties	(28)	98 601 889	100 640 819
Notes receivables	(29)	7 497 349 752	7 491 486 453
Total non-current assets		7 906 350 634	7 904 113 789
Current assets			
Other assets	(15)	7 022 649	6 612 533
Completed units ready for sale	(16)	39 231 852	40 036 102
Works in process	(17)	8 354 008 118	8 010 655 682
Trade and notes receivable	(18)	3 833 850 163	3 731 853 644
Debtors and other debit balances	(19)	1 446 874 011	1 381 356 958
Investments in treasury bills	(21)	1 783 840 114	106 401 376
Cash at banks and on hand	(22)	2 112 689 992	3 490 082 191
Total current assets		17 577 516 899	16 766 998 486
Total assets		25 483 867 533	24 671 112 275
Equity			
Issued & paid in capital	(30)	1 369 194 672	1 369 194 672
Legal reserve	(31)	213 930 055	206 217 101
Special reserve - share premium	(32)	1 389 595 728	1 389 595 728
Retained earnings		1 612 270 936	1 408 181 914
Treasury shares	(33)	(12 833)	(12 833)
Profit from sale of treasury shares	(34)	1 725 456	1 725 456
Reserve for employee stock option plan	(53)	1 645 597	1 645 597
Equity attributable to equity holders of the Company		4 588 349 611	4 376 547 635
Non-controlling interests	(35)	67 003 748	66 686 563
Total equity		4 655 353 359	4 443 234 198
Non-current liabilities			
Loans - long term	(36)	996 739 170	957 398 523
Notes payable - long term	(37)	291 668 726	353 024 284
Deferred tax liabilities	(13)	12 435 189	12 443 280
Total non-current liabilities		1 300 843 085	1 322 866 087
Current liabilities			
Bank - credit facilities	(40)	-	2 814 717
Loans - Short term	(36)	537 998 560	536 502 676
Contractors, suppliers and notes payable	(42)	566 309 124	756 163 682
Advances - from customers	(41)	16 179 672 643	15 496 559 259
Creditors and other credit balances	(43)	2 081 576 801	1 973 740 918
Provision for completion	(38)	155 509 766	132 649 205
Provisions	(39)	6 604 195	6 581 533
Total current liabilities		19 527 671 089	18 905 011 990
Total liabilities		20 828 514 174	20 227 878 077
Total equity and liabilities		25 483 867 533	24 671 112 275

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

Financial Manger	Group Financial Controller	Chief Financial Officer	Managing Director	Chairman
				
Mohsen Mostafa	Ahmed Hegazi	Omar Elhamawy	Magued Sherif	Hani Sarie El Din

"Limited review report attached"

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

EGP	Note	2018	2017
Continuing operations	No		
Revenues			
Sales of real estate and lands	(5)	471 584 048	666 807 784
Revenues of Services of Cities and Resorts Company		34 284 127	32 471 843
Revenues of rental of real state		2 930 269	1 986 852
Revenues from golf course		3 330 455	2 212 668
Total operation revenues		512 128 899	703 479 147
Cost of sales			
Cost of sales of real estate and lands	(6)	(212 111 074)	(412 778 000)
Costs of Services of Cities and Resorts Company		(26 449 865)	(26 545 947)
Costs of rental of real state		(2 390 653)	(1 220 815)
Cost of golf course		(5 076 938)	(4 298 206)
Total operation costs		(246 028 530)	(444 842 968)
Gross profit		266 100 369	258 636 179
Other operating revenues	(7)	55 314 129	62 346 505
Selling and marketing expenses	(8)	(42 425 049)	(37 600 943)
General and administrative expenses	(9)	(65 686 821)	(48 454 523)
Other operating expenses	(10)	(20 013 569)	(19 482 850)
Operating profit		193 289 059	215 444 368
Finance income	(11)	118 841 996	85 268 610
Finance cost	(12)	(30 176 312)	(19 372 343)
Net finance income		88 665 684	65 896 267
Net profit before tax		281 954 743	281 340 635
Income tax	(13)	(69 835 582)	(69 372 057)
Profit from continuing operations		212 119 161	211 968 578
Profit for the period		212 119 161	211 968 578
Attributable to:			
Equity holders of the Company		211 801 976	210 639 936
Non-controlling interests	(35)	317 185	1 328 642
Net Profit for the period		212 119 161	211 968 578
Earnings per share from continuing operations (EGP / Share)	(14)	0.62	0.62

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

Sixth of October for Development and Investment Company "SODIC"

(An Egyptian Joint Stock Company)

Consolidated interim statement of comprehensive income

for the financial period ended March 31,

EGP	Note No	2018	2017
		212 119 161	211 968 578
Total other comprehensive income items for the period after income tax		-	-
Total comprehensive income of the period		<u>212 119 161</u>	<u>211 968 578</u>
Total comprehensive income is attributable to:			
Equity holders of the Company		211 801 976	210 639 936
Non-controlling interests	(35)	317 185	1 328 642
Total comprehensive income for the period		<u>212 119 161</u>	<u>211 968 578</u>

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

Sixth of October for Development and Investment Company "SODIC"
(An Egyptian Joint Stock Company)
Consolidated interim statement of changes in Equity
for the financial period ended March 31, 2018

EGP	Issued and paid in capital	Legal reserve	Special reserve-share premium	Retained earnings	Treasury shares	Profit / (losses) from selling of treasury shares	Set aside amount for bonus and	Total	Non-Controlling interests	Total equity
Balance as at December 31, 2016	1 355 638 292	195 088 853	1 357 933 479	822 185 185	(12 833)	1 725 456	18 276 121	3 750 834 553	70 180 204	3 821 014 757
Total comprehensive income	-	-	-	210 639 936	-	-	-	210 639 936	1 328 642	211 968 578
Net profit for the period	-	-	-	210 639 936	-	-	-	210 639 936	1 328 642	211 968 578
Total comprehensive income	-	-	-	210 639 936	-	-	-	210 639 936	1 328 642	211 968 578
Transactions with owners of the Company	13 556 380	-	(13 556 380)	-	-	-	-	-	-	-
Increase in capital	-	11 128 248	-	(11 128 248)	-	-	-	-	-	-
Transferred to legal reserve	13 556 380	11 128 248	(13 556 380)	(11 128 248)	-	-	-	-	-	-
Total transactions with owners of the Company	13 556 380	11 128 248	(13 556 380)	(11 128 248)	-	-	-	-	-	-
Balance as at March 31, 2017	1 369 194 672	206 217 101	1 344 377 099	1 021 696 873	(12 833)	1 725 456	18 276 121	3 961 474 489	71 508 846	4 032 983 335
Balance as at December 31, 2017	1 369 194 672	206 217 101	1 389 595 728	1 408 181 914	(12 833)	1 725 456	1 645 597	4 376 547 635	66 686 563	4 443 234 198
Total comprehensive income	-	-	-	211 801 976	-	-	-	211 801 976	317 185	212 119 161
Net profit for the period	-	-	-	211 801 976	-	-	-	211 801 976	317 185	212 119 161
Other comprehensive income items	-	-	-	-	-	-	-	-	-	-
Total comprehensive income	-	-	-	211 801 976	-	-	-	211 801 976	317 185	212 119 161
Transactions with owners of the Company	-	7 712 954	-	(7 712 954)	-	-	-	-	-	-
Transferred to legal reserve	-	7 712 954	-	(7 712 954)	-	-	-	-	-	-
Total transactions with owners of the Company	-	7 712 954	-	(7 712 954)	-	-	-	-	-	-
Balance at March 31, 2018	1 369 194 672	213 930 055	1 389 595 728	1 612 270 936	(12 833)	1 725 456	1 645 597	4 588 349 611	67 003 748	4 655 353 359

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

Sixth of October for Development and Investment Company "SODIC"
(An Egyptian Joint Stock Company)
Consolidated interim statement of cash flows
for the financial period ended March 31,

EGP	Note No	2018	2017
<u>Cash flows from operating activities</u>			
Net profit for the period before tax		281 954 743	281 340 635
<u>Adjustments for:</u>			
Depreciation of fixed assets and investment properties	(23) , (28)	10 469 822	4 735 568
Capital gain	(7)	-	(1 011 355)
Return on investments in treasury bills	(11)	(68 171 162)	(47 208 544)
Impairment loss of debtors, trade receivables and loans to joint ventures	(10)	336 110	484 919
Reverse of impairment loss of debtors	(7)	(240 263)	(323 922)
Provisions formed	(38) , (39)	30 307 551	11 443 605
Provisions no longer required	(38) , (39)	-	(275 181)
Reversal of impairment of property, plant and equipment	(23)	(455 647)	(455 812)
<u>Changes in:</u>			
Other assets		(410 116)	(666 917)
Finished units available for sale		804 250	702 050
Works in process		(343 352 436)	(75 049 386)
Trade and notes receivables		(107 859 818)	(136 852 246)
Debtors and other debit balances		(65 276 790)	(141 768 447)
Loans to joint ventures		(336 110)	(473 459)
Provisions used	(38) , (39)	(7 424 328)	(11 332 730)
Advances from customers		683 113 384	340 232 242
Contractors, suppliers and notes payable		(251 210 116)	(101 539 108)
Creditors and other credit balances		37 992 210	10 477 692
Restricted cash		40 690 557	(104 228)
Net cash generated from operating activities		240 931 841	132 355 376
<u>Cash flows from investing activities</u>			
Payments for purchase of fixed assets, projects under construction and biological assets		(6 387 721)	(3 765 829)
Payments for investments in treasury bills		(1 881 983 721)	(1 235 716 116)
Proceeds from investments in treasury bills		272 716 145	241 053 722
Proceeds from sale of property, plant, equipment		-	1 279 343
Net cash used in investing activities		(1 615 655 297)	(997 148 880)
<u>Cash flows from financing activities</u>			
Proceeds from / (payments for) banks - credit facilities		(2 814 717)	(3 366 922)
Proceeds from short and long term loans		40 836 531	57 218 153
Proceeds from sale of treasury shares		-	-
Net cash generated from financing activities		38 021 814	53 851 231
Net increase in cash and cash equivalents		(1336 701 642)	(810 942 273)
Cash and cash equivalents at January 1		3 433 362 722	2 164 139 678
Cash and cash equivalents at March 31	(22)	2 096 661 080	1 353 197 405

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

Sixth of October for Development and Investment Company "SODIC"
(An Egyptian Joint Stock Company)
Notes to the consolidated interim financial statements
for the financial period ended March 31, 2018

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 Company's purpose is represented in the following:

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

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

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

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

1-5 The interim consolidated financial statements of Sixth of October for Development & Investment Company "SODIC" (the Parent Company) for the financial period ended March 31, 2018 comprise the financial statements of the Company and its subsidiaries (together referred to as the "Group") and the Group's interest in the profit or loss of associates and joint ventures.

