


**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, 2019  
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, 2019, 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**


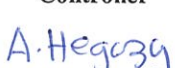



Cairo May 16, 2019

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

EGP	Note No.	31 March 2019	31 December 2018
<b>Non-current assets</b>			
Property, plant, equipment	(23)	284 733 643	287 051 622
Projects under construction	(24)	14 007 770	11 137 625
Biological Assets under construction	(25)	8 108 428	7 944 190
Investments in associates and joint ventures	(26)	3 000 000	3 000 000
Investments - available for sale	(27)	4 250 000	4 250 000
Investment properties	(28)	119 210 569	120 313 395
Notes receivables	(29)	7 491 052 756	7 665 834 206
<b>Total non-current assets</b>		<b>7 924 363 166</b>	<b>8 099 531 038</b>
<b>Current assets</b>			
Other assets	(15)	9 312 806	8 216 290
Completed units ready for sale	(16)	21 916 212	21 884 293
Works in process	(17)	8 828 319 543	8 771 755 720
Trade and notes receivable	(18)	3 927 387 220	3 968 869 882
Debtors and other debit balances	(19)	2 578 143 971	1 851 380 992
Loans to joint ventures	(20)	-	-
Investments in treasury bills	(21)	1 879 339 023	1 927 465 583
Cash at banks and on hand	(22)	2 437 646 265	2 237 914 428
<b>Total current assets</b>		<b>19 682 065 040</b>	<b>18 787 487 188</b>
<b>Total assets</b>		<b>27 606 428 206</b>	<b>26 887 018 226</b>
<b>Equity</b>			
Issued & paid in capital	(30)	1 396 715 488	1 369 194 672
Legal reserve	(31)	213 930 055	213 930 055
Special reserve - share premium	(32)	1 392 418 060	1 389 595 728
Retained earnings		2 009 121 991	1 847 915 972
Treasury shares		-	( 12 833)
Profit from sale of treasury shares	(33)	1 725 456	1 725 456
Reserve for employee stock option plan	(50)	25 881 048	21 001 101
<b>Equity attributable to equity holders of the Company</b>		<b>5 039 792 098</b>	<b>4 843 350 151</b>
Non-controlling interests	(34)	64 540 587	63 701 852
<b>Total equity</b>		<b>5 104 332 685</b>	<b>4 907 052 003</b>
<b>Non-current liabilities</b>			
Loans - long term	(35)	1 203 348 509	933 339 597
Notes payable - long term	(36)	214 838 557	276 650 024
Deferred tax liabilities	(13)	12 678 773	13 494 124
<b>Total non-current liabilities</b>		<b>1 430 865 839</b>	<b>1 223 483 745</b>
<b>Current liabilities</b>			
Loans - Short term	(35)	591 304 289	586 931 449
Contractors, suppliers and notes payable	(40)	1 136 643 782	875 972 969
Advances - from customers	(39)	16 554 946 537	16 596 378 710
Creditors and other credit balances	(41)	2 472 802 195	2 393 153 663
Provision for completion	(37)	303 981 096	292 298 590
Provisions	(38)	11 551 783	11 747 097
<b>Total current liabilities</b>		<b>21 071 229 682</b>	<b>20 756 482 478</b>
<b>Total liabilities</b>		<b>22 502 095 521</b>	<b>21 979 966 223</b>
<b>Total equity and liabilities</b>		<b>27 606 428 206</b>	<b>26 887 018 226</b>

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

<b>Financial Manager</b>	<b>Group Financial Controller</b>	<b>Chief Financial Officer</b>	<b>Managing Director</b>	<b>Chairman</b>
				
Mohamed Samir	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 statement of profit or loss**  
**for the financial period ended March 31, 2019**

<b>EGP</b>	<b><u>Note</u> <u>No</u></b>	<b>2019</b>	<b>2018</b>
<b>Continuing operations</b>			
<b>Revenues</b>			
Sales of real estate and lands	(5)	892 624 790	471 584 048
Revenues of services of managing cities and resorts		40 613 208	34 284 127
Revenues of rental of real state		4 979 293	2 930 269
Revenues from golf course and restaurants		3 003 495	3 330 455
<b>Total operation revenues</b>		<b>941 220 786</b>	<b>512 128 899</b>
<b>Cost of sales</b>			
Cost of sales of real estate and lands	(6)	( 629 625 095)	( 212 111 074)
Costs of services of managing cities and resorts		(33 068 014)	( 26 449 865)
Costs of rental of real state		(2 403 338)	( 2 390 653)
Cost of golf course and restaurants		(6 057 949)	( 5 076 938)
<b>Total operation costs</b>		<b>( 671 154 396)</b>	<b>( 246 028 530)</b>
<b>Gross profit</b>		<b>270 066 390</b>	<b>266 100 369</b>
Other operating revenues	(7)	62 823 941	55 314 129
Selling and marketing expenses	(8)	( 75 440 102)	( 42 425 049)
General and administrative expenses	(9)	( 88 454 820)	( 65 686 821)
Other operating expenses	(10)	( 19 521 762)	( 20 013 569)
<b>Operating profit</b>		<b>149 473 647</b>	<b>193 289 059</b>
Finance income	(11)	125 208 222	118 841 996
Finance cost	(12)	( 43 891 825)	( 30 176 312)
<b>Net finance income</b>		<b>81 316 397</b>	<b>88 665 684</b>
<b>Net profit before tax</b>		<b>230 790 044</b>	<b>281 954 743</b>
Income tax	(13)	( 68 745 290)	( 69 835 582)
<b>Profit from continuing operations</b>		<b>162 044 754</b>	<b>212 119 161</b>
<b>Profit for the year</b>		<b>162 044 754</b>	<b>212 119 161</b>
<b>Attributable to:</b>			
Equity holders of the Company		161 206 019	210 616 555
Non-controlling interests	(34)	838 735	1 502 606
<b>Net Profit for the year</b>		<b>162 044 754</b>	<b>212 119 161</b>
<b>Earnings per share from continuing operations (EGP / Share)</b>	(14)	<b>0.46</b>	<b>0.62</b>

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



**Sixth of October for Development and Investment Company "SODIC"**  
**(An Egyptian Joint Stock Company)**  
**Consolidated statement of comprehensive income**  
**for the financial period ended March 31, 2019**

EGP	Note	2019	2018
	<u>No</u>		
profit of the year		<u>162 044 754</u>	<u>212 119 161</u>
Total other comprehensive income items for the year after income tax		-	-
Total comprehensive income of the year		<u>162 044 754</u>	<u>212 119 161</u>
Total comprehensive income is attributable to:			
Equity holders of the Company		161 206 019	211 801 976
Non-controlling interests	34	<u>838 735</u>	<u>317 185</u>
Total comprehensive income for the year		<u>162 044 754</u>	<u>212 119 161</u>

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

Sixth of October for Development and Investment Company "SODIC"  
(An Egyptian Joint Stock Company)  
Consolidated statement of changes in Equity  
for the financial period ended March 31, 2019

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 incentive plan	Total	Non-Controlling interests	Total equity
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	-	-	(13 556 380)	-	-	-	-	-	-	-
Increase in capital	-	-	(13 556 380)	-	-	-	-	-	-	-
Transferred to legal reserve	-	7 712 954	-	(7 712 954)	-	-	-	-	-	-
Applied of amount for bonus and incentive plan	-	-	-	-	-	-	(16 630 524)	-	-	-
Total transactions with owners of the Company	-	7 712 954	(13 556 380)	(7 712 954)	-	-	(16 630 524)	-	-	-
Balance as at March 31, 2019	1 369 194 672	213 930 055	1 376 039 348	1 612 270 936	(12 833)	1 725 456	(14 984 927)	4 588 349 611	67 003 748	4 655 353 359
Balance as at December 31, 2018	1 369 194 672	213 930 055	1 389 595 728	1 847 915 972	(12 833)	1 725 456	21 001 101	4 843 350 151	63 701 852	4 907 052 003
Total comprehensive income for the year	-	-	-	161 206 019	-	-	-	161 206 019	838 735	162 044 754
Net profit for the period	-	-	-	161 206 019	-	-	-	161 206 019	838 735	162 044 754
Other comprehensive income items	-	-	-	-	-	-	-	-	-	-
Total comprehensive income	-	-	-	161 206 019	-	-	-	161 206 019	838 735	162 044 754
Transactions with owners of the Company	-	-	-	-	-	-	-	-	-	-
Increase in capital	27 520 816	-	(27 520 816)	-	-	-	-	-	-	-
Transferred to special reserve- share premium	-	-	30 343 148	-	-	-	-	30 343 148	-	30 343 148
Reserve for employee stock option plan	-	-	-	-	-	-	4 879 947	4 879 947	-	4 879 947
Selling of treasury shares	-	-	-	-	12 833	-	-	12 833	-	12 833
Total transactions with owners of the Company	27 520 816	-	2 822 332	-	12 833	-	4 879 947	35 235 928	-	35 235 928
Balance at March 31, 2019	1 396 715 488	213 930 055	1 392 418 060	2 009 121 991	-	1 725 456	25 881 048	5 039 792 098	64 540 587	5 104 332 685

