

**Sixth of October for Development and Investment Company "SODIC"  
(An Egyptian Joint Stock Company)  
Separate Financial Statements  
For the Financial Year Ended December 31, 2023  
And Auditors' Report**

<b>Contents</b>	<b>Page</b>
Auditors' Report	-
Separate Statement of Financial Position	1
Separate Statement of Profit or Loss	2
Separate Statement of Comprehensive Income	3
Separate Statement of Changes in Equity	4
Separate Statement of Cash Flows	5
Notes to the Separate Financial Statements	6-55



## **Hazem Hassan**

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### **Auditors' Report** **To the Shareholders of Sixth of October for Development and Investment Company** **“SODIC”**

#### ***Report on the Financial Statements***

We have audited the accompanying separate financial statements of Sixth of October for Development and Investment Company “SODIC” (S.A.E.), which comprise the separate statement of financial position as at December 31, 2023, and the separate statements of profit or loss, comprehensive income, changes in equity and cash flows for the financial year then ended, and a summary of significant accounting policies and other explanatory notes.

#### ***Management's Responsibility for the Financial Statements***

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

#### ***Auditor's Responsibility***

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

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

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



**Hazem Hassan**

***Opinion***

In our opinion, the separate financial statements referred to above present fairly, in all material respects, the unconsolidated financial position of Sixth of October for Development and Investment Company "SODIC", as at December 31, 2023, and of its unconsolidated financial performance and its unconsolidated cash flows for the year then ended in accordance with the Egyptian Accounting Standards and the Egyptian laws and regulations relating to the preparation of these financial statements.

***Report on Other Legal and Regulatory Requirements***

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

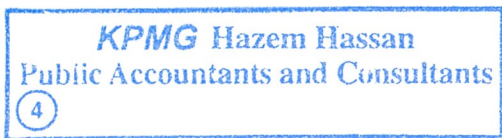
The financial information included in the Board of Directors' report, prepared in accordance with Law No. 159 of 1981 and its executive regulations, is in agreement with the Company's books of account, within the limits that such information is recorded therein.

**KPMG Hazem Hassan**



**Public Accountants & Consultants**

Cairo February 5<sup>th</sup>, 2024



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

EGP	Note No.	31 December 2023	31 December 2022
<b>Non-current assets</b>			
Property, plant, and equipment	(24)	636 748 430	686 967 482
Projects under construction		66 777 069	36 758 510
Investment properties	(25)	264 920 523	279 232 182
Investment properties under development	(26)	106 387 557	106 245 091
Investments in subsidiaries	(38)	1 718 532 466	1 718 532 466
Right of use assets	(28)	13 717 834	4 083 352
Notes receivables	(19)	1 717 038 708	896 017 769
Deferred tax assets	(15)	145 778 580	252 109 666
Investments at fair value through OCI	(27)	26 152	26 152
<b>Total non-current assets</b>		<b>4 669 927 319</b>	<b>3 979 972 670</b>
<b>Current assets</b>			
Inventory	(17)	10 374 848	10 373 348
Completed units available for sale		674 568 121	1 040 405 170
Work in process	(18)	9 003 272 070	7 615 713 765
Trade and notes receivable	(20)	1 098 751 440	716 590 823
Due from related parties	(42)	16 821 534	99 854 951
Debtors and other debit balances	(21)	3 469 205 242	1 883 049 892
Financial investments at amortized cost	(22)	255 023 705	568 470 631
Cash and cash equivalents	(23)	360 501 021	395 278 083
<b>Total current assets</b>		<b>14 888 517 981</b>	<b>12 329 736 663</b>
<b>Total assets</b>		<b>19 558 445 300</b>	<b>16 309 709 333</b>
<b>Equity</b>			
Issued & paid in capital	(29)	1 424 789 472	1 424 789 472
Legal reserve	(29)	224 840 771	224 840 771
Special reserve - share premium	(29)	1 483 154 057	1 483 154 057
Carryforward losses		( 94 825 235)	( 551 185 299)
Profit from sale of treasury shares	(30)	1 725 456	1 725 456
<b>Total equity</b>		<b>3 039 684 521</b>	<b>2 583 324 457</b>
<b>Non-current liabilities</b>			
Loans	(31)	1 181 198 387	1 358 580 609
New Urban Communities Authority	(33)	4 482 725 069	4 102 748 823
Lease contracts liabilities	(28)	4 977 653	-
<b>Total non-current liabilities</b>		<b>5 668 901 109</b>	<b>5 461 329 432</b>
<b>Current liabilities</b>			
Banks – credit facilities	(32)	471 089 237	-
Loans	(31)	75 713 048	117 051 396
Contractors, suppliers and notes payable	(34)	193 725 121	165 323 789
Due to related parties	(42)	2 649 317 162	2 140 382 477
Advances - from customers	(35)	4 700 861 096	3 619 901 202
Creditors and other credit balances	(36)	1 797 449 501	1 204 149 120
New Urban Communities Authority	(33)	243 155 475	263 159 777
Income tax liabilities		28 959 340	6 250 892
Lease contracts liabilities	(28)	10 349 676	2 966 837
Provisions	(37)	679 240 014	745 869 954
<b>Total current liabilities</b>		<b>10 849 859 670</b>	<b>8 265 055 444</b>
<b>Total liabilities</b>		<b>16 518 760 779</b>	<b>13 726 384 876</b>
<b>Total equity and liabilities</b>		<b>19 558 445 300</b>	<b>16 309 709 333</b>

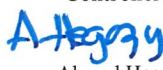
\* The accompanying notes from (1) to (47) form an integral part of these separate financial statements and to be read therewith.

Financial Director



Mohamed Samir

Group Financial  
Controller



Ahmed Hegazi

Chief Financial  
Officer



Ashraf Hamdy

General Manager



Ayman Amer

"Auditors' report attached"

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

EGP	Note <u>No.</u>	2023	2022
<b>Revenue</b>			
Sales	(6)	4 413 490 271	3 265 620 479
Clubs revenue		48 625 303	41 248 899
<b>Total operation revenues</b>		<b>4 462 115 574</b>	<b>3 306 869 378</b>
<b>Cost of sales</b>			
Cost of sales	(7)	(2 467 229 696)	(2 630 164 625)
Clubs cost		( 117 577 876)	( 160 528 103)
<b>Total operation costs</b>		<b>( 2 584 807 572)</b>	<b>( 2 790 692 728)</b>
<b>Gross profit</b>		<b>1 877 308 002</b>	<b>516 176 650</b>
Other operating revenues	(8)	72 366 002	62 327 347
Selling and marketing expenses	(9)	( 404 870 554)	( 450 624 395)
General and administrative expenses	(10)	( 723 116 115)	( 608 829 397)
Expected credit losses	(12)	( 28 468 643)	( 10 085 618)
Other operating expenses	(11)	( 45 680 489)	( 32 251 443)
<b>Operating gain / (loss)</b>		<b>747 538 203</b>	<b>( 523 286 856)</b>
Finance income	(13)	132 181 553	112 021 989
Finance cost	(14)	( 288 015 030)	( 194 318 452)
<b>Net finance cost</b>		<b>( 155 833 477)</b>	<b>( 82 296 463)</b>
<b>Net gain / (loss) before tax</b>		<b>591 704 726</b>	<b>( 605 583 319)</b>
Income tax	(15)	( 135 344 661)	127 893 845
<b>Net gain / (loss) for the year</b>		<b>456 360 065</b>	<b>( 477 689 474)</b>
<b>Earning / (loss) per share</b>	(16)	<b>1.28</b>	<b>(1.34)</b>

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

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

<b>EGP</b>	<b>2023</b>	<b>2022</b>
<b>Net gain / (loss) for the year</b>	<b>456 360 065</b>	<b>(477 689 474)</b>
<b>Total other comprehensive income for the year after income tax</b>	<b>-</b>	<b>-</b>
<b>Total comprehensive income / (comprehensive loss) for the year</b>	<b>456 360 065</b>	<b>(477 689 474)</b>

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

**Sixth of October for Development and Investment Company "SODIC"**  
**(An Egyptian Joint Stock Company)**  
**Separate statement of changes in Equity**  
**for the financial year ended in December 31, 2023**

EGP	Issued and paid in capital	Legal reserve	Special reserve- share premium	Carryforward losses	Profit from selling of treasury shares	Total
<b>Balance as at January 1, 2022</b>	<b>1 424 789 472</b>	<b>224 840 771</b>	<b>1 483 154 057</b>	<b>( 73 495 826)</b>	<b>1 725 456</b>	<b>3 061 013 930</b>
<b>Total (comprehensive loss)</b>						
(Loss) for the year	-	-	-	( 477 689 474)	-	( 477 689 474)
Other comprehensive income items	-	-	-	-	-	-
<b>Total (comprehensive loss)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>( 477 689 474)</b>	<b>-</b>	<b>( 477 689 474)</b>
<b>Balance as at December 31, 2022</b>	<b>1 424 789 472</b>	<b>224 840 771</b>	<b>1 483 154 057</b>	<b>( 551 185 300)</b>	<b>1 725 456</b>	<b>2 583 324 456</b>
<b>Balance as at January 01, 2023</b>	<b>1 424 789 472</b>	<b>224 840 771</b>	<b>1 483 154 057</b>	<b>( 551 185 300)</b>	<b>1 725 456</b>	<b>2 583 324 456</b>
<b>Total comprehensive income</b>						
Profit for the year	-	-	-	456 360 065	-	456 360 065
Other comprehensive income items	-	-	-	-	-	-
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>456 360 065</b>	<b>-</b>	<b>456 360 065</b>
<b>Balance as at December 31, 2023</b>	<b>1 424 789 472</b>	<b>224 840 771</b>	<b>1 483 154 057</b>	<b>( 94 825 235)</b>	<b>1 725 456</b>	<b>3 039 684 521</b>

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



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

EGP	Note No.	2023	2022
<b><u>Cash flows from operating activities</u></b>			
Gain / (Loss) for the year before tax		591 704 726	( 605 583 319)
<b><u>Adjustments for:</u></b>			
Depreciation of fixed assets and investment properties	(25) - (24)	76 571 819	77 115 670
(Gain) on sale of property, plant and equipment		( 121 210)	( 30 654)
Amortization of right of use assets	(28)	4 842 412	3 378 895
Interest of lease contract liabilities		1 447 169	815 047
(Reversal) of fixed assets impairment		( 1 822 590)	( 1 822 590)
Net return on investments at amortized cost		( 60 244 457)	( 30 177 708)
<b><u>Changes in:</u></b>			
Inventory		( 1 500)	( 1 133 045)
Completed units ready for sale		365 837 049	(1 017 685 898)
Works in process		(1 387 558 305)	1 122 816 638
Trade and notes receivables		(1 203 181 556)	( 675 255 007)
Due from related parties		83 033 417	( 99 272 426)
Debtors and other debit balances		(1 586 155 350)	( 366 645 247)
Provision for completion formed	(37)	487 014 952	556 147 855
Provisions for claims	(37)	31 368 830	19 999 999
Provision for vacations formed		8 547 566	8 999 344
Provision for completion used	(37)	( 459 403 658)	( 83 325 372)
Provisions for claims Used	(37)	( 28 118 830)	-
Accrual for vacation		( 1 979 004)	( 266 070)
Onerous contract provision		( 97 491 234)	97 491 234
Advances from customers		1 080 959 894	207 706 600
Contractors, suppliers and notes payable		28 401 332	49 350 996
Due to related parties		508 934 685	485 908 321
Creditors and other credit balances		586 731 819	98 677 842
New Urban Communities Authority		359 971 944	302 235 159
Income tax paid		( 6 305 128)	( 7 072 239)
<b>Net cash (used in) / generated from operating activities</b>		<b>( 617 015 208)</b>	<b>142 374 025</b>
<b><u>Net cash flows from investing activities</u></b>			
Payments for purchase of property, plant and equipment and projects under construction		( 40 263 113)	( 27 034 283)
Payments for investments property under development		( 142 466)	51 171 295
Payments for acquisition of subsidiaries		-	( 3 200 000)
Payments for investments at amortized cost		(1 279 469 828)	(1 458 134 194)
Proceeds from investments at amortized cost		1 653 161 211	1 064 020 180
Proceeds from sale of property, plant and equipment		147 246	81 313
<b>Net cash generated from / (used in) investing activities</b>		<b>333 433 050</b>	<b>( 373 095 689)</b>
<b><u>Cash flows from financing activities</u></b>			
Proceeds from bank facilities		491 000 000	-
Repayment of bank facilities		( 19 910 763)	-
Proceeds from loans		-	175 610 256
Repayment of loans		( 218 720 570)	( 147 000 000)
Lease contract liabilities		( 3 563 571)	( 8 448 493)
<b>Net cash generated from financing activities</b>		<b>248 805 096</b>	<b>20 161 763</b>
<b>Net (decrease) in cash and cash equivalents</b>		<b>( 34 777 062)</b>	<b>( 210 559 901)</b>
Cash and cash equivalents at January 1		394 605 816	604 926 547
Effect of movement in expected credit loss on cash and cash equivalents	(12)	1 355 214	239 170
<b>Cash and cash equivalents at December 31</b>	(23)	<b>361 183 968</b>	<b>394 605 816</b>

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

**Sixth of October for Development and Investment Company "SODIC"**  
**(An Egyptian Joint Stock Company)**  
**Notes to the separate financial statements**  
**For the financial year ended on December 31, 2023**

**1. Background and activities**

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

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

- Land acquisition and the subsequent sale/lease to clients after connecting the relevant infrastructure.
- Operating in the field of construction, integrated construction, and supplementary works.
- Planning, dividing, and preparing lands for building and construction according to modern building techniques.
- Building all various types of real estate for selling and leasing.
- Developing and reclaiming land in 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.
- 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 on the Commercial Registry.