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

Sixth of October for Development and Investment Company "SODIC" - (An Egyptian Joint Stock Company)
Notes to the consolidated interim financial statements for the financial period ended March 31, 2018

2. Basis of preparation of consolidated interim financial statements

Compliance with accounting standards and laws

- The consolidated interim financial statements have been prepared in accordance with Egyptian Accounting Standards and applicable laws and regulations.
- The interim consolidated financial statements were approved by the Board of Directors on May 15, 2018.

3. Functional and presentation currency

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

4. Use of judgment and estimates

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

Measurement of fair value

- The fair value of financial instruments determines based on the market value of a financial instrument or similar financial instruments at the date of the financial statements without deducting any estimate future costs of sale. The financial asset values determine at current prices for the purchase of those assets, while determining the value of financial liabilities at current prices, which could be settled by those commitments.
- In the absence of an active market to determine the fair value of financial instruments, the fair value is estimated using various valuation techniques, taking into consideration the transactions price that has recently or be guided by the current fair value of other instruments which is substantially similar. Or the use of - discounted cash flow - or any other evaluating method that leads to results can rely on it.
- When using the discounted cash flow method as a way for the evaluation, the future cash flows are estimated based on the best estimates of management. And determined the discount rate used in the prevailing market price at the date of the financial statements of financial instruments are similar in nature and terms.

Sixth of October for Development and Investment Company "SODIC" - (An Egyptian Joint Stock Company)
Notes to the consolidated interim financial statements for the financial period ended March 31, 2018

5. Real estate and land sales

The Group's operations are considered to fall into one broad class of business, sale of real estate units and lands and hence, segmental analysis of assets and liabilities is not considered meaningful. The Group's revenues can be analyzed as follows:

	For the three months ended 31/3/2018 EGP	For the three months ended 31/3/2017 EGP
Revenues from the sale of units in Allegria project	108 551 227	56 253 104
Revenues from the sale of units in Eastown Residences project	193 417 190	339 583 825
Revenues from the sale of units in The Strip project	-	6 690 035
Revenues from the sale of units in Forty West project	7 160 938	44 583 446
Revenues from the sale of units in CASA project	1 315 260	1 149 310
Revenues from the sale of units in Westown Residences project	3 430 489	199 155 418
Revenues from the sales of business units in The Polygon project	7 375 372	19 392 646
Revenues from the sale of units in Westown Courtyards project	117 094 420	-
Revenues from the sale of units in Caesar project	32 799 552	-
Revenues from the sale of units in Beverly Hills project	439 600	-
	471 584 048	666 807 784

6. Cost of real estate and land sold

	For the three months ended 31/3/2018 EGP	For the three months ended 31/3/2017 EGP
Cost of sales of units in Allegria project	18 875 351	19 520 287
Cost of sales of units in Eastown Residences project	98 329 055	255 395 642
Cost of sales of units in The Strip project	-	2 478 955
Cost of sales of units in Forty West project	5 667 394	28 310 734
Cost of sales of units in CASA project	804 250	702 050
Cost of sales of units in Westown Residences project	1 592 251	94 377 438
Cost of sales of business units in The Polygon project	4 135 645	11 992 894
Cost of sales of units in Westown Courtyards project	63 285 626	-
Cost of sales of units in Caesar project	18 909 390	-
Cost of sales of units in Beverly Hills project	512 112	-
	212 111 074	412 778 000

*Sixth of October for Development and Investment Company "SODIC" - (An Egyptian Joint Stock Company)
Notes to the consolidated interim financial statements for the financial period ended March 31, 2018*

7. Other operating revenues

	For the three months ended 31/3/2018 <u>EGP</u>	For the three months ended 31/3/2017 <u>EGP</u>
Interest income realized from installments during the period	32 756 000	31 055 645
Assignment, cancellation dues and delay penalties	21 267 039	29 014 827
Other income	595 180	484 944
Reversal of impairment of property, plant and equipment	455 647	455 812
Capital gain	-	1 011 355
Provisions no longer required and reversal of impairment of debtors	240 263	323 922
	<u>55 314 129</u>	<u>62 346 505</u>

8. Selling and marketing expenses

	For the three months ended 31/3/2018 <u>EGP</u>	For the three months ended 31/3/2017 <u>EGP</u>
Salaries and wages	7 017 503	6 056 449
Sales commissions	14 598 810	19 656 135
Advertising expenses	14 166 800	9 025 932
Conferences and Exhibitions	3 860 730	104 394
Advertising events	-	493 974
Rent	621 601	687 183
Maintenance, cleaning and agriculture	320 556	166 781
Travel, transportation and cars	26 657	70 390
Professional and consultants fees	256 700	270 000
Depreciation	211 580	229 876
Employees vacations	128 243	150 531
Fees and stamps	250 280	39 823
Printing and photocopying	226 337	444 680
Others	739 252	204 795
	<u>42 425 049</u>	<u>37 600 943</u>

Sixth of October for Development and Investment Company "SODIC" - (An Egyptian Joint Stock Company)
Notes to the consolidated interim financial statements for the financial period ended March 31, 2018

9. General and administrative expenses

	For the three months ended 31/3/2018	For the three months ended 31/3/2017
	<u>EGP</u>	<u>EGP</u>
Salaries, wages and bonuses (*)	26 761 185	22 479 445
Board of Directors' remunerations and allowances	3 179 358	3 166 382
Training, medical care, meals & uniforms	4 812 424	1 744 730
Maintenance, cleaning, agriculture, security and guarding	12 815 908	7 353 323
Professional and consultancy fees	1 453 393	2 347 730
Advertising, exhibitions and conferences	235 965	743 300
Donations	96 050	17 000
Gifts	454 082	425 700
Administrative depreciation of fixed assets and rented units	6 447 872	2 449 984
Reception and hospitality	297 958	173 841
Printings and office supplies	1 216 579	1 233 488
Communication, electricity, telephone and water	3 394 194	1 162 699
Subscriptions and governmental dues	1 021 011	941 667
Rent	638 447	594 216
Travel and transportation	709 226	674 476
Bank charges	581 922	888 488
Employees vacations	260 455	607 514
Insurance installments	153 060	97 971
Others	1 157 732	1 352 569
	<u>65 686 821</u>	<u>48 454 523</u>

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

	For the three months ended 31/3/2018	For the three months ended 31/3/2017
	<u>EGP</u>	<u>EGP</u>
Salaries	2 799 000	3 123 126
	<u>2 799 000</u>	<u>3 123 126</u>

10. Other operating expenses

	For the three months ended 31/3/2018	For the three months ended 31/3/2017
	<u>EGP</u>	<u>EGP</u>
Discount for early payment	19 654 797	18 950 704
Provision of claims	22 662	22 662
Impairment losses of debtors and loans to joints ventures	336 110	484 919
Loss from liquidation of investments	-	24 565
	<u>20 013 569</u>	<u>19 482 850</u>

Sixth of October for Development and Investment Company "SODIC" - (An Egyptian Joint Stock Company)
Notes to the consolidated interim financial statements for the financial period ended March 31, 2018

11. Finance income

	For the three months ended 31/3/2018 <u>EGP</u>	For the three months ended 31/3/2017 <u>EGP</u>
Interest income	50 670 834	37 686 110
Return on investment in treasury bills	68 171 162	47 208 544
Net foreign exchange translation	-	373 956
	<u>118 841 996</u>	<u>85 268 610</u>

12. Finance cost

	For the three months ended 31/3/2018 <u>EGP</u>	For the three months ended 31/3/2017 <u>EGP</u>
Interest expense	28 931 699	19 372 343
Foreign exchange translation	1 244 613	-
	<u>30 176 312</u>	<u>19 372 343</u>

13. Income tax

A- Items recognized in the profit or loss

	For the three months ended 31/3/2018 <u>EGP</u>	For the three months ended 31/3/2017 <u>EGP</u>
Current income tax	69 843 673	69 055 936
Deferred income tax (benefit) / expense	(8 091)	316 121
	<u>69 835 582</u>	<u>69 372 057</u>

B- Deferred tax assets and liabilities movement
March 31, 2018

	Balance as at 1/1/2018 asset / (liability) <u>EGP</u>	Charged to profit or loss <u>EGP</u>	<u>Balance as at 31/03/2018</u>		
			Deferred tax resulted in asset <u>EGP</u>	Deferred tax resulted in (liability) <u>EGP</u>	Net deferred tax resulted in (Liability) / Asset <u>EGP</u>
Property, plant and equipment	(1 928 707)	41 197	-	(1 887 510)	(1 887 510)
Foreign exchange translation	(10 605 334)	-	-	(10 605 334)	(10 605 334)
Provisions	90 761	(33 106)	57 655	-	57 655
Net	<u>(12 443 280)</u>	<u>8 091</u>	<u>57 655</u>	<u>(12 492 844)</u>	<u>(12 435 189)</u>

