

# 2016 ANNUAL REPORT





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# OVERVIEW OF SODIC

## SODIC KPIS SINCE INCEPTION <sup>1</sup>



<sup>1</sup> As at year-end 2016

Sixth of October Development and Investment Co. (SODIC) is one of Egypt's leading listed real estate developers. We specialise in developing large-scale, master-planned communities that cater to the country's ever-growing need for high quality residential, commercial and retail property.

SODIC came into being in 1996 having been founded as a publicly listed company, which has since been traded on the Egyptian stock exchange (EGX). SODIC is one of the few non-family owned companies traded on the EGX, with robust institutional foundations and a strong corporate governance framework.

SODIC has been delivering award-winning developments for two decades, pioneering the establish-

ment of expansive mixed-use communities across new urban suburbs on the outskirts of Cairo. Our meticulously planned, spacious developments on both the west and east sides of Cairo continue to stand at the forefront of the increasing market demand for relocation away from the ever-congested central Cairo.

Building on our solid foundations in Cairo, SODIC's expansion into the second homes market in 2015 has been very well received, and marks the beginning of our strategy for further growth across new geographies and real estate segments.

In March of 2016, we signed our first revenue-sharing agreement with Heliopolis Housing, effectively giving SODIC access to 2.7 million square meters of

land in New Heliopolis, one of the most up-and-coming locations in East Cairo. Our outlook for expansion across new revenue streams is bolstered by our solid track record of delivering on our commitments, which has positioned us as one of the most reputable real estate developers in Egypt with strong brand equity.

At SODIC, our goal is to create not merely world-class real estate developments but vibrant, integrated communities with a balance of residential, recreational and business amenities and activities. SODIC is in the business of creating Human Developments – holistic communities that aim to facilitate our clients' daily activities and improve their overall quality of life.

The human side of SODIC's endeavours extends beyond our business objectives as we actively pursue several avenues for the betterment of the societies in which we operate. SODIC's corporate social responsibility efforts focus on promoting education opportunities for the less privileged, rehabilitating impoverished areas and taking part in a number of relief initiatives. SODIC is also a proud supporter of the arts and a champion of sports — both forming integral parts of our communities that also serve as important channels for giving back to the societies in which we operate.



# 01

2016 IN REVIEW

# LETTER TO OUR SHAREHOLDERS



"It has been a good year for SODIC. Looking back at the key targets that were set for the SODIC team for 2016, I am very happy to say that the Company has over-delivered on every one of them. We ended 2016 with another outstanding earnings performance and solid operating results, reaffirming our strong position in the real estate market in Egypt."

Dear shareholders,

It has been a good year for SODIC. Looking back at the key targets that were set for the SODIC team for 2016, I am very happy to say that the Company has over-delivered on every one of them. We ended 2016 with another outstanding earnings performance and solid operating results, reaffirming our strong position in the real estate market in Egypt.

During the first quarter, we focused on expanding our land bank, concluding our first revenue-sharing agreement with Heliopolis Housing and Development Company. Acquiring land suitable for development at the right terms is the fundamental building block of our business. This deal reflects our quality and disciplined approach to our land bank expansion strategy, continually securing high-margin plots in attractive locations.

As the year unfolded, we saw strong demand across all our projects, driven by the continuing trend favouring gated communities and the ever-expanding need for quality housing. During the fourth quarter, sales were accelerated due to looming inflation that created a flurry in demand for property, pushing SODIC to achieve yet another record sales figure of EGP 5.6 billion.

Our performance on delivery was no less impressive, breaking the 1,000 mark for units delivered annually for the first time in the company's history and welcoming our first homeowners to Eastown. The strong performance on deliveries was echoed in our financial results, with revenues and profits reaching

record levels of EGP 2.1 billion and EGP 429 billion, respectively.

Our success is not only measured by our financial achievements but also by our continuous contribution to the community. We see responsible stewardship not only as a key driver of long-term value creation for our shareholders, but also as an important obligation to society at large. Our corporate citizenship initiatives operate through three complementary programmes: SODIC CSR, SODIC Art and SODIC Sports, which work to positively affect the lives of thousands of people through a number of interwoven education, rehabilitation, and relief efforts while supporting the arts and championing sports activities.

Despite our success for the year, the economic backdrop in 2016 was particularly challenging for Egypt. The reforms pursued by the government and their implications on the economy painted the contours of the year, with implications expected to persist in 2017. Although the reforms substantially improved the long-term prospects of the country and our operating environment, the short-term pains are expected to be felt across the board. These measures have disproportionately impacted industries, with real estate bearing less of the brunt. Solid demand drivers along with a limited foreign currency component in our construction cost underpin the sector's resilience.

