Translation of financial statements and review report originally issued in Arabic

Sixth of October for Development and Investment Company "SODIC"

(An Egyptian Joint Stock Company)

Separate Interim Financial Statements

For The Financial Period Ended June 30, 2018

And Limited Review Report

Contents

KPMG

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Translation of review report originally issued in Arabic

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

Introduction

We have performed a limited review for the accompanying separate interim statement of financial position of Sixth of October for Development and Investment Company "SODIC" (S.A.E) as at June 30, 2018, and the related separate interim statements of profit or loss, comprehensive income, changes in equity and cash flows statement for the three-month then ended, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and fair presentation of these separate interim financial statements in accordance with Egyptian Accounting Standards. Our responsibility is to express a conclusion on these separate interim financial statements based on our limited review.

Scope of Limited Review

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

Conclusion

Based on our limited review, nothing has come to our attention that causes us to believe that the accompanying separate interim financial statements do not present fairly, in all material respects, the separate financial position of the Company as at June 30, 2018, and of its separate interim financial performance and its separate interim cash flows for the three-month then ended in accordance with Egyptian Accounting Standards.

KPMG Hazem Hassan
Public Accountants & Consultants

Cairo August 14, 2018

KPMG Hazem Hassan
Public Accountants and Consultants
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Translation of interim financial statements originally issued in Arabic

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

EGP	Note No.	30 June 2018	31 December 2017
Non-current assets			
Property, plant, equipment	(21)	281 864 517	287 072 739
Projects under construction		–	346 014
Investments in subsidiaries	(32)	1 707 842 466	1 707 842 466
Investments - available for sale	(23)	4 276 152	4 276 152
Investment properties	(22)	14 960 787	15 234 137
Trade and notes receivables	(17)	2 945 654 018	2 871 388 018
Total non-current assets		**4 954 597 940**	**4 886 159 526**
Current assets			
Inventory	(15)	8 717 028	6 334 977
Works in process	(16)	2 006 312 703	1 736 841 419
Trade and notes receivable	(18)	1 358 141 843	1 361 780 906
Due from related parties	(35)	107 818 373	104 372 494
Debtors and other debit balances	(19)	841 591 957	818 006 736
Investments in treasury bills		1 015 344 880	58 642 216
Cash at banks and on hand	(20)	693 916 312	1 440 908 137
Total current assets		**6 031 843 096**	**5 526 886 885**
Total assets		**10 986 441 036**	**10 413 046 411**
Equity			
Issued & paid in capital	(24)	1 369 194 672	1 369 194 672
Legal reserve	(24)	213 930 055	206 217 101
Special reserve - share premium	(24)	1 389 595 728	1 389 595 728
Retained earnings		1 008 056 095	909 000 729
Profit from sale of treasury shares	(25)	1 725 456	1 725 456
Reserve for employee stock option plan		1 645 597	1 645 597
Total equity		**3 984 147 603**	**3 877 379 283**
Non-current liabilities			
Loans - long term	(26)	501 892 420	518 963 065
Notes payable - long term	(27)	47 903 700	47 903 700
Deferred tax liabilities	(13)	9 084 409	8 720 091
Total non-current liabilities		**558 880 529**	**575 586 856**
Current liabilities			
Loans - Short term	(26)	66 271 730	28 402 170
Contractors, suppliers and notes payable	(28)	173 715 118	211 482 602
Due to related parties	(35)	263 339 777	162 407 458
Advances - from customers	(29)	5 041 069 368	4 658 583 671
Creditors and other credit balances	(30)	804 857 009	802 180 998
Provision for completion	(31)	88 343 134	91 206 605
Provisions	(31)	5 816 768	5 816 768
Total current liabilities		**6 443 412 904**	**5 960 080 272**
Total liabilities		**7 002 293 433**	**6 535 667 128**
Total equity and liabilities		**10 986 441 036**	**10 413 046 411**

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

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

"Limited review report attached"

Sixth of October for Development and Investment Company "SODIC"

(An Egyptian Joint Stock Company)

Separate interim statement of profit or loss

for the financial period ended June 30, 2018

EGP	Note	2018/4/1	2018/1/1
Continuing operations	**No**	**2018/6/30**	**2018/6/30**
Revenue	(5)	183 131 515	421 123 449
Cost of sales	(6)	(84 220 274)	(174 957 258)
Gross profit		**98 911 241**	**246 166 191**
Other operating revenues	(7)	34 085 438	69 369 547
Selling and marketing expenses	(8)	(59 673 632)	(94 240 828)
General and administrative expenses	(9)	(59 778 107)	(111 598 802)
Other operating expenses	(10)	(10 112 217)	(20 942 118)
Operating profit		**3 432 723**	**88 753 990**
Finance income	(11)	53 137 814	106 110 387
Finance cost	(12)	(26 518 649)	(55 771 333)
Net finance income		**26 619 165**	**50 339 054**
Net profit before tax		**30 051 888**	**139 093 044**
Income tax	(13)	(6 022 085)	(32 324 724)
Profit from continuing operations		**24 029 803**	**106 768 320**
Profit for the period		**24 029 803**	**106 768 320**
Earnings per share from profit of the period (EGP / Share)	(14)	**0.07**	**0.31**

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

Sixth of October for Development and Investment Company "SODIC"
(An Egyptian Joint Stock Company)
Separate statement of comprehensive income
for the financial period ended June 30, 2018

EGP	2018/4/1 2018/6/30	2018/1/1 2018/6/30	2017/4/1 2017/6/30	2017/4/1 2017/4/1
Profit for the period	24 029 803	106 768 320	32 395 620	147 026 656
Other comprehensive icome				
Total other comprehensive income before income tax	–	–	–	–
Income tax				
Total other comprehensive income after income tax	–	–	–	–
Total comprehensive income of the period	24 029 803	106 768 320	32 395 620	147 026 656

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

Sixth of October for Development and Investment Company "SODIC"
(An Egyptian Joint Stock Company)
Separate interim statement of changes in Equity
for the financial period ended June 30, 2018

EGP	Issued and paid in capital	Legal reserve	Special reserve- share premium	Retained earnings	Profit from selling of treasury shares	Reserve for employee stock option plan	Total
Balance as at December 31, 2016	1 355 638 292	195 088 853	1 357 933 479	765 869 919	1 725 456	18 276 121	3 694 532 120
Total comprehensive income							
Net profit for the period	-	-	-	147 026 656	-	-	147 026 656
Other comprehensive income items	-	-	-	-	-	-	-
Total comprehensive income	-	-	-	147 026 656	-	-	147 026 656
Transactions with owners of the Company							
Increase in capital	13 556 380	-	(13 556 380)	-	-	-	-
Transferred to legal reserve	-	11 128 248	-	(11 128 248)	-	-	-
Total transactions with owners of the Company	13 556 380	11 128 248	(7 740 160)	(11 128 248)	-	-	5 816 220
Balance as at June 30, 2017	1 369 194 672	206 217 101	1 350 193 319	901 768 327	1 725 456	18 276 121	3 847 374 996
Balance as at December 31, 2017	1 369 194 672	206 217 101	1 389 595 728	909 000 729	1 725 456	1 645 597	3 877 379 283
Total comprehensive income							
Net profit for the period	-	-	-	106 768 320	-	-	106 768 320
Other comprehensive income items	-	-	-	-	-	-	-
Total comprehensive income	-	-	-	106 768 320	-	-	106 768 320
Transactions with owners of the Company							
Transferred to legal reserve	-	7 712 954	-	(7 712 954)	-	-	-
Total transactions with owners of the Company	-	7 712 954	-	(7 712 954)	-	-	-
Balance as at June 30, 2018	1 369 194 672	213 930 055	1 389 595 728	1 008 056 095	1 725 456	1 645 597	3 984 147 603