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December 31, 2017

	Balance as at 31/12/2017				
	Balance at 1/1/2017 asset / (liability) EGP	Charged to profit or loss EGP	Deferred tax resulted in asset EGP	Deferred tax resulted in (liability) EGP	Net deferred tax resulted in (Liability) / Asset EGP
Property, plant and equipment	(424 049)	(1 504 658)	-	(1 928 707)	(1 928 707)
Foreign exchange translation	(15 309 320)	4 703 986	-	(10 605 334)	(10 605 334)
Provisions	70 744	20 017	90 761	-	90 761
Net	(15 662 625)	(3 219 345)	90 761	(12 534 041)	(12 443 280)

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

D- Unrecognized deferred tax assets

	31/3/2018 EGP	31/12/2017 EGP
Temporary deductible differences	182 441 117	182 441 117
Tax losses carried forward	22 064 009	22 064 009
	204 505 126	204 505 126

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

14. Earnings per share

A- Accumulated Earnings per share

Earnings per share as at March 31, 2018, is calculated based on the Parent Company's share in earnings for the period using the weighted average number of outstanding shares during the period as follows:

	For the three months ended 31/3/2018 EGP	For the three months ended 31/3/2017 EGP
Net profit for the period (parent company share)	211 801 977	210 636 936
Employees share of profit	-	-
Board of directors' remunerations	-	-
Employees and board of directors share in subsidiaries and associates companies	-	-
	211 801 977	210 636 936
Weighted average number of shares outstanding during the period*	342 298 668	342 298 668
Earnings per share (EGP / share)	0.62	0.62

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B- Earnings per share

Earnings per share as at March 31, 2018, is calculated based on the Parent Company's share in earnings for the period according to separate financial statement using the weighted average number of outstanding shares during the period as follows:

	For the three months ended 31/3/2018 <u>EGP</u>	For the three months ended 31/3/2017 <u>EGP</u>
Net profit for the period (parent company share)	82 738 517	114 631 036
Employees share of profit	-	-
Board of directors' remunerations	-	-
Employees and board of directors share in subsidiaries and associates companies	-	-
	<u>82 738 517</u>	<u>114 631 036</u>
Weighted average number of shares outstanding during the period*	342 298 668	342 298 668
Earnings per share (EGP / share)	<u>0.24</u>	<u>0.33</u>

15. Other assets

	31/3/2018 <u>EGP</u>	31/12/2017 <u>EGP</u>
Assets – companies under liquidation	2 683 724	2 683 724
Inventories and letters of credit	4 338 925	3 928 809
	<u>7 022 649</u>	<u>6 612 533</u>

16. Completed units ready for sale

	31/3/2018 <u>EGP</u>	31/12/2017 <u>EGP</u>
Cost of completed commercial units	38 583 585	38 583 585
Cost of units purchased for resale (16-1)	648 267	1 452 517
	<u>39 231 852</u>	<u>40 036 102</u>

(16-1) This item represents the acquisition cost of 1 units in Casa project (Semi Finished) that were purchased from Royal Gardens Co. for Real Estate Investment – an associated company for the purpose of resale to others.

Sixth of October for Development and Investment Company "SODIC" - (An Egyptian Joint Stock Company)
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17. Work in process

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

	31/3/2018	31/12/2017
	<u>EGP</u>	<u>EGP</u>
Allegria project costs	324 275 294	292 462 037
Westown project costs	1 153 968 116	1 076 273 333
Kattamya Plaza project costs	2 306 134	2 306 134
Eastown project costs (17-1)	1 416 290 435	1 412 627 195
Villette project costs (17 -2)	4 085 641 997	3 920 085 647
Al Yosr for projects and agriculture development project costs (17-3)	335 778 635	335 586 272
The Polygon project costs	65 922 349	69 163 238
Caesar project costs (17-4)	571 670 493	534 615 367
October Plaza project costs (17-5)	299 411 429	285 577 666
Beverly Hills project costs	185 858	504 348
The Strip II and exhibitions land	72 687 683	57 310 082
SODIC East project costs	25 869 695	24 144 363
	<u>8 354 008 118</u>	<u>8 010 655 682</u>

- (17-1) Eastown project cost includes an amount representing the present value of the of the installments of the settlement agreement signed between one of the Company's subsidiaries and the Ministry of Housing and New Urban Communities Authority dated April 14, 2014. The settlement agreement stipulates that the subsidiary will pay EGP 900 million over 7 years in return for an extension in the development time frame by an additional 5 years.
- (17-2) Villette project costs includes an amount of approximately EGP 2.5 billion related to the purchase of 301.48 acres that were obtained from New Urban Communities Authority by a subsidiary. The award letter was received on the 9th of June, 2014.
- (17-3) The cost includes the value of a 300 acres plot of land related to Al Yosr (subsidiary company) located outside the border of Al-Mansorya – Imbaba – Giza Governorate. The plot has been included to the urban space of Sheikh Zayed City according to the presidential decree no.77 of year 2017.
The file of Al Yosr project was presented to New Urban Communities Authority in Sheikh Zayed City. The measurement of the plot area was conducted by Ain Shams University, and the New Urban Communities Authority is in the process of calculating the fees related to changing the purpose from agricultural activity to integrated urban activity in addition to the cost of infrastructure to the plot.
- (17-4) Caesar project costs includes the cost of purchasing 172 000 m2 land plot in Ras-Elhekmah on the north coast amounting to approximately EGP 190 Million.
- (17-5) Includes the acquisition cost of 30.998 acres plot in the northern expansion area in Sixth of October City.

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18. Trade and notes receivable

	31/3/2018	31/12/2017
	<u>EGP</u>	<u>EGP</u>
Trade receivable	114 595 761	114 011 450
Notes receivable (*)	3 746 055 205	3 651 132 663
	<u>3 860 650 966</u>	<u>3 765 144 113</u>
<u>Deduct</u> : unamortized interest – notes receivable	26 518 000	33 007 666
	<u>3 834 132 966</u>	<u>3 732 136 447</u>
<u>Deduct</u> : Impairment losses of trade and notes receivable	282 803	282 803
	<u>3 833 850 163</u>	<u>3 731 853 644</u>

(*) The balance includes an amount of EGP 178 882 798 that represents the net amount of notes receivable relating to SODIC East project with a gross amount of EGP 245 173 647. The gross amount was decreased by EGP 66 290 849 representing the share of Heliopolis Housing and Development Company of the residential units mentioned as per the revenue share agreement (70% for the developer and 30% for the owner).

The Group's exposure to credit and currency risks related to trade and notes receivable is disclosed in note no. (45).

19. Debtors and other debit balances

	31/3/2018	31/12/2017
	<u>EGP</u>	<u>EGP</u>
Contractors and suppliers – advance payments	758 683 862	771 113 532
Due from related parties – Joint Venture	35 191 620	35 191 620
Accrued interest	103 352 444	78 583 088
Due from related parties	6 680 529	6 920 792
Prepaid expenses	424 042 929	407 384 209
Deposits with others	6 920 422	5 832 764
Tax Authority	64 278 367	63 531 714
Letter of guarantee cover	87 946	1 353 021
Due from the bonus and incentives plan to employees and managers fund	364 894	364 894
Debtors from sale of investments (19-1)	3 371 400	3 371 400
Heliopolis Development and Housing Company (19-2)	100 000 000	100 000 000
Union of owners – shahin (19-3)	30 000 000	-
Debtors from projects maintenance	3 853 621	3 293 401
Other debit balances	26 806 743	21 417 553
	<u>1 563 634 778</u>	<u>1 498 357 988</u>
<u>Deduct :-</u>		
Impairment loss in debtors and other debit balances	116 760 767	117 001 030
	<u>1 446 874 011</u>	<u>1 381 356 958</u>

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(19-1) On December 31, 2016, the Group signed an agreement to cancel the sale of "El Diwan for Construction Development" formerly "El Sheikh Zayed for Construction Development" and recorded the a loss from the reversal of sale of investment which amounted to EGP 50 850 600. The book value of the investment amounting to EGP 3 371 400 was recorded as Debtors of the purchase of investments until the completion of the share ownership transfer to the Group.

(19-2) This item representing the amount paid as a down payment to Heliopolis Housing and Development Company, this amount will settle with Heliopolis Housing and Development Company's revenue share in the co-development contract pertaining to New Heliopolis City. Accordingly, the Company will act as a real estate developer for the land plot owned to Heliopolis Housing and Development Company which amounted to 655 acres in New Heliopolis City and Heliopolis Housing and Development Company will earn a share of the revenue with guaranteed minimum amount equal EGP 5.01 billion.

The two parties have agreed that the Company at its own expense and under its responsibility will implement, finance, market and sell the units of the project and all its inclusions and components, in addition to providing management and maintenance either directly or through third parties, and delivering on all other obligations as stipulated in the co-development contract and will accordingly share the revenue (according to the defined percentages in the contract for each component of the project).

(19-3) On March 8, 2018, the Company signed two co-development contracts for a residential and tourism project for the two land plots of approximately 308 acres in the north coast with the owners as follows:

- Contract signed with Alshaheen Union Owners of for the land plot of approximately 111 acres (the first plot).
- Contract signed with the Alammara Company for Urban Expansion for the land plot of approximately 197 acres (the second plot).

Accordingly, the Company at its own expense and under its responsibility will implement, finance, market and sell the units of the two projects and all its inclusions and components, in addition to providing management and maintenance either directly or through third parties, and delivering on all other obligations as stipulated in the co-development contract and will accordingly share the revenue according to the defined percentages in the contract for each component of the project.

According to the first plot's contract the Company paid an amount of EGP 30 million which represents down payment which will be settled during three years in equal installments against Alshaheen Union Owners share in the project revenues according to the co-development contract.