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

**Sixth of October for Development and Investment Company "SODIC"**  
**(An Egyptian Joint Stock Company)**  
**Consolidated statement of cash flows**  
**for the financial ended March 31, 2019**

EGP	Note No	2019	2018
<b><u>Cash flows from operating activities</u></b>			
Net profit for the period before tax		230 790 044	281 954 743
<b><u>Adjustments for:</u></b>			
Depreciation of fixed assets and investment properties	(23) , (28)	10 862 564	10 469 822
Capital loss (gain)	( 7)	-	-
Return on investments in treasury bills	(11)	( 82 049 920)	( 68 171 162)
Impairment loss of debtors, trade receivables and loans to joint ventures	(10)	1 217 050	336 110
Investments in associates and joint ventures		-	-
Reversal of impairment loss of debtors	( 7)	-	( 240 263)
Provisions formed	(37) , (38)	44 198 211	30 307 551
Provisions no longer required	(37) , (38)	( 195 633)	-
Reversal of impairment of property, plant and equipment	( 23)	( 455 647)	( 455 647)
Reserve for employees stock option plan	(9) , (50)	4 879 947	-
<b><u>Changes in:</u></b>			
Other assets		( 1 096 516)	( 410 116)
Finished units available for sale		( 31 919)	804 250
Works in process		( 56 563 823)	( 343 352 436)
Trade and notes receivables		216 264 112	( 107 859 818)
Debtors and other debit balances		( 727 613 694)	( 65 276 790)
Loans to joint ventures		( 366 335)	( 336 110)
Provisions used	(37) , (38)	( 32 515 386)	(7 424 328)
Advances from customers		( 41 432 173)	683 113 384
Contractors, suppliers and notes payable		198 859 346	( 251 210 116)
Creditors and other credit balances		10 087 891	37 992 210
Restricted cash		( 393 512)	40 690 557
<b>Net cash generated from operating activities</b>		<b>(225 555 393)</b>	<b>240 931 841</b>
<b><u>Cash flows from investing activities</u></b>			
Payments for purchase of fixed assets, projects under construction and biological assets		( 10 021 731)	( 6 387 721)
Payments for investments in treasury bills		( 609 552 915)	( 1 881 983 721)
Proceeds from investments in treasury bills		739 729 395	272 716 145
Proceeds from sale of property, plant, equipment		1 236	-
<b>Net cash (used in) / generated from investing activities</b>		<b>120 155 985</b>	<b>(1 615 655 297)</b>
<b><u>Cash flows from financing activities</u></b>			
(Payments for) from banks - credit facilities		-	(2 814 717)
Proceeds from short and long term loans		274 381 752	40 836 531
Dividends to non-controlling interests		12 833	-
Dividends to employees and BOD of Subsidiaries		30 343 148	-
<b>Net cash generated from financing activities</b>		<b>304 737 733</b>	<b>38 021 814</b>
<b>Net (decrease) / increase in cash and cash equivalents</b>		<b>199 338 325</b>	<b>(1336 701 642)</b>
Cash and cash equivalents at January 1		2 200 695 156	3 433 362 722
<b>Cash and cash equivalents at December 31</b>	(22)	<b>2 400 033 481</b>	<b>2 096 661 080</b>

\* The accompanying notes form an integral part of these consolidated 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 of March 31, 2019**

**1. Background and activities**

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

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

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

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

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

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

**1-5** The interim consolidated financial statements of Sixth of October for Development & Investment Company "SODIC" (the Parent Company) for the financial period ended March 31, 2019 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. Maged 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 financial statements for the financial period of March 31, 2019**

**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 consolidated interim financial statements were approved by the Board of Directors on May 16, 2019.

**3. Functional and presentation currency**

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

**5. 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:

	<b>For the three months ended 31/03/2019 EGP</b>	<b>Three months ended 31/03/2018 EGP</b>
Revenues from the sale of SODIC's projects in West Cairo	160 188 535	245 367 306
Revenues from the sale of SODIC's projects in East Cairo	622 328 484	193 417 190
Revenues from the sale of SODICs projects on the North Coast	110 107 771	32 799 552
	<b>892 624 790</b>	<b>471 584 048</b>

**Sixth of October for Development and Investment Company "SODIC" - (An Egyptian Joint Stock Company)**  
**Notes to the consolidated financial statements for the financial period of March 31, 2019**

**6. Cost of real estate and land sold**

	<b>For the three months ended 31/03/2019 EGP</b>	<b>For the three months ended 31/03/2018 EGP</b>
Cost of sales of SODIC's projects in West Cairo (*)	99 127 435	94 872 629
Cost of sales of SODIC's projects in East Cairo	459 952 091	98 329 055
Cost of sales of SODICs projects on the North Coast	70 545 568	18 909 390
	<b>629 625 095</b>	<b>212 111 074</b>

(\*) Includes an amount of EGP 6 440 968 representing the adjustment to the cost of land for the SODIC West, El Sheikh Zayed plot , that are attributable to units sold and delivered during the period,as shown in details in note (17).

**7. Other operating revenues**

	<b>For the three months ended 31/03/2019 EGP</b>	<b>For the three months ended 31/03/2018 EGP</b>
Interest income realized from installments during the year	46 351 420	32 756 000
Assignment, cancellation dues and delay penalties	12 242 186	21 267 039
Other income	3 579 055	595 180
Reversal of impairment of property, plant and equipment	455 647	455 647
Provisions no longer required and reversal of impairment of debtors	195 633	240 263
	<b>62 823 941</b>	<b>55 314 129</b>

**8. Selling and marketing expenses**

	<b>For the three months ended 31/03/2019 EGP</b>	<b>For the three months ended 31/03/2018 EGP</b>
Salaries and wages	16 123 067	7 017 503
Sales commissions	28 803 516	14 598 810
Advertising expenses	10 759 175	14 166 800
Conferences and exhibitions	15 835 835	3 860 730
Rent	1 036 917	621 601
Maintenance, cleaning and agriculture	236 502	320 556
Travel, transportation and cars	555 124	26 657
Professional and consultants fees	402 078	256 700
Tips and gifts	221 260	-
Depreciation	193 979	211 580
Employees vacations	-	128 243
Fees and stamps	265 210	250 280
Printing and photocopying	664 617	226 337
Others	342 822	739 252
	<b>75 440 102</b>	<b>42 425 049</b>

**Sixth of October for Development and Investment Company "SODIC" - (An Egyptian Joint Stock Company)**  
**Notes to the consolidated financial statements for the financial period of March 31, 2019**

**9. General and administrative expenses**

	<b>For the three months ended 31/03/2019 <u>EGP</u></b>	<b>For the three months ended 31/03/2018 <u>EGP</u></b>
Salaries, wages and bonuses (9-1)	27 030 540	26 761 185
Board of Directors' remunerations and allowances	3 263 714	3 179 358
Training, medical care, meals & uniforms	5 388 755	4 812 424
Employees Stock Option Plan (9-2)	4 879 947	-
Specific employees benefits	2 213 875	-
Maintenance, cleaning, agriculture, security and guarding	13 786 971	12 815 908
Professional and consultancy fees	2 277 045	1 453 393
Advertising, exhibitions and conferences	1 692 079	235 965
Donations	60 000	96 050
Gifts and tips	764 598	454 082
Administrative depreciation of fixed assets	7 030 494	6 447 872
Reception and hospitality	590 206	297 958
Printings and office supplies	2 045 435	1 216 579
Communication, electricity, telephone and water	2 971 911	3 394 194
Subscriptions and governmental dues	1 455 359	1 021 011
Rent	2 612 085	638 447
Travel and transportation	1 224 631	709 226
Bank charges	911 546	581 922
Employees vacations	-	260 455
Insurance installments	253 391	153 060
Comprehensive medical insurance	2 987 873	-
Administrative expenses - golf	2 711 097	-
Others	2 303 268	1 157 732
	<b><u>88 454 820</u></b>	<b><u>65 686 821</u></b>

(9-1) this item includes salaries of the executive Board of Directors as follows:

	<b>For the three months ended 31/03/2019 <u>EGP</u></b>	<b>For the three months ended 31/03/2018 <u>EGP</u></b>
Salaries	3 382 528	2 799 000
	<b><u>3 382 528</u></b>	<b><u>2 799 000</u></b>

(9-2) Represents in the fair value difference at the granted date for granted shares for beneficiaries of Employees Stock Option Plan granted to the executives board members and the directors as shown in note (50).