Our outlook for 2017 remains positive; we continue to bring to the market primary homes within our existing developments and look forward to the launch of

several new projects, the largest of which is our co-development project in New Heliopolis. The year will also see the commencement of construction on several commercial projects that will contribute to our recurring-income portfolio in the future, including Eastown Commercial in the heart of New Cairo.

Our ambitious growth plans reflect our expectations that the real estate market will resiliently navigate this short-term volatility and believe that challenging operating environments create opportunities for well capitalised and experienced companies like us with our strong track-record of performing in even the most turbulent of times. The long-term fundamentals for the market remain solid with strong demand for new housing across Egypt, an opportunity that SODIC is ready to capture.

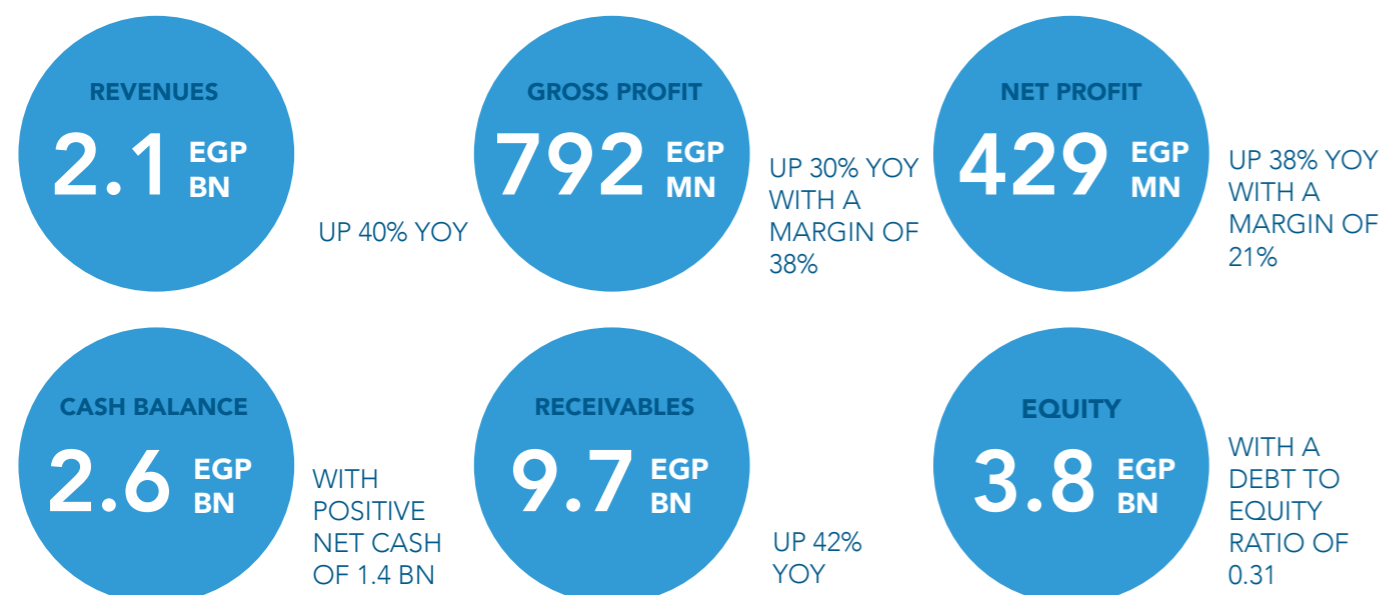
*Magued Sherif*

**Magued Sherif**  
Managing Director

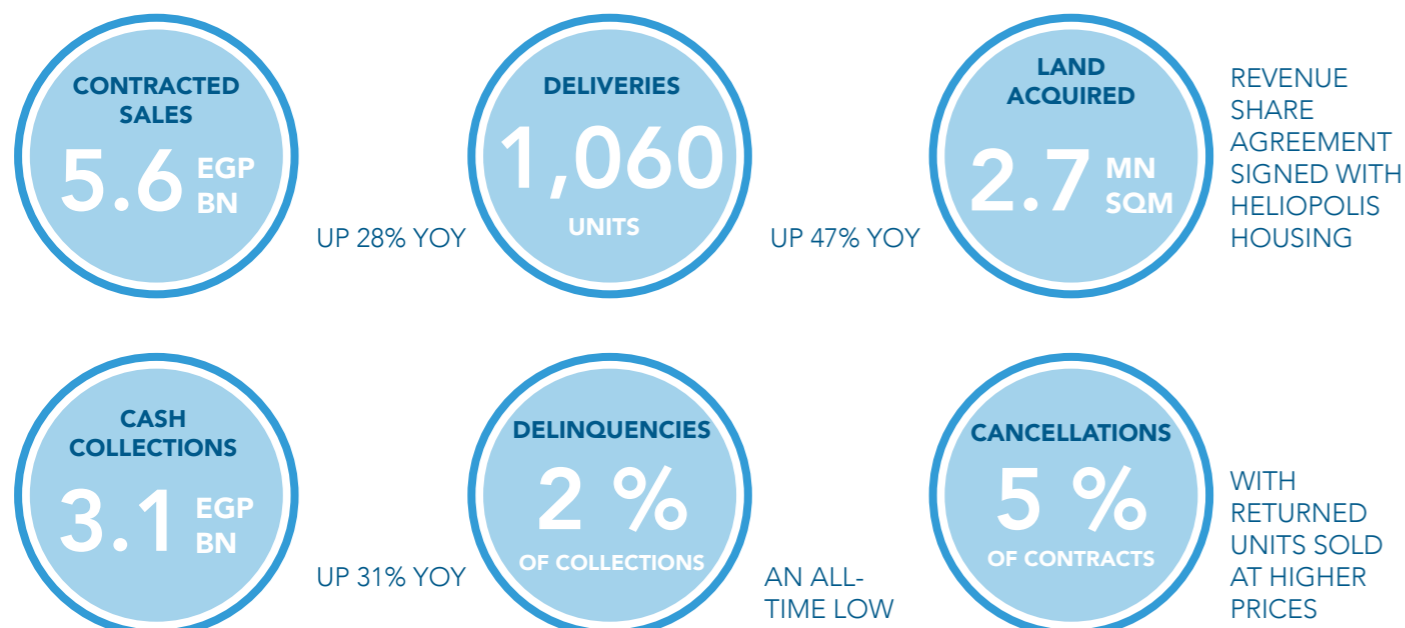
# HIGHLIGHTS OF 2016

2016 was a record year for SODIC, seeing us surpass all our operating and financial targets. The year also witnessed the conclusion of a landmark revenue-sharing deal that doubled our land available for development.

## FINANCIAL HIGHLIGHTS



## OPERATIONAL HIGHLIGHTS



## TIMELINE



### JANUARY

- Renowned maternity hospital El Nada joined SODIC West

### FEBRUARY

- First launch for the year with The Courtyards phase V selling out

### MARCH

- Signed revenue-share agreement with Heliopolis Housing 2.75 million sqm of land in East Cairo



### APRIL

- Hosted the Spring Festival at the HUB

### MAY

- Welcomed the first homeowner to Eastown's with debut delivery of the early phases.
- Received two awards from Cityscape for the success achieved in SODIC West, earning the "Best Office/Business Developer" for the Polygon and "Best Residential Project"