The Group's exposure to credit and currency risks related to debtors and other debit balances is disclosed in note no. (45).

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20. Loans to Joint Ventures

	31/3/2018	31/12/2017
	EGP	EGP
This item represents the loan granted to the Joint Venture project by the Group on August 16, 2010 for a total amount of USD 19.5 million. The loan carries an interest rate of 8.5% per annum. The principal together with interest were scheduled for payment before September 30, 2011. The loan was renewed with an interest rate of 12.5% per annum.	135 485 960	135 485 960
This item represents the utilized amount of the bridge loan granted to the Joint Venture project on October 28, 2010 for a total amount of USD 8 024 766. The loan carries an interest rate of 8.5% per annum.	57 885 633	57 549 521
	<hr/> 193 371 593	<hr/> 193 035 483
Deduct :-		
Impairment for loans to joint ventures	193 371 593	193 035 483
	<hr/> -	<hr/> -

21. Investments in treasury bills

	31/3/2018	31/12/2017
	EGP	EGP
Treasury bills at par value	1 945 575 000	115 550 000
Unearned return on treasury bills	(161 734 886)	(9 148 624)
	<hr/> 1 783 840 114	<hr/> 106 401 376

The Group's exposure to market risk related to the trading investments is disclosed in note no. (45).

Sixth of October for Development and Investment Company "SODIC" - (An Egyptian Joint Stock Company)
Notes to the consolidated interim financial statements for the financial period ended March 31, 2018

22. Cash at banks and on hand

	31/3/2018	31/12/2017
	<u>EGP</u>	<u>EGP</u>
Bank - time deposits (22-1)	1 732 785 332	3 094 783 543
Bank - current accounts	317 791 334	352 227 069
Checks under collection	56 266 728	41 560 910
Cash on hand	5 846 598	1 510 669
	<u>2 112 689 992</u>	<u>3 490 082 191</u>

(22-1) Deposits include an amount of EGP 16 million restricted as a guarantee for the credit facility granted to the Parent Company and one of its subsidiaries from a commercial banks. In addition, it includes an amount of EGP 592 million representing the value of deposits collected from customers on account of the regular maintenance expenses.

For the purpose of preparing the consolidated statement of cash flows, cash and cash equivalents item is represented as follows:

	31/3/2018	31/03/2017
	<u>EGP</u>	<u>EGP</u>
Cash at banks and on hand	2 112 689 992	1 462 005 625
<u>Less:</u>		
Restricted-Time Deposits	16 028 912	108 808 220
Cash and cash equivalents in the consolidated statement of cash flows	<u>2 096 661 080</u>	<u>1 353 197 405</u>

The Group's exposure to interest rate risk and currency risk for cash on hands and at banks which is disclosed in note no. (45)

Sixth of October for Development and Investment Company "SODIC"
Notes to the consolidated interim financial statements for the financial year ended March 31, 2018

23 - Property, plant, equipment

	Golf Course	Lands	Buildings and Constructions	Vehicles	Furniture and fixtures	Beach Furniture and fixtures	Office equipment and communications	Computer software	Generators, machinery and equipment	Solar power stations	Leasehold improvements	Total
	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP
Cost												
Cost at January 1, 2017	93 628 961	56 406 229	39 492 983	22 047 570	24 804 108	806 999	17 896 806	8 815 876	23 851 740	-	11 531 038	299 282 310
Additions during the year	-	1 348 922	148 929 659	4 611 020	4 368 417	47 917	7 173 101	359 923	3 552 905	-	42 569 240	212 961 104
Disposals during the year	-	-	-	(3 016 950)	(10 000)	-	(90 344)	-	(2 750)	-	-	(3 120 044)
Cost at December 31, 2017	93 628 961	57 755 151	188 422 642	23 641 640	29 162 525	854 916	24 979 563	9 175 799	27 401 895	-	54 100 278	509 123 370
Cost at January 1, 2018	93 628 961	57 755 151	188 422 642	23 641 640	29 162 525	854 916	24 979 563	9 175 799	27 401 895	-	54 100 278	509 123 370
Additions during the period	-	-	-	1 149 374	446 598	-	1 833 854	11 148	599 544	396 014	-	4 461 532
Disposals during the period	-	-	-	-	-	-	-	-	-	-	-	-
Cost at March 31, 2018	93 628 961	57 755 151	188 422 642	24 791 014	29 609 123	854 916	26 838 417	9 186 947	28 001 439	-	54 100 278	513 584 902
Accumulated depreciation and impairment losses												
Accumulated depreciation and impairment losses at January 1, 2017	93 628 961	-	18 935 144	15 117 541	16 557 662	296 234	11 486 780	7 519 913	17 836 190	-	10 627 037	193 005 382
Depreciation during the year	1 823 247	-	7 595 832	2 132 760	2 796 610	228 443	(53 227)	687 251	2 427 419	-	7 249 440	27 805 920
Accumulated depreciation of disposals during the year	-	-	-	(2 159 144)	(7 500)	-	-	-	(1 545)	-	-	(2 221 416)
Impairment losses during the year	(1 823 247)	-	-	-	-	-	-	-	-	-	-	(1 823 247)
Accumulated depreciation and impairment losses at December 31, 2017	93 628 961	-	26 528 976	15 091 157	19 346 772	524 677	14 300 391	8 207 164	20 262 064	-	17 876 477	215 766 639
Accumulated depreciation and impairment losses at January 1, 2018	93 628 961	-	26 528 976	15 091 157	19 346 772	524 677	14 300 391	8 207 164	20 262 064	-	17 876 477	215 766 639
Depreciation during the period	455 647	-	2 301 016	723 677	771 776	57 510	1 045 329	160 063	738 874	3 832	2 173 168	8 430 892
Accumulated depreciation of disposals during the period	-	-	-	-	-	-	-	-	-	-	-	-
Reversal of impairment losses during the period	(455 647)	-	-	-	-	-	-	-	-	-	-	-
Accumulated depreciation and impairment losses at March 31, 2018	93 628 961	-	28 829 992	15 814 834	20 118 548	582 187	15 345 720	8 367 227	21 000 938	3 832	20 049 645	223 741 884
Net book value												
Net Book Value At January 1, 2017	-	56 406 229	20 557 839	6 930 029	8 246 446	510 745	6 410 106	1 295 963	6 015 589	-	904 001	107 276 928
Net Book Value At December 31, 2017	-	57 755 151	161 893 666	8 550 483	9 815 753	330 239	10 679 172	968 635	7 139 831	-	36 223 801	203 356 731
Net Book Value At March 31, 2018	-	57 755 151	159 592 650	8 976 180	9 490 575	272 729	11 492 697	819 720	7 000 501	392 182	34 050 635	289 843 018

* Property, plant, equipment include fully depreciated assets at a cost of EGP 67 387 580 at March 31, 2018

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24. Projects under construction

This item is represented as follows:

	31/3/2018	31/12/2017
	<u>EGP</u>	<u>EGP</u>
Buildings and constructions	3 972 754	3 972 754
Advance payments -fixtures and purchasing of fixed assets	3 597 363	2 172 680
Buildings, Constructions and landscape development	1 398 226	1 079 147
	<u>8 968 343</u>	<u>7 224 581</u>

25. Biological asset under construction

On March 31, 2018 the balance of EGP 7 337 632 represents the cost of planting agricultural seedlings and the related costs, irrigation, water, wages, etc. (2017: EGP 7 155 205).

26. Investments in associates and joint ventures

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

	Legal Form	Ownership Percentage	Carrying amount
		31/3/2018	31/12/2017
		<u>%</u>	<u>%</u>
		<u>EGP</u>	<u>EGP</u>
Royal Gardens for Investment Property Co. (A)	SAE	20	20
Palmyra SODIC Real Estate Development (B)	Syrian Ltd.	50	50
		<u>-</u>	<u>-</u>

Summary of financial information of associates and joint ventures:-

	Assets	Liabilities	Equity	Revenues	Expenses
	<u>EGP</u>	<u>EGP</u>	<u>EGP</u>	<u>EGP</u>	<u>EGP</u>
<u>March 31, 2018</u>					
Royal Gardens for Real Estate Investments Co. (A)	264 986 294	(237 193 152)	(27 793 142)	(87 358 570)	79 167 212
<u>December 31, 2017</u>					
Royal Gardens for Real Estate Investments Co. (A)	330 463 327	(299 454 739)	(31 008 588)	(288 643 101)	276 779 179
	<u>Assets</u>	<u>Liabilities</u>	<u>Equity</u>	<u>Revenues</u>	<u>Expenses</u>
	<u>EGP</u>	<u>EGP</u>	<u>EGP</u>	<u>EGP</u>	<u>EGP</u>
<u>March 31, 2018</u>					
Palmyra SODIC Real Estate Development (B)	141 431 817	(1 106 866 942)	954 435 125	-	14 293 850
<u>December 31, 2017</u>					
Palmyra SODIC Real Estate Development (B)	141 831 198	(1 096 453 673)	954 622 475	(185 505 900)	73 094 158

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- (A) Royal Gardens for Investment Property Co. was established during the year 2006 in association with Palm Hills Developments and other shareholders. The cost of investment amounted to EGP 3 million which represents 50% of the Parent Company's participation in the share capital of Royal Gardens Co. The Parent Company's share in the unrealized gain resulting from the sale of land by the Parent Company to its associate during 2007 amounted to EGP 32 298 112 out of which only EGP 3 million has been eliminated to the extent of the Company's interest in the associate when preparing the consolidated financial statements.
- (B) On June 15, 2010, SODIC Syria was established - a limited liability company - to acquire a 50% stake in Palmyra - SODIC Real Estate Development Co., Ltd. - a limited liability company - registered and operating in the Syrian Arab Republic. The direct investment cost amounts to EGP 243 million.
- Due to the current political circumstances in the Syrian Arab Republic and the confiscation of assets and documents related to Palmyra - SODIC Real Estate Development Co by the state government, the management of SODIC addressed the Embassy of the Syrian Arab Republic in Egypt and commissioned a law firm to handle the issue and protect the interest of SODIC's shareholders.

