

**Sixth of October for Development and Investment Company “SODIC”**  
**(An Egyptian Joint Stock Company)**  
**Consolidated Interim Financial Statements**  
**For the Financial Period Ended June 30, 2022**  
**And Limited Review Report**

<b>Contents</b>	<b>Page</b>
Limited Review Report	-
Consolidated Interim Statement of Financial Position	1
Consolidated Interim Statement of Profit or Loss	2
Consolidated Interim Statement of Comprehensive Income	3
Consolidated Interim Statement of Changes in Equity	4
Consolidated Interim Statement of Cash Flows	5
Notes to the Consolidated Interim Financial Statements	6-63



# Hazem Hassan

Public Accountants & Consultants

Translation of review report  
originally issued in Arabic

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

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

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

### ***Introduction***

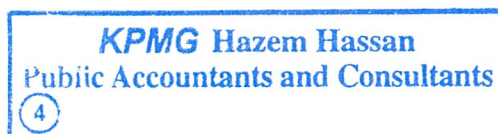
We have performed a limited review for the accompanying consolidated interim statement of financial position of Sixth of October for Development and Investment Company “SODIC” (S.A.E) as at June 30, 2022, and the related consolidated interim statements of profit or loss, comprehensive income, changes in equity, and cash flows for the six-month then ended, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and fair presentation of these consolidated interim financial statements in accordance with Egyptian Accounting Standards. Our responsibility is to express a conclusion on these consolidated interim financial statements based on our limited review.

### ***Scope of Limited Review***

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

### ***Conclusion***

Based on our limited review, nothing has come to our attention that causes us to believe that the accompanying consolidated interim financial statements do not present fairly, in all material respects, the consolidated financial position of the Company as at June 30, 2022, and of its consolidated interim financial performance and its consolidated interim cash flows for the six-month then ended in accordance with Egyptian Accounting Standards.



KPMG Hazem Hassan

Public Accountants & Consultants

Cairo July 26, 2022

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

EGP	Note No.	30 June 2022	31 December 2021
<b>Non-current assets</b>			
Property, plant, equipment	(24)	754 228 775	778 566 405
Projects under construction	(25)	133 693 994	129 185 058
Investment properties under development	(26)	997 479 449	3 156 406 139
Investments in associates and joint ventures	(27)	-	-
Investment properties	(28)	353 974 647	368 044 461
Right of use - Assets	(29-1)	46 585 078	55 069 321
Trade and notes receivable	(19-2)	1 230 132 778	1 177 626 366
Debtors and other debit balances	(20-2)	2 936 235	14 019 778
Deffered tax assets	(14)	192 562 790	202 626 819
<b>Total non-current assets</b>		<b>3 711 593 746</b>	<b>5 881 544 347</b>
<b>Current assets</b>			
Inventory	(16)	20 424 178	18 499 329
Completed units ready for sale	(17)	310 671 962	52 212 184
Works in process	(18)	16 410 888 179	14 184 447 190
Trade and notes receivable	(19-1)	1 405 894 524	1 334 794 585
Debtors and other debit balances	(20-1)	3 439 630 798	3 408 447 774
Loans to joint ventures	(21)	-	-
Financial investments at amortized cost "treasury bills"	(22)	533 234 967	331 418 265
Cash and cash equivalents	(23)	1 636 157 699	1 583 054 476
<b>Total current assets</b>		<b>23 756 902 307</b>	<b>20 912 873 803</b>
<b>Total assets</b>		<b>27 468 496 053</b>	<b>26 794 418 150</b>
<b>Equity</b>			
Issued & paid in capital	(30-1)	1 424 789 472	1 424 789 472
Legal reserve	(30-2)	224 840 771	224 840 771
Special reserve - share premium	(30-3)	1 483 154 057	1 483 154 057
Retained earnings		3 891 204 816	3 599 475 037
Profit from sale of treasury shares	(31)	1 725 456	1 725 456
<b>Equity attributable to equity holders of the Company</b>		<b>7 025 714 572</b>	<b>6 733 984 793</b>
Non-controlling interests	(32)	62 875 456	63 860 164
<b>Total equity</b>		<b>7 088 590 028</b>	<b>6 797 844 957</b>
<b>Non-current liabilities</b>			
Loans	(33)	2 727 164 910	1 323 466 533
Creditors and notes payable	(34)	793 873 974	1 048 151 000
New Urban Communities Authority	(35)	3 981 960 197	3 971 255 748
Land acquisition creditors	(36)	1 263 240 016	1 279 135 232
Lease contracts liabilities	(29-2)	32 624 797	48 431 814
<b>Total non-current liabilities</b>		<b>8 798 863 894</b>	<b>7 670 440 327</b>
<b>Current liabilities</b>			
Banks facilities		-	2 458 049
Loans	(33)	331 132 302	1 225 396 749
Advances - from customers	(37)	7 537 844 062	7 007 597 727
Contractors, suppliers and notes payable	(38)	433 941 477	664 610 913
Income tax liabilities		104 859 516	442 420 718
New Urban Communities Authority	(35)	81 713 116	92 417 693
Land acquisition creditors	(36)	25 614 884	16 527 290
Creditors and other credit balances	(39)	2 569 559 259	2 309 364 142
Lease contracts liabilities	(29-2)	14 408 582	11 472 628
Provisions	(40)	481 968 933	553 866 957
<b>Total current liabilities</b>		<b>11 581 042 131</b>	<b>12 326 132 866</b>
<b>Total liabilities</b>		<b>20 379 906 025</b>	<b>19 996 573 193</b>
<b>Total equity and liabilities</b>		<b>27 468 496 053</b>	<b>26 794 418 150</b>

\* The accompanying notes from (1) to (52) form an integral part of these consolidated interim financial statements and to be read therewith.

**Financial Manager**



Mohamed Samir

**Group Financial  
Controller**



Ahmed Hegazi

**Chief Financial Officer**



Omar Elhamawy

**Managing Director**



Magued Sherif

"Limited review report attached"

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

<b>EGP</b>	<b>Note No</b>	<b>from 1/01/2022 to 30/6/2022</b>	<b>from 1/01/2021 to 30/6/2021</b>	<b>from 1/04/2022 to 30/6/2022</b>	<b>from 1/04/2021 to 30/6/2021</b>
<b>Revenues</b>					
Real estate sales	(5)	2 471 862 850	1 668 608 143	1 405 661 122	925 656 645
Revenues of services of managing cities and resorts		190 666 897	171 165 381	92 767 027	81 097 438
Revenues of investment property		23 178 821	14 956 503	9 600 247	7 516 457
Revenues from clubs and golf course		44 957 737	17 249 957	35 821 350	9 134 403
<b>Total operation revenues</b>		<b>2 730 666 305</b>	<b>1 871 979 984</b>	<b>1 543 849 746</b>	<b>1 023 404 943</b>
<b>Cost of sales</b>					
Cost of real estate sold	(6)	( 1 566 939 159)	( 1 029 964 884)	( 980 432 873)	( 557 783 090)
Costs of services of managing cities and resorts		(145 375 293)	( 128 934 664)	( 73 189 047)	( 61 106 823)
Costs of investment property		(13 401 065)	( 5 742 255)	( 6 567 331)	( 3 174 397)
Cost of clubs and golf course		( 64 014 458)	( 55 177 630)	( 46 182 011)	( 31 364 406)
<b>Total operation costs</b>		<b>(1 789 729 975)</b>	<b>(1 219 819 433)</b>	<b>(1 106 371 262)</b>	<b>( 653 428 716)</b>
<b>Gross profit</b>		<b>940 936 330</b>	<b>652 160 551</b>	<b>437 478 484</b>	<b>369 976 227</b>
Other operating revenues	(7)	48 198 965	47 353 172	24 388 470	23 953 227
Selling and marketing expenses	(8)	( 271 226 929)	( 156 298 349)	( 163 150 555)	( 94 464 638)
General and administrative expenses	(9)	( 323 525 407)	( 236 414 860)	( 172 630 149)	( 122 466 475)
Other operating expenses	(10)	( 1 583 221)	( 13 592 941)	( 1 553 828)	( 13 590 734)
(Charges) / reversal of expected credit losses	(11)	( 5 833 739)	( 1 343 619)	( 4 407 142)	( 744 776)
<b>Operating profit</b>		<b>386 965 999</b>	<b>291 863 954</b>	<b>120 125 280</b>	<b>162 662 831</b>
Finance income	(12)	109 322 831	77 742 134	32 069 216	37 260 032
Finance cost	(13)	( 92 920 955)	( 67 341 480)	( 49 501 857)	( 34 124 801)
<b>Net finance income</b>		<b>16 401 876</b>	<b>10 400 654</b>	<b>(17 432 641)</b>	<b>3 135 231</b>
<b>Net profit before tax</b>		<b>403 367 875</b>	<b>302 264 608</b>	<b>102 692 639</b>	<b>165 798 062</b>
Income tax	(14)	( 107 657 368)	( 76 419 277)	( 35 185 436)	( 42 242 177)
<b>Profit for the period</b>		<b>295 710 507</b>	<b>225 845 331</b>	<b>67 507 203</b>	<b>123 555 885</b>
<b>Attributable to:</b>					
Equity holders of the Company		291 729 779	222 595 073	65 497 162	122 127 383
Non-controlling interests	(32)	3 980 728	3 250 258	2 010 041	1 428 502
<b>Profit for the period</b>		<b>295 710 507</b>	<b>225 845 331</b>	<b>67 507 203</b>	<b>123 555 885</b>
<b>Earnings per share (EGP / Share)</b>	(15)	<b>0.82</b>	<b>0.62</b>	<b>0.18</b>	<b>0.34</b>

\* The accompanying notes from (1) to (52) form an integral part of these consolidated interim financial statements and to be read therewith.

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

<b>EGP</b>	<b>Note No</b>	<b>from 1/01/2022 to 30/6/2022</b>	<b>from 1/01/2021 to 30/6/2021</b>	<b>from 1/04/2022 to 30/6/2022</b>	<b>from 1/04/2021 to 30/6/2021</b>
<b>Profit of the period</b>		295 710 507	225 845 331	67 507 203	123 555 885
<b>Total other comprehensive income items for the period after income tax</b>		-	-	-	-
<b>Total comprehensive income of the period</b>		<b>295 710 507</b>	<b>225 845 331</b>	<b>67 507 203</b>	<b>123 555 885</b>
<b>Total comprehensive income is attributable to:</b>					
Equity holders of the company		291 729 779	222 595 073	65 497 162	122 127 383
Non-controlling interests	(32)	3 980 728	3 250 258	2 010 041	1 428 502
<b>Total comprehensive income for the period</b>		<b>295 710 507</b>	<b>225 845 331</b>	<b>67 507 203</b>	<b>123 555 885</b>

\* The accompanying notes from (1) to (52) form an integral part of these consolidated interim financial statements and to be read therewith.

**Sixth of October for Development and Investment Company "SODIC"**  
**(An Egyptian Joint Stock Company)**  
**Consolidated interim statement of changes in equity**  
**for the financial period ended on June 30, 2022**

EGP	Issued and paid in capital	Legal reserve	Special reserve- share premium	Retained earnings	Profit / (losses) from selling of treasury shares	Reserve for employee stock option plan	Total	Non-Controlling interests	Total equity
<b>Balance as at January 1, 2021</b>	<b>1 424 789 472</b>	<b>223 686 635</b>	<b>1 382 852 956</b>	<b>2 954 919 721</b>	<b>1 725 456</b>	<b>21 528 566</b>	<b>6 009 502 806</b>	<b>62 982 621</b>	<b>6 072 485 427</b>
<b>Total comprehensive income</b>									
Net profit for the period	-	-	-	222 595 073	-	-	222 595 073	3 250 258	225 845 331
Other comprehensive income items	-	-	-	-	-	-	-	-	-
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>222 595 073</b>	<b>-</b>	<b>-</b>	<b>222 595 073</b>	<b>3 250 258</b>	<b>225 845 331</b>
<b>Transactions with owners of the Company</b>									
Transferred to legal reserve	-	1 154 136	-	( 1 154 136)	-	-	-	-	-
Dividends	-	-	-	(215 108 555)	-	3 847 489	(211 261 066)	-	( 211 261 066)
Transferred to special reserve-share premium	-	-	47 269 685	-	-	-	47 269 685	-	47 269 685
Reserve for employee stock option plan	-	-	-	-	-	10 584 658	10 584 658	-	10 584 658
Excuted amounts of employees stock option	-	-	-	-	-	( 15 366 856)	( 15 366 856)	-	( 15 366 856)
Dividends for non-controlling interests	-	-	-	-	-	-	-	( 4 996 247)	( 4 996 247)
Selling of treasury shares	-	-	-	-	-	-	-	1 075 016	1 075 016
Transferred to statement of profit or loss interest income transferred from employees stock option	-	-	-	-	-	510 316	510 316	-	510 316
<b>Total transactions with owners of the Company</b>	<b>-</b>	<b>1 154 136</b>	<b>47 269 685</b>	<b>(216 262 691)</b>	<b>-</b>	<b>( 424 393)</b>	<b>(168 263 263)</b>	<b>( 3 921 231)</b>	<b>( 172 184 494)</b>
<b>Balance as at June 30, 2021</b>	<b>1 424 789 472</b>	<b>224 840 771</b>	<b>1 430 122 641</b>	<b>2 961 252 103</b>	<b>1 725 456</b>	<b>21 104 173</b>	<b>6 063 834 616</b>	<b>62 311 648</b>	<b>6 126 146 264</b>
<b>Balance as at January 1, 2021</b>	<b>1 424 789 472</b>	<b>224 840 771</b>	<b>1 483 154 057</b>	<b>3 599 475 037</b>	<b>1 725 456</b>	<b>-</b>	<b>6 733 984 793</b>	<b>63 860 164</b>	<b>6 797 844 957</b>
<b>Total comprehensive income for the period</b>									
Net profit for the period	-	-	-	291 729 779	-	-	291 729 779	3 980 728	295 710 507
Other comprehensive income items	-	-	-	-	-	-	-	-	-
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>291 729 779</b>	<b>-</b>	<b>-</b>	<b>291 729 779</b>	<b>3 980 728</b>	<b>295 710 507</b>
<b>Transactions with owners of the Company</b>									
Dividends to non-controlling interests in subsidiaries	-	-	-	-	-	-	-	( 4 965 436)	( 4 965 436)
<b>Total transactions with owners of the Company</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>( 4 965 436)</b>	<b>( 4 965 436)</b>
<b>Balance at June 30, 2022</b>	<b>1 424 789 472</b>	<b>224 840 771</b>	<b>1 483 154 057</b>	<b>3 891 204 816</b>	<b>1 725 456</b>	<b>-</b>	<b>7 025 714 572</b>	<b>62 875 456</b>	<b>7 088 590 028</b>

\* The accompanying notes from (1) to (52) form an integral part of these consolidated interim financial statements and to be read therewith.