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**10. Other operating expenses**

	<b>For the three months ended 31/03/2019 <u>EGP</u></b>	<b>For the three months ended 31/03/2018 <u>EGP</u></b>
Discount for early payment	18 304 712	19 654 797
Provision of claims	-	22 662
Impairment losses of debtors and loans to joints ventures	1 217 050	336 110
	<b><u>19 521 762</u></b>	<b><u>20 013 569</u></b>

**11. Finance income**

	<b>For the three months ended 31/03/2019 <u>EGP</u></b>	<b>For the three months ended 31/03/2018 <u>EGP</u></b>
Interest income	43 158 302	50 670 834
Return on investment in treasury bills	82 049 920	68 171 162
	<b><u>125 208 222</u></b>	<b><u>118 841 996</u></b>

**12. Finance cost**

	<b>For the three months ended 31/03/2019 <u>EGP</u></b>	<b>For the three months ended 31/03/2018 <u>EGP</u></b>
Interest expense	34 301 346	28 931 699
Foreign exchange losses from balances denominated in foreign currencies	9 590 478	1 244 613
	<b><u>43 891 825</u></b>	<b><u>30 176 312</u></b>

**13. Income tax**

**A- Items recognized in the profit or loss**

	<b>For the three months ended 31/3/2019 <u>EGP</u></b>	<b>For the three months ended 31/03/2018 <u>EGP</u></b>
Current income tax	69 560 641	69 843 673
Discounted income tax on dividends	-	-
Deferred income tax (benefit)	(815 351)	(8 091)
	<b><u>68 745 290</u></b>	<b><u>69 835 582</u></b>

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**B- Deferred tax assets and liabilities movement**

**March 31, 2019**

	Balance as at 31/3/2019				
	Balance as at 1/1/2019 asset / (liability) <u>EGP</u>	Charged to profit or loss <u>EGP</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	(2 988 725)	466 825	-	(2 521 900)	(2 521 900)
Foreign exchange translation	(10 596 160)	348 526	-	(10 247 634)	(10 247 634)
Provisions	90 761	-	90 761	-	90 761
Net	<u>(13 494 124)</u>	<u>815 351</u>	<u>90 761</u>	<u>(12 769 534)</u>	<u>(12 678 773)</u>

**December 31, 2018**

	Balance as at 31/12/2018				
	Balance at 1/1/2017 asset / (liability) <u>EGP</u>	Charged to profit or loss <u>EGP</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)	(1 060 018)	-	(2 988 725)	(2 988 725)
Foreign exchange translation	(10 605 334)	9 174	-	(10 596 160)	(10 596 160)
Provisions	90 761	-	90 761	-	90 761
Net	<u>(12 443 280)</u>	<u>(1 050 844)</u>	<u>90 761</u>	<u>(13 584 885)</u>	<u>(13 494 124)</u>

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

**D- Unrecognized deferred tax assets**

	31/3/2019 <u>EGP</u>	31/12/2018 <u>EGP</u>
Temporary deductible differences	89 982 423	87 500 325
Tax losses carried forward	48 250 167	48 081 715
	<u>138 232 599</u>	<u>135 582 040</u>

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

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**14. Earnings per share**

**A- Accumulated Earnings per share**

Earnings per share as at March 31, 2019, 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:

	<b>For the three months ended 31/03/2019 <u>EGP</u></b>	<b>For the three months ended 31/03/2018 <u>EGP</u></b>
Net profit for the period (parent company share)	161 206 019	211 801 977
Employees share of profit	-	-
Board of directors' remunerations	-	-
Employees and board of directors share in subsidiaries and associates companies	-	-
	<b>161 206 019</b>	<b>211 801 977</b>
Weighted average number of shares outstanding during the period*	349 178 872	349 178 872
<b>Earnings per share (EGP / share)</b>	<b>0.46</b>	<b>0.61</b>

**B- Earnings per share**

Earnings per share as at March 31, 2019, 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:

	<b>For the three months ended 31/03/2019 <u>EGP</u></b>	<b>For the three months ended 31/03/2018 <u>EGP</u></b>
Net (loss) / profit for the year (due to separate Profit or loss statement)	(26 589 701)	82 738 517
Employees share of profit	-	-
Board of directors' remunerations	-	-
	<b>(26 589 701)</b>	<b>82 738 517</b>
Weighted average number of shares outstanding during the period	349 178 872	349 178 872
<b>(Losses) / earnings per share (EGP / share)</b>	<b>(0.08)</b>	<b>0.24</b>

- The average number of shares outstanding was calculated taking into account the increase in the issued share capital by LE 27 520 816 distributed over the number of 6 880 204 shares to the beneficiaries of the Employees Stock Option Plan, which were registered in the Company's Commercial Register on January 8, 2019.

**15. Other assets**

	<b>31/3/2019 <u>EGP</u></b>	<b>31/12/2018 <u>EGP</u></b>
Inventories	9 312 806	8 216 290
	<b>9 312 806</b>	<b>8 216 290</b>



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**16. Completed units ready for sale**

	<b>31/3/2019</b>	<b>31/12/2018</b>
	<b><u>EGP</u></b>	<b><u>EGP</u></b>
Cost of completed commercial units	21 267 945	21 236 026
Cost of units purchased for resale	648 267	648 267
	<b><u>21 916 212</u></b>	<b><u>21 884 293</u></b>

**17. Work in process**

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

	<b>31/3/2019</b>	<b>31/12/2018</b>
	<b><u>EGP</u></b>	<b><u>EGP</u></b>
West Cairo projects costs (17-1)	3 250 896 906	3 017 280 124
East Cairo projects costs (17 -2 )	5 254 584 245	5 387 235 402
North Cost projects costs (17 -3 )	322 838 392	367 240 194
	<b><u>8 828 319 543</u></b>	<b><u>8 771 755 720</u></b>

**(17-1) West Cairo projects costs**

- A- Al Yosr for Projects and Agricultural Development ("Al Yosr"), SODIC's fully owned subsidiary. Al Yosr has received a letter from the New Urban Communities Authority ("NUCA") with respect to the 300 acre plot (circa 1.26 million square meters) of land owned by Al Yosr and located in the Sheikh Zayed City extension area as determined by the presidential decree number 77. The letter informs Al Yosr of NUCA's Board of Directors decision regarding the payment required to be made by land owners in order for NUCA to deliver infrastructure to the plot and change the land usage from agricultural to residential, increasing the allowable built up area within the limits of Republican Resolutions (77-230 of 2017). In consideration for the above Al Yosr will make an in kind payment of 50% of the land. This will enable The Company to complete the work of the master plan for the project to be set up as the Company aims to launch the project for sale during 2019 , The related ministerial decree is currently being issued and a contract is drafted with NUCA.

**B- Company's Land settlement in El Sheikh Zayed**

The balance includes approximately EGP 367.3 million representing the present value of the share of the work under construction from the settlement amount of the Company's land in Sheikh Zayed as a component of the cost of the units whose revenues will be recognized in the statement of income or losses for future periods

On September 21, 2015, an absentia judgment no. 2962 of year 2011 was issued by the criminal court of El Sayeda Zainab against the former Chairman of the Company, and in the presence of other defendants being non related parties to the Company on account of misappropriation of public funds and profiteering with respect to the Sheikh Zayed land of approximately 1,400 acres acquired by the Company by virtue of sale contract dated November 19, 1995.

On 21st of December 2016 a judgment was issued by the Court of Cassation confirming the former judgment issued, noting that the judgment and the penalties mentioned therein only concerns the accused persons in their personal capacity and does not involve the Company, in accordance with the provisions of law.

Based on the above judgments, and during the course of the recent investigation no.15 for year 2011 carried out by the Illicit Gains Authority ("IGA"), the Company was requested to respond to certain queries about the sale contract dated 19/11/1995, the Company attended such discussions to ascertain its solid legal position and that the issue of the case concerns the defendants in their personal capacities and that the company had not committed any violations and was not part of any of the criminal proceedings mentioned above noting that these issues relate to the contracts signed over 20 years ago. Nonetheless, the IGA insisted on the application of Article 18 of the Illicit Gaining Law No. 62 of 1975 (as amended) on the Company in relation to the aforementioned transactions and facts, claiming

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that the Company had gained illicitly, and that such gains must be returned with the possibility of settlement in accordance of the above mentioned law.

Noting that entering into lengthy legal disputes would have significant negative implications on the Company on the operation and its stakeholders, and that Company maintains a keen interest in keeping a stable operation. The Company is also keen to promptly settle any disputes with all judicial and with the objective of avoiding legal procedures against the Company that may result in negative implications on the operation. Accordingly, and acting in good faith, the Company has signed a final settlement agreement with the IGA, the Company accepted to pay a total settlement amount of eight hundred million Egyptian Pounds as a final and comprehensive settlement of all allegations raised against the Company with respect to this issue.