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

Sixth of October for Development and Investment Company "SODIC"
(An Egyptian Joint Stock Company)
Separate interim statement of cash flows
for the financial period ended June 30, 2018

EGP	Note No	2018	2017
Cash flows from operating activities		139 093 044	197 613 351
Net profit for the period before tax			
Adjustments for:			
Depreciation of fixed assets and leased units	(21) , (22)	12 702 154	4 179 777
Capital gain		–	(993 854)
Reversal of impairment of investment properties		–	
Return on investments in treasury bills		(79 033 469)	(71 864 940)
Impairment loss of due from related parties		2 176 038	7 497 730
Provision for completion formed	(31)	11 600 316	12 749 548
Provisions formed	(31)	–	45 324
Changes in:			
Finished units available for sale and material inventory		(1 525 759)	702 050
Works in process		(269 471 284)	(167 686 676)
Trade and notes receivables		(70 626 937)	(48 619 705)
Due from related parties		(5 621 917)	(5 876 657)
Debtors and other debit balances		(23 585 221)	(190 779 881)
Provision of completion used	(31)	(14 463 787)	(9 551 099)
Advances from customers		382 485 697	167 052 199
Contractors, suppliers and notes payable		(37 767 484)	31 819 411
Due to related parties		100 932 319	48 055 639
Creditors and other credit balances		(29 284 395)	(62 559 939)
Net cash (used in) / generated from operating activities		**116 698 020**	**(55 153 551)**
Cash flows from investing activities			
Payments for purchase of fixed assets, projects under construction	(21)	(6 819 565)	(6 557 756)
Payments for Investments in treasury bills		(1 101 980 740)	(2 099 105 306)
Proceeds from Investments in treasury bills		224 311 545	1 577 092 411
Proceeds from sale of fixed assets		-	1 259 428
Net cash generated from / (used in) investing activities		**(884 488 760)**	**(527 311 223)**
Cash flows from financing activities			
Change in short and long term loans		20 798 915	42 856 300
Net cash generated from / (used in) financing activities		**20 798 915**	**42 856 300**
Net (decrease) in cash and cash equivalents		**(746 991 825)**	**(539 608 474)**
Cash and cash equivalents at January 1		1 439 908 137	1 048 967 304
Cash and cash equivalents at June 30	(20)	**692 916 312**	**509 358 830**

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

Sixth of October for Development and Investment Company "SODIC"
(An Egyptian Joint Stock Company)
Notes to the separate interim financial statements
for the financial period ended June 30, 2018

1. Background and activities

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

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

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

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

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

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

2. Basis of preparation of separate financial statements

Compliance with accounting standards and laws

- The separate financial statements have been prepared in accordance with Egyptian Accounting Standards and applicable laws and regulations.
- The separate financial statements were approved by the Board of Directors on August 14, 2018.

3. Functional and presentation currency

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

4. Use of judgment and estimates

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

Measurement of fair value

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

5. Revenues

The Company'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 Company's revenues can be analyzed as follows:

	For the six months ended 30/06/2018 EGP	For the six months ended 30/06/2017 EGP
Revenues from the sale of units in **Allegria** project	129 335 859	92 406 835
Revenues from the sale of units in **Forty West** project	11 246 353	45 096 413
Revenues from the sale of units in **CASA** project	1 315 260	1 149 310
Revenues from the sale of units in **Westown Residences** project	11 951 151	325 071 618
Revenues from the sale of units in **Westown Courtyards** project	266 835 226	-
Revenues from the sale of units in **Beverly Hills** project	439 600	-
	421 123 449	**463 724 176**

6. Cost of sales

	For the six months ended 30/06/2018 EGP	For the six months ended 30/06/2017 EGP
Cost of sales of units in **Allegria** project	24 307 176	32 817 555
Cost of sales of units in **Forty West** project	9 397 137	28 310 734
Cost of sales of units in **CASA** project	804 250	702 050
Cost of sales of units in **Westown Residences** project	5 481 700	152 513 915
Cost of sales of units in **Westown Courtyards** project	134 454 883	–
Cost of sales of units in **Beverly Hills** project	512 112	–
	174 957 258	**214 344 254**

7. Other operating revenues

	For the six months ended 30/06/2018 EGP	For the six months ended 30/06/2017 EGP
Interest income realized from installments during the period	35 201 057	37 389 938
Assignment, cancellation dues and delay penalties	30 422 843	25 781 147
Other income	221 372	397 001
Income from management & operation of the golf course	2 396 157	–
Income from management & operation of the westtown club	76 623	–
Buildings leased revenue	140 200	470 712
Capital gain	–	993 854
Reversal of impairment losses of Investment properties	911 295	911 624
	69 369 547	**65 944 276**

8. Selling and marketing expenses

	For the six months ended 30/06/2018 EGP	For the six months ended 30/06/2017 EGP
Salaries and wages	16 051 685	12 130 697
Sales commissions	14 954 725	15 310 683
Advertising expenses	38 909 384	18 358 931
Conferences and Exhibitions	12 402 388	104 394
Golf course expenses	1 169 693	–
Rent	2 218 687	1 273 599
Travel, transportation and cars	228 426	198 070
Maintenance, Cleaning, Agriculture and Security	856 149	1 314 646
Professional and consultants fees	1 161 950	1 183 743
Gifts	3 399 968	116 012
Printing and photocopying	627 559	424 280
Fees, Stamps and licenses	462 760	–
Depreciation – Marketing	321 363	350 708
Vacations	536 394	284 184