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

EGP	Note No	2022	2021
<b><u>Cash flows from operating activities</u></b>			
Net profit for the period before tax		403 367 875	302 264 608
<b><u>Adjustments for:</u></b>			
Depreciation of fixed assets, investment properties and right in use assets	(24) , (28) , (29)	64 435 222	49 129 624
(Gain) / loss on sale of property, plant and equipment	(7)	( 49 787)	2 114
Interest on lease contract liabilities	(13)	2 075 174	2 336 846
Return on investments at amortized cost		( 31 014 343)	( 43 150 273)
Credit interest on the reserve for employee stock option plan		-	510 316
Impairment loss of in associates & joint ventures		-	377 843
Reversal of impairment of property, plant and equipment	(7)	( 911 295)	( 911 295)
Employees stock option plan expense	(9)	-	10 584 658
(Gain) on disposal of right of use		( 4 389 206)	-
<b><u>Changes in:</u></b>			
Inventory		( 1 924 849)	( 6 387 772)
Finished units available for sale		10 879 515	( 576 839)
Works in process		( 186 483 800)	( 490 002 385)
Trade and notes receivables		( 123 606 351)	39 839 492
Debtors and other debit balances		( 20 827 026)	( 98 767 139)
Provisions formed	(40)	166 754 377	61 660 047
Provisions no longer required	(40)	-	( 15 700)
Provisions used	(40)	( 238 652 401)	( 54 790 971)
Advances from customers		503 074 184	690 157 828
Contractors, suppliers and notes payable		( 398 172 779)	( 110 238 962)
Creditors and other credit balances & NUCA		204 100 527	( 42 774 846)
Paid income tax		( 434 424 034)	( 279 589 585)
Restricted cash		-	( 218 424)
<b>Net cash (used in) / generated from operating activities</b>		<b>( 85 768 997)</b>	<b>29 439 185</b>
<b><u>Cash flows from investing activities</u></b>			
Payments for purchase of property, plant and equipment and projects under construction		( 24 275 934)	( 30 468 018)
Payments for investments properties under development		( 154 197 176)	( 248 016 946)
Payments for investments at amortized cost		( 1 280 852 802)	( 1 091 161 273)
Proceeds from investments at amortized cost		1 110 050 443	1 161 789 579
Proceeds from sale of investments in subsidiaries without control change		-	1 747 570
Proceeds from sale of property, plant and equipment		91 604	77 001
<b>Net cash (used in) / generated from investing activities</b>		<b>( 349 183 865)</b>	<b>( 206 032 087)</b>
<b><u>Cash flows from financing activities</u></b>			
Proceeds (Payments for) banks - credit facilities		( 2 458 049)	2 721 814
Proceeds from loans		1 648 414 172	175 164 408
(Paid to) loans		(1 142 521 749)	-
Payment for operating lease contracts liabilities		( 10 412 853)	( 11 765 789)
Dividends to non-controlling interests		( 4 965 436)	( 4 996 247)
Proceeds from employee stock option plan		-	33 065 905
Dividends paid		-	( 211 261 066)
<b>Net cash generated from / (used in) financing activities</b>		<b>488 056 085</b>	<b>( 17 070 975)</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>		<b>53 103 223</b>	<b>( 193 663 877)</b>
Cash and cash equivalents at January 1		1 574 658 818	1 527 605 825
Effect of movement in expected credit loss on cash and cash equivalents		218 797	13 349
<b>Cash and cash equivalents at June 30</b>	(23)	<b>1 627 980 838</b>	<b>1 333 955 297</b>

\* The accompanying notes from (1) to (52) form an integral part of these consolidated interim financial statements and to be read therewith.



**Sixth of October for Development and Investment Company “SODIC”**  
**(An Egyptian Joint Stock Company)**  
**Notes to the interim consolidated financial statements**  
**for the financial period ended June 30, 2022**

**1. Background and activities**

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

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

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

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

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

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

**1-5** The interim consolidated financial statements of Sixth of October for Development & Investment Company “SODIC” (the Parent Company) for the financial period ended June 30, 2022 comprise the financial statements of the Company and its subsidiaries (together referred to as the “Group”) and the Group’s interest in the profit or loss of associates and joint ventures.

The registered office of the Parent Company is located at Km. 38 Cairo / Alexandria Desert Road, Sheikh Zayed City. Mr. Talal Al Dhiyebi is the Chairman for the Parent Company and Mr. Magued Sherif, is the Managing Director of the Parent Company.

**Sixth of October for Development and Investment Company "SODIC" - (An Egyptian Joint Stock Company)**  
**Notes to the consolidated interim financial statements for the financial period ended June 30, 2022**

**2. Basis of preparation of consolidated interim financial statements**

**Compliance with accounting standards and laws**

- The consolidated financial statements have been prepared in accordance with Egyptian Accounting Standards and applicable laws and regulations.
- The consolidated financial statements were approved by the Board of Directors on July 26, 2022.
- Details of the Group's accounting policies are included in Note (52).

**3. Functional and presentation currency**

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

**4. Use of judgment and estimates**

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

**A- Judgments**

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

- Revenue recognition: revenue is recognized as detailed in the accounting policies applied.
- Equity-accounted investees (associates Companies): whether the Company has significant influence over an investee.
- Lease contracts classification.

**B- Assumptions and estimation uncertainties**

Information about assumptions and estimation uncertainties at December 31, 2021 that might have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities in the next financial year is included in the following notes:

- Recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources.
- Measurement of ECL for cash at banks, trade and notes receivables and other financial assets.

**C- Measurement of fair values**

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

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).

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

**Sixth of October for Development and Investment Company "SODIC" - (An Egyptian Joint Stock Company)**  
**Notes to the consolidated interim financial statements for the financial period ended June 30, 2022**

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

- Share-based payments
- Financial instruments
- Investment properties

**5. Real estate sales**

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

	<b>For the period ended 30/06/2022 EGP</b>	<b>For the period ended 30/06/2021 EGP</b>
Revenues from the sale of Sodic projects in West Cairo	582 188 293	611 921 431
Revenues from the sale of Sodic projects in East Cairo	1 832 154 946	1 000 560 610
Revenues from the sale of Sodic projects in North Coast	56 220 140	43 085 124
	<b>2 470 563 379</b>	<b>1 655 567 165</b>
Sales Return	-	(24 313 236)
	<b>2 470 563 379</b>	<b>1 631 253 929</b>
Interest income realized from installments during the period	106 215 562	91 242 318
Discount for early payment	(104 916 091)	(53 888 104)
	<b>2 471 862 850</b>	<b>1 668 608 143</b>

- Includes an amount of EGP 239 696 873 representing the financial component on installments collected from customers of delivered units prior to delivery in compliance with the Egyptian accounting standard No. 48.

**6. Cost of real estate sold**

	<b>For the period ended 30/06/2022 EGP</b>	<b>For the period ended 30/06/2021 EGP</b>
Cost of sales of Sodic projects in West Cairo (*)	286 563 746	369 191 719
Cost of sales of Sodic projects in East Cairo	1 243 372 629	642 844 506
Cost of sales of Sodic projects in North Coast	37 002 784	29 840 815
	<b>1 566 939 159</b>	<b>1 041 877 040</b>
Cost of sales returns	-	(11 912 156)
	<b>1 566 939 159</b>	<b>1 029 964 884</b>

- Includes an amount of EGP 239 696 873 representing the capitalized interest on installments collected from customers of delivered units.

(\*) Includes an amount of EGP 14 094 783 representing the adjustment to the cost of land for SODIC West El Sheikh Zayed plot as shown in detail in note (18).

**Sixth of October for Development and Investment Company "SODIC" - (An Egyptian Joint Stock Company)**  
**Notes to the consolidated interim financial statements for the financial period ended June 30, 2022**

**7. Other operating revenues**

	<b>For the period ended 30/06/2022 <u>EGP</u></b>	<b>For the period ended 30/06/2021 <u>EGP</u></b>
Delay penalties and cancellations	31 786 133	34 982 277
Other income	11 927 138	11 443 899
Reversal of impairment of property, plant and equipment	911 295	911 295
Provisions no longer required	-	15 701
Capital gain	49 787	-
Go Smart service	3 524 612	-
	<b><u>48 198 965</u></b>	<b><u>47 353 172</u></b>

**8. Selling and marketing expenses**

	<b>For the period ended 30/06/2022 <u>EGP</u></b>	<b>For the period ended 30/06/2021 <u>EGP</u></b>
Salaries and wages	33 812 512	30 804 318
Sales commissions	93 039 227	54 411 543
Advertising expenses	106 516 457	44 309 706
Conferences, exhibitions, and events	10 972 406	6 624 378
Rent	1 541 766	893 498
Maintenance, cleaning, and agriculture	2 106 639	2 029 729
Travel, transportation, and cars	635 465	52 589
Professional and consultants' fees	2 890 402	2 422 768
Tips and gifts	1 908 267	1 910 538
Depreciation & amortization	8 886 865	7 892 948
Employees vacations	1 877 113	387 831
Fees and stamps	3 173 510	2 196 470
Printing and photocopying	1 098 099	754 189
Communication, electricity, telephone, and water	1 487 151	-
Other	1 281 050	1 607 844
	<b><u>271 226 929</u></b>	<b><u>156 298 349</u></b>

**Sixth of October for Development and Investment Company "SODIC" - (An Egyptian Joint Stock Company)**  
**Notes to the consolidated interim financial statements for the financial period ended June 30, 2022**

**9. General and administrative expenses**

	<b>For the period ended 30/06/2022 EGP</b>	<b>For the period ended 30/06/2021 EGP</b>
Salaries, wages, and bonuses	94 788 070	78 200 811
Board of Directors' remunerations and allowances	6 489 837	3 609 000
Training, medical care, meals & uniforms	15 648 942	5 561 796
Employees Stock Option Plan (9-1)	-	10 584 658
Specific employee's benefits	6 238 141	5 623 188
Maintenance, cleaning, agriculture, and security	62 540 197	45 746 338
Professional and consultancy fees (9-2)	30 157 242	17 157 929
Advertising, exhibitions, and conferences	4 147 109	417 208
Donations	1 085 000	960 000
Gifts and tips	2 876 208	3 324 843
Depreciation & amortization	33 263 666	27 805 349
Reception and hospitality	1 641 256	722 381
Programs and computer supplies	9 085 346	9 207 300
Stationery and printing supplies	595 215	746 295
Communication, electricity, telephone, and water	4 639 947	1 826 711
Subscriptions and governmental dues	25 111 491	4 939 445
Rent	2 745 809	3 705 721
Travel and transportation	2 832 466	1 455 514
Bank charges	2 323 343	2 250 618
Employees vacations	2 876 665	2 161 636
Insurance installments	1 160 455	1 246 357
Contribution to Takaful system for health insurance	6 591 766	4 190 050
Real Estate Tax expense	-	404 238
Other	6 687 236	4 567 474
	<b><u>323 525 407</u></b>	<b><u>236 414 860</u></b>

(9-1) Represents the fair value of the option granted at the grant date for beneficiaries of Employees Stock Option Plan granted to the executive board members and the directors as shown in note (50).

(9-2) Professional and consultancy fees include an amount of EGP 5.44 million representing financial advisors' fees for studies on the initial offer made by Aldar Real Estate Company to acquire the Company's shares.

**Sixth of October for Development and Investment Company "SODIC" - (An Egyptian Joint Stock Company)**  
**Notes to the consolidated interim financial statements for the financial period ended June 30, 2022**

**10. Other operating expenses**

	For the period ended 30/06/2022 <u>EGP</u>	For the period ended 30/06/2021 <u>EGP</u>
Custom claims	1 576 655	32 112
Operating Losses	-	13 180 871
Capital losses	-	2 114
Decline in associates and jointly controlled entities	-	377 844
Other	6 566	-
	<u>1 583 221</u>	<u>13 592 941</u>

**11. Charges of expected credit losses**

	For the period ended 30/06/2022 <u>EGP</u>	For the period ended 30/06/2021 <u>EGP</u>
Expected credit losses on loans to joints ventures	-	979 569
Expected credit losses on cash at banks	218 797	13 349
Expected credit losses on financial investments at amortized cost	117 206	-
Expected of expected credit losses on accounts receivables	5 029 937	-
Expected credit losses on debtors & other debit balances	467 799	350 701
	<u>5 833 739</u>	<u>1 343 619</u>

**12. Finance income**

	For the period ended 30/06/2022 <u>EGP</u>	For the period ended 30/06/2021 <u>EGP</u>
Interest income	23 591 547	34 591 861
Return on investment at amortized cost	31 131 549	43 150 273
Differences in balances of foreign currencies (*)	54 542 755	-
Securitization profits	56 980	-
	<u>109 322 831</u>	<u>77 742 134</u>

(\*) As the Group has a surplus of foreign currencies at the date of the financial position, the group 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 period from EGP 15.64 /USD to EGP 18.71 /USD at the date of the financial position.