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

**1-5** The registered office of the Company is located at Km. 38 Cairo / Alexandria Desert Road, Sheikh Zayed City. Mr. Talal Al Dhiyebi is the Chairman of the Company and Mr. Ayman Amer is the General Manager 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 February 5, 2024.
- Details of the Company's accounting policies are included in Note (46).

*Sixth of October for Development and Investment Company "SODIC" (An Egyptian Joint Stock Company)  
Notes to the separate financial statements for the financial year ended on December 31, 2023*

### **3. Functional and presentation currency**

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

### **4. Basis of measurement**

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

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

### **5. 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 and the accompanying disclosures, and the disclosure of contingent liabilities. These estimates and assumptions are based on experience and various factors. Actual results may differ from these estimates.

Actual results may differ from these estimates and the uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future years.

- The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimate is revised if the revision affects only that year or in the year of the revision and future years if the revision affects both current and future years.

#### **A- Judgments**

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognized in the financial statements is included in the following notes:

- **Revenue recognition**

Revenue is recognized as detailed in the accounting policies applied.

- **Equity-accounted investees and associates Companies:**

Determining whether the Company has significant influence over Companies and investees.

- **Review of contractual agreements**

The management reviews its judgmental assumptions and estimates, including what used in determining the extent to which the Company enjoys absolute or joint control or influential influence over the investee companies whenever a material event or an effective amendment occurs to the terms contained in its contractual agreements.

**Classification of properties**

In the process of classifying properties, management has made various judgements. Judgement is needed to determine whether a property qualifies as an investment property, property, plant and equipment and/or property held for sale. The Company develops criteria in order to exercise that judgement consistently in accordance with the definitions of investment property, property, plant and equipment and property held for sale. In making its judgement, management considered the detailed criteria and related guidance for the classification of assets as set out in EAS 2, EAS 49, and EAS 10, and the intended usage of property as determined by management.

- **Lease contract classification - Company as lessor**

The Company has entered into commercial property leases on its investment properties portfolio. The Company has determined, based on an evaluation of the terms and conditions of the arrangements, such as the lease term not constituting a major part of the economic life of the commercial property and the present value of the minimum lease payments not amounting to substantially all of the fair value of the commercial property, that it retains substantially all the

risks and rewards incidental to ownership of this property and accounts for the contracts as operating leases.

- **Recognition of current and deferred tax assets and liabilities and their measurement**

Income taxes, whether current or deferred, are determined by each subsidiary of the Company in accordance with the tax law requirements of each country in which the subsidiary of the Company operates.

The Company's profit is subject to income tax, which requires the use of significant estimates to determine the total income tax liability. As determining the final tax liability for some transactions could be difficult during the year, the Company record current tax liability according to its' best estimate about the taxable treatment of that transactions and the possibility of incurring of additional tax charges that may result from the tax inspection. And when a difference arises between the final tax liability and what is being recorded, such difference is recorded as income tax expense and current tax liability in the current year and to be considered as change in accounting estimates.

For recognition of deferred tax assets, management uses assumptions about the availability of sufficient taxable profits allowing use of recognized tax assets in the future. Management also uses assumptions related to determination of the applicable tax rate at the financial statements date at which deferred tax assets and liabilities are expected to be settled in the future.

This process requires the use of multiple and complex estimates in estimating and determining the taxable pool and temporary deductible taxable differences resulting from the difference between the accounting basis and the tax basis for some assets and liabilities. In addition to estimating the extent to use deferred tax assets arising from carry forward tax losses, in the light of making estimates of future taxable profits and future plans for each of the activities of the subsidiaries of the Company.

- **Incremental Borrowing Rates (IBRs) applied in right of use calculation**

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate. The Company determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of asset leased.

**B- Assumptions and estimation uncertainties**

The key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below. The Company bases its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

**Provisions and contingent liabilities**

- Management assess events and circumstances that might led to a commitment on the Company's side from performing its normal economic activities, management uses in this primary estimates and assumptions to judge the extend on which the provision's recognition conditions have been met at the financial statement date, and analyze information to assume whether past events lead to current liability against the Company and estimate the future cash outflows and timing to settle this obligation, in addition, selecting the method which enable the management to measure the value of the commitment reliably.

*Sixth of October for Development and Investment Company "SODIC" (An Egyptian Joint Stock Company)  
Notes to the separate financial statements for the financial year ended on December 31, 2023*

- **Calculation of loss allowance**

The Company assesses the impairment of its financial assets based on the expected credit loss ("ECL") model. Under the ECL model, the Company accounts for expected credit losses and changes in those expected credit losses at the end of each reporting year to reflect changes in credit risk since initial recognition of the financial assets. The Company measures the loss allowance at an amount equal to the lifetime ECL for its financial instruments. When measuring ECL, the Company uses reasonable and supportable forward-looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other. Loss given default is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, considering cash flows from collateral and integral credit enhancements. Probability of default constitutes a key input in measuring ECL. Probability of default is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions, and expectations of future conditions.

- **Estimation of net realizable value for inventory, and work in progress**

Inventory, and properties classified under work in progress are stated at the lower of cost or net realizable value ("NRV"). NRV is assessed with reference to sales prices, costs of completion and advances received, development plans and market conditions existing at the end of the reporting year. For certain properties, NRV is determined by the Company having taken suitable external advice and in the light of recent market transactions, where available.

NRV for completed units available for sale is assessed by reference to market conditions and prices existing at the reporting date and is determined by the Company, based on comparable transactions identified by the Company for properties in the same market serving the same real estate segment.

NRV in respect of work in progress is assessed with reference to market prices at the reporting date for similar completed property, less estimated costs to complete the development and the estimated costs necessary to make the sale, considering the time value of money, if material.

- **Impairment of property, plant and equipment and projects under construction**

Properties classified under property, plant and equipment and projects under construction are assessed for impairment when there is an indication that those assets have suffered an impairment loss. An impairment review is carried out to determine the recoverable amount which considers the fair value of the property under consideration. The fair value of Club Houses properties and fixed assets classified under property, plant and equipment is determined by an independent expert.

The recoverable amount is determined using a fair value model.

The fair values are compared to the carrying amounts to assess any probable impairment.

- **Useful lives of property, plant and equipment and intangible assets**

Management reviews the residual values and estimates useful lives of property, plant and equipment and intangible assets at the end of each annual reporting year. Management determined that the current year's expectations do not differ from previous estimates based on its review.

**C- Measurement of fair values**

A certain number of the Company's accounting policies and disclosures require measurement of fair values, for both financial and non-financial assets and liabilities.

Accreditation is measured in the fair value of assets and liabilities mainly on available market data, and the data that is relied upon in the evaluation is classified according to the following hierarchy:

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

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

*Notes to the separate financial statements for the financial year ended on December 31, 2023*

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

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

- Financial instruments
- S Clubs.

## **6. Sales**

Revenue is represented in the present value of delivered units at the delivery date to the customer during the year.

	<b>2023</b>	<b>2022</b>
	<b>EGP</b>	<b>EGP</b>
Revenue from the sale of units in SODIC East project	1 501 736 569	1 882 571 205
Revenue from the sale of units in October Plaza project	601 808 584	464 302 471
Revenue from the sale of units in Allegria Residence project	1 185 267 785	284 805 240
Revenue from the sale of units in The Portal project	135 362 054	77 995 035
Revenue from the sale of units in One 16 project	23 147 147	37 111 908
Revenue from the sale of units in Six West project	523 717 197	129 434 954
Revenue from the sale of units in West Medical Center project	19 277 017	14 387 897
Revenue from the sale of units in Westown project	12 087 046	19 159 639
Revenue from the sale of units in Strip II Courtyard project	14 740 460	133 126 580
Revenue from the sale of units in Polygon 9,10 project	275 416 666	80 221 389
Revenue from the sale of units in Allegria project	34 798 361	62 880 413
Revenue from the sale of units in Polygon X project	136 305 467	102 279 175
Revenue from the sale of units in Westown Courtyard project	13 818 184	18 370 350
Revenue from the sale of units in Forty West project	62 231 971	52 462 171
	<b>4 539 714 508</b>	<b>3 359 108 427</b>
Return of sales	(14 066 143)	-
	<b>4 525 648 365</b>	<b>3 359 108 427</b>
Realized interest of installments during the year	259 488 667	104 887 700
Discount for early payment	(371 646 761)	(198 375 648)
	<b>4 413 490 271</b>	<b>3 265 620 479</b>

- Revenue from units until December 31, 2023, includes an amount of EGP 254 579 955 representing the value of interest on the collected installments revenue from customers of delivered units.

*Sixth of October for Development and Investment Company "SODIC" (An Egyptian Joint Stock Company)  
Notes to the separate financial statements for the financial year ended on December 31, 2023*

## 7. Cost of sales

	<b>2023</b>	<b>2022</b>
	<b><u>EGP</u></b>	<b><u>EGP</u></b>
Cost of sales of units in Sodic East project	1 240 871 301	1 615 835 897
Cost of sales of units in October Plaza project	390 546 989	296 570 364
Cost of sales of units in Allegria Residence project	608 259 052	175 047 569
Cost of sales of units in The Portal project	44 574 019	42 170 222
Cost of sales of units in One 16 project	7 705 058	20 674 398
Cost of sales of units in Six West project	237 028 787	64 150 654
Cost of sales of units in West Medical Center project	6 602 407	6 375 358
Cost of sales of units in Westtown project	5 699 061	3 835 433
Cost of sales of units in Strip II project	5 524 066	48 328 731
Cost of sales of units in Polygon 9,10 project	78 928 789	25 780 466
Cost of sales of units in Allegria project	6 332 048	31 007 562
Cost of sales of units in Polygon X project	53 730 565	36 143 329
Cost of sales of units in Westtown Courtyard project	4 383 105	7 683 527
Cost of sales of units in Forty West project	24 196 317	15 811 794
	<b>2 714 381 564</b>	<b>2 389 415 304</b>
Onerous contracts – provision (*)	(97 491 234)	97 491 234
Write down to NRV in WIP (*)	(143 258 087)	143 258 087
Return of cost of sales of units	(6 402 547)	-
	<b><u>2 467 229 696</u></b>	<b><u>2 630 164 625</u></b>

- Cost of sales from units for the year includes an amount of EGP 254 579 955 representing the value of capitalized interest on the collected installments from customers of delivered units.
- Cost of sales includes an amount of EGP 121 116 144 representing the adjustment to the cost of land for SODIC West El Sheikh Zayed plot as shown in detail in note (18-1).

(\*) The Egyptian market witnessed a significant increase in inflation rates during the last quarter of 2022, due to the increase in interest rate at banks and the significant raise of the foreign currency exchange rates against the Egyptian Pound. Accordingly, the Company's management decided to re-measure the net realizable value of the work in progress, and as a result, the Company written down to NRV amounting to EGP 143 million approximately and incurred onerous contracts losses amounting to EGP 97 million approximately as of December 31, 2022.

In light of the Company offering new units during the year thereafter, a re-measurement to the net realizable value of the work in progress as of December 31, 2023, led to a reversal to the provision written down during the year 2022 and a reduction in the onerous contract's losses.

