


*Translation of review report
and financial statements
originally issued in Arabic*

**Sixth of October for Development and Investment Company "SODIC"
(An Egyptian Joint Stock Company)
Separate Interim Financial Statements
For the Financial Period Ended September 30, 2023
And Limited Review Report**

 **Hazem Hassan**
Public Accountants & Consultants

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Hazem Hassan

Public Accountants & Consultants

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 separate interim financial statements
To: The Board of Directors of Sixth of October for Development and Investment
Company “SODIC”

Introduction

We have performed a limited review for the accompanying separate interim statement of financial position of Sixth of October for Development and Investment Company “SODIC” (S.A.E) as at September 30, 2023, and the related separate interim statements of profit or loss and comprehensive income for the three-month and the nine-month for the period ended on September 30, 2023, changes in equity, and cash flows for the nine-month then ended, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and fair presentation of these separate interim financial statements in accordance with Egyptian Accounting Standards. Our responsibility is to express a conclusion on these separate interim financial statements based on our limited review.

Scope of Limited Review

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

Conclusion

Based on our limited review, nothing has come to our attention that causes us to believe that the accompanying separate interim financial statements do not present fairly, in all material respects, the separate financial position of the Company as at September 30, 2023, and of its separate interim financial performance and its separate interim cash flows for the nine-month then ended in accordance with Egyptian Accounting Standards.

KPMG Hazem Hassan

Public Accountants & Consultants

KPMG Hazem Hassan
Public Accountants and Consultants

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Cairo October 26, 2023

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

EGP	Note No.	30 September 2023	31 December 2022
Non-current assets			
Property, plant, and equipment	(24)	648 201 467	686 967 482
Projects under construction		57 997 311	36 758 510
Investment properties	(25)	268 500 667	279 232 182
Investment properties under development	(26)	106 245 091	106 245 091
Investments in subsidiaries	(37)	1 718 532 466	1 718 532 466
Right of use assets	(28)	15 365 987	4 083 352
Notes receivables	(19)	1 350 630 666	896 017 769
Deferred tax assets	(15)	184 603 540	252 109 666
Investments at fair value through OCI	(27)	26 152	26 152
Total non-current assets		4 350 103 347	3 979 972 670
Current assets			
Inventory	(17)	10 374 848	10 373 348
Completed units available for sale		703 753 820	1 040 405 170
Work in process	(18)	8 514 829 739	7 615 713 765
Trade and notes receivable	(20)	922 876 358	716 590 823
Due from related parties	(41)	2 857 038	99 854 951
Debtors and other debit balances	(21)	2 872 434 371	1 883 049 892
Financial investments at amortized cost	(22)	249 558 322	568 470 631
Cash and cash equivalents	(23)	508 829 713	395 278 083
Total current assets		13 785 514 209	12 329 736 663
Total assets		18 135 617 556	16 309 709 333
Equity			
Issued & paid in capital	(29)	1 424 789 472	1 424 789 472
Legal reserve	(29)	224 840 771	224 840 771
Special reserve - share premium	(29)	1 483 154 057	1 483 154 057
Carryforward losses		(309 445 194)	(551 185 299)
Profit from sale of treasury shares	(30)	1 725 456	1 725 456
Total equity		2 825 064 562	2 583 324 457
Non-current liabilities			
Loans	(31)	1 203 348 453	1 358 580 609
New Urban Communities Authority	(32)	4 584 436 626	4 102 748 823
Lease contracts liabilities	(28)	11 814 602	-
Total non-current liabilities		5 799 599 681	5 461 329 432
Current liabilities			
Loans	(31)	72 491 244	117 051 396
Contractors, suppliers and notes payable	(33)	383 948 155	165 323 789
Due to related parties	(41)	2 655 917 377	2 140 382 477
Advances - from customers	(34)	4 215 501 260	3 619 901 202
Creditors and other credit balances	(35)	1 506 646 769	1 204 149 120
New Urban Communities Authority	(32)	94 685 589	263 159 777
Income tax liabilities		9 665 274	6 250 892
Lease contracts liabilities	(28)	5 939 828	2 966 837
Provisions	(36)	566 157 817	745 869 954
Total current liabilities		9 510 953 313	8 265 055 444
Total liabilities		15 310 552 994	13 726 384 876
Total equity and liabilities		18 135 617 556	16 309 709 333

* The accompanying notes from (1) to (46) form an integral part of these separate interim financial statements and to be read therewith.

Financial Director



Mohamed Samir

Group Financial
Controller



Ahmed Hegazi

General Manager



Ayman Amer

"Limited review report attached"

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

EGP	Note No.	from 01/01/2023 to 30/09/2023	from 01/01/2022 to 30/09/2022	from 01/07/2023 to 30/09/2023	from 01/07/2022 to 30/09/2022
Revenue					
Sales	(6)	3 012 476 489	1 997 503 174	1 116 895 338	912 544 058
Clubs revenue		34 908 558	27 814 777	13 506 248	9 599 592
Total operation revenues		3 047 385 047	2 025 317 951	1 130 401 586	922 143 650
Cost of sales					
Cost of sales	(7)	(1 694 856 740)	(1 473 772 360)	(724 563 886)	(717 964 499)
Clubs cost		(91 046 780)	(95 209 018)	(20 288 031)	(38 480 175)
Total operation costs		(1 785 903 520)	(1 568 981 378)	(744 851 917)	(756 444 674)
Gross profit		1 261 481 527	456 336 573	385 549 669	165 698 976
Other operating revenues	(8)	48 993 407	43 060 720	6 895 497	11 225 719
Selling and marketing expenses	(9)	(280 716 918)	(271 706 553)	(99 962 961)	(100 022 874)
General and administrative expenses	(10)	(564 268 750)	(331 694 036)	(154 135 404)	(105 378 392)
Expected credit losses	(12)	(3 831 147)	(3 891 276)	(2 417 275)	(1 844 588)
Other operating expenses	(11)	(47 231 515)	(9 162 039)	(11 080 145)	(3 089 405)
Operating gain / (loss)		414 426 604	(117 056 611)	124 849 381	(33 410 564)
Finance income	(13)	108 419 364	62 110 041	25 390 421	25 260 146
Finance cost	(14)	(203 880 227)	(141 097 606)	(70 914 227)	(51 767 912)
Net finance cost		(95 460 863)	(78 987 565)	(45 523 806)	(26 507 766)
Net gain / (loss) before tax		318 965 741	(196 044 176)	79 325 575	(59 918 330)
Income tax	(15)	(77 225 636)	33 193 873	(20 160 968)	15 724 724
Gain / (loss) for the period		241 740 105	(162 850 303)	59 164 607	(44 193 606)
Earning / (loss) per share	(16)	0.68	(0.46)	0.17	(0.12)

* The accompanying notes from (1) to (46) form an integral part of these separate interim financial statements and to be read therewith.

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

EGP	from 01/01/2023 to 30/09/2023	from 01/01/2022 to 30/09/2022	from 01/07/2023 to 30/09/2023	from 01/07/2022 to 30/09/2022
Gain / (loss) for the period	241 740 105	(162 850 303)	59 164 607	(44 193 606)
Total other comprehensive income for the period after income tax	-	-	-	-
Total comprehensive income for the period	241 740 105	(162 850 303)	59 164 607	(44 193 606)

* The accompanying notes from (1) to (46) form an integral part of these separate interim financial statements and to be read therewith.