**Sixth of October for Development and Investment Company "SODIC" - (An Egyptian Joint Stock Company)**  
**Notes to the consolidated interim financial statements for the financial period ended June 30, 2022**

**13. Finance cost**

	For the period ended 30/06/2022	For the period ended 30/06/2021
	<u>EGP</u>	<u>EGP</u>
Interest expense	90 845 781	63 818 626
Foreign exchange losses from balances denominated in foreign currencies	-	1 186 008
Interest on lease contracts	2 075 174	2 336 846
	<u>92 920 955</u>	<u>67 341 480</u>

**14. Income tax**

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

	For the period ended 30/06/2022	For the period ended 30/06/2021
	<u>EGP</u>	<u>EGP</u>
Current income tax expense	97 593 339	99 394 154
Tax expense on dividends	-	397 637
Deferred income tax (benefit)	10 064 029	(23 372 514)
	<u>107 657 368</u>	<u>76 419 277</u>

**B- Deferred tax assets and liabilities movement  
June 31, 2022**

	Balance as at 1/1/2022 asset / (liability) <u>EGP</u>	Charged to profit or loss <u>EGP</u>	<u>Balance as at 30/06/2022</u>		
			Deferred tax resulted in asset <u>EGP</u>	Deferred tax resulted in (liability) <u>EGP</u>	Net deferred tax resulted in (Liability) / Asset <u>EGP</u>
Property, plant and equipment	(1 087 443)	(2 004 558)	-	(3 092 001)	(3 092 001)
Foreign exchange differences	(5 915 344)	(5 164 105)	-	(11 079 449)	(11 079 449)
Provisions	119 326 468	(17 051 018)	102 275 450	-	102 275 450
EAS application differences	(1 050 162)	(105 981)	-	(1 156 143)	(1 156 143)
Carry forward losses	91 353 300	14 261 633	105 614 933	-	105 614 933
Net	<u>202 626 819</u>	<u>(10 064 029)</u>	<u>207 890 383</u>	<u>(15 327 593)</u>	<u>192 562 790</u>

**December 31, 2021**

	Balance as at 1/1/2021 asset / (liability) <u>EGP</u>	Charged to profit or loss <u>EGP</u>	<u>Balance as at 31/12/2021</u>		
			Deferred tax resulted in asset <u>EGP</u>	Deferred tax resulted in (liability) <u>EGP</u>	Net deferred tax resulted in (Liability) / Asset <u>EGP</u>
Property, plant and equipment	(5 508 510)	4 421 067	-	(1 087 443)	(1 087 443)
Foreign exchange differences	(7 116 532)	1 201 188	-	(5 915 344)	(5 915 344)
Provisions	72 483 459	46 843 009	119 326 468	-	119 326 468
EAS application differences	-	(1 050 162)	-	(1 050 162)	(1 050 162)
Carry forward losses	4 412 598	86 940 702	91 353 300	-	91 353 300
Net	<u>64 271 015</u>	<u>138 355 804</u>	<u>210 679 768</u>	<u>(8 052 949)</u>	<u>202 626 819</u>

**Sixth of October for Development and Investment Company "SODIC" - (An Egyptian Joint Stock Company)**  
**Notes to the consolidated interim financial statements for the financial period ended June 30, 2022**

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

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

	<b>For the period ended 30/06/2022 EGP</b>	<b>For the period ended 30/06/2021 EGP</b>
Profit before income taxes	403 367 875	302 264 608
Tax rate	<b>22.50%</b>	<b>22.50%</b>
Income tax using the domestic corporation tax rate	<b>90 757 772</b>	<b>68 009 537</b>
Special tax pool (financial investment at amortized cost)	(778 289)	(1 078 757)
Non- deductible expenses / income	29 306 540	30 449 926
Current-period losses for which no deferred tax asset is recognized	(14 261 633)	(20 572 317)
Differences in amortization and interest on lease obligations	2 004 558	(575 396)
Other tax adjustments	628 420	186 284
Tax as per consolidated income statement	<b>107 657 368</b>	<b>76 419 277</b>
Effective tax rate	<b>26.69%</b>	<b>25.28%</b>

**E- Unrecognized deferred tax assets**

	<b>30/06/2022 EGP</b>	<b>33/12/2021 EGP</b>
Temporary deductible differences	134 848 355	134 841 742
Tax losses carried forward	16 990 905	19 284 768
	<b>151 839 260</b>	<b>154 126 510</b>

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

**15. Earnings per share**

**A- Consolidated Earnings per share**

Earnings per share as at June 30, 2022, is calculated based on the group's share in earnings for the period using the weighted average number of outstanding shares during the period as follows:

	<b>For the period ended 30/06/2022 EGP</b>	<b>For the period ended 30/06/2021 EGP</b>
Net profit for the period (parent company share)	291 729 779	222 595 073
Employees share of profit	-	-
Employees and board of directors share in subsidiaries and Associates' companies	-	-
	<b>291 729 779</b>	<b>222 595 073</b>
Weighted average number of shares outstanding during the period	356 197 368	356 197 368
<b>Earnings per share (EGP / share)</b>	<b>0.82</b>	<b>0.62</b>



**Sixth of October for Development and Investment Company "SODIC" - (An Egyptian Joint Stock Company)**  
**Notes to the consolidated interim financial statements for the financial period ended June 30, 2022**

**B- Separate (loss) per share**

Loss per share as at June 30, 2022, is calculated based on the Parent Company's share in loss for the period according to the separate financial statements using the weighted average number of outstanding shares during the period as follows:

	<b>For the period ended 30/06/2022 EGP</b>	<b>For the period ended 30/06/2021 EGP</b>
Net (loss) for the period (according to the separate financial statements)	(118 656 698)	(84 733 334)
Employees share of profit	-	-
	<b>(118 656 698)</b>	<b>(84 733 334)</b>
Weighted average number of shares outstanding during the period	356 197 368	356 197 368
<b>Loss per share (EGP / share)</b>	<b>(0.33)</b>	<b>(0.24)</b>

**16. Inventory**

	<b>30/06/2022 EGP</b>	<b>31/12/2021 EGP</b>
Maintenance, operation, and communication supplies	20 424 178	18 499 329
	<b>20 424 178</b>	<b>18 499 329</b>

**17. Completed units ready for sale**

	<b>30/06/2022 EGP</b>	<b>31/12/2021 EGP</b>
Cost of completed units	310 671 962	52 212 184
	<b>310 671 962</b>	<b>52 212 184</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>30/06/2022 EGP</b>	<b>31/12/2021 EGP</b>
West Cairo projects costs (18-1)	9 020 548 514	7 799 266 365
East Cairo projects costs	5 606 305 914	4 775 170 534
North Coast projects costs (18-2)	1 784 033 751	1 610 010 291
	<b>16 410 888 179</b>	<b>14 184 447 190</b>

- Includes an amount of EGP 912 003 840 representing the value of capitalized interest on installments collected from customers.

**(18-1) West Cairo projects costs**

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

**Sixth of October for Development and Investment Company "SODIC" - (An Egyptian Joint Stock Company)**  
**Notes to the consolidated interim financial statements for the financial period ended June 30, 2022**

On July 11, 2019, an agreement was concluded between Al Yosr and the New Urban Communities Authority (NUCA) to relinquish 50% of the above-mentioned plot in return for delivering infrastructure to the plot and change the land usage from agricultural to residential, the project Master plan was submitted to the New Urban Communities Authority and was approved. The first phase of the project was launched on 29 September 2019 under the name of The Estates.

- B-** The balance includes the net present value of the plot of land previously ceded to the New Urban Communities Authority referred to above in paragraph (A) with an amount of EGP 1.24 billion in addition the company paid the value of administrative expenses and the Board of Trustees amounting to EGP 18.54 million .On September 1, 2021, the New Urban Communities Authority approved the request submitted by the one of SODIC subsidiaries to purchase the plot of land that were previously assigned to The Authority with an area of 123.38 acres, equivalent to 518,329.62 square meters see Note (34-1).

On 6 April 2022, the New Urban Communities Authority sent a letter to amend the area of the plot of land from 123,387 acres to 115.34, equivalent to 484.559,15 square meters, along with the adjustment of the installments and interest values according to the new area.

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

The balance includes approximately EGP 232 million representing the present value at inception of the share of the work under construction from the settlement amount of the Company's land in Sheikh Zayed as a component of the cost of the units whose revenues will be recognized in the statement of income or losses for future years, this amount represents the remainder of the present value of a total settlement amount of EGP 800 million with the Illicit Gains Authority ("IGA").

- D-** The balance includes an amount of EGP 4 491 028 070 representing the net present value of the project's minimum land payments for the 500 acres in Sheikh Zayed extension in addition to the capitalized interests in accordance with the co-development agreement between the Company and the Urban Communities Authority with a minimum guarantee to the Authority of EGP 11.413 billion as shown in detail in note (35).

On July 15, 2021, a letter was received from the Ministry of Housing, Utilities & Urban Communities ("The Ministry") regarding the 500-acre plot in New Zayed currently being developed by the company in co-development with the New Urban Communities Authority ("NUCA"). The letter refers to some changes to the New Zayed area plans at large including the development of new projects adjacent to the aforementioned land plot, which would affect the company's project on the plot. Accordingly, the location of the 500-acre plot is being adjusted in a way that preserves the nature and all components of the project and maximizes the benefit from these changes. The new location will be presented to NUCA's Board of Directors.

On August 26, 2021, a letter was received from the Sheikh Zayed City Development Authority stating that the subject of the aforementioned plot of land had been presented to the New Urban Communities Authority Board of Directors, including a proposal to amend the site of the company's project land to a new site. The proposed new site is located in the new Sheikh Zayed City Extension over an area of approximately 440 acres adjacent to the old plot of land and includes parts of it. In addition, it is more efficient than the original plot site, allowing an increase in the salable build up area in the project without compromising its components.

On November 24, 2021, a letter was received from the Sheikh Zayed City Development Authority stating that the New Urban Communities Authority Board of Directors decided to approve the replacement of the plot of land previously allocated to SODIC in the area of Presidential Decree No. (77) of year 2017 with a new plot of land which area is determined at 464.81 acres which has the same distinction for the original plot of land and the area. A suitable alternative period is added for the implementation of the project - the SODIC will benefit from the value of the fees previously paid for the issuance of Ministerial decree No. (980) dated December 19, 2019 in the issuance of the ministerial decree for the alternative land and without paying new administrative expenses. An annex to the contract

**Sixth of October for Development and Investment Company "SODIC" - (An Egyptian Joint Stock Company)**  
**Notes to the consolidated interim financial statements for the financial period ended June 30, 2022**

is currently being edited that includes the enforceable rights and obligations of each party, provided that the rest of the conditions and controls remain as they were in the old contract.

On December 20, 2021, the plot of land with the new location was handed over to SODIC, on June 27, 2022 the contract annex was signed.

**(18-2) North Cost projects costs**

On March 8, 2018, the Company signed two co-development contracts for a residential and tourism project for two land plots of approximately 308 acres on the North Coast with the owners as follows:

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

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

According to the first plot's contract the Company paid an amount of EGP 30 Million which represents down payment which will be settled during a three-year period in equal installments against Owners Union – Shahin share in the project revenues in accordance to the co-development contract.

On July 4, 2018, according to the co-development contract Sixth of October for Development and Investment Company "SODIC" notified the Owners Union – Shahin that Tabrouk Development Company, a 99% owned subsidiary of SODIC, will replace it in the above mentioned co-development contract dated March 8, 2018, and all rights and obligations will be transferred to Tabrouk Development Company from July 4, 2018.

The Group also paid EGP 25.9 million on behalf of Owners Union – Shahin to settle land installment for year 2018, and collected from Owners Union – Shahin EGP 3.3 million, thus the net amount paid up until December 31, 2020 amounted to EGP 52.6 million.

- According to the Presidential Decree No. 361 of 2020, Malaaz project land subordination has transferred to the New Urban Communities Authority, which in turn amended the Master plan of the entire North Coast. Accordingly, the project land which was being prepared for Malaaz project were affected by the new plans and the legal procedures for transferring the subordination of the project to the New Urban Communities Authority are in process (Note 11).
- On August 25, 2021, a new co- development contract was concluded between the Tabrouk Development Company and the Owners Union – Shahin, amending the previous contract to include the area of land belonging to Owners Union – Shahin after increasing it to 1 182 004 sq according to the new Master plan for the North Coast and as per the contract signed between the Owners Union – Shahin and the New Urban Communities Authority on September 12, 2021.

Under the new co-development contract, Tabrouk Company at its expense, is responsible to develop all the components of the project, including the internal infrastructure and facilities, except for the licensing and construction of 200 hotel rooms, including internal facilities and infrastructure, with the commitment of Tabrouk Company, to deliver the facilities to The boundaries of the hotel plot.

The land cost as per the new co-development contract is as follows:

- a. A fixed payments with a total amount of EGP 2 659 509 000 to be paid over 24 equal semi-annual installments of EGP 110 812 875 each.
- b. A variable cost representing the Owners Union – Shahin's percentage of the project's revenues as per the terms of the contract.