This situation, coupled with the unstable political environment witnessed in Syria led SODIC's Board of Directors to take the view that the invested amounts in Syria are non-recoverable. As such, SODIC recognized a loss arising from the inability to recover its investments. The recognized impairment loss of the investment and the foreign accumulated translation differences amounted to EGP 481 051 416 as at December 31, 2013.

27. Available for sale investments

This item is represented as follows:

	Legal Form	Ownership %	Paid amount of Participation %	Carrying amount as at 31/3/2018 EGP	Carrying amount as at 31/12/2017 EGP
Egyptian Company for Development and Management of Smart Villages	S.A.E	1.8	100	4 250 000	4 250 000
				<u>4 250 000</u>	<u>4 250 000</u>

- 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.

Sixth of October for Development and Investment Company "SODIC" - (An Egyptian Joint Stock Company)
Notes to the consolidated interim financial statements for the financial period ended March 31, 2018

28. Investment properties

The net carrying amount of the investment properties as at March 31, 2018, amounted to EGP 98 601 889. The amount includes commercial / residential units leased out to others. The movement of the investment properties and its associated depreciation during the period as follows:-

<u>Description</u>	<u>Leased out EGP</u>	<u>HUB Project's units EGP</u>	<u>Total EGP</u>
<u>Cost</u>			
At January 1, 2017	20 481 909	86 733 319	107 215 228
Additions during the year	2 735 130	396 251	3 131 381
At December 31, 2017	23 217 039	87 129 570	110 346 609
At January 1, 2018	23 217 039	87 129 570	110 346 609
Additions during the period	-	-	-
At March 31, 2018	23 217 039	87 129 570	110 346 609
<u>Less</u>			
<u>Accumulated depreciation</u>			
At January 1, 2017	709 634	4 641 416	5 351 050
Depreciation for the year	1 567 239	2 787 501	4 354 740
At December 31, 2017	2 276 873	7 428 917	9 705 790
At January 1, 2018	2 276 873	7 428 917	9 705 790
Depreciation for the period	1 364 578	674 352	2 038 930
At March 31, 2018	3 641 451	8 103 269	11 744 720
Net carrying amount as at January 1, 2017	19 772 275	82 091 903	101 864 178
Net carrying amount as at December 31, 2017	20 940 166	79 700 653	100 640 819
Net carrying amount as at March 31, 2018	19 575 588	79 026 301	98 601 889

29. Notes receivable – Long-term

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

	<u>31/3/2018 EGP</u>	<u>31/12/2017 EGP</u>
Notes receivable (29-1)	7 626 763 758	7 572 269 682
<u>Deduct:</u> Unamortized interest	129 414 006	80 783 229
	7 497 349 752	7 491 486 453

(29-1) The balance includes an amount of EGP 1 010 151 214 which represents the net amount of notes receivable – long term related to SODIC East project with a gross amount of EGP 1 400 937 425 decreased by an amount of EGP 390 786 211 which represents Heliopolis Housing and Development Company's share of the residential units mentioned in the revenue share contract (70% for the developer and 30% for the owner).

The Group's exposure to credit, and currency risks related to trade and notes receivable is disclosed in note no. (45).

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Notes to the consolidated interim financial statements for the financial period ended March 31, 2018

30. Share capital

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

Shareholder	Number of shares	Share value EGP	Ownership percentage %
Olayan Saudi Investment Company.	43 121 432	172 485 728	12.60
RA Six Holdings Limited	31 992 544	127 970 176	9.35
Rimco EGT Investment LLC	25 484 739	101 938 956	7.45
Al- Majid Investments LLC.	10 548 092	42 192 368	3.08
Ismail Omar Elshetawy Gherghar	8 372 025	33 488 100	2.45
EFG Hermes Holdings Financial Group.	8 183 111	32 732 444	2.39
Schroder International Selection Fund	7 771 355	31 085 420	2.27
Financial Holdings International LTD	7 267 503	29 070 012	2.12
Walid Bin Seliman Bin AbdElmohssen Abanumey	6 301 380	25 205 520	1.84
Yazeid Bin Seliman Bin AbdElmohssen Abanumey	6 233 653	24 934 612	1.82
Ajeej Mena Fund	5 760 000	23 040 000	1.68
Norges Bank	5 000 000	20 000 000	1.46
Moda bnt saleh bin abd allah el mosfr	4 897 091	19 588 364	1.43
Fidelity Investment Trust Fidelity Series Emerging Markets Fund	4 068 500	16 274 000	1.19
Other shareholders	167 297 243	669 188 972	48.87
	342 298 668	1 369 194 672	100

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31. Legal Reserve

The balance as at March 31, 2018 is represented as follows:-

	<u>EGP</u>
Legal reserve equal 5% of the Company's net profit till year 2016	33 734 213
<u>Add:</u>	
Increase of the legal reserve with the difference between the par value of the treasury shares and its actual cost (according to the Company's Extra-Ordinary General Assembly Meeting held on July 10, 2003).	4 627 374
Increase of the legal reserve with part of capital increase share premium with limits of half of the Company's issued share capital during 2006.	123 409 151
Increase of the legal reserve with part of capital increase share premium during year 2007 with limits of half of the Company's issued share capital.	5 000 000
Increase of the legal reserve with part of the capital increase share premium with limits of half of the Company's issued share capital during 2010.	39 446 365
Increase in legal reserve by 5% of 2017 net profit.	7 712 954
<u>Deduct:</u>	
The amount used to increase the issued share capital during 2011.	2
	<hr/> 213 930 055 <hr/>

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32. Special reserve – share premium

The balance as at March 31, 2018 is represented in the following:

<u>Description</u>	<u>EGP</u>
Total value of the capital increase share premiums collected for the years 2006 and 2010	1 455 017 340
<u>Add:</u>	
- Share premium of the employees' incentive and bonus plan issued during 2007.	90 000 000
- The value of selling 712 500 share which has been sold through beneficiaries of incentive and bonus plan during 2014 with EGP 30 per share (after split).	21 375 000
- The value of 200 000 shares converted to treasury shares during 2015 at par value, these shares were previously set aside for the benefit of the incentive and bonus plan with the capital increase in 2008 as a result of the termination of the program (Note no.52).	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 (Note no.52).	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 (Note no.52).	1 180 000
- The value received from the selling of 3 083 938 shares which had been sold by beneficiaries of the employees' incentive and bonus plan during the year by average EGP 9.27 per share.	28 588 105
- The value received from the sale of 3 083 938 shares which had been sold by beneficiaries of the employees' incentive and bonus plan during the year by average EGP 9.27 per share.	16 630 524
<u>Deduct:</u>	
Amounts transferred to the legal reserve (Note no.31).	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 (Note no.30)	13 556 380
	<u>1 389 595 728</u>

33. Treasury shares

The balance of treasury shares at March 31, 2018 represents shares held by some subsidiary companies in the parent's company share capital.

34. 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.
- On February 1, 2015, the Company's Extraordinary General Assembly agreed on the termination of the current incentive and bonus plan for employees and executive directors of the company by the end of its duration as of March 31, 2015 and converting the remaining shares amounting to 737 500 shares on which its rights have not been exercised yet, into treasury shares in accordance with the related regulations, and the conversion of the shares into treasury shares has been executed on July 14, 2015, these shares carrying a book value of EGP 10 150 000 have been sold during the financial year ended December 31, 2016 with a selling value amounted to EGP 8 182 589 realizing a loss in the amount of EGP 1 967 411. (33). Accordingly, the profit from sale of treasury shares reserve becomes EGP 1 725 456.

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35. Non-controlling interest

Non-controlling interest balance as at March 31, 2018, represents the interest shares in subsidiary's equity as follows:

	Percentage %	Profit / (loss) for the period <u>EGP</u>	Non-controlling interest excluding profit		
			/ (loss) for the period <u>EGP</u>	as at 31/3/2018 <u>EGP</u>	as at 31/12/2017 <u>EGP</u>
Sixth of October for Development and Real Estate Projects Co. "SOREAL"	0.01	11 482	126 858	138 340	126 858
Beverly Hills for Management of Cities and Resorts Co.	53.25	213 406	28 564 821	28 778 227	28 564 821
SODIC Garden City for Development and Investment Co.	50	83 151	35 257 505	35 340 656	35 257 505
Al Yosr for Projects and Agriculture Development Co.	0.001	5	27 063	27 068	27 063
SODIC for Development and Real Estate Investment Co.	0.001	-	20	20	20
Tegara for Trading Centers Co.	4.76	8 960	2 709 378	2 718 338	2 709 378
Edara for Services of Cities and Resorts Co.	0.003	181	914	1 095	914
Fourteen for Real Estate Investment Co.	0.004	-	2	2	2
La Maison for Real Estate Investment Co.	0.004	-	2	2	2
		317 185	66 686 563	67 003 748	66 686 563

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36. Long-term loans

	31/3/2018	31/12/2017
	<u>EGP</u>	<u>EGP</u>
On July 16, 2014, the Company signed a medium-term loan contract with Commercial International Bank (CIB) for an amount of EGP 300 million to finance the total amount due to Solidere International following the settlement agreement Tranche (A) to finance any deficit in the cash flows related to the development of specific blocks on Westown Residences in stage (B) tranche (B).	125 442 918	132 543 460
On April 4, 2017, Sixth of October for Development and Investment Company "SODIC" signed a medium-term syndicated loan contract with group of banks represented by Arab African International Bank "facility agent" with a total amount of EGP 1 300 million on two tranches:	384 821 775	384 821 775
<ul style="list-style-type: none"> - First tranche amount of EGP 243 million to finance the total debt outstanding due to group of banks represented by Arab African International Bank. - Second tranche amount of EGP 1 057 million to finance "SODIC West" projects located in Kilo 38 Cairo/Alex desert road -Giza- Egypt. 		
<u>Guarantees:</u>		
<ul style="list-style-type: none"> - Unconditional and irrevocable revenue transfer by which the lender and some of its subsidiaries transfer all current and future proceeds, selling and lease contracts of the current and foreseeable project units to the interest of the "Guarantee agent". - Accounts mortgage contracts: debt interest and all amounts deposited therein are pledged for the interest of the "guarantee agent", and pledge the project's account. - Promissory note from the Company (the borrower). 		
<u>Grace period:</u>		
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.		
<u>Repayment:</u>		
Commenced on September 30, 2019, and repayable in (14) quarterly unequal installments.	510 264 693	508 365 235

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Notes to the consolidated interim financial statements for the financial period ended March 31, 2018

	31/3/2018	31/12/2017
	<u>EGP</u>	<u>EGP</u>
	510 264 693	508 365 235
	45 000 000	30 000 000

On August 30, 2017, Sixth of October for Development and Investment Company "SODIC" signed a medium-term loan contract with Commercial International Bank "CIB" with a total amount of EGP 270 million to finance the development cost of October Plaza Project which will be established on area of 31 acres in northern expansions at sixth of October city.