As per the settlement agreement the company shall not be requested to pay any additional amounts with regards to the Sheikh Zayed plot of land of approximately 1,400 acres acquired by SODIC by virtue of sale contract dated November 19, 1995 and has been discharged from any claims with respect to the said matter.

**(17-2) East Cairo projects costs**

- A-** Includes the present value of the Eastown land purchase price differentials which is outcome of the amendments to the contract for settlement of the dispute between one of the subsidiaries and the Ministry of Housing and the New Urban Communities Authority dated on April 14, 2014, where the subsidiaries pays EGP 900 million in installments for seven years and an operational periodic schedule of five years.
- B-** Includes the value of the Vilette project's land of 301.48 acres owned by one of the subsidiaries which was acquired from the New Urban Communities Authority on June 9, 2014 for an amount of approximately EGP 2.5 billion.

**(17-3) North Coast projects costs**

Includes the acquisition value of the Caesar project's land of 172 thousand square meters on the North Coast – Ras El Hekma for approximately amount of EGP 190 million.

**18. Trade and notes receivable**

	<b>31/3/2019</b>	<b>31/12/2018</b>
	<b><u>EGP</u></b>	<b><u>EGP</u></b>
Trade receivable	118 391 633	117 694 580
Notes receivable *	3 856 398 028	3 905 668 719
	<b><u>3 974 789 661</u></b>	<b><u>4 023 363 299</u></b>
<b><u>Deduct :</u></b>		
unamortized interest – notes receivable	47 113 938	54 204 914
	<b><u>3 927 675 723</u></b>	<b><u>3 969 158 385</u></b>
<b><u>Deduct :</u></b>		
Impairment losses of trade and notes receivable	288 503	288 503
	<b><u>3 927 387 220</u></b>	<b><u>3 968 869 882</u></b>

\* The balance includes the following

- An amount of EGP 267 893 251 that represents the net amount of notes receivable relating to SODIC East project with a gross amount of EGP357 392 654. The gross amount was decreased by EGP 89 499 403 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).
  - An amount of EGP 32 194 062 that represents the net amount of notes receivable relating to Malaaz project with a gross amount of EGP 45 434 370. The gross amount was decreased by EGP 13 240 308 representing the share of the Owners Union – Shahin of the residential units mentioned as per the revenue share agreement according to the percentage mentioned in the agreement.
- The Group's exposure to credit and currency risks related to trade and notes receivable is disclosed in note No. (43).

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**19. Debtors and other debit balances**

	<b>31/3/2019</b>	<b>31/12/2018</b>
	<b>EGP</b>	<b>EGP</b>
Contractors and suppliers – advance payments	1 354 298 202	1 017 832 335
Due from related parties – Joint Venture	35 191 620	35 191 620
Accrued Revenues	107 791 742	82 900 851
Due from related parties	3 664 739	3 651 669
Prepaid expenses	465 860 988	471 094 128
Deposits with others	31 068 502	27 943 858
Tax Authority	51 239 636	44 551 663
Letter of guarantee cover	1 213 330	431 508
Due from the bonus and incentives plan to employees and managers fund	52 684 374	364 894
Debtors from sale of investments (19-1)	300 000 000	-
Heliopolis Development and Housing Company (19-2)	164 773 474	100 000 000
Owners Union – Shahin (19-3)	41 700 793	39 375 344
Bank accounts – Joint operation (19-4)	34 908 567	97 353 326
Debtors from projects maintenance	16 431 473	15 591 336
Other debit balances	38 473 863	35 405 076
	<u>2 699 301 304</u>	<u>1 971 687 608</u>
<b><u>Deduct :-</u></b>		
Impairment losses of debtors and other debit balances	121 157 332	120 306 616
	<u><b>2 578 143 972</b></u>	<u><b>1 851 380 992</b></u>

(19-1) On 21/03/2019, a co-development agreement was signed between the company and the Urban Communities Authority to establish an integrated urban project with an area of 500 acres , according to the contract NUCA share may reach a maximum value of EGP 15.327 billion as follows an amount of EGP 300 million as an advance payment , an annual cash installments to be paid over the duration of the contract with a total amount of EGP 8.518 billion in addition to an amount up to EGP 6.509 billion as a percentage of the project expected revenues .A bank check with the value of the advance payment was issued on 1/4/2019.

(19-2) This item represents the amount paid as a down payment to Heliopolis Housing and Development Company, this amount will be settled with Heliopolis Housing and Development Company's revenue share in the co-development contract pertaining to New Heliopolis City. Accordingly, the Company will act as a real estate developer for the land plot owned by Heliopolis Housing and Development Company with an area of 655 acres in New Heliopolis City and Heliopolis Housing and Development Company will earn a share of the revenue with minimum guarantee amounting to EGP 5.01 Billion. The two parties have agreed that the Company at its own expense and under its responsibility will implement, finance, market and sell the units of the project and all its inclusions and components, in addition to providing management and maintenance either directly or through third parties, and delivering on all other obligations as stipulated in the co-development contract and will accordingly share the revenue (according to the defined percentages in the contract for each component of the project).

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- (19-3) On March 8, 2018, the Company signed two co-development contracts for a residential and tourism project for two land plots of approximately 308 acres on the North Coast with the owners as follows:
- Contract signed with Owners Union – Shahin for the land plot of approximately 111 acres (the first plot).
  - Contract signed with the Alammar 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 a three year period in equal installments against Owners Union – Shahin share in the project revenues in accordance to the co-development contract.
- On July 4, 2018, according to the co-development contract Sixth of October for Development and Investment Company "SODIC" informs the Owners Union – Shahin that Tabrouk Development Company which is a subsidiary of SODIC, owned % 99.9 will replace it in the co-development contract dated March 8, 2018 mentioned above, and all rights and obligations will be transferred to Tabrouk Development Company from July 4, 2018.
- (19-4) This balance represents the collected amounts from customers in the joint bank accounts regarding to SODIC East and Malaaz projects and those balances are restricted until the issuance of licenses for lunched phases according to the contract terms and joint bank accounts between the company as a developer, the bank and the owner.
- The Group's exposure to credit and currency risks related to debtors and other debit balances is disclosed in note No. (43).

**20. Loans to Joint Ventures**

	31/03/2019	31/12/2018
	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 8 188 966. The loan carries an interest rate of 8.5% per annum.	60 241 232	59 874 897
	<hr/> 195 727 192	<hr/> 195 360 857
<b>Deduct :-</b>		
Impairment for loans to joint ventures	195 727 192	195 360 857
	<hr/> -	<hr/> -

**Sixth of October for Development and Investment Company "SODIC" - (An Egyptian Joint Stock Company)**  
**Notes to the consolidated financial statements for the financial period of March 31, 2019**

**21. Investments in treasury bills**

	<b>31/3/2019</b>	<b>31/12/2018</b>
	<b>EGP</b>	<b>EGP</b>
Treasury bills at par value	1 998 150 000	2 056 850 000
Unearned return on treasury bills	(118 810 977)	(129 384 417)
	<b><u>1 879 339 023</u></b>	<b><u>1 927 465 583</u></b>

The Group's exposure to market risk related to the trading investments is disclosed in note No. (43).

**22. Cash at banks and on hand**

	<b>31/3/2019</b>	<b>31/12/2018</b>
	<b>EGP</b>	<b>EGP</b>
Bank - time deposits *	1 541 733 163	1 713 293 085
Bank - current accounts	815 731 731	479 462 891
Checks under collection	73 234 647	40 385 203
Cash on hand	6 946 724	4 773 249
	<b><u>2 437 646 265</u></b>	<b><u>2 237 914 428</u></b>

\* 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 868 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 items are represented as follows:

	<b>31/3/2019</b>	<b>31/3/2018</b>
	<b>EGP</b>	<b>EGP</b>
Cash at banks and on hand	2 437 646 265	2 112 689 992
<b><u>Less:</u></b>		
Restricted Deposits	16 562 784	16 028 912
Deposits matures after three months	21 050 000	-
<b>Cash and cash equivalents in the consolidated statement of cash flows</b>	<b><u>2 400 033 481</u></b>	<b><u>2 096 661 080</u></b>

The Group's exposure to interest rate risk and currency risk for cash on hands and at banks which is disclosed in note No. (43)

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Notes to the consolidated financial statements for the financial period ended March 31, 2019