**Sixth of October for Development and Investment Company "SODIC" - (An Egyptian Joint Stock Company)**  
**Notes to the consolidated interim financial statements for the financial period ended June 30, 2022**

The balance due on the Owners Union – Shahin that was included in the work in progress as the variable consideration for the land of the Malaaz project amounted to EGP 52.8 million has been reclassified as debtors and other debit balances (long/short-term) as this amount will be recovered from the Owners Union – Shahin's percentage in the revenues The project mentioned in item (b) above, over 8 consecutive quarterly installments of EGP 6 596 223 each, starting from the third quarter of 2021 until full payment.

The present value of the fixed payments of EGP 1 341 330 904 referred to in (a) above has been recorded as work-in-progress, as for the variable consideration mentioned in (b) above will be recorded as work-in-progress upon payment.

**19. Trade and notes receivable**

**19-1 Trade and notes receivable current**

	<b>30/06/2022</b>	<b>31/12/2021</b>
	<b><u>EGP</u></b>	<b><u>EGP</u></b>
Trade receivable	219 641 557	185 582 643
Notes receivable – units *	1 246 248 877	1 208 075 706
Trade receivable - others	6 492 264	4 577 730
	<b>1 472 382 698</b>	<b>1 398 236 079</b>
Unamortized interest – notes receivable	(51 178 715)	(51 928 483)
	<b>1 421 203 983</b>	<b>1 346 307 596</b>
Expected credit losses on trade and notes receivable	(15 309 459)	(11 513 011)
	<b>1 405 894 524</b>	<b>1 334 794 585</b>

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

**19-2 Trade and notes receivable non-current**

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

	<b>30/06/2022</b>	<b>31/12/2021</b>
	<b><u>EGP</u></b>	<b><u>EGP</u></b>
Receivables	8 096 131	9 063 562
Notes receivable – units' installments *	1 549 004 547	1 442 611 873
	<b>1 557 100 678</b>	<b>1 451 675 435</b>
Unamortized interest	(324 219 964)	(272 534 622)
	<b>1 232 880 714</b>	<b>1 179 140 813</b>
Expected credit losses on trade and notes receivable	(2 747 936)	(1 514 447)
	<b>1 230 132 778</b>	<b>1 177 626 366</b>

- \* The balance of notes receivable - units, represents the value of notes receivables received from real estate delivered units customers that are due after 12 months from the date of the financial position.
- Notes receivables not included in the financial statements amounting to EGP 19.6 billion have been disclosed in note No. (48).

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

**Sixth of October for Development and Investment Company "SODIC" - (An Egyptian Joint Stock Company)**  
**Notes to the consolidated interim financial statements for the financial period ended June 30, 2022**

**20. Debtors and other debit balances**

**20-1 Debtors and other debit balances - current**

	<b>30/06/2022</b>	<b>31/12/2021</b>
	<b><u>EGP</u></b>	<b><u>EGP</u></b>
Contractors and suppliers – advance payments	629 839 421	737 368 238
Due from related parties – Joint Venture	35 191 620	35 191 620
Accrued Revenues	88 332 357	81 435 406
Due from related parties	3 765 838	3 651 669
Prepaid expenses and sales commissions	700 913 015	583 844 979
Deposits with others	19 266 882	18 436 960
Tax Authority	43 125 688	59 480 860
Due from the bonus and incentives plan to employees and managers fund	5 473 472	5 473 472
Heliopolis Development and Housing Company (20-1-1)	228 532 600	228 532 600
Bank accounts – Joint arrangements (20-1-2)	60 425 417	52 296 390
Bank current accounts & deposits - Maintenance (20-1-3)	1 664 155 545	1 635 346 951
Owners Union – Shahin (Note 18-2)	22 798 171	24 046 593
Defaulting Service - Securitization portfolio (20-1-4)	37 599 274	24 010 000
Other debit balances	26 452 171	25 093 317
	<b><u>3 545 871 471</u></b>	<b><u>3 514 209 055</u></b>
Expected credit losses on debtors and other debit balances	(106 240 673)	(105 761 281)
	<b><u>3 439 630 798</u></b>	<b><u>3 408 447 774</u></b>

(20-1-1) This item represents the amount paid as a down payment to Heliopolis Housing and Development Company, this amount will be settled with Heliopolis Housing and Development Company's revenue share in the co-development contract pertaining to New Heliopolis City. Accordingly, the Company will act as a real estate developer for the land plot owned by Heliopolis Housing and Development Company with an area of 655 acres in New Heliopolis City. 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 session 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, 2021, an appendix has been signed to amend some of the terms and conditions of the co-development contract.

(20-1-2) This balance represents the company's share of the collected amounts from customers in the joint accounts held by the banks for SODIC East project. These balances are restricted unless agreed upon by both the developer and the owner in accordance with the contract terms of the joint bank accounts between the company as a developer, the bank, and the owner

**Sixth of October for Development and Investment Company "SODIC" - (An Egyptian Joint Stock Company)**  
**Notes to the consolidated interim financial statements for the financial period ended June 30, 2022**

(20-1-3) 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 cannot be used for any other purpose.

(20-1-4) The balance represents the value held under the defaulting service account for each of the following:

A - The facility granted by Ahli United Bank to discount checks for units delivered in the East Town project, where 5% of each discount transaction is held on account for the service of default, with the bank's full right to recourse

B- Securities securitization portfolio at 7% of issued bonds, As SODIC for Securitization S.A.E., SODIC's wholly owned subsidiary announced on July 27, 2021 that it has successfully concluded its first securitization transaction by issuing an EGP 343 million securitization bond backed by a receivables portfolio of some EGP 384 million representing future instalments for 753 delivered units in SODIC's East Cairo project Eastown Residences and North Coast project Caesar. The bond comprises two tranches with tenors of 13 and 36 months which were assigned investment-grade credit ratings of AA+ and A respectively from Middle East Ratings and Investor Services (MERIS).

The details and coupon rates of the tranches are as follows:

- Tranche A with an amount of EGP 235 million, a tenor of 13 months, a credit rating of AA+, and a fixed coupon rate of 9.55%.
- Tranche B with an amount of EGP 108 million, a tenor of 36 months, a credit rating of A, and a fixed coupon rate of 9.9%.

Accordingly, the group has securitized a value of EGP 384 million representing future instalments for 753 delivered units in SODIC's East Cairo project Eastown Residences and North Coast project Caesar from the portfolio of delivered units in accordance with the securitization portfolio transfer contract dated June 20, 2021, and the transfer procedures have been completed and the securitization implemented According to the approval of the Financial Supervisory Authority dated July 27, 2021.

As a result of the securitization process, the Group financial assets of EGP 2 945 027 representing the net present value of future gains, as well as financial assets of EGP 24 million representing the retained value of 7% of the issued bonds to be held on account for the service of default, collected Immediately upon issuing a letter of guarantee in favor of the bond holders and the custodian

**20-2 Debtors and other debit balances – noncurrent**

	<b>30/06/2022</b>	<b>31/12/2021</b>
	<b><u>EGP</u></b>	<b><u>EGP</u></b>
Securitization portfolio assets (20-1-4)	2 948 682	2 946 822
Owners Union – Shahin (Note 18-2)	-	11 096 996
	<b><u>2 948 682</u></b>	<b><u>14 043 818</u></b>
Expected credit losses on debtors and other debit balances	(12 447)	(24 040)
	<b><u>2 936 235</u></b>	<b><u>14 019 778</u></b>

The Group's exposure to credit risk related to debtors and other debit balances is disclosed in note No. (43).

**Sixth of October for Development and Investment Company "SODIC" - (An Egyptian Joint Stock Company)**  
**Notes to the consolidated interim financial statements for the financial period ended June 30, 2022**

**21. Loans to joint ventures**

	<b>30/06/2022</b>	<b>31/12/2021</b>
	<b><u>EGP</u></b>	<b><u>EGP</u></b>
This item represents the loan granted to the Joint Venture project in the Syrian Arab Republic by the Group on August 16, 2010 for a total amount of USD 19.5 Million. The loan carries an interest rate of 8.5% per annum. The principal together with interest were scheduled for payment before December 31, 2011. The loan was renewed with an interest rate of 12.5% per annum.	135 485 961	135 485 961
This item represents the utilized amount of the bridge loan granted to the Joint Venture project in the Syrian Arab Republic on October 28, 2010 for a total amount of USD 8 445 674. The loan carries an interest rate of 8.5% per annum.	72 146 692	72 146 692
	<b>207 632 653</b>	<b>207 632 653</b>
Expected credit loss on loans to joint ventures	(207 632 653)	(207 632 653)
	-	-

**22. Financial Investments at amortized cost**

	<b>30/06/2022</b>	<b>31/12/2021</b>
	<b><u>EGP</u></b>	<b><u>EGP</u></b>
Treasury bills at par value	546 925 161	335 224 773
Unearned return on treasury bills	(13 511 469)	(3 744 989)
	<b>533 413 692</b>	<b>331 479 784</b>
Expected credit loss on loans to joint ventures	(178 725)	(61 519)
	<b>533 234 967</b>	<b>331 418 265</b>

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

**Sixth of October for Development and Investment Company "SODIC" - (An Egyptian Joint Stock Company)**  
**Notes to the consolidated interim financial statements for the financial period ended June 30, 2022**

**23. Cash and cash equivalents**

	<b>31/06/2022</b>	<b>31/12/2021</b>
	<b><u>EGP</u></b>	<b><u>EGP</u></b>
Bank - time deposits *	724 955 534	697 040 514
Bank - current accounts	893 336 562	836 881 521
Checks under collection	12 399 366	45 716 134
Cash on hand	5 931 028	3 662 301
	<b><u>1 636 622 490</u></b>	<b><u>1 583 300 470</u></b>
Expected credit loss	(464 791)	(245 994)
	<b><u>1 636 157 699</u></b>	<b><u>1 583 054 476</u></b>

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

	<b>30/06/2022</b>	<b>31/12/2021</b>
	<b><u>EGP</u></b>	<b><u>EGP</u></b>
Cash and cash equivalents before ECL	1 636 622 490	1 583 300 470
Restricted Deposits *	(8 641 652)	(8 641 652)
<b>Cash and cash equivalents in the consolidated statement of cash flows</b>	<b><u>1 627 980 838</u></b>	<b><u>1 574 658 818</u></b>

\* Deposits include an amount of EGP 8.6 Million restricted as a guarantee for the credit facility granted to the Parent Company and one of its subsidiaries from commercial banks.

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



Sixth of October for Development and Investment Company "SODIC"  
*Notes to the consolidated interim financial statements for the financial period ended June 30, 2022*

*Translation of consolidated financial statements  
originally issued in Arabic*

24 - Property, plant, equipment

	Golf Course	Lands	Buildings and Constructions	Vehicles	Furniture and fixtures	Bench Furniture and fixtures	Office equipment and communications	Computer software	Generators, machinery and equipment	Solar power stations	Leaschold improvements	Total
	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP
<u>Cost</u>												
Cost at January 1, 2021	93 628 961	49 259 994	439 107 087 -	48 463 954	71 076 012	3 486 922	47 328 819	20 288 202	59 473 211	11 218 810	76 084 275	919 416 247
Additions during the year	-	923 092	206 040 951	13 052 858	7 234 635	2 050 613	7 437 566	1 231 252	20 911 996	-	21 590 147	280 473 110
Disposals during the year	-	-	( 114 370)	( 423 795)	( 237 539)	( 191 947)	( 4 078 923)	-	( 764 008)	-	( 71 629)	( 5 882 211)
Cost at December 31, 2021	93 628 961	50 183 086	645 033 668	61 093 017	78 073 108	5 345 588	50 687 462	21 519 454	79 621 199	11 218 810	97 602 793	1 194 007 146
<u>Cost at January 1, 2022</u>	93 628 961	50 183 086	645 033 668 -	61 093 017	78 073 108	5 345 588	50 687 462	21 519 454	79 621 199	11 218 810	97 602 793	1 194 007 146
Additions during the period	-	-	2 113 731	5 381 491	1 416 890	-	4 293 930	1 405 788	3 806 927	-	1 348 240	19 766 997
Disposals during the period	-	-	-	( 72 368)	( 23 798)	-	( 300 408)	-	( 136 555)	-	( 8 172 388)	( 8 705 517)
Cost at June 30, 2022	93 628 961	50 183 086	647 147 399 -	66 402 140	79 466 200	5 345 588	54 680 984	22 925 242	83 291 571	11 218 810	90 778 645	1 205 068 626
<u>Accumulated depreciation and impairment losses</u>												
Accumulated depreciation and impairment losses at January 1, 2021	93 628 961	-	56 221 479 -	26 651 112	26 509 600	1 628 982	31 336 672	16 339 964	30 564 375	409 474	54 715 440	338 006 059
Depreciation during the year	1 366 942	-	27 790 477	7 646 388	11 271 902	2 012 778	6 510 901	2 108 339	9 937 896	448 753	14 738 729	83 833 105
Accumulated depreciation of disposals during the year	-	-	( 114 370)	( 423 792)	( 220 668)	( 191 947)	( 3 352 923)	-	( 656 460)	-	( 71 321)	( 5 031 481)
Reversal of impairment losses during the year	( 1 366 942)	-	-	-	-	-	-	-	-	-	-	( 1 366 942)
Accumulated depreciation and impairment losses at December 31, 2021	93 628 961	-	83 897 586	33 873 708	37 560 834	3 449 813	34 494 650	18 448 303	39 845 811	858 227	69 382 848	415 440 741
<u>Accumulated depreciation and impairment losses at January 1, 2022</u>	93 628 961	-	83 897 586 -	33 873 708	37 560 834	3 449 813	34 494 650	18 448 303	39 845 811	858 227	69 382 848	415 440 741
Depreciation during the period	911 295	-	16 575 765	4 528 799	5 877 508	1 497 571	3 003 715	1 061 174	5 702 632	224 376	5 591 271	44 974 106
Accumulated depreciation of disposals during the period	-	-	-	( 72 368)	( 20 356)	-	( 300 402)	-	( 98 187)	-	( 8 663 701)	( 8 663 701)
Reversal of impairment losses during the period	( 911 295)	-	-	-	-	-	-	-	-	-	-	( 911 295)
Accumulated depreciation and impairment losses at June 30, 2021	93 628 961	-	100 473 351 -	38 330 139	43 417 986	4 947 384	37 197 963	19 509 477	45 450 256	1 082 603	66 801 731	450 839 851
<u>Carrying amount</u>												
Carrying amount At January 1, 2021	-	49 259 994	382 885 608 -	21 812 842	44 566 412	1 857 940	15 992 147	3 948 238	28 908 836	10 809 336	21 368 835	581 410 188
Carrying amount At December 31, 2021	-	50 183 086	561 136 082 -	27 219 309	40 512 274	1 895 775	16 192 812	3 071 151	39 775 388	10 360 583	28 219 945	778 566 405
Carrying amount At June 30, 2022	-	50 183 086	546 674 048 -	28 072 001	36 048 214	398 204	17 483 021	3 415 765	37 841 315	10 136 207	23 976 914	754 228 775