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.
- "SODIC" Committed to conclude insurance policy covered a 110% of all constructions at project in favor of "CIB"

Grace period:

Three years and six months applied on the principal of the loan only from the date of first drawdown.

Repayment:

Commenced on March 2021, and repayable in (13) quarterly unequal installments.

On July 3, 2014, a Company's subsidiary signed a medium term facility agreement with Arab African International Bank (AAIB) for a total amount of EGP 950 million to finance the repayment of advance payments and installments due to the New Urban Communities Authority against the land of the project through the funding of the Real Estate Development Model.

On August 23, 2017, the Company signed the first addendum to the above mentioned loan agreement, increasing the facility amount by EGP 450 million (Tranche b) can be increased with an amount equal to what has been repaid under the facility of (Tranche A) so the total amount of the medium term facility after the increase will be amounted to EGP 1.4 billion. Based on that, the two parties have agreed to amend some of the facility contract terms and conditions.

979 473 037	946 535 964
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Guarantees:

- The company's commitment to assign all revenues arising from the project before or after the date of the facility for the benefit of the project.
- Accounts mortgage contracts: debt interest and all amounts deposited therein are pledged for the interest of the bank, and pledge the project's account.

Availability period:

For Tranche A commences from the signing date until December 31, 2017.

For Tranche B commences from the signing date until December 31, 2019.

1 534 737 730	1 493 901 199
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Notes to the consolidated interim financial statements for the financial period ended March 31, 2018

	31/3/2018	31/12/2017
	<u>EGP</u>	<u>EGP</u>
	1 534 737 730	1 493 901 199
<u>Grace period:</u>		
Three months after the end of availability period, this applies to the principle amount of the loan only.		
<u>Repayment:</u>		
For Tranche A commences at the end of the grace period, and to be paid on 8 consecutive quarters each 3 months ending, December 31, 2019.		
For Tranche B commences at the end of the grace period, and to be paid on 5 consecutive quarters each 3 months ending, December 31, 2019.		
Total	1 534 737 730	1 493 901 199
<u>Deduct: Current portion</u>		
loan from CIB	47 336 950	28 402 170
loan for one of subsidiary from Arab African International Bank	490 661 610	508 100 506
Total of Current portion	537 998 560	536 502 676
	996 739 170	957 398 523

37. Long-term notes payable

	31/3/2018	31/12/2017
	<u>EGP</u>	<u>EGP</u>
Total present value of the checks issued to New Urban Communities Authority which are payable till Jan. 1, 2021.	300 000 000	375 000 000
Total present value of the checks issued to New Urban Communities Authority which are payable till September 8, 2019.	52 574 310	52 574 310
Unamortized interest	(60 905 584)	(74 550 026)
	291 668 726	353 024 284

The Company's exposure to credit risk related to long-term notes payable are disclosed in Note No. (45).

38. Provision for completion

	Balance as at 1/1/2018	Formed during the period	Used during the period	Provisions no longer required during the period	Balance as at 31/3/2018
	<u>EGP</u>	<u>EGP</u>	<u>EGP</u>	<u>EGP</u>	<u>EGP</u>
Provision for completion of works (38-1)	132 649 205	30 284 889	(7 424 328)	-	155 509 766
	132 649 205	30 284 889	(7 424 328)	-	155 509 766

(38-1) This provision is formed against the estimated costs expected to be incurred to complete the execution of the project in its final stage related to units delivered to customers, which are expected to be incurred in the following periods.

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39. Provisions

	Balance as at 1/1/2018	Formed during the period	Used during the period	Provisions no longer required during the period	Balance as at 31/3/2018
	<u>EGP</u>	<u>EGP</u>	<u>EGP</u>	<u>EGP</u>	<u>EGP</u>
Provision for expected claims	6 581 533	22 662	-	-	6 604 195
	<u>6 581 533</u>	<u>22 662</u>	<u>-</u>	<u>-</u>	<u>6 604 195</u>

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

40. Bank - credit facilities

	31/3/2018 <u>EGP</u>	31/12/2017 <u>EGP</u>
Represents the amounts drawn down from the EGP 8 million fully secured overdraft facility signed with SAIB Bank and one of the subsidiaries. The facility is fully secured by deposits kept at the bank.	-	2 814 717
	<u>-</u>	<u>2 814 717</u>

Information regarding the Group's exposure to interest rate and liquidity risks is disclosed in note no. (45).

41. Advances - from customers

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

	31/3/2018 <u>EGP</u>	31/12/2017 <u>EGP</u>
Advances for for booking, contracting and installments of residential units (Fourth area)	248 200	676 599
Advances - Kattameya Plaza project	6 175 785	6 154 870
Advances - Eastown Residences project	4 132 082 008	3 763 708 489
Advances - Strip 2 project	89 158 095	53 554 865
Advances - Allegria project	193 217 290	171 607 327
Advances - Courtyard project	1 307 409 643	1 414 535 772
Advances - Forty West project	362 882 544	368 477 132
Advances - Villette project	4 210 804 918	4 207 181 649
Advances - SKY Condos project	1 476 593 472	1 342 237 107
Advances - Westtown Residences project	630 955 465	618 226 968
Advances - Casa project	-	1 308 949
Advances - Ceaser project	1 433 515 585	1 480 342 988
Advances - October Plaza 1 project	518 314 448	436 393 234
Advances - Sodici East project (41-1)	1 227 488 089	1 136 021 783
Advances - Polygon project	590 827 101	496 131 527
	<u>16 179 672 643</u>	<u>15 496 559 259</u>

(41-1) This amount represented in net of advances from customers with a total contracted value of EGP 1 743 954 576 which has been reduced by EGP 516 466 484 which represents Heliopolis Housing And Development Company's share of the residential units mentioned in the joint operation contract (70% for the developer and 30% for the owner).

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42. Contractors, suppliers and notes payable

	31/3/2018	31/12/2017
	EGP	EGP
Contractors	169 780 910	169 628 420
Suppliers	12 887 002	12 309 511
Notes payable (42-1)	397 853 401	592 444 478
	580 521 313	774 382 409
Deduct: Unamortized interest-notes payable	14 212 189	18 218 727
	566 309 124	756 163 682

(42-1) Notes payable includes EGP 207 million which represents the amount due to the New Urban Communities Authority.

The Group's exposure to currency and liquidity risks related to suppliers, contractors and notes payable is disclosed in note no. (45).

43. Creditors and other credit balances

	31/3/2018	31/12/2017
	EGP	EGP
Amounts collected on account for management, operation and maintenance of projects	1 114 758 223	1 053 508 923
Due to related parties	5 546 162	5 596 161
Accrued expenses	111 474 627	145 641 094
Customers - Beverly Hills – capital contributions	14 404 529	14 191 530
Customers – credit balances	38 440 472	40 121 891
Tax Authority	288 580 041	224 862 242
Dividends payable	91 643	91 643
Accrued compensated absence	3 121 187	4 128 080
Insurance Deposits collected from customers – Against modification	784 615	684 615
Social insurance	6 166 627	4 500 527
Customers –down payments for sub-development (43-1)	-	1 000 000
Unearned revenue	15 567 337	10 231 027
Retentions	45 520 661	37 402 922
Due to beneficiaries from Incentive plan	1 192 490	1 192 490
Deposits from others	34 651 106	33 422 842
Premiums of club	373 705 234	375 859 514
Sundry creditors	27 571 847	21 305 417
	2 081 576 801	1 973 740 918

(43-1) This amount represents sub-development from Sheikh Zayed for Real Estate Development, disclosed in note no. (19-1).

The Group's exposure to currency and liquidity risks related to creditors is disclosed in note no. (45).

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44. Fair values

Fair values versus carrying values

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

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

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

Capital management

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

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

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

45. Financial risk management

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

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

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group management of capital. Further quantitative disclosures are included throughout these consolidated financial statements. The Board of Directors of the Parent Company has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board also identifies and analyzes the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits.

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

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

a) Credit risk

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

Trade and other receivables

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

Almost all of the Group's revenues is attributable to sales transaction with a vast group of customers.

Therefore, demographically, there is no concentration of credit risk.