Sixth of October for Development and Investment Company "SODIC"
(An Egyptian Joint Stock Company)
Separate interim statement of changes in Equity
for the financial period ended in September 30, 2023

EGP	Issued and paid in capital	Legal reserve	Special reserve- share premium	Carryforward losses	Profit from selling of treasury shares	Total
Balance as at January 1, 2022	1 424 789 472	224 840 771	1 483 154 057	(73 495 825)	1 725 456	3 061 013 931
Total comprehensive income						
(Loss) for the period	-	-	-	(162 850 303)	-	(162 850 303)
Other comprehensive income items	-	-	-	-	-	-
Total comprehensive income	-	-	-	(162 850 303)	-	(162 850 303)
Transactions with owners of the Company						
Total transactions with owners of the Company	-	-	-	-	-	-
Balance as at September 30, 2022	1 424 789 472	224 840 771	1 483 154 057	(236 346 128)	1 725 456	2 898 163 628
Balance as at December 31, 2022	1 424 789 472	224 840 771	1 483 154 057	(551 185 299)	1 725 456	2 583 324 457
Total comprehensive income						
Profit for the period	-	-	-	241 740 105	-	241 740 105
Other comprehensive income items	-	-	-	-	-	-
Total comprehensive income	-	-	-	241 740 105	-	241 740 105
Transactions with owners of the Company						
Total transactions with owners of the Company	-	-	-	-	-	-
Balance as at September 30, 2023	1 424 789 472	224 840 771	1 483 154 057	(309 445 194)	1 725 456	2 825 064 562

* The accompanying notes from (1) to (46) form an integral part of these separate interim financial statements and to be read therewith.

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

EGP	Note No.	2023	2022
<u>Cash flows from operating activities</u>			
Gain / (Loss) for the period before tax		318 965 741	(196 044 176)
<u>Adjustments for:</u>			
Depreciation of fixed assets and investment properties	(25) , (24)	57 377 716	57 904 820
(Gain) on sale of property, plant and equipment		(121 210)	(28 487)
Amortization of right of use assets	(28)	3 194 259	2 716 178
Interest of lease contract liabilities		781 974	755 055
(Reversal) of fixed assets impairment		(1 366 942)	(1 366 942)
Return on investments at amortized cost		(49 432 616)	(20 992 425)
<u>Changes in:</u>			
Inventory		(1 500)	(1 129 703)
Completed units ready for sale		336 651 350	(199 024 272)
Works in process		(585 902 359)	370 500 309
Trade and notes receivables		(660 898 432)	(299 465 060)
Due from related parties		96 997 913	(29 006 258)
Debtors and other debit balances		(995 689 607)	(48 275 770)
Provision for completion formed	(36)	314 862 980	105 776 344
Provisions for claims		36 500 000	-
Provision for vacations formed		8 133 806	7 044 851
Provision for completion used	(36)	(417 132 854)	(60 509 325)
Provisions for claims Used		(23 618 830)	-
Provision for vacations used		(2 822 081)	(153 723)
Onerous contract provision		(90 323 433)	-
Advances from customers		595 600 058	(157 863 026)
Contractors, suppliers and notes payable		218 624 366	(23 752 357)
Due to related parties		515 534 900	524 620 305
Creditors and other credit balances		297 185 924	(136 421 220)
Net cash (used in) operating activities		(26 898 877)	(104 714 882)
<u>Net cash flows from investing activities</u>			
Payments for purchase of property, plant and equipment and projects under construction		(27 778 082)	(14 877 636)
Payments for investments property under development		-	64 400 819
Payments for investments at amortized cost		(1 029 491 285)	(892 448 278)
Proceeds from investments at amortized cost		1 397 836 210	804 745 180
Proceeds from sale of property, plant and equipment		147 247	81 314
Net cash generated from / (used in) investing activities		340 714 090	(38 098 601)
<u>Cash flows from financing activities</u>			
Proceeds from loans		-	139 700 000
Repayment of loans		(199 792 308)	(139 742 308)
Lease contract liabilities		(471 275)	(8 448 393)
Net cash (used in) financing activities		(200 263 583)	(8 490 701)
Net increase / (decrease) in cash and cash equivalents		113 551 630	(151 304 184)
Cash and cash equivalents at January 1		394 605 816	604 926 547
Effect of movement in expected credit loss on cash and cash equivalents	(12)	183 636	-
Cash and cash equivalents at September 30	(23)	508 341 082	453 622 363

* The accompanying notes from (1) to (46) form an integral part of these separate interim financial statements and to be read therewith.

Sixth of October for Development and Investment Company "SODIC"

(An Egyptian Joint Stock Company)

Notes to the separate interim financial statements

For the financial period ended on September 30, 2023

1. Background and activities

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

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

- Land acquisition and the subsequent sale/lease to clients after connecting the relevant infrastructure.
- Operating in the field of construction, integrated construction, and supplementary works.
- Planning, dividing, and preparing lands for building and construction according to modern building techniques.
- Building all various types of real estate for selling and leasing.
- Developing and reclaiming land in new urban communities.
- Operating in the field of tourism development and tourism related establishments including, building, managing, selling, or utilizing hotels, motels, and tourist villages in accordance with applicable Egyptian laws and regulations.
- Building, managing, selling, and leasing –residential, service, commercial, industrial and tourism projects.
- Operating in the field of coordinating and planting gardens, roads and squares and also providing security, steward - ship, maintenance and cleaning services.
- Operating in the field of ownership and management of sporting, entertainment, medical, educational buildings and also ownership, management and operating of restaurants.
- In addition, the Company may have interest or participate in any manner with companies or others that share similar activities, or which may assist it to achieve its purposes in Egypt or abroad.

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

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

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

1-5 The registered office of the Company is located at Km. 38 Cairo / Alexandria Desert Road, Sheikh Zayed City. Mr. Talal Al Dhiyebi is the Chairman of the Company and Mr. Ayman Amer is the General Manager of the Company.

2. Basis of preparation of separate financial statements

Compliance with accounting standards and laws

- The separate financial statements have been prepared in accordance with Egyptian Accounting Standards and applicable laws and regulations.
- The separate interim financial statements were approved by the Board of Directors on October 26, 2023.
- Details of the Company's accounting policies are included in Note (45).

*Sixth of October for Development and Investment Company "SODIC" (An Egyptian Joint Stock Company)
Notes to the separate interim financial statements for the financial period ended on September 30, 2023*

3. Functional and presentation currency

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

4. Basis of measurement

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

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

5. Use of judgment and estimates

- In preparing the separate interim financial statements in accordance with Egyptian Accounting Standards (EAS), management has made judgments, estimates and assumptions that affect the application of the Company's accounting policies and the reported amounts of assets, liabilities, income and expenses and the accompanying disclosures, and the disclosure of contingent liabilities. These estimates and assumptions are based on experience and various factors. Actual results may differ from these estimates.

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

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

A- Judgments

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

- **Revenue recognition**

Revenue is recognized as detailed in the accounting policies applied.

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

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

- **Review of contractual agreements**

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

Classification of properties

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

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

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

*Sixth of October for Development and Investment Company "SODIC" (An Egyptian Joint Stock Company)
Notes to the separate interim financial statements for the financial period ended on September 30, 2023*

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

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

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

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

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

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

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

B- Assumptions and estimation uncertainties

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

Provisions and contingent liabilities

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

- **Calculation of loss allowance**

The Company assesses the impairment of its financial assets based on the expected credit loss ("ECL") model. Under the ECL model, the Company accounts for expected credit losses and changes in those expected credit losses at the end of each reporting year to reflect changes in credit risk since initial recognition of the financial assets. The Company measures the loss allowance at an amount equal to the lifetime ECL for its financial instruments. When measuring

ECL, the Company uses reasonable and supportable forward-looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other. Loss given default is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, considering cash flows from collateral and integral credit enhancements. Probability of default constitutes a key input in measuring ECL. Probability of default is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions, and expectations of future conditions.

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

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

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

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

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

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

The recoverable amount is determined using a fair value model.

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

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

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

C- **Measurement of fair values**

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

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

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

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

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

- Financial instruments
- S Clubs.