- Fixed assets included fully depreciated assets amounted to EGP 150 738 845 at June 30, 2022

**Sixth of October for Development and Investment Company "SODIC" - (An Egyptian Joint Stock Company)**  
**Notes to the consolidated interim financial statements for the financial period ended June 30, 2022**

**25. Projects under construction**

This item is represented as follows:

	30/06/2022	31/12/2021
	<u>EGP</u>	<u>EGP</u>
Advance payments -fixtures and purchasing of fixed assets	382 985	350 541
Administrative buildings and caravans under construction	28 912 295	24 435 803
Hotels buildings under constructions	104 398 714	104 398 714
	<u>133 693 994</u>	<u>129 185 058</u>

**26. Investment properties under development**

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

	30/06/2022	31/12/2021
	<u>EGP</u>	<u>EGP</u>
<b>Leasable real estates under development in: -</b>		
Projects in West Cairo	241 312 288	1 419 250 277
Projects in East Cairo	756 167 161	1 737 155 862
	<u>997 479 449</u>	<u>3 156 406 139</u>

**27. Investments in associates and joint ventures**

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

	Legal Form	Ownership Percentage		Carrying amount	
		30/06/2022	31/12/2021	30/06/2022	31/12/2021
		<u>%</u>	<u>%</u>	<u>EGP</u>	<u>EGP</u>
Royal Gardens for Investment Property Co.	SAE	20	20	-	-
Palmyra SODIC Real Estate Development (A)	Syrian Ltd.	50	50	-	-
				<u>-</u>	<u>-</u>

**Sixth of October for Development and Investment Company "SODIC" - (An Egyptian Joint Stock Company)**  
**Notes to the consolidated interim financial statements for the financial period ended June 30, 2022**

Summary of financial information of associates and joint ventures: -

	<b>Assets</b> <b>EGP</b> <b>In</b> <b>thousands</b>	<b>Liabilities</b> <b>EGP</b> <b>In</b> <b>thousands</b>	<b>Equity</b> <b>EGP</b> <b>In</b> <b>thousands</b>	<b>Foreign</b> <b>translation</b> <b>EGP</b> <b>In</b> <b>thousands</b>	<b>Revenues</b> <b>EGP</b> <b>In</b> <b>thousands</b>	<b>Expenses</b> <b>EGP</b> <b>In</b> <b>thousands</b>
<b><u>December 31, 2020</u></b>						
Royal Gardens for Real Estate Investments Co.	156 194	(159 464)	3 270	-	(1 048)	6 220
<b><u>December 31, 2019</u></b>						
Royal Gardens for Real Estate Investments Co.	153 061	(151 172)	(1 889)	-	(7 584)	12 217
<b><u>December 31, 2021</u></b>						
Palmyra SODIC Real Estate Development (A)	22 502	(1 101 089)	1 078 587	552 778	-	6 797
<b><u>December 31, 2019</u></b>						
Palmyra SODIC Real Estate Development (A)	130 216	(1 113 822)	983 606	55 683	-	4 257

- (A) On June 15, 2010, SODIC Syria was established - a limited liability company – to acquire a 50% stake in Palmyra - SODIC Real Estate Development Co., Ltd. - a limited liability company - registered and operating in the Syrian Arab Republic. The direct investment cost amounts to EGP 243 Million. Due to the current political circumstances in the Syrian Arab Republic and the confiscation of assets and documents related to Palmyra - SODIC Real Estate Development Co by the state government, the management of SODIC addressed the Embassy of the Syrian Arab Republic in Egypt and commissioned a law firm to handle the issue and protect the interest of SODIC's shareholders. This situation coupled with the unstable political environment witnessed in Syria led SODIC's Board of Directors to take the view that the invested amounts in Syria are non-recoverable. As such, SODIC recognized a loss arising from the inability to recover its investments. The recognized impairment loss of the investment and the foreign accumulated translation differences amounted to EGP 481 051 416 as at December 31, 2013.

**Sixth of October for Development and Investment Company "SODIC" - (An Egyptian Joint Stock Company)**  
**Notes to the consolidated interim financial statements for the financial period ended June 30, 2022**

**28. Investment properties**

Investment properties includes commercial, administrative and residential units leased out to others.  
The movement of the investment properties and its depreciation is as follows: -

<b><u>Description</u></b>	<b><u>Leased out</u></b> <b><u>EGP</u></b>
<b><u>Cost</u></b>	
<b>At January 1, 2021</b>	<b>166 414 001</b>
Additions during the year	247 201 369
Stock of finished units	(10 187 226)
<b>At December 31, 2021</b>	<b>403 428 144</b>
<b>At January 1, 2022</b>	<b>403 428 144</b>
Transferred to finished units ready for sale	(3 251 154)
<b>At June 30, 2022</b>	<b>400 176 990</b>
<b><u>Less</u></b>	
<b><u>Accumulated depreciation</u></b>	
<b>At January 1, 2021</b>	<b>28 485 635</b>
Depreciation for the year	9 856 599
Transferred to finished units ready for sale	(2 958 551)
<b>At December 31, 2021</b>	<b>35 383 683</b>
<b>At January 1, 2022</b>	<b>35 383 683</b>
Depreciation for the period	11 121 051
Transferred to finished units ready for sale	(302 391)
<b>At July 30, 2022</b>	<b>46 202 343</b>
<b>Net carrying amount as at January 1, 2021</b>	<b>156 557 402</b>
<b>Net carrying amount as at December 31, 2021</b>	<b>368 044 461</b>
<b>Net carrying amount as at June 30, 2022</b>	<b>353 974 647</b>

- The fair value of investment properties leased out to others amounted to EGP 946 million as at June 30, 2022.

**Sixth of October for Development and Investment Company "SODIC" - (An Egyptian Joint Stock Company)**  
**Notes to the consolidated interim financial statements for the financial period ended June 30, 2022**

**29. Right of use assets and liabilities**

**30-1 Right of use – assets**

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

<b><u>Cost</u></b>	<b><u>EGP</u></b>
<b>At January 1, 2022</b>	100 883 683
Additions during the period	16 607 348
Disposals during the year	(26 219 781)
<b>At June 30, 2022</b>	<b>91 271 250</b>
<b><u>Less</u></b>	
<b><u>Accumulated amortization</u></b>	
<b>At January 1, 2022</b>	45 814 362
Amortization for the period	8 340 065
Adding back depreciation of disposals	(9 468 255)
<b>At June 30, 2022</b>	<b>44 686 172</b>
<b>Net carrying amount as at January 1, 2022</b>	<b>55 069 321</b>
<b>Net carrying amount as at June 30, 2022</b>	<b>46 585 078</b>

**30-2 Lease contract liabilities**

Present value of the total liabilities resulted from lease contracts are as follows:

	<b>30/06/2022</b>	<b>31/12/2021</b>
	<b><u>EGP</u></b>	<b><u>EGP</u></b>
Lease contract liabilities	59 157 530	74 553 654
Unamortized interests	(12 124 151)	(14 649 212)
<b>Net present value of lease contract liabilities</b>	<b>47 033 379</b>	<b>59 904 442</b>
 Short-term lease liabilities	 14 408 582	 11 472 628
Long-term lease liabilities	32 624 797	48 431 814
	<b>47 033 379</b>	<b>59 904 442</b>

**Sixth of October for Development and Investment Company "SODIC" - (An Egyptian Joint Stock Company)**  
**Notes to the consolidated interim financial statements for the financial period ended June 30, 2022**

**30. Share capital and reserves**

**31-1 Share capital**

- The authorized capital of the Company is EGP 2.8 Billion and the Company's issued and paid in capital is EGP 1 355 638 292 distributed over 338 909 573 shares with a par value of EGP 4 per share, the commercial register was notified on December 7, 2014.
- The Board of Directors have decided 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 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. 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 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, The commercial register was modified on January 8, 2019.
- The board of directors have decided on the meeting dated September 7, 2020 to increase the issued capital from EGP 1 396 715 488 to become EGP 1 424 789 472 by an amount of EGP 28 073 984 divided on 7 018 496 shares of par value EGP 4 per share, this capital increase should be financed from the special reserve- Additional paid in capital, and to be fully utilized for the fourth and fifth sections from the sections of Employees Stock Option Plan granted to the executive board members and the directors as per the option plan approved by the extra ordinary general assembly dated January 20, 2016, 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 commercial register was modified on December 23, 2020.

**Sixth of October for Development and Investment Company "SODIC" - (An Egyptian Joint Stock Company)**  
**Notes to the consolidated interim financial statements for the financial period ended June 30, 2022**

- The current capital structure for the holding company:

Shareholder	Number of shares	Share value EGP	Ownership percentage %
ALDAR VENTURES INTERNATIONAL	213 240 140	852 960 560	59.87
GAMMA FORGE LIMITED	91 388 632	365 554 528	25.66
EKUTY Holding for Investments	17 252 027	69 008 108	4.84
Olayan Saudi Investment Company.	9 289 580	37 158 320	2.61
Other shareholders	25 026 989	100 107 956	7.02
	<b>356 197 368</b>	<b>1 424 789 472</b>	<b>100</b>

**31-2 Legal Reserve**

The balance as at July 30, 2022 is represented as follows: -

	EGP
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 with limits of half of the Company's issued share capital during 2006.	123 409 151
Increase of the legal reserve with part of capital increase share premium during year 2007 with limits of half of the Company's issued share capital.	5 000 000
Increase of the legal reserve with part of the capital increase share premium with limits of half of the Company's issued share capital during 2010.	39 446 365
Increase in legal reserve by 5% of 2019 net profit.	9 756 580
Increase in legal reserve by 5% of 2021 net profit.	1 154 136
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 consolidated interim financial statements for the financial period ended June 30, 2022**

**31-3 Special reserve – share premium**

The balance as at June 30, 2022 is represented as follows: -

<b><u>Description</u></b>	<b><u>EGP</u></b>
Total value of the capital increase share premiums collected for the years 2006 and 2010	1 455 017 340
Share premium of the employees' incentive and bonus plan issued during 2007.	90 000 000
The value of selling 712 500 share which has been sold through beneficiaries of incentive and bonus plan during 2014 at 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 for issuing 3 273 263 shares which were transferred from the shares set aside for the Employees Stock Option Plan during 2019 as a result of execution	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 for issuing 7 052 169 shares which were transferred from the shares set aside for the Employees Stock Option Plan during 2021 as a result of execution	34 927 494
Amounts transferred to the legal reserve	(167 855 516)
Capital increase – related expense	(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><u>1 483 154 057</u></b>



**Sixth of October for Development and Investment Company "SODIC" - (An Egyptian Joint Stock Company)**  
**Notes to the consolidated interim financial statements for the financial period ended June 30, 2022**

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

- On August 14, 2011, the Board of Directors of the Parent Company approved the purchase of one Million treasury shares at EGP 18 per share (the par value is EGP 4 per share) with a total amount of EGP 18 018 000 from the Parent Company's shares offered on the Egyptian stock exchange. On August 13, 2012 the Parent Company's Board of Directors agreed to sell these shares for a total value of EGP 21 710 867 resulting in a profit from the sale of treasury shares with an amount of EGP 3 692 867.
- On February 1, 2015, the Parent Company's Extraordinary General Assembly agreed on the termination of the current incentive and bonus plan for employees and executive directors of the company by the end of its duration as of March 31, 2015 and converting the remaining shares amounting to 737 500 shares on which its rights have not been exercised yet, into treasury shares in accordance with the related regulations. The conversion of the shares into treasury shares was executed on July 14, 2015, these shares carrying a book value of EGP 10 150 000 have been sold during the financial year ended December 31, 2016 with a selling value amounted to EGP 8 182 589 realizing a loss in the amount of EGP 1 967 411. Accordingly, the profit from sale of treasury shares reserve becomes EGP 1 725 456.

**32. Non-controlling interest**

Non-controlling interest balance as at June 30, 2021, represents the interest shares in subsidiary's equity as follows:

	Non-controlling interest				
	Percentage	Profit / (loss) for the period	excluding profit / (loss) for the period	Balance as of 31/06/2022	Balance as of 31/12/2021
	%	EGP	EGP	EGP	EGP
Sixth of October for Development and Real Estate Projects Co. "SOREAL"	0.01	16 074	356 062	372 136	356 060
Beverly Hills for Management of Cities and Resorts Co	55.54	1 426 376	29 966 401	31 392 777	29 966 401
SODIC Garden City for Development and Investment Co.	50	2 538 935	28 542 575	31 081 510	33 508 013
Al Yosr for Projects and Real Estate Development Co	0.001	(1 477)	25 158	23 681	25 158
SODIC for Development and Real Estate Investment Co.	0.001	-	20	20	20
Edara for Services of Cities and Resorts Co.	0.003	820	4 508	5 328	4 508
Fourteen for Real Estate Investment Co.	0.004	-	2	2	2
La Maison for Real Estate Investment Co.	0.004	-	2	2	2
		<b>3 980 728</b>	<b>58 894 728</b>	<b>62 875 456</b>	<b>63 860 164</b>

**Sixth of October for Development and Investment Company "SODIC" - (An Egyptian Joint Stock Company)**  
**Notes to the consolidated interim financial statements for the financial period ended June 30, 2022**

**33. Loans**

<b>30/06/2022</b>	<b>31/12/2021</b>
<b><u>EGP</u></b>	<b><u>EGP</u></b>
1 164 721 749	1 099 021 749

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 which replaces the previous syndicated loan contract on two tranches:

- 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.