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	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	-	-	1 080 356	4 342 812	8 147 418	168 575	8 008 347	4 223 876	3 031 477	-	-	29 398 875
Additions during the year	-	-	(856 292)	-	-	-	-	-	-	-	-	(856 292)
Adjustments during the year	-	-	-	(711 500)	(3 300)	-	(5 590)	-	(4 076)	-	-	(724 260)
Disposals during the year	93 628 961	57 755 151	188 646 706	27 272 952	37 306 643	1 023 491	32 982 520	13 399 675	30 429 296	396 014	54 100 278	536 941 887
Cost at December 31, 2018	93 628 961	57 755 151	188 646 706	27 272 952	37 306 643	1 023 491	32 982 520	13 399 675	30 429 296	396 014	54 100 278	536 941 887
Cost at January 1, 2019	-	-	22 480	-	730 142	-	1 403 010	969 951	3 365 888	-	-	6 987 348
Additions during the year	-	-	-	495 877	-	-	(4 600)	-	-	-	-	(4 600)
Adjustment during the year	-	-	-	-	-	-	-	-	-	-	-	-
Disposals during the year	93 628 961	57 755 151	188 609 186	27 768 829	38 026 785	1 023 491	34 380 930	14 369 626	33 795 184	396 014	54 100 278	543 924 435
Cost at March 31, 2019	-	-	-	-	-	-	-	-	-	-	-	-
Accumulated depreciation and impairment losses	93 628 961	-	26 628 976	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	1 822 590	-	9 522 927	2 940 904	3 615 384	180 899	4 592 073	1 918 652	3 119 538	15 712	8 606 918	36 335 597
Depreciation during the year	-	-	-	( 376 822)	( 3 300)	-	( 5 385)	-	( 4 074)	-	-	(389 381)
Accumulated depreciation of disposals during the year	( 1 822 590)	-	-	-	-	-	-	-	-	-	-	(1 822 590)
Reversal of impairment losses during the year	93 628 961	-	36 051 903	17 655 239	22 958 856	705 576	18 887 079	10 125 816	23 377 528	-	26 483 395	249 890 065
Accumulated depreciation and impairment losses at December 31, 2018	-	-	36 051 903	17 655 239	22 958 856	705 576	18 887 079	10 125 816	23 377 528	-	26 483 395	249 890 065
Accumulated depreciation and impairment losses at January 1, 2019	455 647	-	36 051 903	17 655 239	22 958 856	705 576	18 887 079	10 125 816	23 377 528	15 712	26 483 395	249 890 065
Depreciation during the year	-	-	2 421 313	806 709	1 101 705	38 483	1 393 629	469 106	924 605	3 960	2 144 583	9 759 738
Accumulated depreciation of disposals during the year	(455 647)	-	-	-	-	-	(3 364)	-	-	-	-	( 3 364)
Reversal of impairment losses during the year	93 628 961	-	38 473 216	18 461 948	24 060 561	744 059	20 277 344	10 594 922	24 302 131	19 672	28 627 978	259 190 792
Accumulated depreciation and impairment losses at March 31, 2019	-	-	38 473 216	18 461 948	24 060 561	744 059	20 277 344	10 594 922	24 302 131	19 672	28 627 978	259 190 792
Carrying amount	-	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	293 356 731
Carrying amount At January 1, 2018	-	57 755 151	152 894 803	9 617 713	14 347 787	317 915	14 095 441	3 278 859	7 051 768	-	27 616 883	287 051 627
Carrying amount At December 31, 2018	-	57 755 151	150 195 970	9 306 881	13 976 224	279 432	14 103 566	3 774 704	9 493 053	376 342	25 472 380	284 733 643
Carrying amount At March 31, 2019	-	57 755 151	150 195 970	9 306 881	13 976 224	279 432	14 103 566	3 774 704	9 493 053	376 342	25 472 380	284 733 643

Fixed assets included fully depreciated assets amounted to EGP 73 287 553 at March 31, 2019

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**24 Projects under construction**

This item is represented as follows:

	<b>31/3/2019</b>	<b>31/12/2018</b>
	<b><u>EGP</u></b>	<b><u>EGP</u></b>
Buildings and constructions	12 120 628	9 372 833
Advance payments -fixtures and purchasing of fixed assets	1 887 142	1 764 792
	<b><u>14 007 770</u></b>	<b><u>11 137 625</u></b>

**25 Biological asset under construction**

On March 31, 2019 the balance of EGP 8 108 428 presents the cost of planting agricultural seedlings and the related costs, irrigation, water, wages, etc. (December 31, 2018: EGP 7 944 190).

**26 Investments in associates and joint ventures**

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

	<b>Legal Form</b>	<b>Ownership Percentage</b>	<b>Carrying amount</b>	
		<b>31/3/2019</b>	<b>31/12/2018</b>	
		<b><u>%</u></b>	<b><u>%</u></b>	
				<b><u>EGP</u></b>
Royal Gardens for Investment Property Co.	SAE	20	20	3 000 000
Palmyra SODIC Real Estate Development (A)	Syrian Ltd.	50	50	-
				<b><u>3 000 000</u></b>
				<b><u>3 000 000</u></b>

Summary of financial information of associates and joint ventures:-

	<b>Assets</b>	<b>Liabilities</b>	<b>Equity</b>	<b>Revenues</b>	<b>Expenses</b>
	<b><u>EGP</u></b>	<b><u>EGP</u></b>	<b><u>EGP</u></b>	<b><u>EGP</u></b>	<b><u>EGP</u></b>
<b><u>February 28, 2018</u></b>					
Royal Gardens for Real Estat Investments Co.	186 317 539	(169 736 852)	(16 679 687)	(10 235 340)	4 171 079
<b><u>December 31, 2017</u></b>					
Royal Gardens for Real Estat Investments Co.	184 957 300	(174 341 874)	(10 615 426)	(58 742 324)	68 103 861
<b><u>December 31, 2018</u></b>					
Palmyra SODIC Real Estate Development (A)	144 230 336	(1 175 670 255)	1 031 439 889	-	67 021 335
<b><u>December 31, 2017</u></b>					
Palmyra SODIC Real Estate Development (A)	141 831 198	(1 096 453 673)	954 622 475	(185 505 900)	73 094 158



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- (A) 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	Ownersh p %	Paid amount of Participatio n %	Carrying amount as at 31/3/2019 EGP	Carrying amount as at 31/12/2018 EGP
Egyptian Company for Development and Management of Smart Villages	S.A.E	1.8	100	4 250 000	4 250 000
				<b>4 250 000</b>	<b>4 250 000</b>

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)**  
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**28 Investment properties**

The net carrying amount of the investment properties as at March 31, 2019, amounted to EGP 119 210 569. 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</u> <u>EGP</u>	<u>HUB Project's units</u> <u>EGP</u>	<u>Total</u> <u>EGP</u>
<u>Cost</u>			
At January 1, 2018	23 217 039	87 129 570	110 346 609
Additions during the year	21 345 908	2 117 271	23 463 179
<b>At December 31, 2018</b>	<b>44 562 947</b>	<b>89 246 841</b>	<b>133 809 788</b>
At January 1, 2019	44 562 947	89 246 841	133 809 788
Additions during the period			
<b>At March 31, 2019</b>	<b>44 562 947</b>	<b>89 246 841</b>	<b>133 809 788</b>
<u>Less</u>			
<u>Accumulated depreciation</u>			
At January 1, 2018	2 276 873	7 428 917	9 705 790
Depreciation for the year	933 236	2 857 367	3 790 603
<b>At December 31, 2018</b>	<b>3 210 109</b>	<b>10 286 284</b>	<b>13 496 393</b>
At January 1, 2019	3 210 109	10 286 284	13 496 393
Depreciation for the period	354 167	748 659	1 102 826
<b>At March 31, 2019</b>	<b>3 564 276</b>	<b>11 034 943</b>	<b>14 599 219</b>
<b>Net carrying amount as at January 1, 2018</b>	<b>20 940 166</b>	<b>79 700 653</b>	<b>100 640 819</b>
<b>Net carrying amount as at December 31, 2018</b>	<b>41 352 838</b>	<b>78 960 557</b>	<b>120 313 395</b>
<b>Net carrying amount as at March 31, 2019</b>	<b>40 998 672</b>	<b>78 211 897</b>	<b>119 210 569</b>

**29 Notes receivable – Long-term**

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

	<u>31/3/2019</u> <u>EGP</u>	<u>31/12/2018</u> <u>EGP</u>
Notes receivable *	7 640 890 859	7 812 465 501
<u>Deduct:</u>		
Unamortized interest	149 838 103	146 631 295
	<b>7 491 052 756</b>	<b>7 665 834 206</b>

\* The balance includes the following:

- An amount of EGP 1 042 342 541 which represents the net amount of notes receivable – long term related to SODIC East project with a gross amount of EGP 1 458 907 681 The gross amount was deducted by an amount of by an amount of EGP 416 565 140 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).
- An amount of EGP 171 423 353 that represents the net amount of long-term notes receivable relating to Malaaz project with a gross amount of EGP 240 094 530. The gross amount was deducted by an amount of EGP 68 671 177 representing the share of Union of Owners Union – Shahin of the residential units mentioned as per the revenue share agreement "according to the percentage mentioned in the agreement".