*Sixth of October for Development and Investment Company "SODIC" (An Egyptian Joint Stock Company)
Notes to the separate interim financial statements for the financial period ended on September 30, 2023*

6. Sales

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

	For the nine months ended 30/09/2023	For the nine months ended 30/09/2022
	<u>EGP</u>	<u>EGP</u>
Revenue from the sale of units in Allegria project	-	31 977 415
Revenue from the sale of units in Allegria Residence project	1 011 287 940	-
Revenue from the sale of units in Six West project	259 398 217	45 960 295
Revenue from the sale of units in Polygon X project	64 990 800	66 021 886
Revenue from the sale of units in Westown project	12 087 046	12 973 841
Revenue from the sale of units in Strip II project	14 740 460	133 126 580
Revenue from the sale of units in Forty west project	62 231 971	-
Revenue from the sale of units in The Portal project	23 738 344	72 253 163
Revenue from the sale of units in One 16 project	8 960 125	21 605 180
Revenue from the sale of units in West Medical Center project	16 709 139	8 332 397
Revenue from the sale of units in Westown Courtyard project	11 600 117	18 370 350
Revenue from the sale of units in Polygon 9,10 project	154 736 676	65 049 083
Revenue from the sale of units in Sodic East project	1 079 044 503	1 202 753 923
Revenue from the sale of units in October Plaza project	451 964 056	365 653 538
	3 171 489 394	2 044 077 651
Return of sales	(14 066 143)	-
	3 157 423 251	2 044 077 651
Realized interest of installments during the period	166 390 861	71 159 223
Discount for early payment	(311 337 623)	(117 733 700)
	3 012 476 489	1 997 503 174

- Revenue from Units until September 30, 2023, includes an amount of EGP 182 295 161 representing the value of interest on the collected installments revenue from customers of delivered units.

7. Cost of sales

	For the nine months ended 30/09/2023 <u>EGP</u>	For the nine months ended 30/09/2022 <u>EGP</u>
Cost of sales of units in Allegria project	-	20 913 384
Cost of sales of units in Allegria Residence project	515 562 337	-
Cost of sales of units in Six west project	125 971 982	24 940 992
Cost of sales of units in Polygon X project	22 654 488	21 392 251
Cost of sales of units in Westown project	5 699 061	2 462 796
Cost of sales of units in Strip II project	5 524 066	48 328 731
Cost of sales of units in Forty west project	24 196 318	-
Cost of sales of units in The Portal project	8 061 134	38 917 266
Cost of sales of units in One 16 project	4 413 822	10 599 330
Cost of sales of units in West Medical Center project	5 039 225	4 127 165
Cost of sales of units in Westown Courtyard project	3 013 412	7 683 527
Cost of sales of units in Polygon 9,10 project	43 378 011	21 800 370
Cost of sales of units in Sodic East project	865 093 779	1 040 777 157
Cost of sales of units in October Plaza project	306 233 172	231 829 391
	1 934 840 807	1 473 772 360
Reversal of write down to NRV in WIP (*)	(143 258 087)	-
Reversal of onerous contracts – provision (*)	(90 323 433)	-
Cost of sales returns	(6 402 547)	-
	1 694 856 740	1 473 772 360

- Cost of sales from units for the period includes an amount of EGP 182 295 161 representing the value of capitalized interest on the collected installments from customers of delivered units.
- Cost of sales includes an amount of EGP 77 270 265 representing the adjustment to the cost of land for SODIC West El Sheikh Zayed plot as shown in detail in note (18-1).

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

In light of the Company offering new units during the period thereafter, a re-measurement to the net realizable value of the work in progress as of September 30, 2023, led to a reversal to the provision written down during the year 2022 and a reduction in the onerous contract's losses.

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8. Other operating revenues

	For the nine months ended 30/09/2023	For the nine months ended 30/09/2022
	<u>EGP</u>	<u>EGP</u>
Cancellations and delay penalties	29 508 173	20 731 777
Buildings leased revenue	9 706 855	9 553 337
Go smart revenue	4 533 027	5 338 908
Heliopolis sales office contract termination	-	4 389 206
Reversal of impairment losses of fixed assets	1 366 942	1 366 942
Gain on sale of Property, Plant, and Equipment	121 210	28 487
Other revenue	3 757 200	1 652 063
	48 993 407	43 060 720

9. Selling and marketing expenses

	For the nine months ended 30/09/2023	For the nine months ended 30/09/2022
	<u>EGP</u>	<u>EGP</u>
Salaries and wages	55 824 964	56 444 231
Sales commissions	133 500 610	92 508 615
Advertising	55 877 862	78 618 244
Conferences and exhibitions	5 765 492	14 024 943
Car rent	1 312 369	658 985
Travel, transportation, and cars	2 804 074	1 134 130
Maintenance, security, cleaning, agriculture	4 749 494	10 090 877
Professional and consultants' fees	10 668 396	3 183 002
Gifts	-	2 496 792
Printing and photocopying	949 711	1 466 271
Fees, stamps and licenses	1 749 859	3 894 857
Communication and electricity	3 303 789	2 183 769
Depreciation of fixed assets	940 517	999 565
Training of employees	3 819	-
Vacations	-	1 119 751
Right of use amortization	1 987 851	2 716 178
Others	1 278 111	166 343
	280 716 918	271 706 553

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10. General and administrative expenses

	For the nine months ended 30/09/2023 EGP	For the nine months ended 30/09/2022 EGP
Salaries, wages, and bonuses	255 784 924	117 511 640
Board of Directors' remunerations and allowances	10 500 000	9 750 000
Training and medical care	30 938 381	23 933 706
Professional and consultancy fees	78 225 680	31 569 447
Advertising	526 644	1 611 360
Donations	77 600	40 000
Maintenance, cleaning, agriculture, and security	75 429 270	51 371 591
Depreciation of fixed assets	12 577 774	14 634 172
Depreciation of Right of Use Assets	1 206 408	-
Subscriptions and governmental dues	2 591 539	26 646 317
Rent	3 114 968	2 088 499
Travel and transportation	4 102 430	3 170 192
Communication and electricity	7 186 441	1 888 785
Programs and computer supplies	54 832 954	16 418 889
Buffet, hospitality, and reception	5 441 722	2 049 549
Bank charges	3 213 665	1 495 419
Employees benefits	1 380 769	9 695 987
Employees vacations	4 029 779	3 710 101
Gifts	595 699	1 576 787
Conferences and exhibitions	476 364	3 923 236
Insurance installments	3 541 985	2 478 671
Takaful contribution	8 016 060	5 326 227
Others	477 694	803 461
	564 268 750	331 694 036

11. Other operating expenses

	For the nine months ended 30/09/2023 EGP	For the nine months ended 30/09/2022 EGP
Depreciation of investment properties	10 731 515	9 162 039
Provision for claims	36 500 000	-
	47 231 515	9 162 039

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12. Expected credit losses

	Balance in 31/12/2022	Movement during the period	Balance in 30/09/2023
	<u>EGP</u>	<u>EGP</u>	<u>EGP</u>
Long term notes receivable	7 556 420	2 941 822	10 498 242
Short term notes receivable	8 655 805	770 555	9 426 360
Due from related parties	495 287 768	220 806	495 508 574
Debtors and other debit balances	1 510 219	549 388	2 059 607
Financial investments at amortized cost	1 112 025	(835 060)	276 965
Cash at banks	327 733	183 636	511 369
	<u>514 449 970</u>	<u>3 831 147</u>	<u>518 281 117</u>

13. Finance income

	For the nine months ended 30/09/2023	For the nine months ended 30/09/2022
	<u>EGP</u>	<u>EGP</u>
Interest income	29 689 594	13 238 674
Return on investment at amortized cost	48 597 556	21 163 442
Foreign exchange gains from balances denominated. in foreign currencies (*)	30 132 214	27 707 925
	<u>108 419 364</u>	<u>62 110 041</u>

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

14. Finance cost

	For the nine months ended 30/09/2023	For the nine months ended 30/09/2022
	<u>EGP</u>	<u>EGP</u>
Interest expense	203 098 253	140 342 551
Interest of lease contract liabilities	781 974	755 055
	<u>203 880 227</u>	<u>141 097 606</u>