### JUNE

- Pieces from the SODIC-sponsored Key of Life traveling exhibition were showcased in London

### JULY

- Hosted several successful promotional events at the HUB during Ramadan



### AUGUST

- Launched phase 2 of Caesar, successfully concluding our sales on the project

### SEPTEMBER

- Successfully launched Villette phase V & Eastown Parks, selling EGP 1.6 billion

### OCTOBER

- Launched Westown Medical Centre, our first medical development in SODIC West.
- Hosted a fundraising run for the Breast Cancer Foundation of Egypt (BCFE) in honour of Breast Cancer Awareness month

### NOVEMBER

- Attended our last investor conference for the year, capping a very successful year on the IR engagement front, meeting 200+ local, regional and international investors in 2016
- Signed SASAKI as master planner for our largest project under development, the 655-acre plot in East Cairo.

### DECEMBER

- Signed Atletico Madrid exclusively in Sheikh Zayed City

# LETTER FROM THE CFO

"We delivered high returns underpinned by our strong operational performance. Our revenues recorded EGP 2.1 billion, expanding by about 41%. Our gross margins remained strong at 38% and the Company recorded a growth of 38% in net profit during 2016."



2016 has proven to be an interesting and dynamic year for Egypt, with a wide array of reforms implemented that will surely put the country on the right track for growth. Despite these measures impacting all sectors across the board, the Egyptian real estate market is once again demonstrating its resilience and depth, with credible, well-funded and prudently governed developers rising again as strong pillars for the industry.

There is no doubt that the devaluation has put pressure on our supply chain. I am pleased that the long-term relationships with our suppliers have ensured that we have been able to work through these issues with little disruption to our business, with deliveries remaining on track at 1,060 units in 2016.