*Sixth of October for Development and Investment Company "SODIC" (An Egyptian Joint Stock Company)  
Notes to the separate financial statements for the financial year ended on December 31, 2023*

### **8. Other operating revenues**

	<b>2023</b>	<b>2022</b>
	<b><u>EGP</u></b>	<b><u>EGP</u></b>
Cancellations and delay penalties	37 056 671	30 735 708
Buildings leased revenue	13 499 754	12 581 940
Go smart revenue	13 882 035	11 393 554
Reversal of impairment losses of fixed assets	1 822 590	1 822 590
Gain on sale of Property, Plant, and Equipment	121 210	30 654
Other revenue	5 983 742	5 762 901
	<b><u>72 366 002</u></b>	<b><u>62 327 347</u></b>

### **9. Selling and marketing expenses**

	<b>2023</b>	<b>2022</b>
	<b><u>EGP</u></b>	<b><u>EGP</u></b>
Salaries and wages	75 408 604	70 169 767
Sales commissions	189 203 551	143 869 977
Advertising	79 121 749	140 082 604
Conferences and exhibitions	7 301 419	35 065 916
Car rent	1 312 369	881 445
Leases	427 500	-
Travel, transportation, and cars	3 095 150	2 370 715
Maintenance, security, cleaning, agriculture	6 208 243	14 773 720
Professional and consultants' fees	17 491 161	18 603 975
Gifts	-	8 695 335
Printing and photocopying	1 140 098	2 154 603
Fees, stamps and licenses	3 652 810	4 513 132
Programs and computer supplies	11 512 464	10 555
Communication and electricity	4 993 757	3 119 410
Depreciation of fixed assets	1 265 867	1 331 473
Training of employees	3 819	9 200
Vacations	-	1 349 174
Right of use amortization	2 429 596	3 378 795
Others	302 397	244 599
	<b><u>404 870 554</u></b>	<b><u>450 624 395</u></b>



*Sixth of October for Development and Investment Company "SODIC" (An Egyptian Joint Stock Company)  
Notes to the separate financial statements for the financial year ended on December 31, 2023*

**10. General and administrative expenses**

	<b>2023</b>	<b>2022</b>
	<b><u>EGP</u></b>	<b><u>EGP</u></b>
Salaries, wages, and bonuses	327 584 564	277 582 493
Board of Directors' remunerations and allowances	14 000 000	13 000 000
Training and medical care	27 150 354	32 100 020
Professional and consultancy fees	104 398 417	70 577 329
Advertising	563 329	402 625
Donations	437 600	894 600
Maintenance, cleaning, agriculture, and security	97 048 990	77 993 376
Depreciation of fixed assets	16 773 092	17 567 451
Depreciation of Right of Use Assets	2 412 816	-
Subscriptions and governmental dues	3 450 269	36 290 732
Rent	5 015 518	4 703 965
Travel and transportation	5 164 765	6 295 725
Communication and electricity	9 396 804	2 819 522
Programs and computer supplies	70 105 396	27 159 609
Buffet, hospitality, and reception	6 532 655	2 443 136
Bank charges	4 612 382	2 353 267
Employees benefits	1 451 494	13 164 776
Employees vacations	5 299 540	4 601 515
Gifts	4 120 165	2 693 826
Conferences and exhibitions	492 780	3 809 027
Insurance installments	4 581 490	2 498 961
Takaful contribution	11 757 488	8 703 046
Others	766 207	1 174 396
	<b><u>723 116 115</u></b>	<b><u>608 829 397</u></b>

**11. Other operating expenses**

	<b>2023</b>	<b>2022</b>
	<b><u>EGP</u></b>	<b><u>EGP</u></b>
Depreciation of investment properties	14 311 659	12 251 444
Provision for claims	31 368 830	19 999 999
	<b><u>45 680 489</u></b>	<b><u>32 251 443</u></b>

*Sixth of October for Development and Investment Company "SODIC" (An Egyptian Joint Stock Company)  
Notes to the separate financial statements for the financial year ended on December 31, 2023*

**12. Expected credit losses.**

	<b>Balance in 31/12/2022</b>	<b>Movement during the year</b>	<b>Balance in 31/12/2023</b>
	<b><u>EGP</u></b>	<b><u>EGP</u></b>	<b><u>EGP</u></b>
Long term notes receivable	7 556 420	11 923 535	19 479 955
Short term notes receivable	8 655 805	(828 249)	7 827 556
Due from related parties	495 287 768	306 100	495 593 868
Debtors and other debit balances	1 510 219	16 824 068	18 334 287
Financial investments at amortized cost	1 112 025	(1 112 025)	-
Cash at banks	327 733	1 355 214	1 682 947
	<b><u>514 449 970</u></b>	<b><u>28 468 643</u></b>	<b><u>542 918 613</u></b>

The Company applied the Prime Minister's Decree No. (4575) of 2023 that was issued amending some provisions of the Egyptian Accounting standards, by exempting debt instruments issued by the Egyptian government in local currency at banks operating in Egypt with a maturity of one month or less from recognizing and measuring the expected credit loss starting from the date of the financial position.

**13. Finance income**

	<b>2023</b>	<b>2022</b>
	<b><u>EGP</u></b>	<b><u>EGP</u></b>
Interest income	36 756 345	22 660 900
Return on investment at amortized cost	59 132 432	31 254 464
Foreign exchange gains from balances denominated. in foreign currencies (*)	36 292 776	58 106 625
	<b><u>132 181 553</u></b>	<b><u>112 021 989</u></b>

(\*) As the Company has a surplus of foreign currencies at the date of the financial position, the Company realized gain from foreign exchange from balances dominated in foreign currencies because of the increase in the exchange rate of the USD against the EGP during the year from EGP 24.68/USD to EGP 30.75 /USD at the date of the financial position.

**14. Finance cost**

	<b>2023</b>	<b>2022</b>
	<b><u>EGP</u></b>	<b><u>EGP</u></b>
Interest expense	286 567 860	193 503 405
Interest of lease contract liabilities	1 447 170	815 047
	<b><u>288 015 030</u></b>	<b><u>194 318 452</u></b>

*Sixth of October for Development and Investment Company "SODIC" (An Egyptian Joint Stock Company)  
Notes to the separate financial statements for the financial year ended on December 31, 2023*

**15. Income tax**

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

	<b>2023</b>	<b>2022</b>
	<b><u>EGP</u></b>	<b><u>EGP</u></b>
Current income tax	17 187 089	-
Financial investments at amortized costs tax	11 826 486	6 250 892
Deferred income tax expense	160 614 479	30 908 919
Deferred income tax (benefit)	(54 283 393)	(165 053 656)
	<b>135 344 661</b>	<b>(127 893 845)</b>

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

	Statement of financial position		P&L Statement	
	31/12/2023	31/12/2022	31/12/2023	31/12/2022
	<b><u>EGP</u></b>	<b><u>EGP</u></b>	<b><u>EGP</u></b>	<b><u>EGP</u></b>
Property, plant, and equipment	(2 251 717)	(4 072 274)	1 820 557	(3 623 257)
Provisions	151 985 253	197 803 809	(45 818 556)	165 053 656
Carried forward tax losses	-	68 647 727	(68 647 727)	(22 705 573)
Foreign exchange translation	(3 954 956)	(10 269 596)	6 314 640	(4 580 089)
<b>Net deferred income tax</b>	<b>145 778 580</b>	<b>252 109 666</b>	<b>(106 331 086)</b>	<b>134 144 737</b>

**C- Reconciliation of effective income tax rate**

	<b>31/12/2023</b>	<b>31/12/2022</b>
	<b><u>EGP</u></b>	<b><u>EGP</u></b>
Profit / (loss) for the year before income taxes	591 704 726	(605 583 319)
Tax rate	<b>22.50%</b>	<b>22.50%</b>
Income tax calculated according to income tax law	<b>133 133 563</b>	<b>(136 256 247)</b>
Special tax pool	513 407	552 287
Other tax adjustments	5 795 435	5 086 270
Deductible temporary differences not recognized as deferred tax assets	6 405 445	2 269 264
Other tax settlements	(10 503 189)	454 581
Income tax according to profit or loss statement	<b>135 344 661</b>	<b>(127 893 845)</b>
Effective tax rate	<b>22.87%</b>	<b>21.12%</b>

**D- Unrecognized deferred tax assets**

	<b>31/12/2023</b>	<b>31/12/2022</b>
	<b><u>EGP</u></b>	<b><u>EGP</u></b>
Deductible temporary differences	139 287 081	133 291 719
	<b>139 287 081</b>	<b>133 291 719</b>

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

*Sixth of October for Development and Investment Company "SODIC" (An Egyptian Joint Stock Company)  
Notes to the separate financial statements for the financial year ended on December 31, 2023*

#### 16. Gain / (loss) per share

Gain/ (loss) per share is calculated based on the net gain / (loss) of the year using the weighted average number of outstanding shares during the year as follows:

	<b>31/12/2023</b>	<b>31/12/2022</b>
	<b><u>EGP</u></b>	<b><u>EGP</u></b>
Net gain / (loss) for the year	456 360 065	(477 689 474)
Employees share of profit	-	-
	<b>456 360 065</b>	<b>(477 689 474)</b>
<b><u>Divided on:</u></b>		-
Weighted average number of shares outstanding during the year	356 197 368	356 197 368
<b>Gain / (loss) per share (EGP / share)</b>	<b>1.28</b>	<b>(1.34)</b>

#### 17. Inventory

	<b>31/12/2023</b>	<b>31/12/2022</b>
	<b><u>EGP</u></b>	<b><u>EGP</u></b>
Operating equipment (Clubs)	8 306 053	8 306 053
Communication devices	2 068 795	2 067 295
	<b>10 374 848</b>	<b>10 373 348</b>

#### 18. Work in process

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

	<b>31/12/2023</b>	<b>31/12/2022</b>
	<b><u>EGP</u></b>	<b><u>EGP</u></b>
SODIC West project costs (18-1)	673 134 133	1 057 329 009
October Plaza project costs	-	230 622 291
Sodic East project costs	1 217 541 087	1 434 846 628
464.81 acres project cost (18-2)	7 112 596 850	4 892 915 837
	<b>9 003 272 070</b>	<b>7 615 713 765</b>

- Includes an amount of EGP 504 387 431 representing the value of capitalized interest on installments collected from customers.

(18-1) The balance contains on EGP 76 333 784 representing the present value of the share of the work under construction from the settlement amount of the Company's land in Sheikh Zayed as a component of the cost of the units whose revenues will be recognized in the statement of profit or losses for future years, this amount represents the remainder of the present value of a total settlement amount of EGP 800 million according to the reconciliation with the Illicit Gains Authority ("IGA").

(18-2) The balance includes an amount of EGP 5 496 056 363 representing the net present value of the projects lands in addition to the capitalized interests in accordance with the co-development agreement between the Company and the New Urban Communities Authority "NUCA" with minimum guaranteed By NUCA in the amount of 11.356 billion EGP as detailed in note (33).

On July 11, 2023, the company (as a real estate developer) signed a land contract with Al-Safi Real Estate Development Company and one of its related parties (as owner) to establish, develop and develop a tourist residential project for two adjacent plots of land with a total area of approximately 440 acres on the North Coast near the Caesar project at kilo 83 Alexandria/Marsa Matrouh road with a façade on the sea of more than 800 meters, with no financial impact till 31 December 2023 and the necessary measures are being taken to receive the land.

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

*Notes to the separate financial statements for the financial year ended on December 31, 2023*

**19. Notes receivable – non-current.**

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

	<b>31/12/2023</b>	<b>31/12/2022</b>
	<b><u>EGP</u></b>	<b><u>EGP</u></b>
Notes receivable – units' installments *	2 772 881 654	1 201 241 235
Unamortized interest-notes receivable	(1 036 362 991)	(297 667 046)
Expected credit losses	(19 479 955)	(7 556 420)
	<b><u>1 717 038 708</u></b>	<b><u>896 017 769</u></b>

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

-Notes receivable not included in the financial statements have been disclosed in note no. (44).

-The Company's exposure to credit and currency risk related to notes receivable is disclosed in note (41).