Employees training	–	48 500
Others	939 697	297 521
	94 240 828	**51 395 968**

9. General and administrative expenses

	For the six months ended 30/06/2018 EGP	For the six months ended 30/06/2017 EGP
Salaries, wages and bonuses (9-1)	43 176 634	38 287 716
Board of Directors' remunerations and allowances	6 391 733	6 350 679
Training and medical care	8 190 990	3 258 999
Professional and consultancy fees	8 051 688	7 319 021
Advertising	1 798 472	1 331 875
Donations	999 050	1 921 616
Golf course expenses	1 247 369	–
Maintenance, cleaning, agriculture, security and guarding	19 381 535	11 492 787
Administrative depreciation of fixed assets and rented units	12 107 441	3 467 584
Subscriptions and governmental dues	1 865 174	1 455 616
Rent	705 014	794 698
Travel and transportation	1 076 942	1 453 795
Communication and electricity	1 287 799	1 610 555
Stationary and computer supplies	1 594 215	1 310 001
Buffet , hospitality and reception	632 940	1 067 023
Bank charges	1 226 493	1 236 129
Employees benefits	-	32 786
Employees vacations	346 966	956 000
Gifts	1 213 384	655 928
Conferences and exhibitions	55 965	94 711
Insurance installments	200 129	160 938
Others	48 869	56 934
	111 598 802	**84 315 391**

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

	For the six months ended 30/06/2018 EGP	For the six months ended 30/06/2017 EGP
Salaries	5 598 000	5 857 325
	5 598 000	**5 857 325**

10. Other operating expenses

	For the six months ended 30/06/2018 EGP	For the six months ended 30/06/2017 EGP
Discount for early payment	12 605 256	16 592 637
Provision of claims	–	45 324
Depreciation of leased unites	273 350	361 486
Impairment losses of related parties	2 176 038	7 497 730
Golf course expenses	5 678 846	–
Westown club expenses	208 628	–
	20 942 118	**24 497 177**

11. Finance income

	For the six months ended 30/06/2018 EGP	For the six months ended 30/06/2017 EGP
Interest income	25 971 149	26 405 604
Return on investment in treasury bills	79 033 469	71 864 940
Net foreign exchange translation	1 105 769	–
	106 110 387	**98 270 544**

12. Finance cost

	For the six months ended 30/06/2018 EGP	For the six months ended 30/06/2017 EGP
Interest expense	55 771 333	55 569 025
Foreign exchange translation	–	203 830
	55 771 333	**55 772 855**

13. Income tax

A- Items recognized in the profit or loss

	For the six months ended 30/06/2018 EGP	For the six months ended 30/06/2017 EGP
Current income tax	31 960 406	50 202 989
Deferred income tax expense / (benefit)	364 318	383 706
	32 324 724	**50 586 695**

B- Deferred tax assets and liabilities movement

	Statement of financial position		Statement of profit or loss	
	30/06/2018 EGP	31/12/2017 EGP	For the six months ended 30/06/2018 EGP	For the six months ended 30/06/2017 EGP
Property, plant and equipment	(845 091)	(480 773)	(364 318)	(383 706
Foreign exchange translation	(8 239 318)	(8 239 318)	-	-
Net deferred income tax	**(9 084 409**	**(8 720 091)**	**(364 318)**	**(383 706**

C- Unrecognized deferred tax assets

	30/06/2018 EGP	31/12/2017 EGP
Deductible temporary differences	156 571 124	156 286 557
	156 571 124	**156 286 557**

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

14. Earnings per share

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

	For the six months ended 30/06/2018 EGP	For the six months ended 30/06/2017 EGP
Net profit for the period	106 768 320	147 026 656
Employees share of profit	-	-
Board of directors' remunerations	-	-
	106 768 320	**147 026 656**
Divided on:		
Weighted average number of shares outstanding during the period	342 298 668	342 298 668
Earnings per share (EGP / share)	**0.31**	**0.43**

15. Inventory

This item represents the total costs related to completed units ready for sale. Details of these works are as follows:

	30/06/2018 EGP	31/12/2017 EGP
Cost of completed commercial units	4 882 460	4 882 460
Cost of units purchased for resale	648 267	1 452 517
Communication devices	3 186 301	-
	8 717 028	**6 334 977**

16. Work in process

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

	30/06/2018 EGP	31/12/2017 EGP
Allegria project costs	366 608 029	292 791 892
Westown project costs	1 195 481 927	1 076 273 333
October Plaza project costs	320 016 851	285 577 666
Sodic East project costs	26 641 215	24 144 362
Beverly Hills project costs	231 973	744 084
Strip 2 project costs	97 332 708	57 310 082
	2 006 312 703	**1 736 841 419**

17. Trade and note receivable – long term

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

	30/06/2018 EGP	31/12/2017 EGP
Notes receivable (17-1)	3 048 026 638	2 932 717 133
Deduct: Unamortized interest-notes receivable	102 372 620	61 329 115
	2 945 654 018	**2 871 388 018**

(17-1) The balance includes an amount of EGP 1 139 971 653 which represents the net amount of notes receivable – long term related to SODIC East project with a gross amount of EGP 1 548 248 999 decreased by an amount of EGP 434 277 346 which represents Heliopolis Housing and Development Company's share of the residential units mentioned in the revenue share contract.

The Company's exposure to credit and currency risk related to trade and notes receivable is disclosed in note (34).

18. Trade and notes receivable – short term

	30/06/2018 EGP	31/12/2017 EGP
Trade receivable	76 749 884	81 421 320
Notes receivable (18-1)	1 295 976 640	1 300 897 994
	1 372 726 524	**1 382 319 314**
Deduct : unamortized interest – notes receivable	14 384 681	20 338 408
	1 358 341 843	**1 361 980 906**
Impairment losses of trade and notes receivable	(200 000)	(200 000)
	1 358 141 843	**1 361 780 906**

(18-1) The balance includes an amount of EGP 211 537 514 that represents the net amount of notes receivable relating to SODIC East project with a gross amount of EGP 289 984 716. The gross amount was decreased by EGP 78 447 202representing the share of Heliopolis Housing and Development Company of the residential units mentioned as per the revenue share agreement (70% for the developer and 30% for the owner).

The Company's exposure to credit and currency risks related to trade and notes receivable is disclosed in note no. (34).

19. Debtors and other debit balances

	30/06/2018 EGP	31/12/2017 EGP
Contractors and suppliers – advance payments	497 006 144	520 812 329
Heliopolis Housing and Development Company (19-1)	100 000 000	100 000 000
Union of owners – shahin (19-2)	30 000 000	-
Prepaid expenses	159 372 285	142 375 311
Deposits with others	3 190 726	1 039 400
Due from the bonus and incentives plan to employees and managers fund	364 894	364 894
Withholding tax	40 529 107	38 158 735
Letter of guarantee cover	206 793	1 353 021
Other debit balances	11 277 165	14 258 203
	841 947 114	**818 361 893**
Impairment loss in debtors and other debit balances	(355 157)	(355 157)
	841 591 957	**818 006 736**

(19-1) This item representing the amount paid as a down payment to Heliopolis Housing and Development Company, this amount will settle with Heliopolis Housing and Development and Company's revenue share in the co-development contract pertaining to New Heliopolis City. Accordingly, the Company will act as a real estate developer for the land plot owned to Heliopolis Housing and Development Company which amounted to 655 acres in New Heliopolis City and Heliopolis Housing and Development Company will earn a share of the revenue with guaranteed minimum amount equal EGP 5.01 billion.

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

The Company's exposure to credit and currency risks related to debtors and other debit balances is disclosed in note no. (34).