The Group's exposure to credit, and currency risks related to trade and notes receivable is disclosed in note No. (43).

**Sixth of October for Development and Investment Company "SODIC" - (An Egyptian Joint Stock Company)**  
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**30 Share capital**

- i. 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.
- ii. The Board of Directors have decided on the meeting dated November 30, 2016 to increase the issued capital from EGP 1 355 638 292 to become EGP 1 369 194 672 by an amount of EGP 13 556 380 divided on 3 389 095 shares of par value EGP 4 per share, this capital increase should be financed from the special reserve- Additional paid in capital, and to be fully utilized by the Employees Stock Option Plan granted to the executives board members and the directors as per the option plan approved by the extra ordinary general assembly dated January 20, 2016, which have decided to apply the Employees Stock Option Plan for the executive board members and directors through assigning shares with certain conditions. The commercial register was modified on February 5, 2017.
- iii. The board of directors have decided on the meeting dated October 23, 2018 to increase the issued capital from EGP 1 369 194 672 to become EGP 1 396 715 488 by an amount of EGP 27 520 816 divided on 6 880 204 shares of par value EGP 4 per share, this capital increase should be financed from the special reserve- Additional paid in capital, and to be fully utilized for the second and third sections from the sections of Employees Stock Option Plan granted to the executives board members and the directors as per the option plan approved by the extra ordinary general assembly dated January 20, 2016, which have decided to apply the Employees Stock Option Plan for the executive board members and directors through assigning shares with certain conditions, and delegate the board of directors to execute the procedures of the required increase to issue new shares to be utilize in the Employees Stock Option Plan, The commercial register was modified on January 8, 2019.
- iv. The current capital structure for the holding company represented as follow:

Shareholder	Number of shares	Share value EGP	Ownership percentage %
Olayan Saudi Investment Company.	48 331 696	193 326 784	13.48
RA Six Holdings Limited	31 992 544	127 970 176	9.16
Rimco EGT Investment LL	25 484 739	101 938 956	7.30
EKUNITY Holding for Investments	17 607 593	70 430 372	5.04
Norges Bank	11 029 240	44 116 960	3.16
EFG Hermes Holdings Financial Group.	8 183 111	32 732 444	2.34
Financial Holdings International LTD	7 267 503	29 070 012	2.08
Walid Bin Seliman Bin AbdElmohssen Abanumey	6 301 380	25 205 520	1.80
Yazeid Bin Seliman Bin AbdElmohssen Abanumey	6 233 653	24 934 612	1.79
Al- Majid Investments LLC.	5 700 000	22 800 000	1.63
Ajeej Mena Fund	5 144 268	20 577 072	1.40
Moda bnt saleh bin abd allah el mosfr	4 897 091	19 588 364	1.43
Other shareholders	171 006 054	684 024 216	48.97
	<b>349 178 872</b>	<b>1 396 715 488</b>	<b>100</b>

**Sixth of October for Development and Investment Company "SODIC" - (An Egyptian Joint Stock Company)**  
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**31 Legal Reserve**

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

	<b><u>EGP</u></b>
Legal reserve equal 5% of the Company's net profit till year 2016	33 734 213
<b><u>Add:</u></b>	
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
<b><u>Deduct:</u></b>	
The amount used to increase the issued share capital during 2011.	2
	<b><u>213 930 055</u></b>

**32 Special reserve – share premium**

The balance as at March 31, 2019 is represented in the following:

<b><u>Description</u></b>	<b><u>EGP</u></b>
Total value of the capital increase share premiums collected for the years 2006 and 2010	1 455 017 340
<b><u>Add:</u></b>	
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 537 500 shares converted to treasury shares during 2015 at par value, these shares were previously set aside for the benefit of the incentive and bonus plan with the capital increase in 2008 as a result of the termination of the program.	2 150 000
The value received from the selling of offering rights for 737 500 shares during 2014, which were transferred from shares held for "incentive and bonus plan" as a result of the termination of the program.	16 306 910
The value of accrued dividends for 737 500 shares which were transferred from the shares set aside for the incentive and bonus plan during 2015 as a result of the termination of the program.	1 180 000
The value received from the selling of 3 083 938 shares which had been sold by beneficiaries of the Employees Stock Option Plan during the year by average EGP 9.27 per share.	28 588 105
Share premium for issuing 3 083 938 shares which were transferred to the Employees Stock Option Plan during 2017 as a result of execution.	16 630 524
The value received from the sale of 3 273 263 shares which had been sold by beneficiaries of the Employees Stock Option Plan during the year by average EGP 9.27 per share.	30 343 148
<b><u>Deduct</u></b>	
Amounts transferred to the legal reserve	167 855 516
Capital increase – related expenses	55 240 255
Amount used for share capital increase during 2008	5 000 000
Amount used for share capital increase during 2017	13 556 380
Amount used for share capital increase during 2019	27 520 816
	<b><u>1 392 418 060</u></b>

**Sixth of October for Development and Investment Company "SODIC" - (An Egyptian Joint Stock Company)**  
**Notes to the consolidated financial statements for the financial period of March 31, 2019**

**33 Profit from sale of treasury shares**

- On August 14, 2011, the Board of Directors of the Parent 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 Parent Company's shares offered on the Egyptian stock exchange. On August 13, 2012 the Parent 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 Parent 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. Accordingly, the profit from sale of treasury shares reserve becomes EGP 1 725 456.

**34 Non-controlling interest**

Non-controlling interest balance as at March 31, 2019, represents the interest shares in subsidiary's equity as follows:

	Percentage %	Non-controlling interest			
		Profit / (loss) for the period <u>EGP</u>	excluding profit / (loss) for the period <u>EGP</u>	as at 31/3/2019 <u>EGP</u>	as at 31/12/2018 <u>EGP</u>
Sixth of October for Development and Real Estate Projects Co. "SOREAL"	0.01	11 195	184 475	195 670	184 475
Beverly Hills for Management of Cities and Resorts Co.	53.25	763 611	28 613 458	29 377 069	28 613 458
SODIC Garden City for Development and Investment Co.	50	68 323	32 135 077	32 203 400	32 135 077
Al Yosr for Projects and Agriculture Development Co.	0.001	7	27 072	27 079	27 072
SODIC for Development and Real Estate Investment Co.	0.001	-	20	20	20
Tegara for Trading Centers Co.	4.76	(4 579)	2 740 454	2 735 875	2 740 454
Edara for Services of Cities and Resorts Co.	0.003	178	1 292	1 470	1 292
Fourteen for Real Estate Investment Co.	0.004	-	2	2	2
La Maison for Real Estate Investment Co.	0.004	-	2	2	2
		<b>838 735</b>	<b>63 701 852</b>	<b>64 540 587</b>	<b>63 701 852</b>

**Sixth of October for Development and Investment Company "SODIC" - (An Egyptian Joint Stock Company)**  
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**35    Long-term loans**

	<b>31/3/2019</b>	<b>31/12/2018</b>
	<b><u>EGP</u></b>	<b><u>EGP</u></b>
On July 16, 2014, Sixth of October for Development and Investment Company "SODIC" 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).	78 105 968	104 141 290
<b><u>Guarantees:</u></b>		
- The Company committed to deposit all revenues from the sale of the project.		
- The Company shall sign a mortgage and a first degree right of transfer on the project in favor of the bank.		
- The Company shall get insurance cover the project's constructions in favor of the bank.		
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:	744 821 775	444 821 774
- 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.		
<b><u>Guarantees:</u></b>		
- 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).		
<b><u>Grace period:</u></b>		
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.		
<b><u>Repayment:</u></b>		
Commenced on September 30, 2019, and repayable in (14) quarterly unequal installments.		