**20. Trade and notes receivable – current**

	<b>31/12/2023</b>	<b>31/12/2022</b>
	<b><u>EGP</u></b>	<b><u>EGP</u></b>
Trade receivable	65 541 465	99 430 847
Notes receivable – units' installments *	1 118 758 555	657 231 742
	<b><u>1 184 300 020</u></b>	<b><u>756 662 589</u></b>
Unamortized interest – notes receivable	(77 721 024)	(31 415 961)
	<b><u>1 106 578 996</u></b>	<b><u>725 246 628</u></b>
Expected credit losses	(7 827 556)	(8 655 805)
	<b><u>1 098 751 440</u></b>	<b><u>716 590 823</u></b>

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

- Notes receivable not included in the financial statements have been disclosed in note no. (44).

-The Company's exposure to credit and currency risks related to trade and notes receivable is disclosed in note no. (41).

*Sixth of October for Development and Investment Company "SODIC" (An Egyptian Joint Stock Company)  
Notes to the separate financial statements for the financial year ended on December 31, 2023*

## **21. Debtors and other debit balances**

	<b>31/12/2023</b>	<b>31/12/2022</b>
	<b><u>EGP</u></b>	<b><u>EGP</u></b>
Contractors and suppliers – advance payments	1 195 101 400	421 722 536
Heliopolis Housing and Development Company (*)	260 802 472	260 802 472
Restricted cash for SODIC East project	30 075 339	37 973 577
Amounts withheld for the 464.81 acres project	21 573 251	39 838 876
Commissions and prepaid expenses	569 859 898	348 014 217
Deposits with others	8 755 958	8 687 170
Due from the bonus and incentives plan to employees and managers fund	6 852 365	5 473 472
Bank current accounts & deposits – Maintenance (**)	1 309 178 390	742 231 510
Withholding tax	60 564 685	7 164 437
Other debit balances	24 775 771	12 651 844
	<b><u>3 487 539 529</u></b>	<b><u>1 884 560 111</u></b>
Expected credit losses	<b><u>(18 334 287)</u></b>	<b><u>(1 510 219)</u></b>
	<b><u>3 469 205 242</u></b>	<b><u>1 883 049 892</u></b>

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

The board of directors, in its Meeting held on August 11, 2020, has agreed to amend the terms and conditions of the co-development contract with Heliopolis Housing and Development Company, including the amendment of the minimum guarantee according to the co-development contract by increasing the minimum guarantee, rescheduling the annual payments taking into consideration reducing the scheduled payments required of the Company during the next five years while maintaining the same present value and the overall time period of the reimbursements, On December 21, 2020, an appendix has been signed to amend some of the terms and conditions of the co-development contract. On July 17, 2022, the minimum guaranteed schedule was amended while maintaining the same present value and the overall time period of the reimbursements.

(\*\*) The balance represents maintenance deposits collected from customers, which have been invested in time deposits and interest-bearing current accounts for the purpose of financing the regular maintenance expenses related to the delivered units, and the Company cannot be used for any other purpose.

The Company's exposure to credit and currency risks related to debtors and other debit balances is disclosed in note no. (41).

*Sixth of October for Development and Investment Company "SODIC" (An Egyptian Joint Stock Company)  
Notes to the separate financial statements for the financial year ended on December 31, 2023*

**22. Financial investments at amortized cost**

	<b>31/12/2023</b>	<b>31/12/2022</b>
	<b><u>EGP</u></b>	<b><u>EGP</u></b>
Treasury bills at par value	265 925 000	581 075 000
Unearned return on treasury bills	(10 901 295)	(11 492 344)
Expected credit losses	-	(1 112 025)
	<b>255 023 705</b>	<b>568 470 631</b>

The Company's exposure to market risk related to trading investments is disclosed in note no. (41).

**23. Cash and cash equivalent**

	<b>31/12/2023</b>	<b>31/12/2022</b>
	<b><u>EGP</u></b>	<b><u>EGP</u></b>
Banks - time deposits *	84 025 000	139 464 000
Banks - current accounts	257 139 097	248 863 811
Checks under collection	18 081 970	4 988 788
Cash on hand	2 937 901	2 289 217
	<b>362 183 968</b>	<b>395 605 816</b>
Expected credit losses	(1 682 947)	(327 733)
	<b>360 501 021</b>	<b>395 278 083</b>

\* Deposits include the amount of EGP 1 million restricted as a guarantee for a letter of guarantee in favor of the South Cairo Electricity Distribution Company.

Exposure to interest rate risk and currency risk for cash and cash equivalents which is disclosed in note no. (41).

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

	<b>31/12/2023</b>	<b>31/12/2022</b>
	<b><u>EGP</u></b>	<b><u>EGP</u></b>
Cash and cash equivalents Before ECL	362 183 968	395 605 816
Restricted cash	(1 000 000)	(1 000 000)
<b>Cash and cash equivalent according to separate statement of cash flows</b>	<b>361 183 968</b>	<b>394 605 816</b>

Sixth of October for Development and Investment Company "SODIC"

Notes to the separate financial statements for the financial year ended December 31, 2023

**24- Fixed Assets**

<u>EGP</u>	<u>Lands</u>	<u>Buildings</u>	<u>Vehicles</u>	<u>Furniture and fixtures</u>	<u>Generators, machinery and equipment</u>	<u>Computers and Printers</u>	<u>Communication devices</u>	<u>Computer Software's</u>	<u>Improvements in owned properties</u>	<u>Solar power stations</u>	<u>Golf Course</u>	<u>Total</u>
<b>Cost</b>												
Cost as at January 1, 2022	81 050 185	605 395 339	21 681 002	50 127 144	44 639 131	30 965 891	2 782 519	19 113 303	75 045 822	11 218 810	99 377 533	1 041 396 679
Additions during the year	-	-	315 000	3 277 580	2 064 601	5 837 129	527 499	2 689 767	-	-	-	14 711 576
Disposals during the year	-	-	-	-	( 40 926)	( 85 942)	-	-	( 8 172 388)	-	-	( 8 299 256)
<b>Cost as at December 31, 2022</b>	<b>81 050 185</b>	<b>605 395 339</b>	<b>21 996 002</b>	<b>53 404 724</b>	<b>46 662 806</b>	<b>36 717 078</b>	<b>3 310 018</b>	<b>21 803 070</b>	<b>66 873 434</b>	<b>11 218 810</b>	<b>99 377 533</b>	<b>1 047 808 999</b>
Cost as at January 1, 2023	81 050 185	605 395 339	21 996 002	53 404 724	46 662 806	36 717 078	3 310 018	21 803 070	66 873 434	11 218 810	99 377 533	1 047 808 999
Additions during the year	-	-	1 219 201	2 059 652	3 055 899	3 226 871	-	682 931	-	-	-	10 244 554
Disposals during the year	-	-	( 77 000)	( 954 188)	( 55 245)	( 86 678)	( 6 000)	-	( 2 385 258)	-	-	( 3 564 369)
<b>Balance at December 31, 2023</b>	<b>81 050 185</b>	<b>605 395 339</b>	<b>23 138 203</b>	<b>54 510 188</b>	<b>49 663 460</b>	<b>39 857 271</b>	<b>3 304 018</b>	<b>22 486 001</b>	<b>64 488 176</b>	<b>11 218 810</b>	<b>99 377 533</b>	<b>1 054 489 184</b>
<b>Accumulated depreciation</b>												
Accumulated depreciation at January 1, 2022	-	69 567 356	12 674 036	18 853 894	11 836 418	19 912 077	2 405 483	16 536 676	54 026 774	858 227	19 597 272	226 268 213
Depreciation during the year	-	29 841 741	2 843 932	9 606 063	8 160 891	4 340 510	192 988	1 793 541	5 811 054	448 752	1 822 590	64 862 062
Accumulated depreciation of disposals during the year	-	-	-	-	( 2 558)	( 71 485)	-	-	( 8 172 386)	-	-	( 8 246 429)
<b>Accumulated depreciation at December 31, 2022</b>	<b>-</b>	<b>99 409 097</b>	<b>15 517 968</b>	<b>28 459 957</b>	<b>19 994 751</b>	<b>24 181 102</b>	<b>2 598 471</b>	<b>18 330 217</b>	<b>51 665 442</b>	<b>1 306 979</b>	<b>21 419 862</b>	<b>282 883 846</b>
Accumulated depreciation at January 1, 2023	-	99 409 097	15 517 968	28 459 957	19 994 751	24 181 102	2 598 471	18 330 217	51 665 442	1 306 979	21 419 862	282 883 846
Depreciation during the year	-	29 749 865	2 532 876	7 917 899	8 456 654	4 791 000	211 221	1 935 562	4 393 740	448 753	1 822 590	62 260 160
Accumulated depreciation of disposals during the year	-	-	( 77 000)	( 953 967)	( 55 240)	( 60 868)	( 6 000)	-	( 2 385 258)	-	-	( 3 538 333)
<b>Accumulated depreciation at December 31, 2023</b>	<b>-</b>	<b>129 158 962</b>	<b>17 973 844</b>	<b>35 423 889</b>	<b>28 396 165</b>	<b>28 911 234</b>	<b>2 803 692</b>	<b>20 265 779</b>	<b>53 673 924</b>	<b>1 755 732</b>	<b>23 242 452</b>	<b>341 605 673</b>
<b>Impairment of Golf course</b>												
Accumulated Impairment at January 1, 2022	-	-	-	-	-	-	-	-	-	-	79 780 261	79 780 261
Impairment reversal during the year	-	-	-	-	-	-	-	-	-	-	( 1 822 590)	( 1 822 590)
<b>Accumulated impairment at December 31, 2022</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>77 957 671</b>	<b>77 957 671</b>
Impairment reversal during the year	-	-	-	-	-	-	-	-	-	-	( 1 822 590)	( 1 822 590)
<b>Accumulated impairment at December 31, 2023</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>76 135 081</b>	<b>76 135 081</b>
<b>Net book value</b>												
At January 1, 2022	81 050 185	535 827 983	9 006 966	31 273 250	32 802 713	11 053 814	377 036	2 576 627	21 019 048	10 360 583	-	735 348 205
At December 31, 2022	81 050 185	505 986 242	6 478 034	24 944 767	26 668 055	12 535 976	711 547	3 472 853	15 207 992	9 911 831	-	686 967 482
At December 31, 2023	81 050 185	476 236 377	5 164 359	19 086 299	21 267 295	10 946 037	500 326	2 220 222	10 814 252	9 463 078	-	636 748 430

\* Property, plant, and equipment include fully depreciated assets at a cost of EGP 124 103 879 at December 31, 2023.



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

*Notes to the separate financial statements for the financial year ended on December 31, 2023*

## 25. Investment properties

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

<u>Description</u>	<u>Leased out units</u>
<u>Cost</u>	<u>EGP</u>
<b>On January 1, 2022</b>	<b>249 391 191</b>
Additions during the year	44 999 010
<b>On December 31, 2022</b>	<b>294 390 201</b>
<b>On January 1, 2023</b>	<b>294 390 201</b>
Additions during the year	-
<b>On December 31, 2023</b>	<b>294 390 201</b>
<b><u>Less</u></b>	
<b><u>Accumulated depreciation</u></b>	
<b>On January 1, 2022</b>	<b>(2 906 575)</b>
Depreciation for the year	(12 251 444)
<b>On December 31, 2022</b>	<b>(15 158 019)</b>
<b>On January 1, 2023</b>	<b>(15 158 019)</b>
Depreciation for the year	(14 311 659)
<b>On December 31, 2023</b>	<b>(29 469 678)</b>
<b>Net carrying amount as of January 1, 2022</b>	<b>246 484 616</b>
<b>Net carrying amount as of December 31, 2022</b>	<b>279 232 182</b>
<b>Net carrying amount as of December 31, 2023</b>	<b>264 920 523</b>

- The fair value of investment properties leased out to others amounted to EGP 778 million as of December 31, 2023.