(19-2) On March 8, 2018, the Company signed two co-development contracts for a residential and tourism project for the two land plots of approximately 308 acres in the north coast with the owners as follows:

- Contract signed with Alshaheen Union Owners of for the land plot of approximately 111 acres (the first plot).
- Contract signed with the 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 a mount of EGP 30 million which represents down payment which will be settled during three years in equal installments against Alshaheen Union Owners share in the project revenues according to the co-development contract.

According to signed co-development contract between Sixth of October for Development and Investment Company "SODIC" and Alshaheen Union Owners, Sixth of October for Development and Investment Company "SODIC" informed Alshaheen Union Owners that Tabrouk company -An Egyptian Joint Stock Company- which sodic owns 99.99% of its shares will replace it in co-development contract has signed dated on 8 march, 2018 mentioned above to execute the liabilities contained in the contract and soidc's rights and liabilities will be transfer to tabrouk from date 4 July, 2018.

The Company's exposure to credit and currency risks related to debtors and other debit balances is disclosed in note no. (34).

20. Cash at banks and on hand

	30/06/2018 EGP	31/12/2017 EGP
Bank - time deposits (20-1)	510 191 240	1 234 380 717
Bank - current accounts	164 031 243	192 190 754
Checks under collection	16 698 935	13 967 388
Cash on hand	2 994 894	369 278
	693 916 312	1 440 908 137

(20-1) Deposits include an amount of EGP 1 million restricted as a guarantee for the credit facilities granted from a group of commercial banks. In addition, it includes an amount of EGP 187 million representing the value of deposits collected from customers against of the regular maintenance expenses.

The Company's exposure to interest rate risk for financial assets which is disclosed in note no. (34).

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

	30/06/2018 EGP	31/12/2017 EGP
Cash at banks and on hand	693 916 312	1 440 908 137
Less:		
Restricted cash (facilities guarantee)	1 000 000	1 000 000
Cash and cash equivalent according to separate statement of cash flows	**692 916 312**	**1 439 908 137**

21 - Property, plant, equipment

EGP	Lands	Buildings of the Company's premises	Vehicles	Furniture and fixtures	Generators, machinery and equipment	Computers and Printers	Communication devices	Computer Softwares	Leasehold improvements	Solar power stations	Golf Course	Total
Cost												
Cost as at January 1, 2017	32 705 970	18 822 587	10 567 395	9 414 669	4 103 827	12 746 981	1 847 522	8 815 876	10 557 646	-	-	109 582 473
Trasferred from investment properties at January 1,2017	-	-	-	-	-	-	-	-	-	-	99 377 533	99 377 533
Additions during the year	55 916 280	148 309 857	1 724 000	783 338	1 654 462	3 782 018	396 409	359 923	42 519 485	-	-	255 445 772
Disposals during the year	-	-	(3 016 950)	-	(2 750)	(90 344)	-	-	-	-	-	(3 110 044)
Cost as at December 31, 2017	88 622 250	167 132 444	9 274 445	10 198 007	5 755 539	16 438 655	2 243 931	9 175 799	53 077 131	-	99 377 533	461 295 734
Cost as at January1, 2018	88 622 250	167 132 444	9 274 445	10 198 007	5 755 539	16 438 655	2 243 931	9 175 799	53 077 131	-	99 377 533	461 295 734
Additions during the period	-	362 556	1 134 900	400 985	267 059	392 729	-	4 211 336	-	396 014	-	7 165 579
Balance at March 31, 2018	88 622 250	166 638 708	10 409 345	10 598 992	6 022 598	16 831 384	2 243 931	13 387 135	53 077 131	396 014	99 377 533	467 605 021
Accumulated depreciation												
Accumulated depreciation at January 1, 2017	-	14 550 864	8 036 346	5 978 903	3 848 648	8 080 316	1 079 508	7 519 913	9 459 344	-	-	58 553 842
Trasferred from investment properties at January 1,2017	-	-	-	-	-	-	-	-	-	-	10 483 665	10 483 665
Depreciation during the year	-	6 313 181	680 641	992 612	256 287	2 139 837	189 397	687 251	7 246 330	-	1 823 247	20 328 783
Accumulated depreciation of disposals during the year	-	-	(2 159 144)	-	(1 545)	(53 227)	-	-	-	-	-	(2 213 916)
Accumulated depreciation at December 31, 2017	-	20 864 045	6 557 843	6 971 515	4 103 390	10 166 926	1 268 905	8 207 164	16 705 674	-	12 306 912	87 152 374
Accumulated depreciation at January 1, 2018	-	20 864 045	6 557 843	6 971 515	4 103 390	10 166 926	1 268 905	8 207 164	16 705 674	-	12 306 912	87 152 374
Depreciation during the period	-	3 958 743	513 889	470 709	230 981	1 007 094	122 260	955 166	4 311 528	7 793	911 295	12 489 458
Accumulated depreciation at June 30, 2018	-	24 762 134	7 071 732	7 442 224	4 334 371	11 174 020	1 391 165	9 162 330	21 017 202	7 793	13 218 207	99 581 178
Impairment of Golf course												
Trasferred from investment properties at January 1,2017	-	-	-	-	-	-	-	-	-	-	88 893 868	88 893 868
Impairment reversal during the year	-	-	-	-	-	-	-	-	-	-	(1 823 247)	(1 823 247)
Accumulated impairment at December 31,2017	-	-	-	-	-	-	-	-	-	-	87 070 621	87 070 621
Impairment reversal during the period	-	-	-	-	-	-	-	-	-	-	(911 295)	(911 295)
Accumulated impairment at June 30,2018	-	-	-	-	-	-	-	-	-	-	86 159 326	86 159 326
Net book value												
At January 1, 2017	32 705 970	4 271 723	2 531 049	3 435 766	255 179	4 666 665	768 014	1 295 963	1 098 302	-	-	51 028 631
At December 31, 2017	88 622 250	146 268 399	2 716 602	3 226 492	1 652 149	6 271 729	975 026	968 635	36 371 457	-	-	287 072 739
At June 30, 2018	88 622 250	141 876 574	3 337 613	3 156 768	1 688 227	5 657 364	852 766	4 224 805	32 059 929	388 221	-	281 864 517

• Property, plant, equipment include fully depreciated assets at a cost of EGP 48 551 537 at June 30, 2018

22. Investment properties

The net carrying amount of the investment properties as at June 30, 2018, amounted to EGP 14 960 787 the movement of investment property during the period is as follow:-

Description	**Leased out units**
Cost	**EGP**
At January 1, 2017	17 107 763
Additions during the year	187 226
At December 31, 2017	**17 294 989**
At January 1, 2018	17 294 989
Additions during the period	-
At June 30, 2018	**17 294 989**
Less	
Accumulated depreciation	
At January 1, 2017	608 845
Depreciation for the year	1 452 007
At December 31, 2017	**2 060 852**
At January 1, 2018	**2 060 852**
Depreciation for the period	273 350
At June 30 2018	**2 334 202**
Net carrying amount as at January 1, 2017	**16 498 918**
Net carrying amount as at December 31, 2017	**15 234 137**
Net carrying amount as at June 30, 2018	**14 960 787**