**Sixth of October for Development and Investment Company "SODIC" - (An Egyptian Joint Stock Company)**  
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	<b>31/3/2019</b>	<b>31/12/2018</b>
	<b><u>EGP</u></b>	<b><u>EGP</u></b>
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.	158 000 000	98 000 000
<b><u>Guarantees:</u></b>		
- The Company committed to deposit all revenues from the sale of the project.		
- The Company shall sign a mortgage and a first degree right of transfer on the project in favor of the bank.		
- The Company shall get insurance cover 110% the project's constructions in favor of the bank.		
<b><u>Grace period:</u></b>		
Three years and six months applied on the principal of the loan only from the date of first drawdown.		
<b><u>Repayment:</u></b>		
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.	813 725 055	873 307 982
<b><u>Guarantees:</u></b>		
- 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.		
<b><u>Availability period:</u></b>		
For Tranche A commences from the signing date until December 31, 2017.		
For Tranche B commences from the signing date until December 31, 2019.		
<b><u>Grace period:</u></b>		
Three months after the end of availability period, this applies to the principle amount of the loan only.		
<b><u>Repayment:</u></b>		
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.		
<b>Total</b>	<b>1 794 652 798</b>	<b>1 520 271 046</b>



**Sixth of October for Development and Investment Company "SODIC" - (An Egyptian Joint Stock Company)**  
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**Deduct: Current portion**

A medium term loan from CIB	78 105 968	104 141 290
A medium term loan for one of subsidiary from Arab African International Bank	401 475 055	438 307 982
A medium-term syndicated loan contract with group of banks represented by Arab African International Bank	111 723 266	44 482 177
<b>Total of Current portion</b>	<b>591 304 289</b>	<b>586 931 449</b>
	<b>1 203 348 509</b>	<b>933 339 597</b>

**36 Long-term notes payable**

	<b>31/3/2019</b>	<b>31/12/2018</b>
	<b>EGP</b>	<b>EGP</b>
Total par value of the checks issued to New Urban Communities Authority which are payable till Jan. 1, 2021.	150 000 000	225 000 000
Total par value of the checks issued to El Sheikh Zayed land settlement	105 500 000	105 500 000
Unamortized interest	(40 661 443)	(53 849 976)
	<b>214 838 557</b>	<b>276 650 024</b>

The Company's exposure to credit risk related to long-term notes payable are disclosed in Note No. (43)

**37 Provision for completion**

	<b>Balance as at 1/1/2019</b>	<b>Formed during the period</b>	<b>Used during the period</b>	<b>Provisions no longer required during the period</b>	<b>Balance as at 31/3/2019</b>
	<b>EGP</b>	<b>EGP</b>	<b>EGP</b>	<b>EGP</b>	<b>EGP</b>
Provision for completion of works (38-1)	292 298 590	44 197 892	(32 215 386)	-	303 981 096
	<b>292 298 590</b>	<b>44 197 892</b>	<b>(32 215 386)</b>	<b>-</b>	<b>303 981 096</b>

(37-1) 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.

**38 Provisions**

	<b>Balance as at 1/1/2018</b>	<b>Formed during the year</b>	<b>Used during the year</b>	<b>Provisions no longer required during the year</b>	<b>Balance as at 31/12/2018</b>
	<b>EGP</b>	<b>EGP</b>	<b>EGP</b>	<b>EGP</b>	<b>EGP</b>
Provision for expected claims	11 747 097	319	-	(195 633)	11 551 783
	<b>11 747 097</b>	<b>319</b>	<b>-</b>	<b>(195 633)</b>	<b>11 551 783</b>

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- 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.

**39 Advances - from customers**

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

	<b>31/3/2019</b>	<b>31/12/2018</b>
	<b>EGP</b>	<b>EGP</b>
Advances – Projects in West Cairo	3 950 593 097	3 588 726 489
Advances – Projects in East Cairo (39-1)	11 585 301 133	11 845 695 359
Advances – Projects on the North Coast (39-2)	1 019 052 307	1 161 956 862
	<b>16 554 946 537</b>	<b>16 596 378 710</b>

(39-1) The balance of Advances – Projects in East Cairo includes an amount of EGP 1 538 879 346 that represents the net advances from customers of SODIC EAST project with a total contracted value of EGP2 203 446 659 which has been reduced by EGP 664 567 313 representing 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).

(39-2) The balance of Advances – Projects on the North Coast include an amount of EGP 246 963 092. This amount represents the net advances from customers of Malaaz project with a total contracted value of EGP 345 659 926 which has been reduced by EGP 98 696 135 representing the Owners Union Shahin's share of the residential units mentioned in the joint operation contract (72% for the developer and 28% for the owner).

**40 Contractors, suppliers and notes payable**

	<b>31/3/2019</b>	<b>31/12/2018</b>
	<b>EGP</b>	<b>EGP</b>
Contractors	255 977 569	181 964 586
Suppliers	20 812 948	26 094 291
Notes payable (40-1)	885 788 575	701 823 163
	<b>1 162 579 092</b>	<b>909 882 040</b>
<b><u>Deduct:</u></b> Unamortized interest-notes payable	25 935 310	33 909 071
	<b>1 136 643 782</b>	<b>875 972 969</b>

(40-1) Notes payable includes EGP 203 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. (43).

**Sixth of October for Development and Investment Company "SODIC" - (An Egyptian Joint Stock Company)**  
**Notes to the consolidated financial statements for the financial period of March 31, 2019**

**41 Creditors and other credit balances**

	<b>31/3/2019</b>	<b>31/12/2018</b>
	<b>EGP</b>	<b>EGP</b>
Amounts collected on account for management, operation and maintenance of projects	1 404 106 511	1 357 121 107
Due to related parties	159 979	146 909
Accrued expenses	99 319 465	84 034 755
Customers - Beverly Hills – capital contributions	15 134 939	15 075 320
Customers – credit balances	69 110 165	64 265 957
Tax Authority	249 725 915	283 501 977
Dividends payable	91 643	91 643
Accrued compensated absence	1 287 395	4 496 820
Insurance Deposits collected from customers – Against modifications	839 615	784 615
Social insurance	5 805 342	5 190 834
Creditors of investments purchase*	-	-
Unearned revenue	29 753 650	11 615 871
Retentions	64 151 810	65 473 210
Due to beneficiaries from Incentive plan	25 285 218	1 192 490
Deposits from others	45 490 197	39 940 623
Premiums of club	448 867 527	443 213 850
Sundry creditors	13 672 824	17 007 682
	<b><u>2 472 802 195</u></b>	<b><u>2 393 153 663</u></b>

The Group's exposure to currency and liquidity risks related to creditors is disclosed in note No. (43).

**42 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.

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**43 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.

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).

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**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.

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' 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.

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**43-1 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 March 31, 2019, amounted to EGP 16 486 463 321 (December 31, 2018: EGP 16 157 765 379).

**43-2 Liquidity risk**

The following are the contractual maturities of financial liabilities:

<b><u>March 31, 2019</u></b>	<b>Carrying amount</b>	<b>Less than 1 year</b>	<b>1-2 years</b>	<b>2-5 years</b>
	<b><u>EGP</u></b>	<b><u>EGP</u></b>	<b><u>EGP</u></b>	<b><u>EGP</u></b>
Banks – credit facilities	-	-	-	-
Short - term loans	591 304 289	591 304 289	-	-
Long – term loans	1 203 348 509	-	972 516 551	230 831 958
Contractors and suppliers	276 790 517	276 790 517	-	-
Other creditors	2 472 802 195	1 896 549 784	555 294 463	20 957 948
Notes payable –short term	859 853 265	859 853 265	-	-
Notes payable –long term	214 838 557	-	214 838 557	-
	<b>5 618 937 332</b>	<b>3 624 497 855</b>	<b>1 742 649 571</b>	<b>251 789 906</b>
<b><u>December 31, 2018</u></b>	<b>Carrying amount</b>	<b>Less than 1 year</b>	<b>1-2 years</b>	<b>2-5 years</b>
	<b><u>EGP</u></b>	<b><u>EGP</u></b>	<b><u>EGP</u></b>	<b><u>EGP</u></b>
Banks – credit facilities	-	-	-	-
Short - term loans	586 931 449	586 931 449	-	-
Long – term loans	933 339 597	-	636 543 065	296 796 532
Contractors and suppliers	208 058 877	208 058 877	-	-
Other creditors	2 393 153 663	1 833 367 621	539 426 966	20 359 076
Notes payable – short term	667 914 092	667 914 092	-	-
Notes payable – long term	276 650 024	-	276 650 024	-
	<b>5 066 047 702</b>	<b>3 296 272 039</b>	<b>1 452 620 055</b>	<b>317 155 608</b>

**43-3 Currency risk**

**Exposure to currency risk**

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

**March 31, 2019**

<b>Description</b>	<b>USD</b>	<b>Euro</b>
Cash at banks	14 939 669	81 800
Notes receivables	2 174 328	-
Debtors and other debit balances	-	660 856
Advances - from customers	(12 262 002)	-
Creditors and other credit balances	(486 000)	-
<b>Surplus of foreign currencies</b>	<b>4 365 995</b>	<b>742 656</b>

**December 31, 2018**

<b>Description</b>	<b>USD</b>	<b>Euro</b>	<b>AED</b>
Cash at banks	13 653 356	294 852	-
Notes receivables	2 963 187	-	-
Debtors and other debit balances	-	359 256	-
Advances - from customers	(12 262 002)	-	-
Creditors and other credit balances	(486 000)	-	-
<b>Surplus of foreign currencies</b>	<b>3 868 541</b>	<b>654 108</b>	-

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**43-4 Interest rate risk**

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

	<b>Carrying amount</b>	
	<b>31/3/2019</b>	<b>31/12/2018</b>
	<b>EGP</b>	<b>EGP</b>
<b><u>Financial instruments with a fixed rate</u></b>		
Financial assets	14 839 512 162	15 275 462 756
Financial liabilities	(1 074 691 822)	(944 564 116)
	<b>13 764 820 340</b>	<b>14 330 898 640</b>
<b><u>Financial instruments with a fixed rate</u></b>		
Financial liabilities	(1 794 652 798)	(1 520 271 046)
	<b>(1 794 652 798)</b>	<b>(1 520 271 046)</b>

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.