## 26. Investment properties under development

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

	<b>31/12/2023</b>	<b>31/12/2022</b>
	<u>EGP</u>	<u>EGP</u>
SODIC West Project	106 387 557	106 245 091
	<b>106 387 557</b>	<b>106 245 091</b>

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

*Notes to the separate financial statements for the financial year ended on December 31, 2023*

## 27. Investment at fair value through OCI

	Legal Form	Ownership %	Paid amount of Participation %	Carrying amount as at 31/12/2023 EGP	Carrying amount as at 31/12/2022 EGP
SODIC for Golf and Tourist Development Co.	S.A. E	0.0025	25	-	2 875
Beverly Hills for Management of Cities and Resorts Co.	S.A. E	0.06	100	26 152	26 152
				<b>26 152</b>	<b>29 027</b>
Impairment of available for sale investments at fair value				-	(2 875)
				<b>26 152</b>	<b>26 152</b>

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

## 28. Lease Contracts Assets & Liabilities

### 28-1 Right of use – assets

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

<u>Cost</u>	EGP
At January 1, 2023	11 784 847
Additions during the year	14 476 894
At December 31, 2023	<b>26 261 741</b>
<u>Accumulated amortization</u>	
At January 1, 2023	(7 701 495)
Amortization for the year	(4 842 412)
At December 31, 2023	<b>(12 543 907)</b>
Net carrying amount as of December 31, 2023	<b>13 717 834</b>

### 28-2 Lease contract liabilities

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

	31/12/2023 EGP	31/12/2022 EGP
Total undiscounted lease contract liabilities	18 783 331	3 092 311
Unamortized interests	(3 456 002)	(125 474)
Net present value of lease contract liabilities	<b>15 327 329</b>	<b>2 966 837</b>
Short-term lease liabilities	10 349 676	2 966 837
Long-term lease liabilities	4 977 653	-
	<b>15 327 329</b>	<b>2 966 837</b>

## **29. Share capital and reserves**

### **29-1 Share capital**

- The authorized capital of the Company is EGP 2.8 billion.
- The Company's issued and paid in capital is EGP 1.355 billion distributed over 338 909 573 shares with a par value of EGP 4 per share.
- The Board of Directors have decided in the meeting dated November 30, 2016 to increase the issued capital from EGP 1 355 638 292 to become EGP 1 369 194 672 by an amount of EGP 13 556 380 divided on 3 389 095 shares of par value EGP 4 per share, this capital increase should be financed from the special reserve- Additional paid in capital, and to be fully utilized by the Employees Stock Option Plan granted to the executives board members and the directors as per the option plan approved by the extra ordinary general assembly dated January 20, 2016, which have decided to apply the Employees Stock Option Plan for the executive board members and directors through assigning shares with certain conditions. The commercial register was modified on February 5, 2017.
- The Board of Directors have decided on the meeting dated October 23, 2018 to increase the issued capital from EGP 1 369 194 672 to become EGP 1 396 715 488 by an amount of EGP 27 520 816 divided on 6 880 204 shares of par value EGP 4 per share, this capital increase should be financed from the special reserve- Additional paid in capital, and to be fully utilized for the second and third sections from the sections of Employees Stock Option Plan granted to the executives board members and the directors as per the option plan approved by the extra ordinary general assembly dated January 20, 2016, which have decided to apply the Employees Stock Option Plan for the executive board members and directors through assigning shares with certain conditions, and delegate the Board of Directors to execute the procedures of the required increase to issue new shares to be utilize in the Employees Stock Option Plan. The commercial register was modified on January 8, 2019 for this increase.
- The board of directors have decided on the meeting dated September 7, 2020 to increase the issued capital from EGP 1 396 715 488 to become EGP 1 424 789 472 by an amount of EGP 28 073 984 divided on 7 018 496 shares of par value EGP 4 per share, this capital increase should be financed from the special reserve- Additional paid in capital, and to be fully utilized for the fourth and fifth sections from the sections of Employees Stock Option Plan granted to the executive board members and the directors as per the option plan approved by the extra ordinary general assembly dated January 20, 2016, which have decided to apply the Employees Stock Option Plan for the executive board members and directors through assigning shares with certain conditions, and delegate the board of directors to execute the procedures of the required increase to issue new shares to be utilize in the Employees Stock Option Plan, an invitation was made to held a general assembly meeting on November 1, 2020 to consider amending article 6 and 7 of the company statutes, The necessary procedures are being taken to register this increase in the commercial register in 23 December 2020.

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

*Notes to the separate financial statements for the financial year ended on December 31, 2023*

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

Shareholder	Number of shares	Share value	Ownership percentage
		<u>EGP</u>	<u>%</u>
ALDAR VENTURES INTERNATIONAL	213 240 140	852 960 560	59.87
GAMMA FORGE LIMITED	91 388 632	365 554 528	25.66
EQUITY Holding for Investments	17 114 933	68 459 732	4.80
Olayan Saudi Investment Company	9 289 580	37 158 320	2.61
Other shareholders	25 164 083	100 656 332	7.06
	<b>356 197 368</b>	<b>1 424 789 472</b>	<b>100</b>

## **29-2 Reserves**

### **a. Legal Reserve**

The balance as is represented as follows: -

	<u>EGP</u>
Legal reserve of 5% of the Company's net profits till year 2017	41 447 167
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 to the extent 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 to the extent 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 to the extent 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 2019.	9 756 581
Increase of the legal reserve with 5% of the net profit for the year 2020.	1 154 135
The amount used to increase the issued share capital during 2011.	(2)
	<b>224 840 771</b>

*Sixth of October for Development and Investment Company "SODIC" (An Egyptian Joint Stock Company)  
Notes to the separate financial statements for the financial year ended on December 31, 2023*

**b. Special reserve – share premium.**

The balance is represented in the following:

<b>Description</b>	<b>EGP</b>
Total value of the capital increase share premiums collected for the years 2006 and 2010	1 455 017 340
Share premium of the employees' incentive and bonus plan issued during 2007.	90 000 000
The value of selling 712 500 share which has been sold through beneficiaries of incentive and bonus plan during at 2014 EGP 30 per share (after split).	21 375 000
The value of 537 500 shares converted to treasury shares during 2015 at par value, these shares were previously set aside for the benefit of the incentive and bonus plan during the capital increase in 2008 and were converted as a result of the termination of the program.	2 150 000
The value received from the selling of offering rights for 737 500 shares during 2014, which were transferred from shares held for "incentive and bonus plan" as a result of the termination of the program.	16 306 910
The value of accrued dividends for 737 500 shares which were transferred from the shares set aside for the incentive and bonus plan during 2015 as a result of the termination of the program.	1 180 000
The value received from the sale of 3 083 938 shares which had been sold by beneficiaries of the Employees Stock Option Plan during year 2017 at an average of EGP 9.27 per share.	28 588 105
Share premium for issuing 3 083 938 shares which were transferred from the shares set aside for the Employees Stock Option Plan during 2017 as a result of execution	16 630 524
The value received from the sale of 3 273 263 shares which had been sold by beneficiaries of the Employees Stock Option Plan during year 2019 by average EGP 9.27 per share.	30 343 148
Share premium of set aside for employees' incentive and bonus plan for 3 273 263 shares during 2019	18 508 880
The value received from the sale of 7 052 169 shares which had been sold by beneficiaries of the Employees Stock Option Plan during year 2021 by average EGP 9.27 per share.	65 373 607
Share premium of set aside for employees' incentive and bonus plan for 7 052 169 shares during 2021	34 927 494
Amounts transferred to the legal reserve	(167 855 516)
Capital increase – related expenses	(55 240 255)
Amount used for share capital increase during 2008	(5 000 000)
Amount used for share capital increase during 2017	(13 556 380)
Amount used for share capital increase during 2019	(27 520 816)
Amount used for share capital increase during 2020	(28 073 984)
	<b>1 483 154 057</b>

**30. Profit from sale of treasury shares**

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

*Sixth of October for Development and Investment Company "SODIC" (An Egyptian Joint Stock Company)  
Notes to the separate financial statements for the financial year ended on December 31, 2023*

### 31. Loans

	<b>31/12/2023</b>	<b>31/12/2022</b>
	<b><u>EGP</u></b>	<b><u>EGP</u></b>
On October 13, 2021, Sixth of October for Development and Investment Company "SODIC" signed a medium-term syndicated loan contract with the Arab African International Bank "facility and guarantee agent" and Banque Misr (in its capacity as the account bank) with a total amount of EGP 1 570 million according to the previous syndicated loan contract signed on April 4, 2017 on two tranches:	1 269 390 922	1 288 721 749
– First tranche amount to finance the total debt outstanding due to group of banks represented by Arab African International Bank.		
– Second tranche to finance "SODIC West" projects located in Kilo 38 Cairo/Alex desert road -Giza- Egypt.		
<b><u>Guarantees:</u></b>		
– The Company pledges to deposit all proceeds from the sale of the project.		
– The Company is obligated to conclude a mortgage and assignment of a right of the first degree on the account of the project in favor of the bank.		
– The Company is obligated to conclude a mortgage procuration that allows to inquire about the possibility of registering the land and buildings constructed on the financed project in the name of the borrower and completing a first-class mortgage on the leased assets and buildings only.		
– The Company is obligated to conclude an insurance policy on the construction work of the project in favor of the bank, with a coverage rate of 120%		
On August 30, 2017, Sixth of October for Development and Investment Company "SODIC" signed a medium-term loan contract with Commercial International Bank "CIB" with a total amount of EGP 270 Million to finance the development cost of October Plaza Project which will be established on area of 31 acres in northern expansions at Sixth of October city and on 16 July 2019 the total amount of the facility has been increased up to maximum EGP 500 Million.	-	201 000 000
<b><u>Guarantees:</u></b>		
– The Company committed to deposit all revenues from the sale of the project.		
– The Company shall sign a mortgage and a first-degree right of transfer on the project in favor of the bank.		
– The Company shall get insurance cover 110% the project's constructions in favor of the bank.		
<b><u>Grace period:</u></b>		
Three years and six months applied on the principal of the loan only from the date of first drawdown.		
<b><u>Repayment:</u></b>		
Commences on March 2021, and repayable in (13) quarterly unequal installments.		
	<b>1 269 390 922</b>	<b>1 489 721 749</b>
Unamortized borrowing cost	(12 479 487)	(14 089 744)
	<b>1 256 911 435</b>	<b>1 475 632 005</b>
<b><u>Current portion</u></b>		
Loan from CIB	-	80 000 000
Loan from Bank Misr	77 323 304	38 661 652
Transaction cost	(1 610 256)	(1 610 256)
<b>Total current portion</b>	<b>75 713 048</b>	<b>117 051 396</b>
<b><u>Non-current portion</u></b>		
Non-current portion	1 192 067 618	1 371 060 096
Transaction cost	(10 869 231)	(12 479 487)
<b>Total non-current portion</b>	<b>1 181 198 387</b>	<b>1 358 580 609</b>

*Sixth of October for Development and Investment Company "SODIC" (An Egyptian Joint Stock Company)  
Notes to the separate financial statements for the financial year ended on December 31, 2023*

**32. Banks – credit facilities**

On November 13, 2023, a revolving financing contract was agreed with CIB with a maximum amount of EGP 1.2 billion to finance the existing projects of the group companies, provided that these projects are not funded by any other banks or financial institutions.

**Guarantees:** Cheques issued in favor of the company from the delivered projects in addition to bonds for each withdrawal request.

**Coverage rate:** Post-dated checks shall not be less than 110% of the facility amount and the term period for these checks shall not exceed six years.

**Maturity Date:** Seven years from the date of the first withdrawal from the financing or by the maturity of the debt for any reason.

**33. New Urban Communities Authority**

	<b>31/12/2023</b>	<b>31/12/2022</b>
	<b><u>EGP</u></b>	<b><u>EGP</u></b>
New Urban Communities Authority "NUCA"	10 586 706 952	10 911 745 840
Unamortized interest	(5 860 826 408)	(6 545 837 240)
	<b><u>4 725 880 544</u></b>	<b><u>4 365 908 600</u></b>
Current portion	243 155 475	263 159 777
Non-current portion	4 482 725 069	4 102 748 823
	<b><u>4 725 880 544</u></b>	<b><u>4 365 908 600</u></b>

On March 21, 2019 a co-development agreement was signed between SODIC and the Urban Communities Authority "NUCA" to establish an integrated urban project with an area of 464.81 acres (previously 500 acres) under deficit or increase, According to the contract, NUCA share in return of the land includes an advance payment, cash settlement and a percentage of the project expected revenues with a total minimum value of EGP 11.356 billion The co-development contract annex was signed on June 27, 2022

**34. Contractors, suppliers and notes payable.**

	<b>31/12/2023</b>	<b>31/12/2022</b>
	<b><u>EGP</u></b>	<b><u>EGP</u></b>
Contractors	45 736 642	2 158 999
Suppliers	38 717 215	42 861 269
Notes payable	109 271 264	120 303 521
	<b><u>193 725 121</u></b>	<b><u>165 323 789</u></b>

The Company's exposure to currency and liquidity risks related to suppliers, contractors and notes payable is disclosed in note no. (41).