23. Available for sale investments

	Legal Form	**Ownership %**	**Paid amount of Participation %**	**Carrying amount as at 30/06/2018 EGP**	**Carrying amount as at 31/12/2017 EGP**
Egyptian Company for Development and Management of Smart Villages	S.A.E	1.08	100	4 250 000	4 250 000
SODIC for Golf and Tourist Development Co.	S.A.E	0.0025	25	1 250	1 250
Beverly Hills for Management of Cities and Resorts Co.	S.A.E	0.06	100	26 152	26 152
				4 277 402	4 277 402
Impairment of available for sale investments				(1 250)	(1 250)
				4 276 152	4 276 152

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

24. Share capital and reserves

24.1. Share capital

- The authorized capital of the Company is EGP 2.8 billion.
- The Company's issued and paid in capital is EGP 1.355 Billion distributed over 338 909 573 shares with a par value of EGP 4 per share, the commercial register was notified on December 7, 2014.
- The board of directors have decided on the meeting dated November 30, 2016 to increase the issued capital from EGP 1 355 638 292 to become EGP 1 369 194 672 by an amount of EGP 13 556 380 divided on 3 389 095 shares of par value EGP 4 per share, this capital increase should be financed from the special reserve- Additional paid in capital, and to be fully utilized by the employees share option plan granted to the executives board members and the directors as per the option plan approved by the extra ordinary general assembly dated January 20, 2016, which have decided to apply the Employees Stock Option Plan for the executive board members and directors through assigning shares with certain conditions. The commercial register was modified on February 5, 2017.
- The current capital structure for the holding company represented as follow:

Shareholder	Number of shares	Share value EGP	Ownership percentage %
Olayan Saudi Investment Company.	48 331 696	193 326 784	14.12
RA Six Holdings Limited	31 992 544	127 970 176	9.35
Rimco EGT Investment LLC	25 484 739	101 938 956	7.45
Ajeej Mena Fund	8 760 000	35 040 000	2.60
EFG Hermes Holdings Financial Group.	8 183 111	32 732 444	2.39
Financial Holdings International LTD	7 267 503	29 070 012	2.12
Walid Bin Seliman Bin AbdElmohssen Abanumey	6 301 380	25 205 520	1.84
Yazeid Bin Seliman Bin AbdElmohssen Abanumey	6 233 653	24 934 612	1.82
Norges Bank	6 006 840	24 027 360	1.76
Al- Majid Investments LLC.	5 700 000	22 800 000	1.67
Moda bnt saleh bin abd allah el mosfr	4 897 091	19 588 364	1.43
Allianz	4 698 969	18 795 876	1.37
Egyptian Endowments Authority	4 369 750	17 479 000	1.28
KIA G309 DUET	4 357 634	17 430 536	1.27
Other shareholders	169 713 758	678 855 032	49.56
	342 298 668	**1 369 194 672**	**100**

24.2. Reserves

a. **Legal Reserve**

The balance as at June 30, 2018 is represented as follows:-

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

b. **Special reserve – share premium**

The balance is represented in the following:

Description	EGP
Total value of the capital increase share premiums collected for the years 2006 and 2010	1 455 017 340
Add:	
Share premium of the employees' incentive and bonus plan issued during 2007.	90 000 000
The value of selling 712 500 share which has been sold through beneficiaries of incentive and bonus plan during 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 sale of 3 083 938 shares which had been sold by beneficiaries of the employees' incentive and bonus plan during the year by average EGP 9.27 per share.	28 588 105
Share premium for issuing 3 083 938 shares which were transferred to the incentive and bonus plan during 2017 as a result of execution.	16 630 524
Deduct	
Amounts transferred to the legal reserve	167 855 516
Capital increase – related expenses	55 240 255
Amount used for share capital increase during 2008	5 000 000
Amount used for share capital increase during 2017	13 556 380
	1 389 595 728

25. Profit from sale of treasury shares

- On August 14, 2011, the board of directors of the Company approved the purchase of one million treasury shares at EGP 18 per share (the par value is EGP 4 per share) with a total amount of EGP 18 018 000 from the Company's shares offered on the Egyptian stock exchange. On August 13, 2012 the Company's board of directors agreed to sell these shares for a total value of EGP 21 710 867 resulting in a profit from the sale of treasury shares with an amount of EGP 3 692 867.
- During March 2016 treasury shares which were transferred from incentive and bonus plan for employees and executive directors of the Company according to the Extraordinary General Assembly meeting held on February 1st 2015 were sold resulting in an actual loss amounting to EGP 1 967 411 as mentioned in note no. (24). accordingly, the profit from sale of treasury shares reserve becomes EGP 1 725 456.

26. Long-term loans

	30/06/2018 EGP	31/12/2017 EGP
On July16, 2014, the Company signed a medium-term loan contract with Commercial International Bank (CIB) for an amount of EGP 300 million as follows: Tranche (A) to refinance the total amount due to Solidere International following the settlement agreement and Tranche (B) to finance any deficit in the cash flows related to the development of specific blocks on Westown Residences in stage (B) tranche (B).	118 342 375	132 543 46
On April 4, 2017, Sixth of October for Development and Investment Company "SODIC" singed a medium-term syndicated loan contract with group of banks represented by Arab African International Bank "facility agent" with a total amount of EGP 1 300 million on two tranches: - First tranche amount of EGP 243 million to finance the total debt outstanding due to group of banks represented by Arab African International Bank. - Second tranche amount of EGP 1 057 million to finance "SODIC West" projects located in Kilo 38 Cairo/Alex desert road -Giza- Egypt. **Guarantees:** - Unconditional and irrevocable revenue transfer by which the lender and some of its subsidiaries transfer all current and future proceeds, selling and lease contracts of the current and foreseeable project units to the interest of the "Guarantee agent". - Accounts mortgage contracts: debt interest and all amounts deposited therein are pledged for the interest of the "guarantee agent", and pledge the project's account. - Promissory note from the Company (the borrower). **Grace period:** Thirty months from the date of the signature, or September 30, 2019, which is earlier, and this period shall apply to the principal of loan only. **Repayment:** Commenced on September 30, 2019, and repayable in (14) quarterly unequal installments.	404 821 775	384 821 77
	523 164 150	**517 365 23**

	30/06/2018 EGP	31/12/2017 EGP
	523 164 150	**517 365 235**
On August 30, 2017, Sixth of October for Development and Investment Company "SODIC" singed a medium-term loan contract with Commercial International Bank "CIB" with a total amount of EGP 270 million to finance the development cost of October Plaza Project which will be established on area of 31 acres in northern expansions at sixth of October city.	45 000 000	30 000 00

Guarantees:

- Unconditional and irrevocable revenue transfer by which the lender and some of its subsidiaries transfer all current and future proceeds, selling and lease contracts of the current and foreseeable project units to the interest of the "Guarantee agent".
- Accounts mortgage contracts: debt interest and all amounts deposited therein are pledged for the interest of the "guarantee agent", and pledge the project's account.
- "SODIC" Committed to conclude insurance policy covered a 110% of all constructions at project in favor of "CIB"

Grace period:

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

Repayment:

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

Total	**568 164 150**	**547 365 23**
Deduct: Current portion		
– Syndicated loan from Arab African International Bank		-
– Loan from CIB	66 271 730	28 402 17
Total current portion	**66 271 730**	**28 402 17**
	501 892 420	**518 963 06**

27. Long-term notes payable

This item is as follow:

	30/06/2018 EGP	31/12/2017 EGP
Total fair value of the checks issued to New Urban Communities Authority which are payable till September 8, 2019.	52 574 310	52 574 310
Less:		
Unamortized interest	4 670 610	4 670 610
	47 903 700	**47 903 700**

The Company's exposure to credit risk related to long-term notes payable are disclosed in Note No. (34).

28. Contractors, suppliers and notes payable

	30/06/2018 EGP	31/12/2017 EGP
Contractors	83 150 715	67 238 615
Suppliers	13 490 018	10 434 270
Notes payable (28-1)	78 865 852	140 233 406
	175 506 585	**217 906 291**
Deduct: Unamortized interest-notes payable	1 791 467	6 423 689
	173 715 118	**211 482 602**

(28-1) Notes payable includes EGP 57 244 921 which represents the amount due to the New Urban Communities Authority.

The Company's exposure to currency and liquidity risks related to suppliers, contractors and notes payable is disclosed in note no. (34).

29. Advances from customers

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

	30/06/2018 EGP	31/12/2017 EGP
Advances for booking, contracting and installments of residential units (Fourth area)	248 200	676 599
Advances - **Allegria** project	175 849 446	171 607 327
Advances - **Forty West** project	352 904 833	368 477 132
Advances - **Westown Residences** project	689 114 558	618 226 968
Advances - **The Courtyards**	1 147 779 136	1 414 535 772
Advances – **Portal**	97 442 205	
Advances – **Casa**	-	1 308 949
Advances – **The Polygon 9–10**	367 007 284	457 781 042
Advances - **October Plaza 1**	605 728 150	436 393 234
Advances – **Strip 2**	180 935 228	53 554 865
Advances – **Sodic East** phase (29-1)	1 424 060 328	1 136 021 783
	5 041 069 368	**4 658 583 671**

(19-1) The balance represents the net of advances from customers with a total contractual value of EGP 2 011 699 578reduced by an amount of EGP 587 639 250which represents the portion of 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).

30. Creditors and other credit balances

	30/06/2018 EGP	31/12/2017 EGP
Accrued expenses	**51 079 688**	121 844 329
Amounts collected on account for management, operation and maintenance of projects	**432 403 978**	387 050 346
Amounts collected on account of premiums of club	**144 070 001**	138 297 614
Creditors of gas and electricity installments	**15 145 857**	12 990 757
Insurance Deposits collected from customers – Against modifications	**279 615**	279 615
Customers-credit balances of **Polygon** project (*)	**54 466 653**	55 376 776
Customers-credit balances of **Hub** project	**294 290**	3 241 677
Customers-credit balances of **Strip 1** project	**1 183 848**	2 296 605
Customers - cancellation	**5 942 994**	11 576 224
Dividends payable	**91 643**	91 643
Tax Authority	**74 486 248**	59 115 866
Accrued compensated absence	**3 504 011**	3 737 771
Sundry creditors	**20 675 528**	3 974 529
Due to beneficiaries from Incentive plan	**1 192 490**	1 192 490
Advances-rents	**648 165**	1 114 756
	804 857 009	**802 180 998**

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

The Company's exposure to currency and liquidity risks related to creditors is disclosed in note no. (34).

31. Provision for completion

	Balance as at 1/1/2018 EGP	Formed during the period EGP	Used during the period EGP	Balance as at 30/06/2018 EGP
Provision for completion of works	91 206 605	11 600 316	14 463 787	88 343 134
	91 206 605	**11 600 316**	**14 463 787**	**88 343 134**

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.

Provisions

	Balance as at 1/1/2018 EGP	Formed during the period EGP	Used during the period EGP	Balance as at 30/06/2018 EGP
Provision for expected claims	5 816 768	-	-	5 816 768
	5 816 768	-	-	**5 816 768**

- 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.

32. Investments in subsidiaries

	Legal Form	Ownership %	Paid amount of Participation %	Carrying amount as at 30/06/2018 EGP	Carrying amount as at 31/12/2017 EGP
SODIC Property Services Co.	S.A.E	51	100	510 000	510 000
Sixth of October for Development and Real Estate Projects Co. (SOREAL)	S.A.E	99.99	100	807 334 516	807 334 516
SOREAL for Real Estate Investment Co.	S.A.E	99.99	100	499 999 970	499 999 970
SODIC for Development and Real Estate Investment Co.	S.A.E	99.99	100	299 999 980	299 999 980
Tabrouk Development Co.	S.A.E	99.99	100	99 998 000	99 998 000
				1 707 842 466	**1 707 842 466**

33. Fair values

Capital management

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

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

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

Fair values versus carrying values

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

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

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

34. Financial risk management

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

A. Credit risk
B. Liquidity risk
C. Market risk

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

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

The Company 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.

34-1 Credit risk

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

Trade and other receivables

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

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

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

Sales of units are made subject to retention of title clauses and the ownership title is transferred after collection of the full sales value. In the event of non-payment, the unit is returned to the Company and the amounts collected from customers are repaid 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 Company 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).

34-2 Liquidity risk

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

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

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

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

- A medium term loan in the amount of EGP 1.3 billion.
- A medium term loan in the amount of EGP 300 million.
- A medium term loan in the amount of EGP 270 million.

34-3 Market risk

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

34-4 Currency risk

The Company is exposed to currency risk on sales and financial assets that are denominated in foreign currencies. Such risk is primarily represented in USD.
In respect of monetary assets and liabilities denominated in other foreign currencies, the Company ensures that its net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates when necessary to address short- term imbalances.
The Company's investments in its subsidiaries are not hedged as those currency positions are considered long-term in nature.
The Parent Company does not enter into hedging contracts for foreign currencies.

34-5 Interest rate risk

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

34-6 Other market price risk

Equity price risk arises from available-for-sale equity securities and management of the Company 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.

34-7 Credit risk

The carrying amount of financial assets represented in the balances of trade and notes receivables, debtors and cash and cash equivalent the maximum of credit risk exposure, the balances as at June 30, 2018, amounted to EGP 5 838 304 130 (At December 31, 2017 : EGP 6 491 083 797).