Despite the economic backdrop, we delivered high returns underpinned by our strong operational performance and overall positive performance of the real estate sector. Our revenues recorded EGP 2.1 billion, expanding by about 41%, with deliveries of the first homes in Eastown being the main contributor to that growth. Our gross margins remained strong at 38%, and despite initial deliveries of the lower-margin Eastown Residences units weighing down on our average gross margin for the first nine months of the year, 4Q saw a strong recovery as the higher-margin Eastown deliveries progressed.

The Company recorded a growth of 38% in net profit during 2016, which came in at EGP 429 million, maintaining our net profit margin at 21%.

We also ended the year with our capital structure once again providing real flexibility. At the end of 2016, our cash balance came in at EGP 2.6 billion and our EGP 2.2 billion bank facilities were only 55% utilised. This strong financial position continues to support our relentless drive to deliver on time as well as our ambitious land bank expansion strategy. We generated EGP 687 million in net operating cash flows during the year, backed by EGP 3.1 million in collections and a record-low delinquency rate of 2%.

Despite our success in 2016, we acknowledge that the current inflationary environment poses a challenge to businesses serving domestic consumers. We remain alert to potential risks that these unprecedented economic conditions pose for the economy at large, impacting not only developers but our clients, our contractors and all our stakeholders. However, as we demonstrated in years prior, SODIC possesses the unique ability to adapt and grow even in difficult conditions.

We continue to believe that momentum for property demand is solid as demographic drivers remain strong, and against a backdrop of high inflation, property is often the first place Egyptians turn to for 'safe harbour'. While all the main drivers that buoyed the property market in recent years remain intact, another potential boon for demand is the Egyptian diaspora. The property market is a major beneficiary of remittances from Egyptian expatriates (a population of c4.7 million) who have gained substantial purchasing power since the liberalisation of the Egyptian pound.

Our exemplary reputation for delivery has meant that our developments continue to enjoy the market's favour, securing strong growth in our sales year on year. Catering for this demand we continue to expand our land bank by securing quality high-margin plots. The market outlook is strong, we have a clear strategy in place and the management and operational capability to continue delivering growth. We look forward to another year of outstanding performance.

**Omar Elhamawy**  
Chief Financial Officer

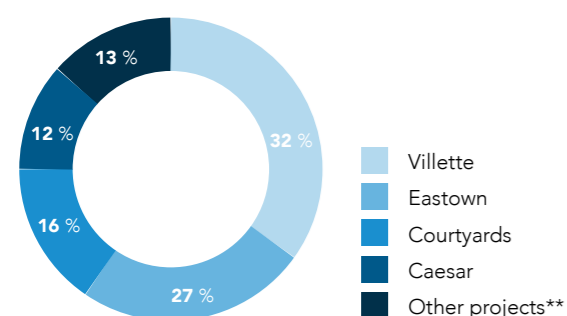


# FINANCIAL & OPERATIONAL REVIEW

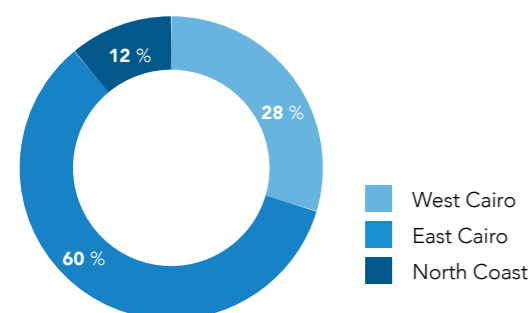
## FY16 OPERATIONAL REVIEW

**NET CONTRACTED SALES** grew by a solid 28% to EGP 5.6 billion in 2016, reflecting a strong uptake across all company projects, particularly East Cairo developments. Villette and Eastown were key drivers of growth this year, contributing c.60% to net contracted sales. SODIC West was also a strong performer, contributing some 28% to net contracted sales.

### NET CONTRACTED SALES BY PROJECT\*



### NET CONTRACTED SALES BY GEOGRAPHY\*



\* By value of units sold.

\*\* Other projects include Allegria, Kattameya Plaza, Forty West, The Polygon, Westown Residences and The Strip

**NEW LAUNCHES** in 2016 included the last two phases in The Courtyards, two phases in each of Villette and Easttown, the final phase in each of Forty West and Caesar, in addition to Westown Medical Centre, our first fully integrated medical facility in SODIC West. These nine new launches, in addition to inventory from previous launches, contributed to the EGP 5.6 billion in net contracted sales achieved in 2016.

**CANCELLATIONS** for the year remained at bay, recording a stable 5% witnessed over the past three years. This reflects the market's rejuvenated appetite for real estate and the consistently strong demand for SODIC products.

**CASH COLLECTIONS** increased by 31% over the same period last year, thanks mainly to our efficient management of the collection process and higher demand for our product offering during 2016.