**Guarantees:**

- 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 procurement 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.

304 500 000	348 000 000
-------------	-------------

**Guarantees:**

- The Company committed to deposit all revenues from the sale of the project.
- The Company shall sign a mortgage and a first-degree right of transfer on the project in favor of the bank.
- The Company shall get insurance cover 110% the project's constructions in favor of the bank.

**Grace period:**

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

**Repayment:**

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

**After**

1 469 221 749	1 447 021 749
---------------	---------------

**Sixth of October for Development and Investment Company "SODIC" - (An Egyptian Joint Stock Company)**  
**Notes to the consolidated interim financial statements for the financial period ended June 30, 2022**

	<b>30/06/2022</b>	<b>31/12/2021</b>
	<b><u>EGP</u></b>	<b><u>EGP</u></b>
<b>Before</b>	<b>1 469 221 749</b>	<b>1 447 021 749</b>
On December 26, 2019, a Company's subsidiary signed a medium-term loan contract with Commercial International Bank "CIB" with a total amount of EGP one Billion to finance Technical investment cost of EDNC Project.	450 000 000	350 000 000
<b><u>Guarantees:</u></b>		
- The Company committed to deposit all revenues from the project.		
- The Company shall sign a mortgage on leased units including its share in the cost of the project land within 12 months after the project completion		
- The Company shall get insurance cover 110% the project's constructions in favor of the bank		
On September 20, 2020, a Company's subsidiary signed a medium-term facility agreement with the Arab African International Bank in its capacity as the first lender, principal arranger, bank account, facilitating agent and guarantee agent for the purpose of obtaining a loan of 2.57 billion Egyptian pounds on two tranches , tranche (A) at an amount of 620 million Egyptian pounds To refinance the outstanding debt of the Arab African International Bank, and tranche (B), at an amount of 1.95 billion Egyptian pounds, to finance the cost of completing and developing the project through a financing model for real estate development	904 836 585	751 841 533
<b><u>Guarantees:</u></b>		
Mortgaging project accounts in favor of the escrow agent		
- Issuing a power of attorney in favor of the guaranteed agent authorizing the guarantee agent to pledge the unsold and recovered project units immediately after the start of the project.		
- Issuing a power of attorney in favor of the guaranteed agent authorizing the guarantee agent to sell the unsold and recovered units of the project immediately after starting the implementation of the project and starting customers reservations		
<b><u>Availability period:</u></b>		
- Tranche (A) from the date of signing the agreement and ended on (November 30, 2020) or completing the process of refinancing the existing debt to the Arab African International Bank, whichever is sooner		
- Tranche (B) starts from the date of the end of the availability period for Tranche A and ends on December 31, 2022		
<b><u>Grace period:</u></b>		
Starting from the date of the first withdrawal and ending on March 31, 2023, this period applies to the principal amount of the loan		
<b><u>Repayment:</u></b>		
Starts immediately after the end of the availability period and is paid over 18 quarterly installments ending in year 2027		
On June 13, 2022, one of the subsidiaries signed a facility contract to discount the checks of some delivered units in Eastown project issued from unit owners in favor of the company, the facility amount is not to exceed six hundred million Egyptian pounds of the net present value after calculating the discount rate and restricting 5% of each discount process be held on account for the service of default, with the bank's full right to recourse	269 392 422	-
	<b>3 093 450 756</b>	<b>2 548 863 282</b>
Transaction cost	(35 153 544)	-
	<b>3 058 297 212</b>	<b>2 548 863 282</b>

**Sixth of October for Development and Investment Company "SODIC" - (An Egyptian Joint Stock Company)**  
**Notes to the consolidated interim financial statements for the financial period ended June 30, 2022**

**Current portion**

A medium-term loan from CIB- October Plaza	67 989 744	87 000 000
A medium-term loan from CIB - EDNC	84 375 000	39 375 000
A medium-term syndicated loan contract with group of banks represented by Arab African International Bank	-	1 099 021 749
A medium-term with Arab African International Bank	59 436 850	-
Facility loan with Ahli United Bank	119 330 708	-
<b>Total of current portion</b>	<b>331 132 302</b>	<b>1 225 396 749</b>
Total of non-current portion	2 727 164 910	1 323 466 533
	<b>3 058 297 212</b>	<b>2 548 863 282</b>

**34. Creditors and notes payable**

	<b>30/06/2022</b>	<b>31/12/2021</b>
	<b>EGP</b>	<b>EGP</b>
Total par value of the checks issued to New Urban Communities Authority which are payable till September 8, 2027. (*)	998 266 089	1 214 002 885
Unamortized interest	(204 392 115)	(165 851 885)
	<b>793 873 974</b>	<b>1 048 151 000</b>

(\*) On September 1, 2021, the New Urban Communities Authority approved the request submitted by one of SODIC subsidiaries to purchase the plot of land that were previously assigned to The Authority (Note 18-1-B) with an area of 123.38 acres, equivalent to 518 329 62 square meters, with a total value of EGP 1 236 216 144 (excluding interests on installment).

On September 8, 2021, the company completed the payment of the advance payment of 10% in the amount of EGP 123 621 614 and paid the value of administrative expenses and the Board of Trustees in the amount of EGP 18 543 242, the rest of the price of the land in addition to the interest on installments will be paid over five and a half years with 12 semi-annual installments starting from March 8, 2022 and ends on September 8, 2027.

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

**35. New Urban Communities Authority**

	<b>30/06/2022</b>	<b>31/12/2021</b>
	<b>EGP</b>	<b>EGP</b>
New Urban Communities Authority	10 929 528 014	10 985 619 643
Unamortized interest	(6 865 854 701)	(6 921 946 202)
	<b>4 063 673 313</b>	<b>4 063 673 441</b>
Current portion	81 713 116	92 417 693
Non-current portion	3 981 960 197	3 971 255 748
	<b>4 063 673 313</b>	<b>4 063 673 441</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 500 acres under deficit or increase, According to the contract, NUCA share in return of the land includes an advance payment, annual cash installments in addition to a percentage of the project expected revenues with a total minimum value of EGP 11.413 billion .The co-development contract annex was signed on June 27, 2022 as mentioned in detail in Note No. (18-1-D).

**Sixth of October for Development and Investment Company "SODIC" - (An Egyptian Joint Stock Company)**  
**Notes to the consolidated interim financial statements for the financial period ended June 30, 2022**

**36. Land acquisition creditors**

	<b>30/06/2022</b>	<b>31/12/2021</b>
	<b><u>EGP</u></b>	<b><u>EGP</u></b>
Owners Union – Shahin	2 437 883 250	2 548 696 125
Unamortized interest	(1 149 028 350)	(1 253 033 603)
	<b><u>1 288 854 900</u></b>	<b><u>1 295 662 522</u></b>
Current portion	25 614 884	16 527 290
Non-circulating part	1 263 240 016	1 279 135 232
	<b><u>1 288 854 900</u></b>	<b><u>1 295 662 522</u></b>

The balance represents the present value of the deferred installments due to Owners Union – Shahin for the fixed payments of the co-development contract as mentioned in detail in Note No. (18-2).

**37. Advances - from customers**

	<b>30/06/2022</b>	<b>31/12/2021</b>
	<b><u>EGP</u></b>	<b><u>EGP</u></b>
Advances – Projects in West Cairo	2 735 042 121	2 425 178 256
Advances – Projects in East Cairo (*)	3 408 692 450	3 701 928 464
Advances – Projects on the North Coast	897 237 363	421 079 846
Advances – Clubs Memberships	443 802 590	419 847 163
Advances for other group activities	53 069 538	39 563 998
	<b><u>7 537 844 062</u></b>	<b><u>7 007 597 727</u></b>

- Includes an amount of EGP 922 702 240 representing the value of financial component on installments collected from customers.

(\*) The balance of Advances – Projects in East Cairo includes an amount of EGP 1 450 008 405 which represents the net advances from customers of SODIC EAST project with a total value of EGP 1 866 660 514. The total value has been reduced by EGP 416 652 109, which represents Heliopolis Housing and Development Company's share of the residential units mentioned in the joint operation contract (70% for the developer and 30% for the owner approximately).

- Uncollected notes receivables for undelivered units, amounting to EGP 18.5 billion that are not included in the financial statements have been disclosed in note No. (48).

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

	<b>30/06/2022</b>	<b>31/12/2021</b>
	<b><u>EGP</u></b>	<b><u>EGP</u></b>
Contractors	88 965 385	405 421 529
Suppliers	23 213 093	36 192 885
Notes payable (*)	425 188 632	424 519 793
	<b><u>537 367 110</u></b>	<b><u>866 134 207</u></b>
Unamortized interest - notes payable	(103 425 633)	(201 523 294)
	<b><u>433 941 477</u></b>	<b><u>664 610 913</u></b>

(\*) Notes payables include EGP 279 million which represents the amount due to the New Urban Communities Authority

- The Group's exposure to currency and liquidity risks related to suppliers, contractors and notes payable is disclosed in note No. (43).

**Sixth of October for Development and Investment Company "SODIC" - (An Egyptian Joint Stock Company)**  
**Notes to the consolidated interim financial statements for the financial period ended June 30, 2022**

**39. Creditors and other credit balances**

	<b>30/06/2022</b>	<b>31/12/2021</b>
	<b><u>EGP</u></b>	<b><u>EGP</u></b>
Amounts collected on account for management, operation and maintenance of projects *	1 734 320 206	1 612 613 490
Due to related parties	2 215 026	146 909
Accrued expenses	130 244 206	267 551 898
Customers - Beverly Hills – capital contributions	14 281 209	14 230 429
Customers – credit balances	84 291 510	80 908 532
Tax Authority – other than Income tax	68 878 919	70 516 276
Accrued compensated absence	6 761 117	354 507
Insurance Deposits collected from customers – Against modifications	7 392 858	5 106 950
Social insurance – Contractors	20 563 682	21 707 448
Unearned revenue	17 961 336	3 837 952
Retentions	367 095 288	121 700 820
Deposits from others	86 488 594	72 818 711
Due to securitization portfolio	2 807 237	2 332 982
Sundry creditors short term	26 258 071	35 537 238
	<b><u>2 569 559 259</u></b>	<b><u>2 309 364 142</u></b>

\* Uncollected notes receivable for maintenance of undelivered units amounting to EGP 1.04 billion, have been disclosed in note No. (48).

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

**Sixth of October for Development and Investment Company "SODIC" - (An Egyptian Joint Stock Company)**  
**Notes to the consolidated interim financial statements for the financial period ended June 30, 2022**

**40. Provisions**

**A- Provision for completion of works**

	Balance as at 1/1/2022	Formed during the period	Used during the period	Provisions no longer required during the period	Balance as at 30/06/2022
	<u>EGP</u>	<u>EGP</u>	<u>EGP</u>	<u>EGP</u>	<u>EGP</u>
Provision for completion of works *	528 679 675	165 177 723	(238 652 401)	-	455 204 997
	<u>528 679 675</u>	<u>165 177 723</u>	<u>(238 652 401)</u>	<u>-</u>	<u>455 204 997</u>

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

**B- Claims provisions**

	Balance as at 1/1/2022	Formed during the period	Used during the period	Provisions no longer required during the period	Balance as at 30/06/2022
	<u>EGP</u>	<u>EGP</u>	<u>EGP</u>	<u>EGP</u>	<u>EGP</u>
Provision for expected claims	25 187 282	1 576 654	-	-	26 763 936
	<u>25 187 282</u>	<u>1 576 654</u>	<u>-</u>	<u>-</u>	<u>26 763 936</u>

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

**41. Non - cash transactions**

For the purpose of preparing the consolidated statement of cash flows for the financial period ended June 30, 2022, the effect of the following investment transactions was excluded as they are considered non - cash transactions:

	<b>EGP</b>
Transfer from investment properties to work in process	2 154 899 957
Transfer from Investment properties to completed units ready for sale	158 223 908
Transfer from work in process to completed units ready for sale	108 166 622
The effect of modifying the land area of The Estates back plot from 123.387 acres to 115.34 acres	86 773 683
Loans unamortized cost	3 541 507

**Sixth of October for Development and Investment Company "SODIC" - (An Egyptian Joint Stock Company)**  
**Notes to the consolidated interim financial statements for the financial period ended June 30, 2022**

**42. Fair values**

**Fair values versus carrying values**

Financial instruments for the group are, cash at banks and on hand, financial investments at amortized cost, customers, notes receivable and investments in equity instruments, suppliers, contractors, notes payable and other credit balances and monetary items included in debtors and creditors accounts. The main purpose of these financial instruments is to provide funding for the activities of the group. According to the valuation techniques followed in evaluating the assets and liabilities of the group, the carrying value of these financial instruments represent a reasonable estimate of their fair value.

**Capital management**

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

The Board of Directors of the Parent Company monitors the return on capital, which the Company defines as net profit for the 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. In addition, The Company is not subject to externally imposed capital requirements.