34-8 Liquidity risk

The following are the contractual maturities of financial liabilities:

June 30, 2018	Carrying amount EGP	Less than 1 year EGP	1-2 years EGP	2-5 years EGP
Short - term loans	66 271 730	66 271 730	-	-
Long – term loans	501 892 420	-	218 499 355	283 393 065
Contractors and suppliers	96 640 733	96 640 733	-	-
Other creditors	804 857 009	500 393 216	293 390 631	11 073 162
Notes payable –short term	77 074 389	77 074 389	-	-
Notes payable –long term	47 903 700	-	47 903 700	-
	1 594 639 981	**'40 380 068**	**559 793 686**	**294 466 227**

December 31, 2017	**Carrying amount EGP**	**Less than 1 year EGP**	**1-2 years EGP**	**2-5 years EGP**
Short - term loans	28 402 170	28 402 170	-	-
Long – term loans	518 963 065	-	142 623 467	376 339 598
Contractors and suppliers	77 672 885	77 672 885	-	-
Other creditors	802 180 998	519 948 871	271 967 517	10 264 610
Notes payable – short term	133 809 717	133 809 717	-	-
Notes payable – long term	47 903 700	-	47 903 700	-
	1 608 932 535	**759 833 643**	**462 494 684**	**386 604 208**

34-9 Currency risk

Exposure to currency risk

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

Description	**30/06/2018 Euro**	**30/06/2018 USD**	**31/12/2017 Euro**	**31/12/2017 USD**
Notes receivable short / long - term	-	4 540 905	-	6 638 700
Advances - from customers	-	12 262 002)	-	(12 262 002)
Maintenance creditors	-	(486 000)	-	(486 000)
Cash at banks	484 795	7 787 446	129 896	5 762 909
Surplus of foreign currencies	**484 795**	**(419 651)**	**129 896**	**(346 393)**

34-10 Interest rate risk

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

	Carrying amount	
	30/06/2018	**31/12/2017**
Financial instruments with a fixed rate	**EGP**	**EGP**
Financial assets	4 303 795 861	4 233 168 924
Financial liabilities	(124 978 085)	(181 713 416)
	4 178 817 776	**4 051 455 508**
Financial instruments with a variable rate		
Financial liabilities	(568 164 150)	(547 365 235)
	(568 164 150)	**(547 365 235)**

The Company 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 separate interim financial statements date would not affect the statement of profit or loss.

35. Related parties

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

Party	Nature of relationship	Nature of transaction	30/06/2018 Amount of Transaction EGP
Beverly Hills Company for Management of Cities and Resorts	A subsidiary	Works of agriculture, maintenance and security services for Beverly Hills City.	1 073 474
Sixth of October for Development and Real Estate Projects (SOREAL)	A subsidiary	Payments on behalf of the Company	23 509 979
		Cash payments	124 289 926
Sodic Garden City for development and investment	A subsidiary	Payments on behalf of the Company	287 397
Edara for Services of Cities and Resorts Company	A subsidiary	Works of agriculture, maintenance and security services for Allegria City.	887 938
		Advance payments	42 247 170
Tegara Company for trading centers	A subsidiary	Expenses on behalf of the company	5 044 014
SODIC for Golf and Tourist Development Company	A subsidiary	Payments on behalf of the Company	21 851
		Cash proceeds	5 648 966
		Cash payments	1 231 012
SODIC Polygon for Real estate investment Company	A subsidiary	Payments on behalf of the Company	7 268 185
		Cash proceeds	11 704 540
Al Yosr for Projects and Agriculture Development Company	A subsidiary	Payment on behalf of the company Cash proceeds	1 160 112
Fourteen for real estate investment Company	A subsidiary	Payments on behalf of the Company	539 973
SODIC for development and Real estate investment	A subsidiary	Payments on behalf of the Company	613 829
SODIC – Syria Company	A subsidiary	Payments on behalf of the Company	1 020 898
La Maison for Real estate investment Company	A subsidiary	Payments on behalf of the Company	26 535
		Cash proceeds	3 807 191
SOREAL for Real estate investment Company	A subsidiary	Payments on behalf of the Company	2 361 839
.		Cash payments	9 443 061
Tabrouk Development Company	A subsidiary	Payments on behalf of the Company	4 902 587
		Cash payments	4 902 587
Sodic for Secrete Company	A subsidiary	Payments on behalf of the Company	6 636 972
Sodic Property Services Company	A subsidiary	Payments on behalf of the Company	3 138
Sodic for construction services	A subsidiary	Payments on behalf of the Company	52 860
El dewan for real state	A subsidiary	Payments on behalf of the Company	10 000
Executive directors and board members			(Note No.9)

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

a) **Due from related parties**

	30/06/2018 EGP	31/12/2017 EGP
SOREAL for Real Estate Company – a subsidiary.	859 508	10 411 243
Tabrouk Development Company – a subsidiary.	5 760 187	7 494 572
Greenscape for Agriculture and Reclamation Company – a subsidiary (under Liquidation)	6 680 529	6 680 529
Move-In for Advanced Contracting Company – a subsidiary	22 767 777	22 767 777
Al Yosr for Projects and Agriculture Development Company – a subsidiary	1 872 544	1 332 571
SODIC for Development and Real Estate Investment Company – a subsidiary	1 020 898	-
SODIC Polygon for Real Estate Investment Company – a subsidiary	55 129 167	43 669 884
SODIC Syria Company – a subsidiary	433 873 890	433 847 355
Fourteen for Real Estate Investment Company – a subsidiary	61 418 102	60 804 272
La Maison for Real Estate Investment Company - S.A.E	29 376 052	27 930 700
Edara for Services of Cities and Resorts Company – a subsidiary	6 299 084	5 690 713
Palmyra Real Estate Development Company –a Joint project	35 191 620	35 191 620
Tegara for Trading Centers Company – a subsidiary	3 760 776	3 738 925
SODIC Garden City for Development and Investment Company – a subsidiary	–	454 866
SODIC for Golf and Tourist Development Company – a subsidiary	52 767 005	51 148 331
Other related companies	398 412	390 276
	717 175 551	**711 553 634**
Impairment of due from related parties (35- 1)	(609 357 178)	(607 181 140)
	107 818 373	**104 372 494**

(35-1) Due to the current political circumstances in the Syrian Arab Republic which affected a significant impact on the economic sectors in general, and the confiscation of assets and documents related to Palmyra - SODIC Real Estate Development Company by the Syrian Arab Republic government, the management of SODIC addressed the Embassy of the Syrian Arab Republic in Egypt to protect all of its interest from these acts and commissioned a law firm for trying to reserve its interest.