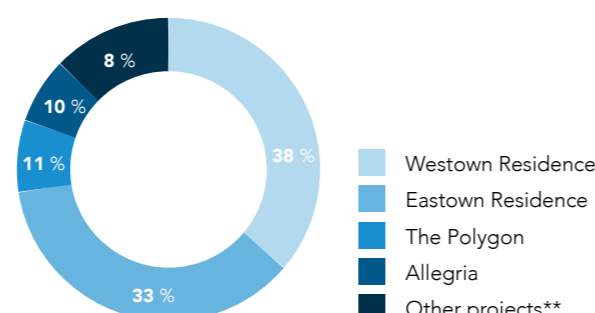
### CASH COLLECTIONS (EGP BN)



**DELINQUENCIES** remained low this year, standing at 2%. This contributed positively to SODIC's healthy balance of EGP 2.6 billion in cash and cash equivalents at the end of the year.

**DELIVERIES** remained on track during 2016, reinforcing SODIC's reputation of timely deliveries. Some 1,060 units have been handed over across nine projects, compared to 722 units last year. The year was marked by Easttown's debut deliveries, with some 432 units handed over to our first homeowners.

### DELIVERIES BY PROJECT \*



\* By value of delivered units

\*\* Other projects include Forty West, Kattameya Plaza, The Strip, and Casa

**LAND ACQUISITIONS** included the 2.75 million sqm plot in East Cairo secured through a co-development agreement with Heliopolis Housing and Development. The deal entitles SODIC to 70% of residential revenues and 69.8% of commercial and retail revenues.

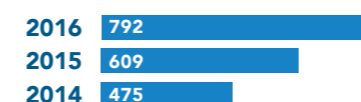
Solid financial results backed by strong deliveries and robust profitability. Operating performance outpaced targets for the year, reaching all-time highs in sales, collections and deliveries.

## FY16 FINANCIAL REVIEW

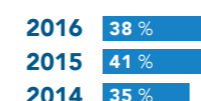
**REVENUES** rose a solid 41% to EGP 2.1 billion driven by on-schedule deliveries across all our projects. Initiating deliveries in Easttown Residences has been the main driver of growth contributing 33% of the value of delivered units.

**GROSS PROFIT** increased c.30% to EGP 792 million, with a gross profit margin of c.38%. The decline over the margins recorded in 2015 reflects the strong weight of the first units in Easttown in our delivery mix for the year. This is typical of the return profile of most projects with early phases, having been sold at lower selling prices and hence delivering less profitability versus later phases. The recovery in margins was demonstrated in 4Q16, with gross margins coming in at 41% attributed to improved margins on both Easttown Residences and Westtown Residences.

### GROSS PROFIT (EGP MN)



### GROSS PROFIT MARGIN



**OPERATING PROFIT** increased by 7 % to EGP 409 million despite being impacted by two non-cash, one off expenses. The first was a reversal of an EGP 51 million gain previously realised on the sale of an investment vehicle. The initial sale was executed in 2010 for an investment vehicle owning development rights to a plot of commercial land in Easttown. The transaction was reversed due to the commercial plot's rezoning. A new contract is expected to be signed with the same customer under more favourable terms. The second expense is related to the final impairment of the golf course in Allegria. It was recorded at EGP 27 million and concludes the write-off of this investment, which has added significant value to Allegria's development and sales.

However, the one-offs were largely offset by FX gains of EGP 68 million realised on our USD cash balances.

**NET PROFIT** post minority interest for the year came in at EGP 429 million, with a margin of c.21%, reflecting a 38% growth in EPS.

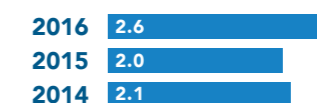
### NET PROFIT (EGP MN)



**TOTAL CASH AND CASH EQUIVALENT** stood at a high level of c. EGP 2.6 billion, reflecting the strength of the balance sheet and supporting our construction pipeline as well as our land bank expansion plans.

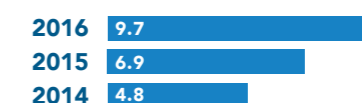
The liquidity comes on the back of a strong collection cycle that saw collections rise 31% over 2015 levels, coupled with a record low delinquency rate of only 2%.

### CASH BALANCE (EGP BN)



**RECEIVABLES** continued on a solid growth trajectory, in tandem with contracted sales. Receivables reached c. EGP 9.7 billion at the end of 2016, an increase of 42% over 2015 and in line with the strong sales momentum witnessed during the year.