**44 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**

<b><u>Party / Relationship</u></b>	<b><u>Nature of transaction</u></b>	<b>31/03/2018</b>
		<b>Amount of transaction</b>
		<b>EGP</b>
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	366 335

**b) Balances resulting from transactions with related parties**

<b><u>Party</u></b>	<b><u>Item as shown in the consolidated balance sheet</u></b>	<b>31/3/2019</b>	<b>31/03/2018</b>
		<b>EGP</b>	<b>EGP</b>
Palmyra – SODIC for Real Estate Development *	Loans to Joint Ventures	195 727 193	195 360 857
	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).



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**45 Tax status**

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

**Corporate tax**

- Years from 1996 till 2005 have been tax inspected and tax differences has been paid and settled.
- Year from 2006 till 2014 have been inspected and settlement of accrued tax differences is under way for those years.
- Year from 2015 till 2018, have not been inspected and no tax claims have been received till the date of authorizing of these financial statements for issuance.
- The Company submits its annual tax return on due dates in accordance with Law No. 91 of 2005.

**Salary tax**

- Year from 1996 till 2012 have been inspected and tax differences has been paid and settled.
- The years 2013 to 2015 the company received form 38 salaries on 29/1/2019 and was objected to and was determined internal committee for re-examination.
- Years from 2016 till 2018 have not been inspected and no tax claims have been received till the date of authorizing of these financial statements for issuance.
- The Company pays the monthly salary tax on a regular basis.

**Withholding tax**

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

**Stamp tax**

- Tax inspection was carried out from 1996 till December 31, 2014, and tax differences have been fully paid.
- Years from 2015 till 2018 have not been inspected and no tax claims have been received till the date of authorizing of these financial statements for issuance.
- The Company provides stamp tax returns on a regular basis.

**Sales tax**

- The Company was inspected from inception till December 31, 2015, and tax differences has been paid and settled.

**The value added tax**

- Years from 2016 till 2017 have not been inspected and no tax claims have been received till the date of authorizing of these financial statements for issuance.
- The Company submits the value add tax returns on a regular basis and pay the accrued taxes on the legal dates.

**Real estate property tax**

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

**46 Capital commitments**

Capital commitments as at December 31, 2018 amounted EGP 140 150 is represented in contracted and unexecuted works (December 31, 2017: EGP 1 511 161).

**47 Contingent liabilities**

The contingent liabilities as at December 31, 2018, amounting to EGP 40 Million which represent letters of guarantees were issued by banks on the account of the Group and in favor of others, which led to a seizing mortgage on treasury bills with a par value of EGP 8 Million.

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**48 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 August 5, 2019.

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.

**49 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.

**50 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 Stock Option Plan granted to the executives board members and the directors as per the option plan approved by the extra ordinary general assembly dated January 20, 2016, which have decided to apply the Employees Stock Option Plan for the executive board members and directors through assigning shares with certain conditions. The commercial register was modified on February 5, 2017.

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- The Board of Directors have decided on the meeting dated October 23, 2018 to increase the issued capital from EGP 1 369 194 672 to become EGP 1 396 715 488 by an amount of EGP 27 520 816 divided on 6 880 204 shares of par value EGP 4 per share, this capital increase should be financed from the special reserve- Additional paid in capital, and to be fully utilized for the second and third sections from the sections of Employees Stock Option Plan granted to the executives board members and the Directors as per the option plan approved by the extra ordinary general assembly dated January 20, 2016, which have decided to apply the Employees Stock Option Plan for the executive board members and directors through assigning shares with certain conditions, and delegate the Board of Directors to execute the procedures of the required increase to issue new shares to be utilize in the Employees Stock Option Plan, The commercial register was modified on January 8, 2019.

**51 Significant accounting policies**

**51-1 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 recognized in profit or loss.
- Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that met the definition of financial instrument is classified as equity, then it is not re-measured and settlement is accounted for within equity. Otherwise, other contingent consideration is re-measured at fair value at each reporting date and subsequent changes in the fair value of the contingent consideration are recognized in profit or loss.

**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.

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- Subsidiaries are represented in the following:-

<u>Subsidiary name</u>	<u>Country of Incorporation</u>	<u>Ownership</u>	
		<u>As at 31/3/2019</u>	<u>As at 31/12/2018</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
16- El Diwan for Real Estate Development Company	Egypt	100	-
17- SODIC for Management of Hotels and Clubs Company	Egypt	100	-

(\*) The legal participation in Beverly Hills for Management of Cities and Resorts Co. amounts to 48.91 %, which includes 2.16 % 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 recognized 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

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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.

**51-2 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 recognized in profit or loss.

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

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

**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 recognized 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.

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**51-3 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.

**51-4 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 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.

**51-5 Employee benefit**

**a) Short – term employee benefits**

Short - term employee benefits are expensed as the related service is provided. A liability is recognized 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.

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**b) Share – based payment arrangements**

The grant (date fair value of equity) settled share - based payment arrangements granted to employees is generally recognized as an expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognized 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 recognized 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.

**51-6 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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**51-7 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 recognized 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 recognized 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 either 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 recognized 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 recognized 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.

**51-8 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.

**51-9 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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**51-10 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.

**51-11 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 recognized in profit or loss.

**b) Subsequent expenditure**

Subsequent expenditure is capitalized 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 recognized 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 and transportation	5
Furniture and fixtures	4-10
Beach Furniture and fixtures	3-5
Office and communications equipment	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
<b><u>Golf course assets</u></b>	
Constructions	20
Irrigation networks	15
Equipment and tools	15

**51-12 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.

**51-13 Intangible assets and goodwill**

**a) Recognition and measurement**

**I. Goodwill:**

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

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**II. Research and development:**

- Expenditure on research activities is recognized in profit or loss as incurred
- Development expenditure is recognized 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 recognized 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 capitalized 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 recognized in profit or loss as incurred.

**c) Amortization**

Amortization 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 recognized in profit or loss.

Goodwill is not amortized.

**51-14 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 recognized 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 recognized in profit or loss.

**51-15 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.

**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 recognized on the trade date when the entity becomes a party to the contractual provisions of the instrument.

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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 derecognized financial assets that is created or retained by the Group is recognized 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 recognized 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 recognized 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 Amortized 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 Amortized 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 recognized in OCI and accumulated in the fair value reserve. When these assets are derecognized, 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 recognized 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 recognized 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 Amortized cost using the effective interest method.

**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 recognized in profit or loss as incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognized 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 recognized in OCI and accumulated in the hedging reserve. Any ineffective portion of changes in the fair value of the derivative is recognized immediately in profit or loss.

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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.

**51-16 Share capital**

**1) Ordinary Shares**

Incremental costs directly attributable to the issue of ordinary shares are recognized 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 recognized as equity are repurchased, the amount of the consideration paid, which includes directly attributable costs is recognized 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 recognized as an increase in equity and the resulting surplus or deficit on the transaction is presented within share premium.

**51-17 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.

**Financial assets measured at Amortized 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 recognized in profit or loss and reflected in an allowance account.

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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 recognized, then the previously recognized impairment loss is reversed through profit or loss.

**Available-for-sale financial assets**

Impairment losses on available-for-sale financial assets are recognized 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 Amortization) and the current fair value, less any impairment loss previously recognized in profit or loss.

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

Losses recognized 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 recognized 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 recognized if the carrying amount of an asset or CGU exceeds its recoverable amount.

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

An impairment loss in respect of goodwill is not reversed 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 Amortization) if no impairment loss had been recognized in previous periods.

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**51-18 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 recognized 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.

**51-19 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.

**51-20 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.

**51-21 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.

**51-22 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.

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**51-23 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.

**51-24 Borrowing costs**

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

**51-25 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.

**51-26 Trade, contractors and other credit balances**

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

**51-27 Notes payable**

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

**51-28 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.

**51-29 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.

**51-30 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.

**51-31 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.