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

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

Investments

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

Guarantees

- The group extends corporate guarantees to subsidiaries, when needed, after the approval of the Extra Ordinary General Assembly Meeting (EGM). The following corporate guarantees were provided:
- On the 1st of February, 2015, Sixth of October for Development and Investment Company's "SODIC" EGM approved extending a corporate guarantee to SOREAL For Real Estate Investments (99.99 % owned by SODIC).

b) Liquidity risk

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

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

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

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

- EGP 8 million as a bank facility for one of the subsidiaries guaranteed by time deposits.
- A facility amounting to EGP 150 million. The facility is fully secured by deposits amounting to EGP 150 million.
- A facility amounting to EGP 150 million for one of the subsidiaries. The facility is fully secured by deposits amounting to EGP 150 million.
- A medium term loan in the amount of EGP 1 300 million.
- A medium term loan in the amount of EGP 300 million.
- A medium term loan in the amount of EGP 270 million.
- A medium term loan in the amount of EGP 1 400 million for one of the subsidiaries.

c) Market risk

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

d) Currency risk

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

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

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

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

e) Interest rate risk

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

f) Other market price risk

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

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

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

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

45-1 Credit risk

The carrying amount of financial assets represented in the balances of trade and notes receivables, debtors and cash and cash equivalent, loans to joint venture and investments in trading securities.

The maximum exposure to credit risk as at December 31, 2017, amounted to EGP 15 486 030 641 (December 31, 2016: EGP 15 021 172 211).

45-2 Liquidity risk

The following are the contractual maturities of financial liabilities:

<u>March 31, 2018</u>	Carrying amount	Less than 1 year	1-2 years	2-5 years
	<u>EGP</u>	<u>EGP</u>	<u>EGP</u>	<u>EGP</u>
Short - term loans	537 998 560	537 998 560	-	-
Long - term loans	996 739 170	-	567 855 015	428 884 155
Contractors and suppliers	182 667 912	182 667 912	-	-
Other creditors	2 081 576 801	1 552 916 439	509 433 308	19 227 054
Notes payable -short term	383 641 212	383 641 212	-	-
Notes payable -long term	291 668 726	-	176 157 654	115 511 072
	4 474 292 381	2 657 224 123	1 253 445 977	563 622 281
<u>December 31, 2017</u>	Carrying amount	Less than 1 year	1-2 years	2-5 years
	<u>EGP</u>	<u>EGP</u>	<u>EGP</u>	<u>EGP</u>
Banks - credit facilities	2 814 717	2 814 717	-	-
Short - term loans	536 502 676	536 502 676	-	-
Long - term loans	957 398 523	-	584 058 925	376 339 598
Contractors and suppliers	181 937 931	181 937 931	-	-
Other creditors	1 973 740 920	1 468 776 627	486 599 050	18 365 243
Notes payable - short term	574 225 751	574 225 751	-	-
Notes payable - long term	353 024 287	-	179 593 417	173 430 870
	4 579 644 805	2 764 257 702	1 250 251 392	568 135 711

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45-3 Currency risk

Exposure to currency risk

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

March 31, 2018

Description	USD	Euro
Cash at banks	10 384 139	192 382
Notes receivables	5 329 764	-
Debtors and other debit balances	-	83 006
Advances - from customers	(12 262 002)	-
Creditors and other credit balances	(811 783)	-
Surplus of foreign currencies	2 640 118	275 388

December 31, 2017

Description	USD	Euro	AED
Cash at banks	8 879 087	130 686	77 120
Notes receivables	6 638 700	-	-
Debtors and other debit balances	-	432 365	-
Advances - from customers	(12 262 002)	-	-
Creditors and other credit balances	(830 187)	-	-
Surplus of foreign currencies	2 425 598	563 051	77 120

45-4 Interest rate risk

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

	<u>Carrying amount</u>	
	31/3/2018	31/12/2017
<u>Financial instruments with a fixed rate</u>	<u>EGP</u>	<u>EGP</u>
Financial assets	14 847 825 361	14 424 525 016
Financial liabilities	(675 309 938)	(927 250 038)
	14 172 515 423	13 497 274 978
<u>Financial instruments with a fixed rate</u>		
Financial liabilities	(1 534 737 730)	(1 496 715 916)
	(1 534 737 730)	(1 496 715 916)

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

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46. Transactions with related parties

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

a) Transactions with related parties

		31/3/2018
<u>Party / Relationship</u>	<u>Nature of transaction</u>	<u>Amount of transaction</u> <u>EGP</u>
Executive managers and Board of Directors (Parent Company)	Executive and Board of Directors	(See note No.9-1).
Palmyra – SODIC for Real Estate Development	Loan for joint projects	336 110

b) Balances resulting from transactions with related parties

<u>Party</u>	<u>Item as shown in the consolidated balance sheet</u>	31/3/2018 <u>EGP</u>	31/12/2017 <u>EGP</u>
Palmyra – SODIC for Real Estate Development	Loans to Joint Ventures	193 371 593	193 035 483
	*Accrued interest on loan under debtors caption	65 482 130	65 482 130
	Accrued on joint venture – related parties under debtor caption	35 191 620	35 191 620

* Impairment in dues from Palmyra – SODIC for Real Estate Development has been recorded as its described in note No.(19)

47. Tax status

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

Corporate tax

- Years from 1996 till 2010 has been tax inspected and tax differences has been paid and settled.
- Year from 2011 till 2014 has been inspected and no tax claims have been received till the date of authorizing of these financial statements for issuance.
- Year from 2015 till 2016, the Company has been informed by tax inspection order, a request submitted on October 17, 2017, to postpone tax inspection.
- The Company submits its annual tax return on due dates in accordance with Law No. 91 of 2005.

Salary tax

- Year from 1996 till 2012 has been inspected and tax differences has been paid and settled.
- Years from 2013 till 2016 the Company has been informed by tax inspection order, a request submitted on December 27, 2017, to postpone tax inspection.
- The Company pays the monthly salary tax on a regular basis.

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Withholding tax

- Tax inspection has been carried out from 1996 till the first quarter of the year 2017, and the Company has not received any tax claims till the date of authorizing of these financial statements for issuance.
- The Company pays the tax quarterly according to withholding and add on tax forms on a regular basis.

Stamp tax

- Tax inspection was carried out from 1996 till December 31, 2014, and tax differences have been fully paid.
- Years from 2015 till 2016 has been inspected and no tax claims have been received till the date of authorizing of these financial statements for issuance.
- The Company provides stamp tax returns on a regular basis.

Sales tax

- The Company was inspected from inception till December 31, 2013, and tax differences has been paid and settled.
- Years from 2014 till 2015 has been inspected and no tax claims have been received till the date of authorizing of these financial statements for issuance.
- Year 2016 has not been inspected and no tax claims have been received till the date of authorizing of these financial statements for issuance.
- The Company provides sales tax returns on a regular basis.

The value added tax

- On September 7, 2016, the VAT law No. 67 for 2016 was issued, which stipulates the cancellation of sales tax law No. 11 for 1991, with the continuation of the conciliation and the appealing committees in accordance to the provisions of sales tax law for the appeals presented for a period of three months, following which the appeals are to be transferred to the committees set forth in the VAT law.
- According to article 10 has been issued at the official journal and has been started to confession with that law from the day one had been published in the journal.

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.

48. Capital commitments

Capital commitments as at March 31, 2018 amounted EGP 578 105 is represented in contracted and unexecuted works (December 31, 2017: EGP 1 511 161).

49. Contingent liabilities

In addition of amounts taken into account through the consolidated financial position items there are contingent liabilities as at March 31, 2018 amounting to EGP 182 million (2017 : EGP 182 million) which represent the uncovered portion of the letters of guarantee that were issued by banks on the account of the Group and in favor of third parties, which led to a seizing mortgage on treasury bills with a par value of EGP 48 million.

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50. Legal status

There is a dispute between the parent Company and another party regarding the contract concluded between them on 23/2/1999 which is related to delivering this party a plot of land as a usufruct right for indefinite year of time and a return for an annual rental with a minimal amount for a total of 96 acres approximately and which has not been delivered up till this date as the management of this party did not abide by the detailed conditions of the contract. There are exchanged notifications concerning this land between the management of the parent Company and the management of this party. During 2009, this party raised a court case No. 3 of 2009 Civil 6th of October against the parent Company asking it for the delivery of the allocated land. A preliminary sentence was issued by the court in its session held on February 22, 2010 to refer this matter to Experts and to delegate the Experts Office of the Ministry of Justice to embark this case and set a session to be held on April 26, 2010 for the expert to present his report. The session was postponed by the court several times. On November 24, 2014, 6 of October partial court decided to dissuade its decline decree of previous proof procedures dated February 22, 2010 and the coming one will be held on June 16, 2018.

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

51. Basis of measurement

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

- Financial assets and liabilities recognized at fair values through profits and losses.
- Held for trading investments are valued at fair value.
- Available for sale investments, which have market values are valued at fair value.

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

- On January 20, 2016 the extra ordinary general assembly have approved the new employees stock option plan for executive board members and directors through granting shares with special conditions as per stated in the plan that part of the company's shares should be assigned to the employee stock option plan equal to 1% of the company's issued capital annually on five tranches for a period of six years and three months as per annex (1). These shares should be available through the special reserve- additional paid in capital, or through reserves, or part of it, or through retained earnings, or part of it which is to be used in the capital increase, this capital increase is based on the approval of the Board of Directors as per the proxy granted by the company's extra ordinary general assembly dated January 20, 2016. The grant of the employee stock option plan is done based on a decision from the supervisory committee by the treasurer.
- The board of directors have decided on the meeting dated November 30, 2016 to increase the issued capital from EGP 1 355 638 292 to become EGP 1 369 194 672 by an amount of EGP 13 556 380 divided on 3 389 095 shares of par value EGP 4 per share, this capital increase should be financed from the special reserve- Additional paid in capital, and to be fully utilized by the employees share 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.