### RECEIVABLES (EGP BN)



**BANK DEBT OUTSTANDING** remained somewhat flat y-o-y at a total of EGP 1.2 billion, with a debt-to-equity ratio of 0.3x and a positive net cash balance of c. EGP 1.4 billion. SODIC and its subsidiaries have access to EGP 2.2 billion of bank debt facilities financing the construction of selective projects, namely SODIC West and Villette.

**CLIENT DEPOSITS** stood at EGP 12.6 billion, reflecting the backlog of revenue to be recognised over the coming three to four years and represents units that have been sold and yet to be delivered.

### CLIENT DEPOSITS (EGP BN)



# FORWARD-LOOKING STRATEGY

Our continuous efforts to remain ahead of our competitors and expand our land bank and product offering, all the while delivering on our promises of quality and timeliness, ensures the company's strategy is and remains geared toward the long term.

Generating long-term value and returns for our stake-holders has always been the focal point of SODIC's strategy. It was our unwavering dedication to that vision that helped us build both a strong brand name and the solid platform we now stand on, allowing us to weather even the most difficult of storms.

With the devaluation behind us, we look forward to a more stable operating environment. We are aware of the challenges ahead for the economy, but believe challenging operating environments create opportunities for well capitalised and experienced companies such as us, with our strong track-record of performing in even the most turbulent of times.

## 2017 & BEYOND

### EXPAND

- SODIC's land bank in East and West Cairo through value-adding acquisitions
- Into new territories and market segments like secondary homes and coastal developments
- Our reach through joint ventures and co-development agreements, with both being a less capital-intensive approach to development and a way of catering to a wider segment of the market
- The company's project pipeline and portfolio by exploring the untapped potential for real estate in cities across Egypt

### DEVELOP

- A diverse portfolio of recurring income through commercial and retail developments
- SODIC's product offerings to leverage cross-selling opportunities
- Expertise and capabilities at EDARA, our facility and property management arm

The background features a repeating pattern of blue squares, each composed of many thin, parallel lines that create a 3D effect. In the upper right corner, the number '02' is displayed in a large, white, sans-serif font.

# 02

ABOUT SODIC

# BUSINESS MODEL A PROPOSITION OF VALUE

As one of Egypt's largest listed developers of mega-urban communities, SODIC's business model is centred around a commitment to a number of core pillars that define our work, allowing us to create value for our shareholders, clients, partners, and community — all of whom are at the heart of what we do.

## SODIC'S CORE PILLARS

COMMITMENT TO CLIENTS

INVESTING IN OUR PEOPLE

CREATING SUSTAINABLE VALUE

GIVING BACK TO OUR COMMUNITY

### COMMITMENT TO CLIENTS

- At SODIC, our business is the creation of Human Developments — holistic communities and environments that allow people to lead productive and creative lives away from the hustle and bustle of the city centre.
- As a trend-setter, SODIC is constantly raising the bar for quality standards in Egypt by bringing world-class, award-winning developments to the market and catering to its perpetual need for high quality properties.
- Our competitive edge lies in our ability to factor in the ever-evolving dynamics and needs of our market and clients, as well as our consistency in delivering quality products on time or ahead of schedule, all the while providing unparalleled customer service.
- We extend superior property management services to our residents through our subsidiary, EDARA, the only company of its kind in Egypt to be awarded three ISO certificates, making our developments one of the most highly sought after in the Egyptian market.

### INVESTING IN OUR PEOPLE

- At SODIC, we believe our people are our greatest and most invaluable asset, which is why we have always dedicated efforts to our long-term goal of becoming an employer of choice, investing heavily in the recruitment, training, and retention of the best talents in the market.
- As a flat, young, and progressive company we aim to provide our team with an engaging work environment that encourages individual contributions while promoting a dynamic atmosphere that thrives on collaborative work.
- At SODIC, we constantly strive to provide our growing team of now 645 professionals with the best work environment possible.

### CREATING SUSTAINABLE VALUE

- SODIC maintains a diverse shareholder base that ranges from large-scale institutions with global footprints to smaller local funds and individual investors.
- Our responsible investment strategy ensures sustainable long-term returns, as we add value through an ambitious, but prudent, land acquisition and development scheme that sees us achieve record turnaround and delivery times and ensures we remain in high demand.
- SODIC's high land monetisation rate is especially evident in the six-month turnaround periods, from land acquisition to the launch of sales, for both our Villette and Caesar developments.

### GIVING BACK TO OUR COMMUNITY

- Improving conditions for the communities we operate in is part of SODIC's philosophy and core values, which is why our corporate citizenship initiatives focus primarily on education and the rehabilitation of slum and low-income housing areas. These programs, which grow and expand together with our company, impact over 7,000 families each year. (Please refer to p. 26 of this report for more details on our CSR activities.)
- Through its project developments, SODIC also creates thousands of job opportunities. With every EGP 1 billion invested in construction, nearly 10,000 job opportunities are created.