*Sixth of October for Development and Investment Company "SODIC" (An Egyptian Joint Stock Company)  
Notes to the separate financial statements for the financial year ended on December 31, 2023*

### **35. Advances from customers**

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

	<b>31/12/2023</b>	<b>31/12/2022</b>
	<b><u>EGP</u></b>	<b><u>EGP</u></b>
Advances – <b>SODIC West</b>	345 858 740	1 037 373 307
Advances – <b>October Plaza</b>	58 079 573	159 713 136
Advances – <b>SODIC East (*)</b>	1 076 872 507	1 009 265 158
Advances – <b>Acres Sheikh Zayed 464.81</b>	2 825 073 164	1 137 991 724
Advances – <b>Clubs' memberships</b>	394 977 112	275 557 877
	<b>4 700 861 096</b>	<b>3 619 901 202</b>

- Includes an amount of EGP 551 919 607 representing the value of the financial component due on installments collected from undelivered customers.
- Uncollected notes receivable for undelivered units, that are not included in the financial statements have been disclosed in note no. (44).

(\*) The balance includes an amount of EGP 2 253 432 755 which represents the net advances from customers of SODIC EAST project which has been reduced by EGP 1 176 560 248 that represents Heliopolis Housing and Development Company's share of the residential units mentioned in the joint operation contract (70% for the developer and 30% for the owner approximately).

### **36. Creditors and other credit balances**

	<b>31/12/2023</b>	<b>31/12/2022</b>
	<b><u>EGP</u></b>	<b><u>EGP</u></b>
Accrued expenses	306 900 541	172 167 024
Amounts collected on account for management, operation and maintenance of projects	1 161 662 871	793 893 296
Creditors of gas and electricity installments	24 364 829	12 014 998
Detained business guarantee	161 826 162	138 945 435
Contractors – Social Insurance	13 569 411	10 864 360
Insurance Deposits collected from customers – Against modifications	8 618 703	4 073 081
Customers credit balances – Strip I	369 580	-
Customers - cancellation	41 104 987	20 324 764
Tax authority	48 756 909	35 218 848
Accrued compensated absence	15 656 343	9 087 782
Customers rent	8 038 132	3 613 620
Sundry creditors	6 581 033	3 945 912
	<b>1 797 449 501</b>	<b>1 204 149 120</b>

The Company's exposure to currency and liquidity risks related to creditors and other credit balances is disclosed in note no. (41).



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

*Notes to the separate financial statements for the financial year ended on December 31, 2023*

### 37. Provisions

#### 37-1 Provision for completion of works

	<b>Balance as at 01/01/2023</b>	<b>Formed during the year</b>	<b>Used during the year</b>	<b>Balance as at 31/12/2023</b>
	<u>EGP</u>	<u>EGP</u>	<u>EGP</u>	<u>EGP</u>
Provision for completion of works	618 378 720	487 014 952	(459 403 658)	645 990 014
	<u>618 378 720</u>	<u>487 014 952</u>	<u>(459 403 658)</u>	<u>645 990 014</u>

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

#### 37-2 Provision for claims

	<b>Balance as at 01/01/2023</b>	<b>Formed during the year</b>	<b>Used during the year</b>	<b>Balance as at 31/12/2023</b>
	<u>EGP</u>	<u>EGP</u>	<u>EGP</u>	<u>EGP</u>
Provision for claims	30 000 000	31 368 830	(28 118 830)	33 250 000
	<u>30 000 000</u>	<u>31 368 830</u>	<u>(28 118 830)</u>	<u>33 250 000</u>

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

#### 37-3 Onerous contracts provision

	<b>Balance as at 01/01/2023</b>	<b>Formed during the year</b>	<b>Provisions no longer required during the year</b>	<b>Balance as at 31/12/2023</b>
	<u>EGP</u>	<u>EGP</u>	<u>EGP</u>	<u>EGP</u>
Onerous contracts provision	97 491 234	-	(97 491 234)	-
	<u>97 491 234</u>	<u>-</u>	<u>(97 491 234)</u>	<u>-</u>

The provision is formed for onerous contracts as shown in detail in note (7).

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

*Notes to the separate financial statements for the financial year ended on December 31, 2023*

### 38. Investments in subsidiaries

	Legal Form	Share Percentage %	Paid amount of Participation %	Carrying amount as at 31/12/2023 EGP	Carrying amount as at 31/12/2022 EGP
Sixth of October for Development and Real Estate Projects Co. (SOREAL)	S.A.E	99.99	100	807 334 516	807 334 516
SOREAL for Real Estate Investment Co.	S.A.E	99.99	100	499 999 970	499 999 970
SODIC for Development and Real Estate Investment Co.		99.99	100	299 999 980	299 999 980
Tabrouk Development Co.	S.A.E	99.99	100	99 998 000	99 998 000
SODIC for Management of Hotels and Clubs	S.A.E	40	100	11 200 000	11 200 000
				<b>1 718 532 466</b>	<b>1 718 532 466</b>

### 39. Fair values

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

The main purpose of these financial instruments is to provide funding for the activities of the Company. According to the valuation techniques used to evaluate the assets and liabilities of the Company, the carrying value of these financial instruments represents a reasonable estimate of their fair value.

### 40. Capital management.

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

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

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

*Sixth of October for Development and Investment Company "SODIC" (An Egyptian Joint Stock Company)  
Notes to the separate financial statements for the financial year ended on December 31, 2023*

#### **41. Financial risk management**

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

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

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

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

##### **41-1 Credit risk**

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

##### **Trade and other receivables**

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

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

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

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

##### **Investments**

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

##### **Guarantees**

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

#### **41-2 Liquidity risk**

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

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

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

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

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

#### **41-3 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.

#### **41-4 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.

#### **41-5 Interest rate risk**

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

#### **41-6 Other market price risk**

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

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

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

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

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

*Notes to the separate financial statements for the financial year ended on December 31, 2023*

#### **41-7 Credit risk**

The carrying amount of financial assets represents the maximum exposure to credit risk as follows:

	Note <u>No.</u>	31/12/2023 <u>EGP</u>	31/12/2022 <u>EGP</u>
Notes receivable – noncurrent	(19)	1 736 518 663	903 574 189
Trade and notes receivable – current	(20)	1 106 578 996	725 246 628
Due from related parties	(42)	512,415 402	595 142 719
Debtors and other debit balances	(21)	2 917 679 631	1 536 545 894
Financial investments at amortized cost	(22)	255 023 705	569 582 656
Cash at banks	(23)	359 246 067	393 316 599
		<b><u>6 887 462 464</u></b>	<b><u>4 723 408 685</u></b>

#### **41-8 Liquidity risk**

The following are the contractual terms of financial liabilities:

<u>December 31, 2023</u>	Carrying amount <u>EGP</u>	Less than 1 year <u>EGP</u>	1-2 years <u>EGP</u>	2-5 years <u>EGP</u>
Loans	1 256 911 435	75 713 048	244 858 424	936 339 963
New Urban Communities Authority	4 725 880 544	243 155 475	1 009 574 715	3 473 150 354
Contractors and suppliers	84 453 857	84 453 857	-	-
Other creditors	1 797 449 501	1 797 449 501	-	-
Notes payable –short term	109 271 264	109 271 264	-	-
	<b><u>7 973 966 601</u></b>	<b><u>2 310 043 145</u></b>	<b><u>1 254 433 139</u></b>	<b><u>4 409 490 317</u></b>
<u>December 31, 2022</u>	Carrying amount <u>EGP</u>	Less than 1 year <u>EGP</u>	1-2 years <u>EGP</u>	2-5 years <u>EGP</u>
Loans	1 475 632 005	117 051 396	317 531 357	1 041 049 252
New Urban Communities Authority	4 365 908 600	263 159 777	599 759 632	3 502 989 191
Contractors and suppliers	45 020 268	45 020 268	-	-
Other creditors	1 204 149 120	1 204 149 120	-	-
Notes payable – short term	120 303 521	120 303 521	-	-
	<b><u>7 211 013 514</u></b>	<b><u>1 749 684 082</u></b>	<b><u>917 290 989</u></b>	<b><u>4 544 038 443</u></b>

#### **41-9 Currency risk**

##### **Exposure to currency risk**

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

	31/12/2023 <u>USD</u>	31/12/2022 <u>USD</u>
Cash at banks	2 895 811	5 048 966
<b>Surplus of foreign currencies</b>	<b><u>2 895 811</u></b>	<b><u>5 048 966</u></b>

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

*Notes to the separate financial statements for the financial year ended on December 31, 2023*

The following is the average exchange rates during the year:

	<b>Average exchange rate during the year</b>		<b>Spot rate at the financial statements date</b>	
	<b>31/12/2023</b>	<b>31/12/2022</b>	<b>31/12/2023</b>	<b>31/12/2022</b>
	<b><u>EGP</u></b>	<b><u>EGP</u></b>	<b><u>EGP</u></b>	<b><u>EGP</u></b>
USD	29.23	20.16	30.75	24.68

#### **Sensitivity Analysis**

A reasonably possible strengthening (weakening) of 5% other currencies exchange rate against Egyptian pound As of December 31, 2023, would have affected the measurement of financial instruments denominated in a foreign currency and affected equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases.

	<b>Profit or Loss</b>	
	<b><u>Strengthening</u></b>	<b><u>Weakening</u></b>
	USD	4 452 309

A reasonably possible strengthening (weakening) of 5% other currencies exchange rate against Egyptian pound as of December 31, 2022, would have affected the measurement of financial instruments denominated in a foreign currency and affected equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases.

	<b>Profit or Loss</b>	
	<b><u>Strengthening</u></b>	<b><u>Weakening</u></b>
	USD	6 230 424

#### **41-10 Interest rate risk**

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

	<b><u>Carrying amount</u></b>	
	<b>31/12/2023</b>	<b>31/12/2022</b>
	<b><u>EGP</u></b>	<b><u>EGP</u></b>
<b><u>Financial instruments with a fixed rate</u></b>		
Financial assets	2 815 790 148	1 612 608 592
Financial liabilities	109 271 264	120 303 521
	<b><u>2 925 061 412</u></b>	<b><u>1 732 912 113</u></b>
<b><u>Financial instruments with a variable rate</u></b>		
Financial liabilities	1 256 911 435	1 475 632 005
	<b><u>1 256 911 435</u></b>	<b><u>1 475 632 005</u></b>

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

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

*Notes to the separate financial statements for the financial year ended on December 31, 2023*

#### **42. Related parties**

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

<b>Party</b>	<b>Nature of relationship</b>	<b>Nature of transaction</b>	<b>31/12/2023 Amount of Transaction EGP</b>
Beverly Hills Company for Management of Cities and Resorts	A subsidiary	Works of agriculture, maintenance, and security services for Beverly Hills City	11 776 540
Sixth of October for Development and Real Estate Projects (SOREAL)	A subsidiary	Payments on behalf of the Company	255 200 994
Sodic Garden City for development and investment	A subsidiary	Payments on behalf of the Company	1 101 996
Edara for Services of Cities and Resorts Company	A subsidiary	Works of agriculture, maintenance, and security services for SODIC West	77 293 338
Al Yosr for Projects and Real estate Development Company	A subsidiary	Payment on behalf of the company	22 235 824
SOREAL for Real estate investment Company	A subsidiary	Payments on behalf of the Company	177 145 410
Tabrouk Development Company	A subsidiary	Payments on behalf of the Company	130 530 690
SODIC for Development and Real Estate Investment Company	A subsidiary	Payments on behalf of the Company	19 299 321
SODIC Clubs	A subsidiary	Revenue/expenses of clubs	19 042 375
		Administrative fees	2 052 000
SODIC Syria	A subsidiary	Payments on behalf of the Company	118 200
Aldar Egypt for Projects Development	A subsidiary	Payments on behalf of the Company	323 417
Beltone Financial Holding (*)	One of its representatives is a member of the Board of Directors	Sale of a building in EDNC project for	1 113 912 000
Executive directors and board members			105 983 271

(\*) On July 12, 2023, the Ordinary General Assembly of SODIC approved selling of one Building at EDNC project which is owned by one of the Company's subsidiaries to Beltone Financial Holding, a related party, that one of the Company's Board of Directors members is the CEO of Beltone Financial Holding, amounted to EGP 1 113 912 000, and the building was delivered on October 4, 2023.