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53. Significant accounting policies

53-1 Business combination

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

a) Subsidiaries

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

<u>Subsidiary name</u>	<u>Country of Incorporation</u>	<u>Ownership</u>	
		<u>As at 31/03/2018</u>	<u>As at 31/12/2017</u>
		<u>%</u>	<u>%</u>
1- Sixth of October for Development and Real Estate Projects Company "SOREAL" - S.A.E	Egypt	99.99	99.99
2- Beverly Hills for Management of Cities and Resorts Co. - S.A.E (*)	Egypt	46.75	46.75
3- SODIC Garden City for Development and Investment Co. S.A.E	Egypt	50	50
4- Al Yosr for Projects and Agriculture Development Co. - S.A.E	Egypt	99.99	99.99
5- SODIC for Development and Real Estate Investment Co. – S.A.E	Egypt	99.99	99.99
6- SODIC Polygon for Real Estate Investment Co. - S.A.E	Egypt	100	100
7- SODIC for Golf and Tourist Development Co. - S.A.E	Egypt	100	100
8- Fourteen for Real Estate Investment Co. - S.A.E	Egypt	99.99	99.99
9- La Maison for Real Estate Investment Co. - S.A.E	Egypt	99.99	99.99
10- Tegara for Trading Centers Co. S.A.E	Egypt	95.24	95.24
11- Edara for Services of Cities and Resorts Co. –S.A.E	Egypt	99.97	99.97
12- Soreal for Real Estate Investment	Egypt	99.99	99.99
13- SODIC for Securitization	Egypt	99.99	99.99
14- SODIC Syria L.L.C (**)	Syria	100	100
15- Tabrouk Development Company (D)	Egypt	100	100

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- (*) The legal participation in Beverly Hills for Management of Cities and Resorts Co. amounts to 48.93 %, which includes 2.18 % transitory shares currently in the name of the Company. The title of these shares will be transferred to the ultimate shareholders (Owners of Beverly Hills Project units).
- (**) On June 15, 2010, SODIC Syria Co. a Syrian limited liability Co. was established for acquiring a 50% stake of the share capital of Palmyra - SODIC for Real Estate Development L.L.C, a limited liability company registered and operating in Syria.

b) Non-controlling interests

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

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

c) Loss of control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

d) Investments accounted for equity method

Investments that are accounted for using the equity method comprise interests in associates and joint venture. And have no right to its assets and obligations for its liabilities associated with the arrangements.

Associates are those entities in which the group has significant influence, but not control or joint control, over the financial and operating policies.

A joint venture is an arrangement in which the group has joint control, whereby the group has rights to the net assets of the arrangement.

Investments in associates and joint venture are accounted for using the equity method. They are initially recognized at cost, which includes transaction costs.

Subsequent to initial recognition, the consolidated financial statements include the group share of the profit or loss and OCI of equity-accounted investees.

e) Transaction elimination on consolidation

Intra - group balances and transactions, and any unrealised income and expenses arising from intra - group transactions, are eliminated. Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

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53-2 Foreign currency

a) Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies of Group companies at the exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date.

Assets and liabilities that are measured at fair value in a foreign currency are translated at the exchange rate when the fair value was determined.

Non – monetary assets and liabilities that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction.

Foreign currency differences are generally recognised in profit or loss.

However, foreign currency differences arising from the translation of the following items are recognised in OCI:

- Available – for - sale equity investments (except on impairment, in which case foreign currency differences that have been recognised in OCI are reclassified to profit or loss).
- A financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective.
- Qualifying cash flow hedges to the extent that the hedges are effective.

b) Foreign Operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated at the exchange rates at the reporting date. The income and expenses of foreign operations are translated at the exchange rates at the dates of the transactions.

Foreign currency differences are recognised in OCI and accumulated in the translation reserve, except to the extent that the translation difference is allocated to NCI.

When a foreign operation is disposed of in its entirety or partially such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal.

If the Group disposes of part of its interest in a subsidiary but retains control, then the relevant proportion of the cumulative amount is reattributed to NCI.

When the Group disposes of only part of an associate or joint venture while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

53-3 Discontinued operation

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

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

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

53-4 Revenue recognition

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

a. Real estate and land sales

Revenue from sale of residential units, offices, commercial shops, service and villas for which contracts were concluded is recorded when all the ownership risks and rewards are transferred to customers and upon the actual delivery of these villas and units whether the said villas and

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units have been (completed or semi – completed). Revenue from sale of lands is recorded upon the delivery of the sold land to customers and the transfer of all the ownership rewards and risks to the buyer.

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

b. Service revenues

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

c. Rental income

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

d. Interest income

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

e. Commission revenue

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

f. Dividends

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

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53-5 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 Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

b) Share – based payment arrangements

The grant (date fair value of equity) settled share - based payment arrangements granted to employees is generally recognised as an expense, with a corresponding increase in equity, over the vesting period 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 period during which the employees become unconditionally entitled to payment. The liability is remeasured at each reporting date and at settlement date based on the fair value of the SAR's. Any changes in the liability are recognized in profit or loss.

c) Define contribution plans

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

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

The company also contributes to a group insurance program for its employees with one of the insurance companies. Accordingly the insured employees receive end of service benefits when leaving the Company that will be paid by the insurance company. The contribution of the Company is confined to the monthly instalments. Contributions are charged to statement of profit or loss using the accrual basis. During 2017, the Company suspended the charging profit or loss statement for one year only and will resume charging to profit or loss statement during 2018.

53-6 Finance income and finance costs

The Group's finance income and finance costs include:

- interest income
- interest expense
- The foreign currency gain or loss on financial assets and financial liabilities
- The fair value loss on contingent consideration classified as a financial liability
- The net gain or loss on hedging instruments that are recognized in profit or loss

Interest income or expense is recognized using the effective interest method. Dividend income is recognized in profit or loss on the date on which the group's right to receive payment is established.

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53-7 Income Tax

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

a) Current income tax

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

b) Deferred tax

Deferred tax is 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 Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future. Deferred tax assets are 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 Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

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

53-8 Biological assets

Biological assets are measured at fair value less costs to sell, profit or loss will be recognized in statement of profit or loss.

53-9 Units ready for sale

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

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53-10 Work in process

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

53-11 Property, plant and equipment

a) Recognition and measurement

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

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

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

c) Depreciation

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

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

<u>Asset</u>	<u>Years</u>
Buildings and construction works	5-20
Caravans	5-10
Vehicles	5
Furniture and fixtures	4-10
Beach Furniture and fixtures	3-5
Office and communications equipment	3-5
Computer software	3
Solar power stations	25
Generators, machinery and equipment	2-5
Kitchen utensils	10
Wells, pumps and networks	4
Leasehold improvements	5 years or lease term whichever is lower
<u>Golf course assets</u>	
Constructions	20
Irrigation networks	15
Equipment and tools	15

53-12 Projects under construction

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

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53-13 Intangible assets and goodwill

a) Recognition and measurement

I. Goodwill:

Arising on the acquisition of subsidiaries is measured at cost less accumulated impairment losses.

II. Research and development:

- Expenditure on research activities is recognised in profit or loss as incurred
- Development expenditure is capitalised only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the group intends to and has sufficient resources to complete development and to use or sell the asset. Otherwise it is recognised in profit or loss as incurred. Subsequent to initial recognition, development expenditure is measured at cost less accumulated amortization and accumulated impairment losses.

III. Other intangible assets:

Other intangible assets, including patents and trademarks, that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortization and any accumulated impairment losses.

b) Subsequent expenditure

Subsequent expenditure is capitalised only when the intangible asset will increase the future economic benefits embodied in project, research, and development under construction which is recognized as intangible assets. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

c) Amortization

Amortisation is calculated to write off the cost of intangible assets less their estimated residual values using the (straight - line method) over their estimated useful lives, and is generally recognised in profit or loss.

Goodwill is not amortised.

53-14 Investment properties

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

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

<u>Asset</u>	<u>Years</u>
Leased units	20 -50
Roads	20
Elevators	10
Agriculture and landscape	10
Air-conditions	5
Sound systems and cameras	2

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

53-15 Financial instruments

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

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

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

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

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

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

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

2) Non-derivative financial assets – Measurement

Financial assets at fair value through profit or loss

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

Held-to-maturity financial assets

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

Loans and receivables

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

Available-for-sale financial assets

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

3) Non-derivative financial liabilities – Measurement

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

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

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4) Derivative financial instruments and hedge accounting

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

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

Cash Flow Hedges

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

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

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

53-16 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.

53-17 Impairment

1) Non-derivative financial assets

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

Objective evidence that financial assets are impaired includes:

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

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

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Financial assets measured at amortised cost

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

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

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

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

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

Available-for-sale financial assets

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

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

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

Equity-accounted investees

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

2) Non-financial Assets

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

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

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

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

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

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

53-18 Provisions

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

53-19 Operational lease

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

53-20 Sale and leaseback

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

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

53-21 Investments

a- Available for sale investments

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

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

b- Held for trading investments

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

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

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53-22 Trade, notes receivable and debtors

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

53-23 Cash and cash equivalents

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

53-24 Borrowing costs

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

53-25 Interest –bearing borrowings

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

53-26 Trade, contractors and other credit balances

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

53-27 Notes payable

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

53-28 Cost of sold lands

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

53-29 Expenses

Lease payments

Payments under leases are recognized (net after discounts) in the statement of profit or loss on a straight-line basis over the terms of the lease and according to the accrual basis.

53-30 Employees' profit sharing

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

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

53-31 Earnings / (losses) per share

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

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54. Major events

With reference to the possibility of cooperation between the Sixth of October for Development and Investment Company "SODIC" and Nasr City Housing and Development Company either acquisition or merger, the negotiations that will begin and the due diligence which will be performed represents an initial study and no obligations will be enforced to both companies accordingly, and any final agreement on the investment method and cooperation between the two companies and the timing of activation conditional on the approval of the Boards of Directors and the General Assembly of both companies and obtaining the approval of the authorities of this agreement in the light of the prevailing laws and regulations.