# SODIC MILESTONES

With over twenty years of successful operations, SODIC is on the forefront of the Egyptian real estate market. Thriving throughout the cycles, SODIC has demonstrated resilience in even the most turbulent of times. Through sound management, strong governance and an unwavering commitment to all its stakeholders SODIC has differentiated itself as an innovative and credible developer.

Catering to Egypt's increasing demand for residential, commercial and retail spaces, providing award winning developments at the highest international-standards. SODIC has become a household name, expanding its footprint to include some of the most coveted urban communities. Such success was built over the last two decades, punctuated by key milestones that have led us to where we stand today.

1996 - 1997

## SOLID FOUNDATIONS

**1996**

SODIC established as a publicly traded company with more than 6,000 shareholders and a paid-in capital of EGP 100 million.

The company purchases its first 10 million sqm plot of land in Sheikh Zayed as part of its founders' vision of developing a residential community on the Western outskirts of Cairo.

**1997**

SODIC launches its Beverly Hills development on a 1.7 million sqm plot of land, which today is home to over 2,900 families.

2006 - 2010

## EXPANSION & GROWTH

**2006**

SODIC welcomes a new management team to reposition the company and plant the seeds for a new chapter, the fruition of which is heavily felt today. The company also increases its paid-in capital by EGP 1.1 billion.

**2007**

SODIC launches Allegria, its flagship development, as part of the new management's drive to transform the company's brand identity into a luxury developer.

**2008**

SODIC diversifies its land bank and acquires 1 million sqm in East Cairo. The launch of Kattameya Plaza marks SODIC's first development in East Cairo.

**2009**

Despite the headwinds caused by the Global Financial Crisis, SODIC continued to launch various projects and ventured into the commercial segment with The Polygon and The Strip developments. Additionally, the company rolled out its Forty West development and phase IV of Allegria, demonstrating its ability to persevere amid a volatile economic climate and positioning itself as a frontrunner in the market.

**2010**

First deliveries at Allegria commence ahead of schedule. SODIC pumps an additional EGP 550 million in paid-in capital.

2011 - 2013

## THRIVING DESPITE ADVERSITY

**2011**

SODIC reaffirmed the steadfast nature of the real estate industry and its resilience in the face of the political and economic jitters that followed the 2011 Egyptian Revolution, becoming the first developer to launch a project after the revolution with its Westown Residences which sold out within 48 hours.

**2012**

SODIC launches Westown Hub, its first leasable asset in SODIC West, and delivers units at The Strip and Forty West.

**2013**

Amidst Egypt's second uprising in June 2013, SODIC again managed to weather the storm with the launch of its Eastown Residences development, a project that has reeled in phenomenal success in terms of sales and price appreciation. The year also witnessed the delivery of the first units at Kattameya Plaza, Westown Residences, The Polygon, and Casa.

2014 - 2016

## A NEW ERA OF GROWTH

**2014**

SODIC was the first developer to successfully conclude its post-revolution land dispute with the government, namely that over its Eastown land.

The company was the first developer to acquire a sizeable land plot after the 2011 revolution, buying a 301-acre plot in New Cairo at a government auction.

Further supporting SODIC's ambitious growth strategy the company raised EGP 3.2 billion from debt and capital markets.

**2015**

SODIC broadened its scope by tapping into the second homes market through its first project on the North Coast, Caesar.

The year saw our strategic target of increasing recurring income also gain important traction, with our Westown Hub commencing operations at a c.55% occupancy rate.

**2016**

Another record year on all operating and financial metrics, outpacing all targets for the year and surpassing 2015's benchmark results.

The conclusion of the revenue-sharing agreement with Heliopolis Housing in March cemented a significant addition to SODIC's land bank in East Cairo. The project masterplan was awarded to renowned planning and design firm Sasaki.

432 homes were delivered in Eastown Residences significantly contributing to revenue growth.

Continued to launch phases in Caesar on the North Coast, Villette, and Eastown in East Cairo. This is in addition to the launches on SODIC West including the Courtyards, Forty West and Westown Medical Centre — SODIC's first medical development.

# OUR MARKETS

Egypt's real estate market is flourishing as it caters to its young and growing population. Driven by strong demographics and aspirations for a better quality of life, the country's new urban communities are thriving.