*Sixth of October for Development and Investment Company "SODIC" (An Egyptian Joint Stock Company)  
Notes to the separate financial statements for the financial year ended on December 31, 2023*

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

**a) Due from related parties**

	<b>31/12/2023</b>	<b>31/12/2022</b>
	<b><u>EGP</u></b>	<b><u>EGP</u></b>
Green scape for Agriculture and Reclamation Company (under Liquidation)	3 651 668	3 651 668
Move-In for Advanced Contracting Company	22 411 128	22 411 128
SODIC Syria Company	434 145 985	434 027 785
Palmyra Real Estate Development Company –a Joint project	35 191 620	35 191 620
SODIC for securitization	-	425 780
SODIC Garden City for development and investment	1 923 371	821 376
Aldar for Real Estate Company – Egypt	323 417	9 142 672
Al Yosr for Projects and Real estate Development Company	4 809 997	27 045 821
Edara for Services of Cities and Resorts Company	-	755 433
SOREAL for Real Estate Company	-	59 052 576
Beverly Hills for Management of Cities and Resorts Co	9 958 216	2 616 860
	<b><u>512 415 402</u></b>	<b><u>595 142 719</u></b>
Expected credit losses (*)	<b><u>(495 593 868)</u></b>	<b><u>(495 287 768)</u></b>
	<b><u>16 821 534</u></b>	<b><u>99 854 951</u></b>

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

Accordingly, the Board of Directors of Sixth of October Development and Investment "SODIC" saw that the assets of the investee company all become in dispute with the mentioned country's government, which requires to recognize a loss arising from an inability to recover its investments and therefore the Board of Directors decided on April 16, 2014 to impair the due from related parties relating to investments that have been injected for projects in the Syrian Arab Republic in addition to an impairment for due from some subsidiaries related to debts unexpected to be collected which are amounted to EGP 495 593 868 as at December 31, 2023.

**b) Due to related parties**

	<b>31/12/2023</b>	<b>31/12/2022</b>
	<b><u>EGP</u></b>	<b><u>EGP</u></b>
Sixth of October for Development and Real Estate Projects (SOREAL)	1 830 811 406	1 575 610 413
SOREAL for Real Estate Company	118 092 834	-
SODIC for Clubs	47 398 349	68 492 723
Tabrouk Development Company	508 037 003	377 506 313
SODIC for Development and Real Estate Investment Company	137 991 219	118 691 898
Edara for Services of Cities and Resorts Company	6 986 351	-
La Maison for real Estates	-	81 130
	<b><u>2 649 317 162</u></b>	<b><u>2 140 382 477</u></b>



*Sixth of October for Development and Investment Company "SODIC" (An Egyptian Joint Stock Company)  
Notes to the separate financial statements for the financial year ended on December 31, 2023*

#### **43. Tax status**

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

##### **Corporate tax**

- The years 1996 to 2018 have been tax inspected and tax differences have been paid and settled.
- The years 2019 to 2022 have not been inspected and no tax claims have been received till the date of authorizing of these financial statements for issuance.
- The Company submits its annual tax return on due dates in accordance with Law No. 91 of 2005 regulations and amendments and pays the due tax.

##### **Salary tax**

- The years 1996 to 2020 have been inspected and tax differences have been paid and settled.
- The years 2021 to 2022 have not been inspected and no tax claims have been received till the date of authorizing of these financial statements for issuance.
- The Company pays the monthly salary tax on due dates in accordance with the law.

##### **Withholding tax**

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

##### **Stamp tax**

- Tax inspection was carried out from 1996 to 2020, and tax differences have been fully paid.
- The years 2021 to 2022 have not been inspected and no tax claims have been received till the date of authorizing of these financial statements for issuance.
- The Company submits stamp tax returns on a regular basis and pates the accrued taxes on due dates in accordance with the law.

##### **Sales/value added tax.**

- The years 1996 to 2019 have been inspected and tax differences have been paid and settled.
- The years 2020 to 2022 have not been inspected and no tax claims have been received till the date of authorizing of these financial statements for issuance.
- The Company submits the value-add tax returns on a regular basis and pays the accrued taxes on due dates in accordance with the law.

##### **Real estate property tax**

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

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

*Notes to the separate financial statements for the financial year ended on December 31, 2023*

#### **44. Post-dated checks (off balance sheet)**

The value of post-dated checks and installment customers are not included in the consolidated statement of financial position items - for the undelivered units, is the value of the post-dated checks retained and received from customers according to the payment terms of each customer in accordance with the contracts, as well as the value of future installments that have not received checks on them where the contract was made and the payment was collected in advance and no future checks have been presented for the rest of the unit value until the date of the financial position, and its statement is as follows:

	<b>31/12/2023</b>	<b>31/12/2022</b>
	<b><u>EGP</u></b>	<b><u>EGP</u></b>
Postdated checks clients and unit's installments	15 318 928 626	8 872 147 397
Postdated checks customers cancellations	39 688 652	19 252 005
Postdated checks clubhouse installment	509 012 919	324 908 672
Postdated checks clients and maintenance installments	986 468 102	553 241 743
	<b><u>16 854 098 299</u></b>	<b><u>9 769 549 817</u></b>
<b><u>These checks are due as follows:</u></b>		
Checks due short term	2 830 367 328	2 077 509 067
Checks due long term	14 023 730 971	7 692 040 750
	<b><u>16 854 098 299</u></b>	<b><u>9 769 549 817</u></b>

#### **45. Legal status**

There is a dispute between the parent Company and another party regarding the contract concluded between them on February 23, 1999 which is related to delivering this party a plot of land as a usufruct right for indefinite year of time and a return for an annual rental with a minimal amount for a total of 96 acres approximately and which has not been delivered up till this date as the management of this party did not abide by the detailed conditions of the contract. There are exchanged notifications concerning this land between the management of the parent Company and the management of this party. During 2009, this party raised court case No. 3 of 2009 Civil 6th of October against the parent Company asking it for the delivery of the allocated land. A preliminary judgment was issued by the court in its session held on February 22, 2010, to refer this matter to experts and to delegate the Experts Office of the Ministry of Justice to embark this case and set a session to be held on April 26, 2010, for the expert to present his report. The session was postponed by the court several times, the latest on which to November 24, 2014. On that date, the 6 of October partial court decided to reverse its previous decree of proof procedures dated February 22, 2010, by refusing the case, and that party appealed the court case, On April 8, 2021, session the expert's report was received. On November 3, 2021, the Court of Appeal again decided to refuse the appeal. Consequently, the judgment mentioned in the November 24, 2014, session in favor of the Company became final.

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

*Sixth of October for Development and Investment Company "SODIC" (An Egyptian Joint Stock Company)  
Notes to the separate financial statements for the financial year ended on December 31, 2023*

#### **46. Significant accounting policies**

The Company has consistently applied the following accounting policies to all years presented in these Separate financial statements.

##### **46-1 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 recognized in profit or loss.
- Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that met the definition of financial instrument is classified as equity, then it is not re-measured, and settlement is accounted for within equity. Otherwise, other contingent consideration is re-measured at fair value at each reporting date and subsequent changes in the fair value of the contingent consideration are recognized in profit or loss.

##### **46-2 Foreign currency transactions**

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

##### **46-3 Revenue from Contracts with Customers**

- The Company applied the EAS No. 48 as of January 1, 2020. Information about the Company's accounting policies relating to contracts with customers is provided in five steps as identified:
    - Revenue from contracts with customers is recognized by the company based on five step module as identified in EAS No. 48:
- Step 1: Determine the contract (contracts) with customer: A contract is defined as an agreement between two or more parties that meets the rights and obligations based on specified standards which must be met for each contract.
- Step 2: Determine the performance obligations in contract: Performance obligations is a consideration when the goods and services are delivered.

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

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

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

- The Company satisfy the performance obligation and recognize revenue over time, if one of the following criteria is met: -
  - a) Company performance does not arise any asset that has an alternative use of the Company and the Company has an enforceable right to pay for completed performance until that date.
  - b) The Company arise or improves a customer-controlled asset when the asset is arisen or improved.
  - c) The customer receives and consumes the benefits of Company performance at the same time as soon as the company has performed.

- For performance obligations, if one of the above conditions is met, revenue is recognized in the Year in which the Company satisfies performance obligation.
- When the Company satisfies performance obligation by providing the services promised, it creates an asset based on payment for the contract performance obtained, when the amount of the contract received from customer exceeds the amount of the revenue recognized, resulting advance payments from the customer (contractual obligation)
- Revenue is recognized to the extent that is a potential for the flow of economic benefits to the Company, revenue and costs can be measured reliably, where appropriate.
- The application of Egyptian Accounting Standard No. 48 requires management to use the following judgements:

#### **Satisfaction of performance obligation**

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

#### **Determine the transaction price.**

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

#### **Control transfer in contracts with customers**

- If the Company determines the performance obligations satisfaction at a point of time, revenue is recognized when control of related contract' assets are transferred to the customer.

- In addition, the application of Egyptian Accounting Standard No. 48 has resulted in:

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

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

**Other matters to be considered.**

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

**The significant financing component**

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

**Revenue recognition**

**a. Real estate and land sales**

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

**The significant financing component**

- The company collects advance payments and installments from customers, before the transfer of control over contracted units to customers as agreed in the contract, accordingly there is a significant financing component in these contracts, taking into account the length of time between the customer's payments and the transfer of control to him, and the interest rate prevailing in the market.
- The transaction price for those contracts is discounted using the interest rate implicit in the contract, and the company uses the rate that would have been used in the event of a separate financing contract between the company and the customer at the beginning of the contract, which is usually equal to the interest rate prevailing in the state at the time of the contract.
- The company uses the exception of the practical application for short-term payments received from customers. This means the amounts collected from customers will not be modified to reflect the impact of the significant financing component if the period between the transfer of control over the units, service or payment is a year or less.

*Sixth of October for Development and Investment Company "SODIC" (An Egyptian Joint Stock Company)  
Notes to the separate financial statements for the financial year ended on December 31, 2023*

**b. Services revenue**

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

**c. Rental income**

Rental income is recognized on a straight-line basis over the lease term.

**d. Interest income**

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

**e. Commission revenue**

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

**f. Dividends**

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

**g. Gain on sale of investments**

Gain on sale of financial investments are recognized when ownership transfers to the buyer, based on the difference between the sale price and its carrying amount at the date of the sale. Revenue is measured at the fair value of the consideration received or receivable to the company, and revenue is realized when there is sufficient expectation that there are future economic benefits that will flow to the company, and that the value of this revenue can be measured accurately, hence no revenue is recognized in the event of uncertainty about the recovery of this revenue Or the costs associated with it.

**46-4 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) Define contribution plans.**

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

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

The company also contributes to a group insurance program for its employees with one of the insurance companies. Accordingly, the insured employees receive end of service benefits when leaving the Company that will be paid by the insurance company. The contribution of the Company is confined to the monthly instalments. Contributions are charged to statement of profit or loss using the accrual basis. The program has been suspended starting from February 1, 2023.

**46-5 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.

*Sixth of October for Development and Investment Company "SODIC" (An Egyptian Joint Stock Company)  
Notes to the separate financial statements for the financial year ended on December 31, 2023*

#### **46-6 Income Tax**

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

##### **a) Current income tax**

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

##### **b) Deferred tax**

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is not recognised for:

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

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

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

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

#### **46-7 Inventories**

Inventories are measured at the lower of cost or net realisable value. The cost of inventories is based on the weighted average method. The cost also includes other expenses incurred by the company to bring the inventory to its location and its current condition.

The net realisable value is determined on the basis of the expected selling price under normal circumstances, minus the estimated costs required to complete the sale.

#### **46-8 Completed units ready for sale**

Completed units ready for sale are stated at lower of cost or net realizable value. Cost is calculated based on the product of the total area of the remaining units ready for sale on the reporting date multiplied by the average cost per meter. (The cost of the units includes land, utilities, construction, construction related professional fees, labour cost and other direct and indirect expenses). Net

*Sixth of October for Development and Investment Company "SODIC" (An Egyptian Joint Stock Company)  
Notes to the separate financial statements for the financial year ended on December 31, 2023*

realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and selling expenses.