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15. Income tax

A- Items recognized in the profit or loss

	For the nine months ended 30/09/2023 <u>EGP</u>	For the nine months ended 30/09/2022 <u>EGP</u>
Financial investments at amortized costs tax ·	9 719 510	4 232 688
Deferred income tax expense	71 161 512	4 245 876
Deferred income tax (benefit)	(3 655 386)	(41 672 437)
	<u>77 225 636</u>	<u>(33 193 873)</u>

B- Deferred tax assets and liabilities movement

	Statement of financial position		P&L Statement	
	30/09/2023 <u>EGP</u>	31/12/2022 <u>EGP</u>	30/09/2023 <u>EGP</u>	30/09/2022 <u>EGP</u>
Property, plant, and equipment	(2 841 673)	(4 072 274)	(1 230 601)	(4 245 876)
Provision for completion	117 737 246	193 303 809	75 566 563	10 185 079
Provision for claims	8 860 763	4 500 000	(4 360 763)	31 487 358
Carried forward tax losses	71 116 800	68 647 727	(2 469 073)	-
Foreign exchange translation	(10 269 596)	(10 269 596)	-	-
Net deferred income tax	<u>184 603 540</u>	<u>252 109 666</u>	<u>67 506 126</u>	<u>37 426 561</u>

C- Reconciliation of effective income tax rate

	For the nine months ended 30/09/2023 <u>EGP</u>	For the nine months ended 30/09/2022 <u>EGP</u>
Profit / (loss) for the period before income taxes	318 965 741	(196 044 176)
Tax rate	<u>%22.5</u>	<u>%22.5</u>
Income tax calculated according to income tax law	71 767 292	(44 109 940)
Special tax pool	(1 214 939)	(529 087)
Other non-deductible expenses	6 789 213	6 597 817
Other tax adjustments	(115 930)	4 847 337
Income tax according to profit or loss statement	<u>77 225 636</u>	<u>(33 193 873)</u>
Effective tax rate	<u>24.21%</u>	<u>16.93%</u>

D- Unrecognized deferred tax assets

	30/09/2023 <u>EGP</u>	31/12/2022 <u>EGP</u>
Deductible temporary differences	133 846 165	131 643 603
	<u>133 846 165</u>	<u>131 643 603</u>

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

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

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

	For the nine months ended 30/09/2023	For the nine months ended 30/09/2022
	<u>EGP</u>	<u>EGP</u>
Net gain / (loss) for the period	241 740 105	(162 850 303)
Employees share of profit	-	-
	241 740 105	(162 850 303)
<u>Divided on:</u>		
Weighted average number of shares outstanding during the period	356 197 368	356 197 368
Gain / (loss) per share (EGP / share)	<u>0.68</u>	<u>(0.46)</u>

17. **Inventory**

	30/09/2023	31/12/2022
	<u>EGP</u>	<u>EGP</u>
Operating equipment (Clubs)	8 306 053	8 306 053
Communication devices	2 068 795	2 067 295
	10 374 848	10 373 348

18. **Work in process**

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

	30/09/2023	31/12/2022
	<u>EGP</u>	<u>EGP</u>
SODIC West project costs (18-1)	858 413 340	1 057 329 009
October Plaza project costs	77 560 042	230 622 291
Sodic East project costs	1 182 973 820	1 434 846 628
464.81 acres project cost (18-2)	6 380 661 287	4 892 915 837
440 acres project cost	15 221 250	-
	8 514 829 739	7 615 713 765

- Includes an amount of EGP 457 009 259 representing the value of capitalized interest on installments collected from customers.

(18-1) The balance contains on EGP 120 776 844 representing the present value of the share of the work under construction from the settlement amount of the Company's land in Sheikh Zayed as a component of the cost of the units whose revenues will be recognized in the statement of profit or losses for future years, this amount represents the remainder of the present value of a total settlement amount of EGP 800 million according to the reconciliation with the Illicit Gains Authority ("IGA").

(18-2) The balance includes an amount of EGP 5 135 385 070 representing the net present value of the projects lands in addition to the capitalized interests in accordance with the co-development agreement between the Company and the New Urban Communities Authority "NUCA" with minimum guaranteed By NUCA in the amount of 11.356 billion EGP as detailed in note (32).

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19. Notes receivable – non-current.

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

	30/09/2023	31/12/2022
	<u>EGP</u>	<u>EGP</u>
Notes receivable – units' installments *	2 091 665 286	1 201 241 235
Unamortized interest-notes receivable	(730 536 378)	(297 667 046)
Expected credit losses	(10 498 242)	(7 556 420)
	<u>1 350 630 666</u>	<u>896 017 769</u>

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

-Notes receivable not included in the financial statements have been disclosed in note no. (43).

-The Company's exposure to credit and currency risk related to notes receivable is disclosed in note (40).

20. Trade and notes receivable – current

	30/09/2023	31/12/2022
	<u>EGP</u>	<u>EGP</u>
Trade receivable	77 482 834	99 430 847
Notes receivable – units' installments *	913 909 017	657 231 742
	<u>991 391 851</u>	<u>756 662 589</u>
Unamortized interest – notes receivable	(59 089 133)	(31 415 961)
	<u>932 302 718</u>	<u>725 246 628</u>
Expected credit losses	(9 426 360)	(8 655 805)
	<u>922 876 358</u>	<u>716 590 823</u>

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

- Notes receivable not included in the financial statements have been disclosed in note no. (43).

-The Company's exposure to credit and currency risks related to trade and notes receivable is disclosed in note no. (40).

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21. Debtors and other debit balances

	30/09/2023	31/12/2022
	EGP	EGP
Contractors and suppliers – advance payments	853 504 187	421 722 536
Heliopolis Housing and Development Company (*)	260 802 472	260 802 472
Restricted cash for SODIC East project	56 838 897	37 973 577
Amounts withheld for the 464.81 acres project	62 039 867	39 838 876
Commissions and prepaid expenses	467 347 692	348 014 217
Deposits with others	10 121 958	8 687 170
Due from the bonus and incentives plan to employees and managers fund	5 473 472	5 473 472
Bank current accounts & deposits – Maintenance (**)	1 130 962 309	742 231 510
Withholding tax	11 814 405	7 164 437
Other debit balances	15 588 719	12 651 844
	2 874 493 978	1 884 560 111
Expected credit losses	(2 059 607)	(1 510 219)
	2 872 434 371	1 883 049 892

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

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

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

The Company's exposure to credit and currency risks related to debtors and other debit balances is disclosed in note no. (40).

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22. Financial investments at amortized cost

	30/09/2023	31/12/2022
	<u>EGP</u>	<u>EGP</u>
Treasury bills at par value	255 325 000	581 075 000
Unearned return on treasury bills	(5 489 713)	(11 492 344)
Expected credit losses	(276 965)	(1 112 025)
	<u>249 558 322</u>	<u>568 470 631</u>

The Company's exposure to market risk related to trading investments is disclosed in note no. (40).

23. Cash and cash equivalent

	30/09/2023	31/12/2022
	<u>EGP</u>	<u>EGP</u>
Banks - time deposits *	74 800 000	139 464 000
Banks - current accounts	417 707 265	248 863 811
Checks under collection	12 585 799	4 988 788
Cash on hand	4 248 018	2 289 217
	<u>509 341 082</u>	<u>395 605 816</u>
Expected credit losses	(511 369)	(327 733)
	<u>508 829 713</u>	<u>395 278 083</u>

* Deposits include the amount of EGP 1 million restricted as a guarantee for a letter of guarantee in favor of the South Cairo Electricity Distribution Company.
Exposure to interest rate risk and currency risk for cash and cash equivalents which is disclosed in note no. (40).