Accordingly, the Board of Directors of Sixth of October Development and Investment "SODIC" saw that the assets of the investee company all become in dispute with the mentioned country's government, which requires to recognize a loss arising from an inability to recover its investments and therefore the Board of Directors decided on April 16, 2014 to impair the due from related parties relating to investments that have been injected for projects in the Syrian Arab Republic in addition to an impairment for due from some subsidiaries related to debts unexpected to be collected which are amounted to EGP 609 357 178 as at June 30, 2018.

b) Due to related parties

	30/06/2018 EGP	31/12/2017 EGP
Sixth of October for Development and Real Estate Projects (SOREAL)	166 373 347	65 593 401
Move - In for Advanced Contracting Co. – a subsidiary	356 649	356 649
Green scape for Agriculture and Reclamation Co. – a subsidiary (under Liquidation).	3 028 861	3 028 861
SODIC Polygon for Real Estate Investment Company – a subsidiary	35 750 126	35 750 126
Tegara for Trading Centers Co. – a subsidiary	55 595 000	55 595 000
SODIC Property Services Co. – a subsidiary (under Liquidation)	2 010 883	2 063 742
Beverly Hills Co. for Management of Cities and Resorts	79 236	19 679
SODIC Garden City for Development and Investment Company – a subsidiary.	145 675	-
	263 339 777	**162 407 458**

36. Tax status

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

Corporate tax

- Years from 1996 till 2010 has been tax inspected and tax differences has been paid and settled..
- Year from 2011 till 2014 has been inspected and no tax claims have been received till the date of authorizing of these financial statements for issuance.
- Year from 2015 till 2017, the Company has not been informed by tax inspection order.
- The Company submits its annual tax return on due dates in accordance with Law No. 91 of 2005.

Salary tax

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

Withholding tax

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

Stamp tax

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

Sales tax

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

The value added tax

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

Real estate property tax

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

37. Capital commitments

Capital commitments as at June 30, 2018 amounted EGP 3 750 is represented in contracted and unexecuted works (December 31, 2017: EGP 53 750).

38. 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 18, 2018.

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

39. Basis of measurement

The separate 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.
- Transactions liabilities of share based payments, which paid in cash, are valued at fair value.

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

- On January 20, 2016 the extra ordinary general assembly have approved the new employees stock option plan for executive board members and directors through granting shares with special conditions as per stated in the plan that part of the company's shares should be assigned to the employee stock option plan equal to 1% of the company's issued capital annually on five tranches for a period of six years and three months as per annex (1). These shares should be available through the special reserve-additional paid in capital, or through reserves, or part of it, or through retained earnings, or part of it which is to be used in the capital increase, this capital increase is based on the approval of the Board of Directors as per the proxy granted by the company's extra ordinary general assembly dated January 20, 2016. The grant of the employee stock option plan is done based on a decision from the supervisory committee by the treasurer.
- The board of directors have decided on the meeting dated November 30, 2016, to increase the issued capital from EGP 1 355 638 292 to become EGP 1 369 194 672 by an amount of EGP 13 556 380 divided on 3 389 095 shares of par value EGP 4 per share, this capital increase should be financed from the special reserve- Additional paid in capital, and to be fully utilized by the employees share option plan granted to the executives board members and the directors as per the option plan approved by the extra ordinary general assembly dated January 20, 2016, which have decided to apply the Employees Stock Option Plan for the executive board members and directors through assigning shares with certain conditions. The commercial register was modified on February 5, 2017.

41. Contingent liabilities

In addition of amounts taken into account through the financial position items there are contingent liabilities as at December 31, 2017 amounting to EGP 182 million (2016 : Nill) which represent the uncovered portion of the letters of guarantee that were issued by banks on the account of the company and in favor of third parties , which led to a seizing mortgage on treasury bills with a par value of EGP 48 million.

42. Significant accounting policies

42.1. Consolidated financial statement

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

42.2. Foreign currency transactions

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

42.3. 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. Sales revenue

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 statement of financial position 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. Return on investments

Return on investments is recognized in the statement of profit or loss at the date when the Company has the right to collect the amount.

c. Rental income

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

42.4. Employee benefit

a) Short – term employee benefits

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

b) Share – based payment arrangements

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

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

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

c) Define contribution plans

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

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

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

42.5. Finance income and finance costs

The Company's finance income and finance costs include:

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

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

42.6. Income Tax

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

a) Current income tax

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

b) Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- Taxable temporary differences arising on the initial recognition of goodwill.,
- Temporary differences on the initial recognition of assets or liabilities in a transaction that is not:
    a. A business combination.
    b. And not affects neither accounting nor taxable profit or loss.
- Temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on business plans for individual subsidiaries in the Group. deferred tax assets are reassessed at each reporting date, and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences. The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

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

42.7. Units ready for sale

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

42.8. Work in process

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

42.9. Property, plant and equipment

a) Recognition and measurement

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

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

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

b) Subsequent expenditure

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

c) Depreciation

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

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

Asset	Years
Buildings and construction works	5-10
Vehicles	5
Furniture and fixtures	10
Office and communications equipment	5
Generators, machinery and equipment	5
Solar power stations	25
Leasehold improvements	5 years or lease term whichever is lower

42.10. Projects under construction

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

42.11. Investment properties

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

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

Asset	Years
Leased units	20
Golf course constructions	20
Irrigation networks	15
Golf course equipment and tools	15

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

42.12. Financial instruments

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

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

The Company 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 Company currently has a legally enforceable right to offset the amounts and intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

2) **Non-derivative financial assets – Measurement**

Financial assets at fair value through profit or loss:

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

Held-to-maturity financial assets:

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

Loans and receivables:

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

Available-for-sale financial assets:

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

3) **Non-derivative financial liabilities – Measurement:**

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

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

4) **Derivative financial instruments and hedge accounting:**

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

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

Cash Flow Hedges:

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

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

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

42.13. Share capital

1) **Ordinary Shares:**

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

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

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

42.14. 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 Company on terms that the Company would not consider otherwise;
- indications that a debtor or issuer will enter bankruptcy;
- adverse changes in the payment status of borrowers or issuers;
- the disappearance of an active market for a security because of financial difficulties; 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 Company considers a decline of 20% to be significant and a period of nine months to be prolonged.

Financial assets measured at amortised cost

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

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

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

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

Available-for-sale financial assets

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

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

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

Equity-accounted investees

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

2) **Non-financial Assets:**

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

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

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

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

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

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

42.15. Provisions

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

Provision for completion

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

42.16. 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 income for the period on a time pattern basis and accrued base.

42.17. 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.

42.18. Investments

a- Investments in subsidiaries

Subsidiary companies are the entities in which the "Company" investor has the ability to control its financial and operating policies of the entity this ability exists by possessing half of the voting power or more in the related subsidiary.

Investments in subsidiaries are stated – when acquired – at its acquisition cost. If a decline in the recoverable amount exists for any investment below the carrying amount "Impairment", the carrying amount of the investment will be adjusted by the amount of such impairment and will be charged to the statement of profit or loss for each investment.

b- 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 the 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.

c- 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.

42.19. 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.

42.20. Cash and cash equivalents

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

42.21. Borrowing costs

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

42.22. Interest –bearing borrowings

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

42.23. Trade, contractors and other credit balances

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

42.24. Notes payable

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

42.25. 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.

42.26. 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.

42.27. 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.

42.28. 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.

43. Major events

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