**43. Financial risk management**

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

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

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

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

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

**a) Credit risk**

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

**Trade and other receivables**

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

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

The Group's management has established a credit policy under which each customer is subject to credit valuation before the Company's standard payment and delivery terms and conditions are offered to him. The Company obtains advance payments and cheques that cover the full sales value



**Sixth of October for Development and Investment Company "SODIC" - (An Egyptian Joint Stock Company)**  
**Notes to the consolidated interim financial statements for the financial period ended June 30, 2022**

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 only after the 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 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).

**b) Liquidity risk**

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

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

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

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

- EGP 5 Million as a bank facility for one of the subsidiaries guaranteed by time deposits.
- A medium-term loan in the amount of EGP 1 570 Million.
- A medium-term loan in the amount of EGP 500 Million.
- A medium-term loan in the amount of EGP 2 570 Million for one of the subsidiaries.
- A medium-term loan in the amount of EGP 1 000 Million for one of the subsidiaries.

**c) Market risk**

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

**d) Currency risk**

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

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

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

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

**e) Interest rate risk**

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

**Sixth of October for Development and Investment Company "SODIC" - (An Egyptian Joint Stock Company)**  
**Notes to the consolidated interim financial statements for the financial period ended June 30, 2022**

**f) Other market price risk**

Equity price risk arises from available-for-sale equity securities, the management of the Group 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 selling decisions are approved by the Company's Board of Directors.

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

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

**43-1 Credit risk**

The carrying amount of financial assets represents the maximum exposure to credit risk as at July 30, 2022 as follows

	<b>Note</b>	<b>30/06/2022</b>	<b>31/12/2021</b>
	<b>No.</b>	<b>EGP</b>	<b>EGP</b>
Trade and notes receivable – non-current	(19)	1 232 880 714	1 179 140 813
Trade and notes receivable – current	(19)	1 421 203 983	1 346 307 596
Debtors and other debit balances – non-current	(20)	2 948 682	14 043 818
Debtors and other debit balances – current	(20)	2 844 958 456	2 930 364 076
Investments at amortized cost	(22)	533 413 692	331 479 784
Cash at banks	(23)	1 630 691 462	1 579 638 169
		<b>7 666 096 989</b>	<b>7 380 974 256</b>

**43-2 Liquidity risk**

The following are the contractual maturities of financial liabilities:

<b><u>June 30, 2022</u></b>	<b>Carrying amount</b>	<b>Less than 1 year</b>	<b>1-2 years</b>	<b>2-5 years</b>
	<b>EGP</b>	<b>EGP</b>	<b>EGP</b>	<b>EGP</b>
Short - term loans	331 132 302	331 132 302	-	-
Long – term loans	2 727 164 910	-	668 899 476	2 058 265 434
Contractors and suppliers	112 178 478	112 178 478	-	-
Notes payable	1 115 636 973	321 762 999	393 487 370	400 386 605
New Urban Communities	4 063 673 313	81 713 116	398 312 335	3 583 647 862
Land acquisition creditors	1 288 854 900	25 614 884	31 022 253	1 232 217 763
Other creditors	2 721 452 155	2 198 740 542	485 628 114	37 083 499
	<b>12 360 093 031</b>	<b>3 071 142 321</b>	<b>1 977 349 548</b>	<b>7 311 601 163</b>

<b><u>December 31, 2021</u></b>	<b>Carrying amount</b>	<b>Less than 1 year</b>	<b>1-2 years</b>	<b>2-5 years</b>
	<b>EGP</b>	<b>EGP</b>	<b>EGP</b>	<b>EGP</b>
Bank facilities	2 458 049	2 458 049	-	-
Short - term loans	1 225 396 749	1 225 396 749	-	-
Long – term loans	1 323 466 533	-	293 606 416	1 029 860 117
Contractors and suppliers	441 614 414	441 614 414	-	-
Notes payable	1 271 147 499	222 996 499	284 522 875	763 628 125
New Urban Communities	4 063 673 441	92 417 693	350 508 676	3 620 747 072
Land acquisition creditors	1 295 662 522	16 527 290	161 095 888	1 118 039 344
Other creditors	2 811 689 301	2 328 509 813	448 108 639	35 070 849
	<b>12 435 108 508</b>	<b>4 329 920 507</b>	<b>1 537 842 494</b>	<b>6 567 345 507</b>

**Sixth of October for Development and Investment Company "SODIC" - (An Egyptian Joint Stock Company)**  
**Notes to the consolidated interim financial statements for the financial period ended June 30, 2022**

**43-3 Currency risk**

**Exposure to currency risk**

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

**June 30, 2022**

<b>Description</b>	<b>USD</b>	<b>Euro</b>	<b>GBP</b>
Cash at banks	15 149 025	429 524	16 527
Notes receivables	596 610	-	-
Creditors and other credit balances	(486 000)	-	-
<b>Surplus of foreign currencies</b>	<b>15 259 635</b>	<b>429 524</b>	<b>16 527</b>

**December 31, 2021**

<b>Description</b>	<b>USD</b>	<b>Euro</b>	<b>GBP</b>
Cash at banks	21 563 363	158 676	16 913
Notes receivables	596 610	-	-
Creditors and other credit balances	(486 000)	-	-
<b>Surplus of foreign currencies</b>	<b>21 673 973</b>	<b>158 676</b>	<b>16 913</b>

The following is the average exchange rates during the year:

	<b>Average exchange rate during the period</b>		<b>Spot rate at the financial statements date</b>	
	<b>30/06/2022</b>	<b>31/12/2021</b>	<b>30/06/2022</b>	<b>31/12/2021</b>
	<b>EGP</b>	<b>EGP</b>	<b>EGP</b>	<b>EGP</b>
USD	17.17	15.64	18.71	15.64
Euro	19.95	17.67	19.66	18.34
GBP	22.90	21.04	23.80	21.19

**Sensitivity Analysis**

A reasonably possible strengthening (weakening) of 5% other currencies exchange rate against Egyptian pound As of June 30, 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>Strengthening</b>	<b>Weakening</b>
	<b>EGP</b>	<b>EGP</b>
USD	(14 275 389)	14 275 389
Euro	(422 222)	422 222
GBP	(19 667)	19 667
	<b>(14 717 278)</b>	<b>14 717 278</b>

**Sixth of October for Development and Investment Company "SODIC" - (An Egyptian Joint Stock Company)**  
**Notes to the consolidated interim financial statements for the financial period ended June 30, 2022**

A reasonably possible strengthening (weakening) of 5% other currencies exchange rate against Egyptian pound As of December 31, 2021 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>Strengthening</b>	<b>Weakening</b>
	<b>EGP</b>	<b>EGP</b>
USD	16 949 047	(16 949 047)
Euro	140 190	(140 190)
GBP	17 793	(17 793)
	<b>17 107 030</b>	<b>(17 107 030)</b>

**43-4 Interest rate risk**

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

	<b>Carrying amount</b>	
	<b>30/06/2022</b>	<b>31/12/2021</b>
	<b>EGP</b>	<b>EGP</b>
<b><u>Financial instruments with a fixed rate</u></b>		
Financial assets	3 894 217 803	3 540 879 730
Financial liabilities	(836 589 493)	(965 763 480)
	<b>3 057 628 310</b>	<b>2 575 116 250</b>
<b><u>Financial instruments with a variable rate</u></b>		
Financial liabilities	(3 058 297 212)	(2 551 321 331)
	<b>(3 058 297 212)</b>	<b>(2 551 321 331)</b>

The Group 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 consolidated financial statements date would not affect the consolidated statement of profit or loss.

**Sixth of October for Development and Investment Company "SODIC" - (An Egyptian Joint Stock Company)**  
**Notes to the consolidated interim financial statements for the financial period ended June 30, 2022**

**44. Transactions with related parties**

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

**a) Transactions with related parties**

		30/06/2022
<u>Party / Relationship</u>	<u>Nature of transaction</u>	<u>Amount of transaction</u> <u>EGP</u>
Executive managers and Board of Directors (Parent Company)	Executive and Board of Directors	18 842 855
Al Dar Egypt	Payments on behalf	114 169
AL Dar Properties	Collections on behalf	2 068 101

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

<u>Party</u>	<u>Item as shown in the consolidated balance sheet</u>	30/06/2022 <u>EGP</u>	31/12/2021 <u>EGP</u>
Palmyra – SODIC for Real Estate Development *	Loans to Joint Ventures	207 632 653	207 632 653
	Accrued interest on loan under debtors caption	65 482 130	65 482 130
	Accrued on joint venture – related parties under debtor caption	31 191 620	31 191 620
Al Dar Egypt	Debtors & other debit balances	114 169	-
AL Dar Properties	Creditors & other credit balances	2 068 101	-

\* Impairment in dues from Palmyra – SODIC for Real Estate Development has been recorded as described in note No. (20 & 21).

**Sixth of October for Development and Investment Company "SODIC" - (An Egyptian Joint Stock Company)**  
**Notes to the consolidated interim financial statements for the financial period ended June 30, 2022**

**45. Tax status**

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

**Corporate tax**

- Years 1996 to 2018 have been tax inspected and tax differences have been paid and settled.
- Years 2019 to 2021 have not been inspected and no tax claims have been received till the date of authorizing of these financial statements for issuance.
- The Company submits its annual tax return on due dates in accordance with Law No. 91 of 2005 regulations and amendments and pays the due tax.

**Salary tax**

- Years 1996 to 2019 have been inspected and tax differences have been paid and settled.
- Years 2020 to 2021 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.
- Year 2021 has 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**

- Years 1996 to 2019 have been inspected and tax differences have been paid and settled.
- Years 2020 to 2021 have not been inspected and no tax claims have been received till the date of authorizing of these financial statements for issuance
- The Company submits the value-add tax returns on a regular basis and pay the accrued taxes on due dates in accordance with the law.

**Real estate property tax**

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

**46. Capital commitments**

The value of contracts concluded with third parties for work in progress and real estate investments under development amounted to EGP 10.22 billion (EGP 10.7 billion as of December 31, 2021), and executed works till June 30, 2022 amounted to EGP 8.37 billion (EGP 8.91 billion as of 31 December 2021)

**47. Contingencies**

During the period, the group signed a credit facility contract with the Commercial International Bank to issue letters of guarantee with a credit limit of EGP 221 625 750, for the purpose of issuing letters of guarantee for checks issued to the Owners Union – Shahin. The letters of guarantee are subject to renewal and modification as the issuance of checks continues until the final settlement of the fixed installments due to the owner according to the co-development contract concluded between one of the group's subsidiaries and the Owners Union – Shahin.

**Sixth of October for Development and Investment Company "SODIC" - (An Egyptian Joint Stock Company)**  
**Notes to the consolidated interim financial statements for the financial period ended June 30, 2022**

**48. Post-dated checks (off balance sheet)**

The company maintains off balance sheet post-dated checks received from customers in accordance with contracts, those checks are related to undelivered units as follows:

	<b>Note</b>	<b>30/06/2022</b>	<b>31/12/2021</b>
	<b>No.</b>	<b>EGP</b>	<b>EGP</b>
Postdated checks – customer advances	(37)	18 531 611 728	15 749 028 042
Postdated checks – customer cancellations	(39)	1 459 320	322 014 183
Postdated checks maintenance installment	(39)	1 045 804 751	889 726 149
		<b>19 578 875 799</b>	<b>16 960 768 374</b>
These checks are due			
Checks due within 12 months	(19)	3 941 351 520	3 713 599 258
Checks due after one year – long term	(19)	15 637 524 279	13 247 169 116
		<b>19 578 875 799</b>	<b>16 960 768 374</b>

**49. 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 a court case No. 3 of 2009 Civil 6th of October against the parent Company asking it for the delivery of the allocated land. A preliminary 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. 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 consolidated interim financial statements for the financial period ended June 30, 2022**

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

- On January 20, 2016 the extraordinary general assembly have approved the new Employees Stock Option Plan for executive board members and directors through granting shares with special conditions as per stated in the plan that part of the company's shares should be assigned to the employee stock option plan equal to 1% of the company's issued capital annually on five tranches for a period of six years and three months as per annex (1). These shares will be made available by using the special reserve- additional paid in capital, or reserves, or part of it, or retained earnings, or part of it for capital increase. The additional shares are to be issued to the employee stock option plan based on the approval of the Board of Directors as per the delegation granted by the company's extraordinary general assembly dated January 20, 2016. The granting of the employee stock option plan shares is to be based on a decision from the supervisory committee by the treasurer.
- The board of directors have decided on the meeting dated November 30, 2016 to increase the issued capital from EGP 1 355 638 292 to become EGP 1 369 194 672 by an amount of EGP 13 556 380 divided on 3 389 095 shares of par value EGP 4 per share, this capital increase is to 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 extraordinary 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 is to 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 extraordinary 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 utilized in the Employees Stock Option plan, The commercial register was modified on January 8, 2019.
- The board of directors have decided on the meeting dated September 7, 2020 to increase the issued capital from EGP 1 396 715 488 to become EGP 1 424 789 472 by an amount of EGP 28 073 984 divided on 7 018 496 shares of par value EGP 4 per share, this capital increase should be financed from the special reserve- Additional paid in capital, and to be fully utilized for the second and third sections from the sections of Employees Stock Option Plan granted to the executive board members and the directors as per the option plan approved by the extra ordinary general assembly dated January 20, 2016 as mentioned in details in note (30).