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

	30/09/2023	31/12/2022
	<u>EGP</u>	<u>EGP</u>
Cash and cash equivalents Before ECL	509 341 082	395 605 816
Restricted cash	(1 000 000)	(1 000 000)
Cash and cash equivalent according to separate interim statement of cash flows	<u>508 341 082</u>	<u>394 605 816</u>

Sixth of October for Development and Investment Company "SODIC"

Notes to the separate interim financial statements for the financial period ended September 30, 2023

24- Fixed Assets

EGP	Lands	Buildings	Vehicles	Furniture and fixtures	Generators, machinery and equipment	Computers and Printers	Communication devices	Computer Software's	Improvements in owned properties	Solar power stations	Golf Course	Total
Cost												
Cost as at January 1, 2022	81 050 185	605 395 339	21 681 002	50 127 144	44 639 131	30 965 891	2 782 519	19 113 303	75 045 822	11 218 810	99 377 533	1 041 396 679
Additions during the year	-	-	315 000	3 277 580	2 064 601	5 837 129	527 499	2 689 767	-	-	-	14 711 576
Disposals during the year	-	-	-	-	(40 926)	(85 942)	-	-	(8 172 388)	-	-	(8 299 256)
Cost as at December 31, 2022	81 050 185	605 395 339	21 996 002	53 404 724	46 662 806	36 717 078	3 310 018	21 803 070	66 873 434	11 218 810	99 377 533	1 047 808 999
Cost as at January 1, 2023	81 050 185	605 395 339	21 996 002	53 404 724	46 662 806	36 717 078	3 310 018	21 803 070	66 873 434	11 218 810	99 377 533	1 047 808 999
Additions during the period	-	-	304 201	1 424 613	2 937 900	1 189 636	-	682 931	-	-	-	6 539 281
Disposals during the period	-	-	(77 000)	(954 188)	(55 245)	(86 678)	(6 000)	-	(2 385 258)	-	-	(3 564 369)
Balance at September 30, 2023	81 050 185	605 395 339	22 223 203	53 875 149	49 545 461	37 820 036	3 304 018	22 486 001	64 488 176	11 218 810	99 377 533	1 050 783 911
Accumulated depreciation												
Accumulated depreciation at January 1, 2022	-	69 567 356	12 674 036	18 853 894	11 836 418	19 912 077	2 405 483	16 536 676	54 026 774	858 227	19 597 272	226 268 213
Depreciation during the year	-	29 841 741	2 843 932	9 606 063	8 160 891	4 340 510	192 988	1 793 541	5 811 054	448 752	1 822 590	64 862 062
Accumulated depreciation of disposals during the year	-	-	-	-	(2 558)	(71 485)	-	-	(8 172 386)	-	-	(8 246 429)
Accumulated depreciation at December 31, 2022	-	99 409 097	15 517 968	28 459 957	19 994 751	24 181 102	2 598 471	18 330 217	51 665 442	1 306 979	21 419 862	282 883 846
Accumulated depreciation at January 1, 2023	-	99 409 097	15 517 968	28 459 957	19 994 751	24 181 102	2 598 471	18 330 217	51 665 442	1 306 979	21 419 862	282 883 846
Depreciation during the period	-	22 319 708	1 901 253	5 919 714	6 278 582	3 601 559	164 518	1 462 056	3 295 305	336 564	1 366 942	46 646 201
Accumulated depreciation of disposals during the period	-	-	(77 000)	(953 967)	(55 240)	(60 868)	(6 000)	-	(2 385 257)	-	-	(3 538 332)
Accumulated depreciation at September 30, 2023	-	121 728 805	17 342 221	33 425 704	26 218 093	27 721 793	2 756 989	19 792 273	52 575 490	1 643 543	22 786 804	325 991 715
Impairment of Golf course												
Accumulated Impairment at January 1, 2022	-	-	-	-	-	-	-	-	-	-	79 780 261	79 780 261
Impairment reversal during the year	-	-	-	-	-	-	-	-	-	-	(1 822 590)	(1 822 590)
Accumulated impairment at December 31, 2022	-	-	-	-	-	-	-	-	-	-	77 957 671	77 957 671
Impairment reversal during the period	-	-	-	-	-	-	-	-	-	-	(1 366 942)	(1 366 942)
Accumulated impairment at September 30, 2023	-	-	-	-	-	-	-	-	-	-	76 590 729	76 590 729
Net book value												
At January 1, 2022	81 050 185	535 827 983	9 006 966	31 273 250	32 802 713	11 053 814	377 036	2 576 627	21 019 048	10 360 583	-	735 348 205
At December 31, 2022	81 050 185	505 986 242	6 478 034	24 944 767	26 668 055	12 535 976	711 547	3 472 853	15 207 992	9 911 831	-	686 967 482
At September 30, 2023	81 050 185	483 666 534	4 880 982	20 449 445	23 327 368	10 098 243	547 029	2 693 728	11 912 686	9 575 267	-	648 201 467

* Property, plant, and equipment include fully depreciated assets at a cost of EGP 118 137 763 at September 30, 2023.

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25. Investment properties

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

<u>Description</u>	<u>Leased out units</u>
<u>Cost</u>	<u>EGP</u>
On January 1, 2022	249 391 191
Additions during the year	44 999 010
On December 31, 2022	294 390 201
On January 1, 2023	294 390 201
Additions during the period	-
On September 30, 2023	294 390 201
<u>Less</u>	
<u>Accumulated depreciation</u>	
On January 1, 2022	(2 906 575)
Depreciation for the year	(12 251 444)
On December 31, 2022	(15 158 019)
On January 1, 2023	(15 158 019)
Depreciation for the period	(10 731 515)
On September 30, 2023	(25 889 534)
Net carrying amount as of January 1, 2022	246 484 616
Net carrying amount as of December 31, 2022	279 232 182
Net carrying amount as of September 30, 2023	268 500 667

- The fair value of investment properties leased out to others amounted to EGP 708 million as of September 30, 2023.

26. Investment properties under development

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

	30/09/2023	31/12/2022
	<u>EGP</u>	<u>EGP</u>
SODIC West Project	106 245 091	106 245 091
	106 245 091	106 245 091

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27. Investment at fair value through OCI

	Legal Form	Ownership %	Paid amount of Participation %	Carrying amount as at 30/09/2023 EGP	Carrying amount as at 31/12/2022 EGP
SODIC for Golf and Tourist Development Co.	S.A. E	0.0025	25	-	2 875
Beverly Hills for Management of Cities and Resorts Co.	S.A. E	0.06	100	26 152	26 152
				<u>26 152</u>	<u>29 027</u>
Impairment of available for sale investments at fair value				-	(2 875)
				<u>26 152</u>	<u>26 152</u>

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

28. Lease Contracts Assets & Liabilities

28-1 Right of use – assets

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

<u>Cost</u>	<u>EGP</u>
At January 1, 2023	11 784 847
Additions during the period	14 476 894
At September 30, 2023	<u>26 261 741</u>
<u>Accumulated amortization</u>	
At January 1, 2023	(7 701 495)
Amortization for the period	(3 194 259)
At September 30, 2023	<u>(10 895 754)</u>
Net carrying amount as of September 30, 2023	<u>15 365 987</u>

28-2 Lease contract liabilities

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

	30/09/2023 EGP	31/12/2022 EGP
Total undiscounted lease contract liabilities	21 875 628	3 092 311
Unamortized interests	(4 121 198)	(125 474)
Net present value of lease contract liabilities	<u>17 754 430</u>	<u>2 966 837</u>
Short-term lease liabilities	5 939 828	2 966 837
Long-term lease liabilities	11 814 602	-
	<u>17 754 430</u>	<u>2 966 837</u>

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29. Share capital and reserves

29-1 Share capital

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

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

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

29-2 Reserves

a. Legal Reserve

The balance as is represented as follows: -

	<u>EGP</u>
Legal reserve of 5% of the Company's net profits till year 2017	41 447 167
Increase of the legal reserve with the difference between the par value of the treasury shares and its actual cost (according to the Company's Extra-Ordinary General Assembly Meeting held on July 10, 2003).	4 627 374
Increase of the legal reserve with part of capital increase share premium to the extent of half of the Company's issued share capital during 2006.	123 409 151
Increase of the legal reserve with part of capital increase share premium during 2007 to the extent of half of the Company's issued share capital.	5 000 000
Increase in legal reserve with a part of the capital share premium during 2010 to the extent of half of the Company's issued share capital.	39 446 365
Increase of the legal reserve with 5% of the net profit for the year 2019.	9 756 581
Increase of the legal reserve with 5% of the net profit for the year 2020.	1 154 135
The amount used to increase the issued share capital during 2011.	(2)
	224 840 771

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b. Special reserve – share premium.