**46-9 Work in process**

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

**46-10 Property, plant and equipment**

**a) Recognition and measurement**

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

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment. Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

**b) Subsequent expenditure**

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

**c) Depreciation**

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

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

<u>Asset</u>	<u>Years</u>
Buildings	5-20
Vehicles	5
Furniture and fixtures	10
Computers, communications devices and computer software	5
Generators, machinery and equipment	5
Solar power stations	25
Improvements in owned properties	5 years or lease term whichever is lower

**Golf course assets**

Constructions	20
Irrigation networks	15
Equipment and tools	15

**46-11 Projects under construction**

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

**46-12 Investments properties under development**

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



*Sixth of October for Development and Investment Company "SODIC" (An Egyptian Joint Stock Company)  
Notes to the separate financial statements for the financial year ended on December 31, 2023*

**46-13 Investment properties**

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

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

<u>Asset</u>	<u>Years</u>
Leased units	20

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

**46-14 Financial instruments**

**1) Recognition and initial measurement**

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

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

**2) Classification and subsequent measurement**

**Financial assets**

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

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

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

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

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

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

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

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

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

#### **Financial assets- Business Model Assessment**

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

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

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

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

#### **Financial assets – Assessment whether contractual cash flows are solely payments of principal and interest**

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time

*Sixth of October for Development and Investment Company "SODIC" (An Egyptian Joint Stock Company)  
Notes to the separate financial statements for the financial year ended on December 31, 2023*

and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

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

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

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

#### **Financial assets – Subsequent measurement and gains and losses**

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

*Sixth of October for Development and Investment Company "SODIC" (An Egyptian Joint Stock Company)  
Notes to the separate financial statements for the financial year ended on December 31, 2023*

#### **46-15 Share capital**

##### **1) Ordinary Shares:**

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

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

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

#### **46-16 Impairment**

##### **Non-derivative financial assets**

##### **Financial instruments and contract assets**

The Company recognizes loss allowances for ECLs on:

- Financial assets measured at amortized cost;
- Debt investments measured at FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME; and
- Contract assets.
- The Company applied the Prime Minister's Decree No. (4575) of 2023 that was issued amending some provisions of the Egyptian Accounting standards, by exempting debt instruments issued by the Egyptian government in local currency at banks operating in Egypt with a maturity of one month or less from recognizing and measuring the expected credit loss starting from the date of the financial position.

The Company measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- Debt securities that are determined to have low credit risk at the reporting date; and
- Other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.
- Loss allowances for trade receivables and lease receivables are always measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

##### **The Company considers a financial asset to be in default when:**

- The debtor is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as releasing security (if any is held); or
- The financial asset is more than 90 days past due.

The Company considers a debt security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade'.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

*Sixth of October for Development and Investment Company "SODIC" (An Egyptian Joint Stock Company)  
Notes to the separate financial statements for the financial year ended on December 31, 2023*

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

#### **Measurement of ECLs**

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive).

ECLs are discounted at the effective interest rate of the financial asset.

#### **Credit-impaired financial assets**

At each reporting date, the Company assesses whether financial assets carried at amortized cost and debt securities at FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME are credit impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

**Evidence that a financial asset is credit-impaired includes the following observable data:**

- Significant financial difficulty of the borrower or issuer;
- A breach of contract such as a default or being more than 90 days past due;
- The restructuring of a loan or advance by the Company on terms that the Company would not consider otherwise;
- It is probable that the borrower will enter bankruptcy or other financial reorganization; or
- The disappearance of an active market for a security because of financial difficulties.

#### **Presentation of allowance for ECL in the statement of financial position**

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

For debt securities at FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME, the loss allowance is charged to profit or loss and is recognized in OCI.

#### **Write-off**

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For individual customers, the Company has a policy of writing off the gross carrying amount when the financial asset is two years past due based on historical experience of recoveries of similar assets. For corporate customers, the Company individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Company expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

#### **46-17 Provisions**

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

#### **Provision for completion**

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

**Onerous contracts provision**

If the Company has a contract that is onerous, the present obligations under onerous contracts are recognized and measured as a provision. However, before a separate provision for an onerous contract is established, the Company recognizes any impairment loss that has occurred on assets dedicated to that contract. An onerous contract is a contract under which the unavoidable costs (i.e., the costs that the Group cannot avoid because it has the contract) of meeting the obligations under the contract exceed the economic benefits expected to be received under it. The unavoidable costs under a contract reflect the least net cost of exiting from the contract, which is the lower of the cost of fulfilling it and any compensation or penalties arising from failure to fulfil it.

**46-18 Lease contracts**

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

At inception of a contract, the Company assesses whether a contract is, or contains, a lease.

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

**2) Leased assets**

Lease contracts for property, plant and equipment that are transferred in a large degree to the Company, all of the risks and rewards associated with the property are classified as finance leases. Leased assets are initially measured at an amount equal to the fair value of the fair value and the present value of the minimum lease payments, whichever is less. After initial recognition, the assets are accounted for according to the accounting policy applied to that asset.

Assets held under other contracts leases are classified as operating contracts leases and are not recognized in the Company's statement of financial position.

**3) Lease payments**

Operating leases' payments are recognized in profit or loss on a straight-line basis over the term of the lease. Received lease incentives are recognized as an integral part of the total lease expense, over the lease term.

The minimum lease payments of finance leases are divided between financing expenses and the reduction of unpaid liabilities. Finance charges are charged for each period during the lease period to reach a fixed periodic interest rate on the remaining balance of the obligation.

**46-19 Investments in subsidiaries**

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

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

**46-20 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.

*Sixth of October for Development and Investment Company "SODIC" (An Egyptian Joint Stock Company)  
Notes to the separate financial statements for the financial year ended on December 31, 2023*

**46-21 Borrowing costs**

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

**46-22 Interest –bearing borrowings**

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

**46-23 Cost of sold lands**

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

**46-24 Employees' profit sharing**

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

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

**46-25 Earnings / (losses) per share**

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

*Sixth of October for Development and Investment Company "SODIC" (An Egyptian Joint Stock Company)  
Notes to the separate financial statements for the financial year ended on December 31, 2023*

#### **47. New Editions and Amendments to Egyptian Accounting Standards**

On March 6, 2023, the Prime Minister's Decree No. (883) of 2023 was issued amending some provisions of the Egyptian Accounting Standards, The following is a summary of the most significant amendments:

New or reissued standards	Summary of the most significant amendments	Potential impact on the financial statements	Effective date
<p><b>Egyptian Accounting Standard No. (10) amended 2023 "Fixed Assets " and Egyptian Accounting Standard No. (23) amended 2023 "Intangible Assets".</b></p>	<p>1- These standards were reissued in 2023, allowing the use of revaluation model when subsequent measurement of fixed assets and intangible assets.</p> <p>- This resulted in amendment of the paragraphs related to the use of the revaluation model option in some of the applicable Egyptian Accounting Standards, which are as follows:</p> <ul style="list-style-type: none"> <li>- Egyptian Accounting Standard No. (5) "Accounting Policies, Changes in Accounting Estimates and Errors".</li> <li>- Egyptian Accounting Standard No. (24) "Income Taxes"</li> <li>- Egyptian Accounting Standard No. (30) "Interim Financial Reporting"</li> <li>- Egyptian Accounting Standard No. (31) "Impairment of Assets"</li> <li>- Egyptian Accounting Standard No. (49) "Leasing Contracts"</li> </ul>	<p>There is no impact on the financial statements, as the current applied accounting policy was not changed.</p>	<p>The amendments of adding the option to use the revaluation model are effective for financial periods starting <b>on or after January 1, 2023, retrospectively</b>, cumulative impact of the preliminary applying of the revaluation model shall be <b>added to the revaluation surplus account in equity, at the beginning of the financial period in which the company applies this model for the first time.</b></p>



*Sixth of October for Development and Investment Company "SODIC" (An Egyptian Joint Stock Company)  
Notes to the separate financial statements for the financial year ended on December 31, 2023*

<b>New or reissued standards</b>	<b>Summary of the most significant amendments</b>	<b>Potential impact on the financial statements</b>	<b>Effective date</b>
	<p>2- In accordance with the amendments made to the Egyptian Accounting Standard No. (35) amended 2023 "Agriculture", paragraphs (3), (6) and (37) of Egyptian Accounting Standard No. (10) "Fixed assets " have been amended, and paragraphs 22(a), 80(c) and 80(d) have been added to the same standard, in relation to agricultural produce harvested.</p> <ul style="list-style-type: none"> <li>- The Company is not required to disclose the quantitative information required under paragraph 28(f) of Egyptian Accounting Standard No. (5) for the current period, which is the period of the financial statements in which the Egyptian Accounting Standard No. (35) amended 2023 and Egyptian Accounting Standard No. (10) amended 2023 are applied for the first time in relation to agricultural produce harvested. However, the quantitative information required under paragraph 28(f) of Egyptian Accounting Standard No. (5) should be disclosed for each comparative period presented.</li> <li>- The company may elect to measure an agricultural produce harvested item at its fair value at the beginning of the earliest period presented in the financial statements for the period in which the company have been applied the above-mentioned amendments for the first time and to use that fair value as its deemed cost on that date. Any difference between the previous carrying amount and the fair value in the opening balance should be recognized by adding it to the revaluation surplus account in equity at the beginning of the earliest period presented</li> </ul>	<p>There is no impact on the financial statements.</p>	<p>These amendments are effective for annual financial periods starting <b>on or after January 1, 2023, retrospectively</b>, cumulative impact of the preliminary applying of the accounting treatment for agricultural produce harvested shall be <b>added to the balance of retained earnings or losses at the beginning of the financial period in which the company applies this treatment for the first time.</b></p>

*Sixth of October for Development and Investment Company "SODIC" (An Egyptian Joint Stock Company)  
Notes to the separate financial statements for the financial year ended on December 31, 2023*

New or reissued standards	Summary of the most significant amendments	Potential impact on the financial statements	Effective date
<p><b>Egyptian Accounting Standard No. (34) amended 2023 "Investment property".</b></p>	<p>1- This standard was reissued in 2023, allowing the use fair value model when subsequent measurement of investment property.</p> <p>2- This resulted in amendment of some paragraphs related to the use of the fair value model option in some of the applicable Egyptian Accounting Standards, which are as follows:</p> <ul style="list-style-type: none"> <li>- Egyptian Accounting Standard No. (1) "Presentation of Financial Statements"</li> <li>- Egyptian Accounting Standard No. (5) "Accounting Policies, Changes in Accounting Estimates and Errors".</li> <li>- Egyptian Accounting Standard No. (13) "The Effects of Changes in Foreign Exchange Rates"</li> <li>- Egyptian Accounting Standard No. (24) "Income Taxes"</li> <li>- Egyptian Accounting Standard No. (30) "Interim Financial Reporting "</li> <li>- Egyptian Accounting Standard No. (31) "Impairment of Assets"</li> <li>- Egyptian Accounting Standard No. (32) "Non-Current Assets Held for Sale and Discontinued Operations"</li> <li>- Egyptian Accounting Standard No. (49) "Leasing Contracts"</li> </ul>	<p>There is no impact on the financial statements, as the current applied accounting policy was not changed.</p>	<p>The amendments of adding the option to use the fair value model are effective for financial periods starting <b>on or after January 1, 2023 retrospectively</b>, cumulative impact of the preliminary applying of the fair value model shall be <b>added to the balance of retained earnings or losses at the beginning of the financial period in which the company applies this model for the first time.</b></p>

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Notes to the separate financial statements for the financial year ended on December 31, 2023*

New or reissued standards	Summary of the most significant amendments	Potential impact on the financial statements	Effective date
<p><b>Egyptian Accounting Standard No. (50) "Insurance Contracts".</b></p>	<p>1- This standard determines the principles of recognition of insurance contracts falling within the scope of this standard, and determines their measurement, presentation, and disclosure. The objective of the standard is to ensure that the company provides appropriate information that truthfully reflects those contracts. This information provides users of the financial statements with the basis for assessing the impact of insurance contracts on the company's financial position, financial performance, and cash flows.</p> <p>2- Egyptian Accounting Standard No. (50) replaces and cancels Egyptian Accounting Standard No. 37 "Insurance Contracts".</p> <p>3- Any reference to Egyptian Accounting Standard No. (37) in other Egyptian Accounting Standards to be replaced by Egyptian Accounting Standard No. (50).</p> <p>4- The following Egyptian Accounting Standards have been amended to comply with the requirements of the application of Egyptian Accounting Standard No. (50) "Insurance Contracts", as follows:</p> <ul style="list-style-type: none"> <li>- Egyptian Accounting Standard No. (10) "Fixed Assets ".</li> <li>- Egyptian Accounting Standard No. (23) "Intangible Assets".</li> <li>- Egyptian Accounting Standard No. (34) " Investment property ".</li> </ul>	<p>There is no impact on the financial statements.</p>	<p>Egyptian Accounting Standard No. (50) is effective for annual financial periods starting <b>on or after July 1, 2024</b>, and if the Egyptian Accounting Standard No. (50) shall be applied for an earlier period, the company should disclose that fact.</p>