**Sixth of October for Development and Investment Company "SODIC" - (An Egyptian Joint Stock Company)**  
**Notes to the consolidated interim financial statements for the financial period ended June 30, 2022**

**51. Basis of measurement**

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

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

**52. Significant accounting policies**

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

**52-1 Business combination**

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

**Sixth of October for Development and Investment Company "SODIC" - (An Egyptian Joint Stock Company)**  
**Notes to the consolidated interim financial statements for the financial period ended June 30, 2022**

**a) Subsidiaries**

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

<u>Subsidiary name</u>	<u>Country of Incorporation</u>	<u>Ownership</u>	
		<u>As at 31/12/2021</u>	<u>As at 31/12/2020</u>
		<u>%</u>	<u>%</u>
1- Sixth of October for Development and Real Estate Projects Company "SOREAL" - S.A.E	Egypt	99.99	99.99
2- Beverly Hills for Management of Cities and Resorts Co. - S.A.E	Egypt	44.46	46.75
3- SODIC Garden City for Development and Investment Co. S.A.E	Egypt	50	50
4- Al Yosr for Projects and Real Estate Development Co. - S.A.E	Egypt	99.99	99.99
5- SODIC for Development and Real Estate Investment Co. – S.A.E	Egypt	99.99	99.99
6- SODIC Polygon for Real Estate Investment Co. - S.A.E	Egypt	100	100
7- SODIC for Golf and Tourist Development Co. - S.A.E	Egypt	100	100
8- Fourteen for Real Estate Investment Co. - S.A.E	Egypt	99.99	99.99
9- La Maison for Real Estate Investment Co. - S.A.E	Egypt	99.99	99.99
10- Tegara for Trading Centers Co. S.A.E	Egypt	99.99	99.99
11- Edara for Services of Cities and Resorts Co. –S.A.E	Egypt	99.97	99.97
12- Soreal for Real Estate Investment	Egypt	99.99	99.99
13- SODIC for Securitization	Egypt	99.99	99.99
14- SODIC Syria L.L.C (*)	Syria	100	100
15- Tabrouk Development Company (D)	Egypt	100	100
16- El Diwan for Real Estate Development Company	Egypt	100	100
17- SODIC for Clubs Company	Egypt	100	100

(\*) On June 15, 2010, SODIC Syria Co. a Syrian limited liability Co. was established for acquiring a 50% stake of the share capital of Palmyra - SODIC for Real Estate Development L.L.C, a limited liability company registered and operating in the Syrian Arab Republic.

**b) Non-controlling interests**

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

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

**c) Loss of control**

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

**d) Investments accounted for equity method**

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

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

***Sixth of October for Development and Investment Company "SODIC" - (An Egyptian Joint Stock Company)  
Notes to the consolidated interim financial statements for the financial period ended June 30, 2022***

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

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

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

**e) Transaction elimination on consolidation**

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

**53-2 Foreign currency**

**a) Foreign currency transactions**

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

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

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

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

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

**b) Foreign Operations**

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

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

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

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

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

**Sixth of October for Development and Investment Company "SODIC" - (An Egyptian Joint Stock Company)**  
**Notes to the consolidated interim financial statements for the financial period ended June 30, 2022**

**53-3 Discontinued operation**

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

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

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

**53-4 Revenue from Contracts with Customers**

- The Company applied the EAS No. 48 as of January 1, 2020. Information about the Company's accounting policies relating to contracts with customers is provided in five steps as identified (in Note No.5-B):
- Revenue from contracts with customers is recognized by the company based on five step module as identified in EAS No. 48:
  - Step 1: Determine the contract (contracts) with customer: A contract is defined as an agreement between two or more parties that meets the rights and obligations based on specified standards which must be met for each contract.
  - Step 2: Determine the performance obligations in contract: Performance obligations is a consideration when the goods and services are delivered.
  - Step 3: Determine the transaction price: Transaction price is the compensation amount that the Company expects to recognize to receive for the transfer of goods or services to customer, except for the collected amounts on behalf of other parties.
  - Step 4: Allocation of the transaction price of the performance obligations in the contract: If the service concession arrangement contains more than one performance obligation, the Company will allocate the transaction price on each performance obligation by an amount that specifies an amount against the contract in which the Company expects to receive in exchange for each performance obligation satisfaction.
  - Step 5: Revenue recognition when the entity satisfies its performance obligations.
- The Company satisfy the performance obligation and recognize revenue over time, if one of the following criteria is met: -
  - a) Company performance does not arise any asset that has an alternative use of the Company and the Company has an enforceable right to pay for completed performance until the date.
  - b) The Company arise or improves a customer-controlled asset when the asset is arise or improved.
  - c) The customer receives and consumes the benefits of Company performance at the same time as soon as the company has performed.
- For performance obligations, if one of the above conditions is met, revenue is recognized in the period in which the Company satisfies performance obligation.
- When the Company satisfies performance obligation by providing the services promised, it creates an asset based on payment for the contract performance obtained, when the amount of the contract received from customer exceeds the amount of the revenue recognized, resulting advance payments from the customer (contractual obligation)
- Revenue is recognized to the extent that is potential for the flow of economic benefits to the Company, revenue and costs can be measured reliably, where appropriate.

**Sixth of October for Development and Investment Company "SODIC" - (An Egyptian Joint Stock Company)**  
**Notes to the consolidated interim financial statements for the financial period ended June 30, 2022**

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

**Satisfaction of performance obligation**

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

**Determine the transaction price**

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

**Control transfer in contracts with customers**

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

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

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

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

**Other matters to be considered**

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

**The significant funding component**

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

**Sixth of October for Development and Investment Company "SODIC" - (An Egyptian Joint Stock Company)**  
**Notes to the consolidated interim financial statements for the financial period ended June 30, 2022**

**Revenue recognition**

**a. Real estate and land sales**

- Revenue from sale of residential units, offices, commercial shops, service, and villas and for which contracts were concluded is recorded when 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 of the company 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 after deducting the value of sales returns and deducting 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 interest on installments collected during the financial year / period from previous years' sales.

**The significant funding component**

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

**b. Services revenue**

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

**c. 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 consolidated statement of profit or loss according to the accrual basis of accounting.

**f. Dividends**

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

**g. Construction contracts**

Contract revenue includes the initial amount agreed in the contract plus any variations orders in contract work, claims and incentive payments to the extent that is probable that they will result in revenue and can be measured reliably. As soon as the outcome of a construction contract can be estimated reliably, contract revenue and expenses is recognized according to the stage of completion of the contract. The stage of completion is assessed by reference to surveys of work performed. When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognized only to the extent of contract costs incurred that are likely to be recoverable. For construction contracts under process a provision for expected losses, if any, is immediately formed whenever such losses are determined.

Construction contract costs include all direct costs such as material cost, supplies, equipment

**Sixth of October for Development and Investment Company "SODIC" - (An Egyptian Joint Stock Company)**  
**Notes to the consolidated interim financial statements for the financial period ended June 30, 2022**

depreciation and labor cost also includes indirect costs incurred by company such as indirect labor and maintenance. Also the cost includes general and administrative expense directly attributable to such work.

The difference between the estimated revenue calculated based on the percentage of completion and the amount collected from the actual billing to the customer is recognized as "due from customers" within the current assets caption. In case that the actual collections from customers is exceeding the estimated revenues calculated based on percentage of completion the difference is recognized as a due to customers within the current liabilities.

**h. Sale of goods revenue**

Revenue is recognized when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably. For export sales, transfer of risks and rewards of the goods sold occurs according to the shipping terms.

**i. 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.

**53-5 Employee benefit**

**a) Short – term employee benefits**

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

**b) Share – based payment arrangements**

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

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

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

**Sixth of October for Development and Investment Company "SODIC" - (An Egyptian Joint Stock Company)**  
**Notes to the consolidated interim financial statements for the financial period ended June 30, 2022**

**c) Defined contribution plans**

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

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

The company also contributes to a group insurance program for its employees with one of the insurance companies. Accordingly, the insured employees receive end of service benefits when leaving the Company that will be paid by the insurance company. The contribution of the Company is limited to the monthly instalments. Contributions are charged to statement of profit or loss using the accrual basis. The program has been suspended starting from April 1, 2020 to December 31, 2020 according to the company's management decision and continued from January 2021.

**53-6 Finance income and finance costs**

The Group's finance income and finance costs include:

- interest income
- interest expense
- The foreign currency gain or loss on financial assets and financial liabilities
- The fair value loss on contingent consideration classified as a financial liability
- The net gain or loss on financial assets at fair value through profit or loss

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

**53-7 Income Tax**

Current tax and deferred tax are recognized as income or expense in the profit or loss for the year, except in cases in which the tax results from a process or an event that is recognized - at the same time or in a different year - outside the profit or loss, whether in other comprehensive income or in equity directly or business combination.

**a) Current income tax**

The current tax for the current year and prior years and that have not been paid are recognized as a liability, but if the taxes that have already been paid in the current year or prior years are 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 are measured at expected value paid to (recovered from) the tax authority, using the current tax rates (and tax laws) or in the process to be issued by the end of the financial year. Dividends are subject to tax as part of the current tax. Tax assets and liabilities are set-off only when certain conditions are met.

**b) Deferred tax**

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

Deferred tax is not recognized for:

- The initial recognition of goodwill.
- The initial recognition of assets or liabilities in a transaction that:
  - a. Is not a business combination.
  - b. Does not affect neither accounting nor taxable profit (or loss).



**Sixth of October for Development and Investment Company "SODIC" - (An Egyptian Joint Stock Company)**  
**Notes to the consolidated interim financial statements for the financial period ended June 30, 2022**

- Temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future.
- Deferred tax assets are recognized for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the company's future business plans. Deferred tax assets are reassessed at each reporting date, and recognized to the extent that it has become probable that future taxable profits will be available against which they can be used.

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

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

Deferred tax assets and liabilities are set-off only if certain conditions are met.

**53-8 Inventories**

Inventories are measured at the lower of cost and 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.

**53-9 Units ready for sale**

Units ready for sale are stated at cost or net realizable value, whichever is lower. 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 realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and selling expenses.

**53-10 Work in process**

- a) All costs relating to uncompleted works are recorded in work in process account until the completion of the works. Work in process is stated in the consolidated balance sheet at cost or net realizable value whichever is lower. Costs include directly attributable cost needed to bring the units to the selling status.
- b) For variable land acquisition consideration, the company recognizes what was actually paid as part of the cost of work in progress, the cost is subsequently settled whether by increase or decrease according to actual payments and returns.

**53-11 Property, plant and equipment**

**a) Recognition and measurement**

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

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

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

**b) Subsequent expenditure**

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

**Sixth of October for Development and Investment Company "SODIC" - (An Egyptian Joint Stock Company)**  
**Notes to the consolidated interim financial statements for the financial period ended June 30, 2022**

**c) Depreciation**

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

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

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

**53-12 Projects under construction**

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

**53-13 Investments properties under development**

Investments properties under development are recognized initially at cost. Cost includes all expenditures directly attributable to bringing the asset 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.

**53-14 Intangible assets and goodwill**

**a) Recognition and measurement**

**I. Goodwill:**

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

**II. Research and development:**

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

**Sixth of October for Development and Investment Company "SODIC" - (An Egyptian Joint Stock Company)**  
**Notes to the consolidated interim financial statements for the financial period ended June 30, 2022**

**III. Other intangible assets:**

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

**b) Subsequent expenditure**

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

**c) Amortization**

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

Goodwill is not amortized.

**53-15 Investment properties**

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

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

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

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

**53-16 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 FVTPL, 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.

**Sixth of October for Development and Investment Company "SODIC" - (An Egyptian Joint Stock Company)**  
**Notes to the consolidated interim financial statements for the financial period ended June 30, 2022**

## **2) Classification and subsequent measurement**

### **Financial assets- The applied policy from January 1, 2020**

On initial recognition, a financial asset is classified as measured at: amortized cost; FVOCI – debt investment; FVOCI – equity investment; or FVTPL.

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 FVTPL:

- 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 FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- 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 FVOCI as described above are measured at FVTPL. 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 FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

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

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

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

- The stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realizing cash flows through the sale of the assets;

**Sixth of October for Development and Investment Company "SODIC" - (An Egyptian Joint Stock Company)**  
**Notes to the consolidated interim financial statements for the financial period ended June 30, 2022**

- 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 FVTPL.

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

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin. In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers:

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

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

**Sixth of October for Development and Investment Company "SODIC" - (An Egyptian Joint Stock Company)**  
**Notes to the consolidated interim financial statements for the financial period ended June 30, 2022**

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

<b>Financial assets classified at FVTPL</b>	Financial assets at FVTPL 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 FVOCI</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 FVOCI</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.

**53-17 Share capital**

**1) Ordinary Shares**

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

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

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

**Sixth of October for Development and Investment Company "SODIC" - (An Egyptian Joint Stock Company)**  
**Notes to the consolidated interim financial statements for the financial period ended June 30, 2022**

**53-18 Impairment**

**1) Non-derivative financial assets**

**Policy applied from January 1, 2020**

**Financial instruments and contract assets**

The Company recognizes loss allowances for ECLs on:

- Financial assets measured at amortized cost;
- Debt investments measured at FVOCI; and
- Contract assets.

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

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

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

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

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

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

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

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

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

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

**Sixth of October for Development and Investment Company "SODIC" - (An Egyptian Joint Stock Company)**  
**Notes to the consolidated interim financial statements for the financial period ended June 30, 2022**

**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 FVOCI 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 FVOCI, 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.

**53-19 Provisions**

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

**Provision for completion**

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



**Sixth of October for Development and Investment Company "SODIC" - (An Egyptian Joint Stock Company)**  
**Notes to the consolidated interim financial statements for the financial period ended June 30, 2022**

**53-20 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.

**53-21 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. Also Bank overdrafts that are repayable on demand are considered a complementary part of the Group's cash management.

**53-22 Borrowing costs**

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

**53-23 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.

**53-24 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.

**Sixth of October for Development and Investment Company "SODIC" - (An Egyptian Joint Stock Company)**  
**Notes to the consolidated interim financial statements for the financial period ended June 30, 2022**

**53-25 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.

**53-26 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.