The balance is represented in the following:

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

30. Profit from sale of treasury shares

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

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31. Loans

	30/09/2023 <u>EGP</u>	31/12/2022 <u>EGP</u>
On October 13, 2021, Sixth of October for Development and Investment Company "SODIC" signed a medium-term syndicated loan contract with the Arab African International Bank "facility and guarantee agent" and Banque Misr (in its capacity as the account bank) with a total amount of EGP 1 570 million according to the previous syndicated loan contract signed on April 4, 2017 on two tranches:		
– 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.		
<u>Guarantees:</u>		
– 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.	-	201 000 000
<u>Guarantees:</u>		
– 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.		
<u>Grace period:</u>		
Three years and six months applied on the principal of the loan only from the date of first drawdown.		
<u>Repayment:</u>		
Commences on March 2021, and repayable in (13) quarterly unequal installments.		
	<u>1 288 721 749</u>	<u>1 489 721 749</u>
	(12 882 052)	(14 089 744)
	<u>1 275 839 697</u>	<u>1 475 632 005</u>
Unamortized borrowing cost		
<u>Current portion</u>		
Loan from CIB	-	80 000 000
Loan from Bank Misr	74 101 501	38 661 652
Transaction cost	(1 610 257)	(1 610 256)
Total current portion	<u>72 491 244</u>	<u>117 051 396</u>
<u>Non-current portion</u>		
Non-current portion	1 214 620 248	1 371 060 096
Transaction cost	(11 271 795)	(12 479 487)
Total non-current portion	<u>1 203 348 453</u>	<u>1 358 580 609</u>

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32. New Urban Communities Authority

	30/09/2023	31/12/2022
	<u>EGP</u>	<u>EGP</u>
New Urban Communities Authority "NUCA"	10 720 619 915	10 911 745 840
Unamortized interest	(6 041 497 700)	(6 545 837 240)
	<u>4 679 122 215</u>	<u>4 365 908 600</u>
Current portion	94 685 589	263 159 777
Non-current portion	4 584 436 626	4 102 748 823
	<u>4 679 122 215</u>	<u>4 365 908 600</u>

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

33. Contractors, suppliers and notes payable.

	30/09/2023	31/12/2022
	<u>EGP</u>	<u>EGP</u>
Contractors	27 383 643	2 158 999
Suppliers	32 379 338	42 861 269
Notes payable	324 185 174	120 303 521
	<u>383 948 155</u>	<u>165 323 789</u>

The Company's exposure to currency and liquidity risks related to suppliers, contractors and notes payable is disclosed in note no. (40).

34. Advances from customers

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

	30/09/2023	31/12/2022
	<u>EGP</u>	<u>EGP</u>
Advances – SODIC West	475 708 420	1 037 373 307
Advances – October Plaza	98 932 142	159 713 136
Advances – SODIC East (*)	1 017 291 797	1 009 265 158
Advances – Acres Sheikh Zayed 464.81	2 281 498 114	1 137 991 724
Advances – Clubs' memberships	342 070 787	275 557 877
	<u>4 215 501 260</u>	<u>3 619 901 202</u>

- Includes an amount of EGP 502 083 387 representing the value of the financial component due on installments collected from undelivered customers.
- Uncollected notes receivable for undelivered units, that are not included in the financial statements have been disclosed in note no. (43).

(*) The balance includes an amount of EGP 2 055 314 409 which represents the net advances from customers of SODIC EAST project which has been reduced by EGP 1 038 022 612 that represents Heliopolis Housing and Development Company's share of the residential units mentioned in the joint operation contract (70% for the developer and 30% for the owner approximately).

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35. Creditors and other credit balances

	30/09/2023	31/12/2022
	<u>EGP</u>	<u>EGP</u>
Accrued expenses	152 981 999	172 167 024
Amounts collected on account for management, operation and maintenance of projects	1 052 571 699	793 893 296
Creditors of gas and electricity installments	20 802 636	12 014 998
Detained business guarantee	159 192 907	138 945 435
Contractors – Social Insurance	16 077 847	10 864 360
Insurance Deposits collected from customers – Against modifications	5 823 703	4 073 081
Customers credit balances – Strip I	369 580	-
Customers - cancellation	45 483 937	20 324 764
Tax authority	25 884 673	35 218 848
Accrued compensated absence	14 399 507	9 087 782
Customers rent	6 092 019	3 613 620
Sundry creditors	6 966 262	3 945 912
	<u>1 506 646 769</u>	<u>1 204 149 120</u>

The Company's exposure to currency and liquidity risks related to creditors and other credit balances is disclosed in note no. (40).

36. Provisions

36-1 Provision for completion of works

	Balance as at 01/01/2023	Formed during the period	Used during the period	Balance as at 30/09/2023
	<u>EGP</u>	<u>EGP</u>	<u>EGP</u>	<u>EGP</u>
Provision for completion of works	618 378 720	314 862 980	(417 132 854)	516 108 846
	<u>618 378 720</u>	<u>314 862 980</u>	<u>(417 132 854)</u>	<u>516 108 846</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.

36-2 Provision for claims

	Balance as at 01/01/2023	Formed during the period	Used during the period	Balance as at 30/09/2023
	<u>EGP</u>	<u>EGP</u>	<u>EGP</u>	<u>EGP</u>
Provision for claims	30 000 000	36 500 000	(23 618 830)	42 881 170
	<u>30 000 000</u>	<u>36 500 000</u>	<u>(23 618 830)</u>	<u>42 881 170</u>

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

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36-3 Onerous contracts provision

	Balance as at 01/01/2023	Provisions no longer required during the period	Used during the period	Balance as at 30/09/2023
	<u>EGP</u>	<u>EGP</u>	<u>EGP</u>	<u>EGP</u>
Onerous contracts provision	97 491 234	(90 323 433)	-	7 167 801
	<u>97 491 234</u>	<u>(90 323 433)</u>	<u>-</u>	<u>7 167 801</u>

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

37. Investments in subsidiaries

	Legal Form	Share Percentage	Paid amount of Participation	Carrying amount as at 30/09/2023	Carrying amount as at 31/12/2022
		<u>%</u>	<u>%</u>	<u>EGP</u>	<u>EGP</u>
Sixth of October for Development and Real Estate Projects Co. (SOREAL)	S.A.E	99.99	100	807 334 516	807 334 516
SOREAL for Real Estate Investment Co.	S.A.E	99.99	100	499 999 970	499 999 970
SODIC for Development and Real Estate Investment Co.		99.99	100	299 999 980	299 999 980
Tabrouk Development Co.	S.A.E	99.99	100	99 998 000	99 998 000
SODIC for Management of Hotels and Clubs	S.A.E	40	100	11 200 000	11 200 000
				<u>1 718 532 466</u>	<u>1 718 532 466</u>

38. Fair values

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

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

39. Capital management.

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

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

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

40. Financial risk management

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

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

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

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

40-1 Credit risk

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

Trade and other receivables

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

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

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

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

Investments

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

Guarantees

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

40-2 Liquidity risk

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

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

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

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

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

40-3 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments.

The objective of market risk management is to manage and control market risk exposure within acceptable parameters, while optimizing the return.

40-4 Currency risk

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

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

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

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

40-5 Interest rate risk

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

40-6 Other market price risk

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

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

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40-7 Credit risk

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

	Note No.	30/09/2023 EGP	31/12/2022 EGP
Notes receivable – noncurrent	(19)	1 361 128 908	903 574 189
Trade and notes receivable – current	(20)	932 302 718	725 246 628
Due from related parties	(41)	498 365 612	595 142 719
Debtors and other debit balances	(21)	2 407 146 286	1 536 545 894
Financial investments at amortized cost	(22)	249 835 287	569 582 656
Cash at banks	(23)	505 093 064	393 316 599
		5 953 871 875	4 723 408 685

40-8 Liquidity risk

The following are the contractual terms of financial liabilities:

September 30, 2023	Carrying amount EGP	Less than 1 year EGP	1-2 years EGP	2-5 years EGP
Loans	1 275 839 697	72 491 244	228 749 402	974 599 051
New Urban Communities Authority	4 679 122 215	94 685 589	670 175 080	3 914 261 546
Lease contracts liabilities	17 754 430	5 939 828	11 814 602	-
Contractors and suppliers	59 762 981	59 762 981	-	-
Other creditors	1 506 646 769	1 506 646 769	-	-
Notes payable –short term	324 185 174	324 185 174	-	-
Due to related parties	2 655 917 377	2 655 917 377	-	-
	10 519 228 643	4 719 628 962	910 739 084	4 888 860 597

December 31, 2022	Carrying amount EGP	Less than 1 year EGP	1-2 years EGP	2-5 years EGP
Loans	1 475 632 005	117 051 396	317 531 357	1 041 049 252
New Urban Communities Authority	4 365 908 600	263 159 777	599 759 632	3 502 989 191
Lease contracts liabilities	2 966 837	2 966 837	-	-
Contractors and suppliers	45 020 268	45 020 268	-	-
Other creditors	1 204 149 120	1 204 149 120	-	-
Notes payable – short term	120 303 521	120 303 521	-	-
Due to related parties	2 140 382 477	2 140 382 477	-	-
	9 354 362 828	3 893 033 396	917 290 989	4 544 038 443

40-9 Currency risk

Exposure to currency risk

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

	30/09/2023 USD	31/12/2022 USD
Cash at banks	2 711 390	5 048 966
Surplus of foreign currencies	2 711 390	5 048 966

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The following is the average exchange rates during the period:

	Average exchange rate during the period		Spot rate at the financial statements date	
	30/09/2023	31/12/2022	30/09/2023	31/12/2022
	<u>EGP</u>	<u>EGP</u>	<u>EGP</u>	<u>EGP</u>
USD	29.23	17.96	30.75	24.68

Sensitivity Analysis

A reasonably possible strengthening (weakening) of 5% other currencies exchange rate against Egyptian pound As of September 30, 2023, would have affected the measurement of financial instruments denominated in a foreign currency and affected equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases.

	Profit or Loss	
	<u>Strengthening</u>	<u>Weakening</u>
USD	4 168 762	(4 168 762)

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

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

40-10 Interest rate risk

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

	<u>Carrying amount</u>	
	30/09/2023	31/12/2022
	<u>EGP</u>	<u>EGP</u>
<u>Financial instruments with a fixed rate</u>		
Financial assets	2 273 507 025	1 612 608 592
Financial liabilities	324 185 174	120 303 521
	<u>2 597 692 199</u>	<u>1 732 912 113</u>
<u>Financial instruments with a variable rate</u>		
Financial liabilities	1 275 839 697	1 475 632 005
	<u>1 275 839 697</u>	<u>1 475 632 005</u>

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

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41. Related parties

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

Party	Nature of relationship	Nature of transaction	30/09/2023 Amount of Transaction EGP
Beverly Hills Company for Management of Cities and Resorts	A subsidiary	Works of agriculture, maintenance, and security services for Beverly Hills City	10 120 157
Sixth of October for Development and Real Estate Projects (SOREAL)	A subsidiary	Payments on behalf of the Company	233 619 722
Sodic Garden City for development and investment	A subsidiary	Payments on behalf of the Company	635 560
Edara for Services of Cities and Resorts Company	A subsidiary	Works of agriculture, maintenance, and security services for SODIC West	186 495 899
Al Yosr for Projects and Real estate Development Company	A subsidiary	Payment on behalf of the company	51 181 459
SOREAL for Real estate investment Company	A subsidiary	Payments on behalf of the Company	164 789 197
Tabrouk Development Company	A subsidiary	Payments on behalf of the Company	152 353 440
SODIC for Development and Real Estate Investment Company	A subsidiary	Payments on behalf of the Company	6 654 308
SODIC Clubs	A subsidiary	Revenue/expenses of clubs	53 698 726
		Payments on behalf of the Company	73 598 708
		Administrative fees	1 350 000
Sodic Securitizations	A subsidiary	Payments on behalf of the Company	610
Aldar Egypt for Projects Development	A subsidiary	Payments on behalf of the Company	6 367 487
Sodic Syria	A subsidiary	Payments on behalf of the Company	118 200
Executive directors and board members			39 303 345

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

a) Due from related parties

	30/09/2023	31/12/2022
	<u>EGP</u>	<u>EGP</u>
Green scape for Agriculture and Reclamation Company (under Liquidation)	3 651 668	3 651 668
Move-In for Advanced Contracting Company	22 411 128	22 411 128
SODIC Syria Company	434 145 985	434 027 785
Palmyra Real Estate Development Company –a Joint project	35 191 620	35 191 620
SODIC for securitization	610	425 780
SODIC Garden City for development and investment	185 816	821 376
Aldar for Real Estate Company – Egypt	2 778 785	9 142 672
Al Yosr for Projects and Real estate Development Company	-	27 045 821
Edara for Services of Cities and Resorts Company	-	755 433
SOREAL for Real Estate Company	-	59 052 576
Beverly Hills for Management of Cities and Resorts Co	-	2 616 860
	498 365 612	595 142 719
Expected credit losses (*)	(495 508 574)	(495 287 768)
	2 857 038	99 854 951

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

Accordingly, the Board of Directors of Sixth of October Development and Investment "SODIC" saw that the assets of the investee company all become in dispute with the mentioned country's government, which requires to recognize a loss arising from an inability to recover its investments and therefore the Board of Directors decided on April 16, 2014 to impair the due from related parties relating to investments that have been injected for projects in the Syrian Arab Republic in addition to an impairment for due from some subsidiaries related to debts unexpected to be collected which are amounted to EGP 535 508 574 as at September 30, 2023.

b) Due to related parties

	30/09/2023	31/12/2022
	<u>EGP</u>	<u>EGP</u>
Sixth of October for Development and Real Estate Projects (SOREAL)	1 809 230 135	1 575 610 413
SOREAL for Real Estate Company	105 736 621	-
Al Yosr for Projects and Real estate Development Company	24 135 637	-
SODIC for Clubs	44 842 741	68 492 723
Tabrouk Development Company	529 859 753	377 506 313
SODIC for Development and Real Estate Investment Company	112 037 590	118 691 898
Beverly Hills for Management of Cities and Resorts Co	460 583	-
Edara for Services of Cities and Resorts Company	29 614 317	-
La Maison for real Estates	-	81 130
	2 655 917 377	2 140 382 477

42. Tax status

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

Corporate tax

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

Salary tax

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

Withholding tax

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

Stamp tax

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

Sales/value added tax.

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

Real estate property tax

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

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43. Post-dated checks (off balance sheet)

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

	30/09/2023	31/12/2022
	EGP	EGP
Postdated checks clients and unit's installments	12 700 188 444	8 872 147 397
Postdated checks customers cancellations	25 340 059	19 252 005
Postdated checks clubhouse installment	432 396 438	324 908 672
Postdated checks clients and maintenance installments	751 004 758	553 241 743
	13 908 859 699	9 769 549 817
<u>These checks are due as follows:</u>		
Checks due short term	2 483 893 860	2 077 509 067
Checks due long term	11 424 965 839	7 692 040 750
	13 908 859 699	9 769 549 817

44. Legal status

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

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

45. Significant accounting policies

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

45-1 Consolidated financial statement

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

45-2 Foreign currency transactions

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

45-3 Revenue from Contracts with Customers

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

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

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

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

- The Company satisfy the performance obligation and recognize revenue over time, if one of the following criteria is met: -
 - a) Company performance does not arise any asset that has an alternative use of the Company and the Company has an enforceable right to pay for completed performance until that date.
 - b) The Company arise or improves a customer-controlled asset when the asset is arisen or improved.
 - c) The customer receives and consumes the benefits of Company performance at the same time as soon as the company has performed.
- For performance obligations, if one of the above conditions is met, revenue is recognized in the Year in which the Company satisfies performance obligation.
- When the Company satisfies performance obligation by providing the services promised, it creates an asset based on payment for the contract performance obtained, when the amount of the contract received from customer exceeds the amount of the revenue recognized, resulting advance payments from the customer (contractual obligation)
- Revenue is recognized to the extent that is a potential for the flow of economic benefits to the Company, revenue and costs can be measured reliably, where appropriate.
- The application of Egyptian Accounting Standard No. 48 requires management to use the following judgements:

Satisfaction of performance obligation

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

Determine the transaction price.

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

Control transfer in contracts with customers

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

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

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

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

Other matters to be considered.

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

The significant financing component

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

Revenue recognition

a. Real estate and land sales

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

The significant financing component

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

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b. Services revenue

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

c. Rental income

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

d. Interest income

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

e. Commission revenue

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

f. Dividends

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

g. Gain on sale of investments

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

45-4 Employee benefit

a) Short – term employee benefits

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

b) Define contribution plans.

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

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

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

45-5 Finance income and finance costs

The Company's finance income and finance costs include:

- Interest income
 - Interest expense
 - The foreign currency gain or loss on financial assets and financial liabilities
 - The net gain or loss on hedging instruments that are recognized in profit or loss
- Interest income or expense is recognized using the effective interest method.

45-6 Income Tax

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

a) Current income tax

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

b) Deferred tax

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

Deferred tax is not recognised for:

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

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

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

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

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

45-7 Inventories

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

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

45-8 Completed units ready for sale

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

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

45-9 Work in process

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

45-10 Property, plant and equipment

a) Recognition and measurement

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

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

b) Subsequent expenditure

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

c) Depreciation

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

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

<u>Asset</u>	<u>Years</u>
Buildings	5-20
Vehicles	5
Furniture and fixtures	10
Computers, communications devices and computer software	5
Generators, machinery and equipment	5
Solar power stations	25
Improvements in owned properties	5 years or lease term whichever is lower
 <u>Golf course assets</u>	
Constructions	20
Irrigation networks	15
Equipment and tools	15

45-11 Projects under construction

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

45-12 Investments properties under development

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

45-13 Investment properties

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

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

Asset

Years

Leased units

20

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

45-14 Financial instruments

1) Recognition and initial measurement

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

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

2) Classification and subsequent measurement

Financial assets

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

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

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

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

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

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

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

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

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

Financial assets- Business Model Assessment

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

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

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

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

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

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

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

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

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

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

Financial assets – Subsequent measurement and gains and losses

Financial assets classified at FAIR VALUE THROUGH PROFIT OR LOSS	Financial assets at FAIR VALUE THROUGH PROFIT OR LOSS are measured at fair value. Changes in the fair value, including any interest or dividend income, are recognized in profit or loss.
Financial assets at amortized cost	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.
Equity investments at FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME	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.
Debt investments at FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME	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.

45-15 Share capital

1) Ordinary Shares:

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

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

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

45-16 Impairment

Non-derivative financial assets

Financial instruments and contract assets

The Company recognizes loss allowances for ECLs on:

- Financial assets measured at amortized cost;
- Debt investments measured at FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME; and
- Contract assets.

The Company 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.

Measurement of ECLs

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

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

Credit-impaired financial assets

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

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

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

Presentation of allowance for ECL in the statement of financial position

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

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

Write-off

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

45-17 Provisions

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

Provision for completion

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

Onerous contracts provision

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

from the contract, which is the lower of the cost of fulfilling it and any compensation or penalties arising from failure to fulfil it.

45-18 Lease contracts

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

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

2) Leased assets

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

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

3) Lease payments

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

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

45-19 Investments in subsidiaries

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

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

45-20 Cash and cash equivalents

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

45-21 Borrowing costs

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

45-22 Interest –bearing borrowings

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

45-23 Cost of sold lands

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

45-24 Employees' profit sharing

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

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

45-25 Earnings / (losses) per share

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

*Sixth of October for Development and Investment Company "SODIC" (An Egyptian Joint Stock Company)
Notes to the separate interim financial statements for the financial period ended on September 30, 2023*

46. New Editions and Amendments to Egyptian Accounting Standards

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

New or reissued standards	Summary of the most significant amendments	Potential impact on the financial statements	Effective date
Egyptian Accounting Standard No. (10) amended 2023 "Fixed Assets " and Egyptian Accounting Standard No. (23) amended 2023 "Intangible Assets".	<p>1- These standards were reissued in 2023, allowing the use of revaluation model when subsequent measurement of fixed assets and intangible assets.</p> <p>- This resulted in amendment of the paragraphs related to the use of the revaluation model option in some of the applicable Egyptian Accounting Standards, which are as follows:</p> <ul style="list-style-type: none"> - Egyptian Accounting Standard No. (5) "Accounting Policies, Changes in Accounting Estimates and Errors". - Egyptian Accounting Standard No. (24) "Income Taxes" - Egyptian Accounting Standard No. (30) "Interim Financial Reporting" - Egyptian Accounting Standard No. (31) "Impairment of Assets" - Egyptian Accounting Standard No. (49) "Leasing Contracts" 	<p>Management is currently studying the possibility of changing the applied accounting policy and using the revaluation model option stated in those standards and assessing the potential impact on the financial statements in case of using this option.</p>	<p>The amendments of adding the option to use the revaluation model are effective for financial periods starting <u>on or after January 1, 2023, retrospectively</u>, cumulative impact of the preliminary applying of the revaluation model shall be added to the revaluation surplus account in equity, at the beginning of the financial period in which the company applies this model for the first time.</p>

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

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New or reissued standards	Summary of the most significant amendments	Potential impact on the financial statements	Effective date
Egyptian Accounting Standard No. (34) amended 2023 "Investment property".	<p>1- This standard was reissued in 2023, allowing the use fair value model when subsequent measurement of investment property.</p> <p>2- This resulted in amendment of some paragraphs related to the use of the fair value model option in some of the applicable Egyptian Accounting Standards, which are as follows:</p> <ul style="list-style-type: none"> - Egyptian Accounting Standard No. (1) "Presentation of Financial Statements" - Egyptian Accounting Standard No. (5) "Accounting Policies, Changes in Accounting Estimates and Errors". - Egyptian Accounting Standard No. (13) "The Effects of Changes in Foreign Exchange Rates" - Egyptian Accounting Standard No. (24) "Income Taxes" - Egyptian Accounting Standard No. (30) "Interim Financial Reporting " - Egyptian Accounting Standard No. (31) "Impairment of Assets" - Egyptian Accounting Standard No. (32) "Non-Current Assets Held for Sale and Discontinued Operations" - Egyptian Accounting Standard No. (49) "Leasing Contracts" 	<p>Management is currently studying the possibility of changing the applied accounting policy and using the fair value model option stated in the standard and assessing the potential impact on the financial statements in case of using this option.</p>	<p>The amendments of adding the option to use the fair value model are effective for financial periods starting on or after January 1, 2023 retrospectively, cumulative impact of the preliminary applying of the fair value model shall be added to the balance of retained earnings or losses at the beginning of the financial period in which the company applies this model for the first time.</p>

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Notes to the separate interim financial statements for the financial period ended on September 30, 2023*

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