The global real estate industry has traditionally enjoyed thicker skin when it comes to external fluctuations to hit the economy. While the 2008 financial crisis saw this view debunked to varying degrees, the Egyptian real estate industry proved to be one of the most resilient markets globally. This resilience was further solidified in the wake of the political and economic turmoil that followed the 2011 Egyptian revolution. Although the political and economic implications that followed forced real estate developers in Egypt and the MENA region to reassess their previous confidence in remaining impervious to instabilities, it also highlighted the industry's defensive nature; a pliability that may be attributed to several variables.

## SOLID FUNDAMENTALS

Egypt expects a continued building boom in its real estate market. While economic & political setbacks certainly have encouraged developers to revisit their respective growth strategies and adopt a more innovative approach, certain facets of the Egyptian population have decisively kept the industry afloat as well. As a nation with over 90 million people where approximately 800,000 marriages take place a year, Egypt's demographics aid in creating a stable demand for real estate development. Additionally, an existing housing gap of c.3 million units as well as solid demand for secondary homes in coastal cities provide ample opportunity.

## AN ENDURING INVESTMENT

The upper middle and upper classes of society have showed enduring demand amid the political and economic turmoil that characterised Egypt in the wake of the 2011 revolution and years to follow. In times of economic uncertainty, buyers sought security and investment opportunities in bricks and mortar as a primary hedge against inflation. Real estate investment is perceived by consumers as an effective means of capital preservation. Meanwhile, developers have also adopted a strategy of breaking up projects into phases to negate the effects of rising inflation. As such, the Egyptian real estate market continues to report a surge in demand and developers continue to report top-line growth.

## NEW RULES, NEW OPPORTUNITIES

In legislative terms, the introduction of new rules and laws allowing the government to contribute land for new developments against a share of earned revenue have effectively reduced costs for developers during a time of surging land prices. In addition, where private investors owning land plots but lacking in execution capacity had previously felt constrained, the new legislations have paved the way for co-development agreements by enabling them to partner with solid brand equities.

## COMMERCIAL & RETAIL EXPANSION

Investment in office and commercial property has also hiked, having previously stalled as a result of the revolution due to muted demand. Now roughly 20% of projects under development are allocated to office and retail space. The increased allocation is aimed at meeting the rising demand for quality office space as well as a fast-growing retail market.

The limited supply of quality office stock in central Cairo has seen many companies relocate to the new urban communities where the majority of developers operate and where purpose-built office space is becoming increasingly available. At an estimated 920,000 sqm of Gross Leasable Area (GLA) in the office space market available in the greater Cairo area, per-capita supply stands at a mere 0.04 sqm.

Meanwhile, Egypt's retail market is expected to grow to EGP 1,400 billion by 2018. The majority of this market is present in informal retail space, which represents c.98% of total retail trade in Egypt, reflecting a highly fragmented market with significant opportunities in the more formal and organised retail space. Cairo's total GLA in the organised retail space is currently estimated at 1.2 million sqm, representing 0.05 sqm per capita, well below regional averages.

## AN OBELISK FOR THE EGYPTIAN ECONOMY

In Egypt's diversified economy, the real estate and construction industries contribute notable revenues for the country, making it a strong pillar of the Egyptian economy having contributed some 15% to GDP in FY2016. Moreover, the real estate sector directly employs 14% of the Egyptian workforce, where with every EGP 1 billion in spending 10,000 construction jobs are created. The real estate market also acts a locomotive for over 90 feeder industries including cement, steel, carpentry, and many others. What the real estate market in Egypt has demonstrated and continues to prove is its promising convalescence amid volatile political and economic climates. The demographics of the nation, coupled with government partnerships with the private real estate sector, and innovative strategic decisions taken by the latter to defend the industry, collectively continue to oil the cogs that keep the market in motion. With robust growth drivers to keep the industry afloat, the future outlook for real estate development in Egypt remains promising.

# CORPORATE CITIZENSHIP

We seek to ensure that our work creates a positive legacy that helps local communities thrive. SODIC views its corporate citizenship efforts as a core component of its Human Developments philosophy. Accordingly, we strive to give back to society across three key channels: social welfare initiatives, the arts, and sports

Companies from all industries know that the cornerstone of their success rests on the sustainable growth and betterment of the environment in which they operate. A leader in the real estate development sector in Egypt, SODIC was founded on a vision to enhance the real estate market through delivering top-quality developments that aim to enrich our people's quality of life while simultaneously working

to advance the communities in which we operate. As an extension of our dedication to better the lives of people, we view our corporate citizenship efforts as a core component of our Human Developments philosophy. Accordingly, SODIC strives to give back to society across three key channels: social welfare initiatives, the arts, and sports.



We believe Egypt's future rests in the hands of its youth as the primary drivers of the country's continued progress. Empowering young Egyptians through education initiatives lies at heart of SODIC's corporate social responsibility (CSR) efforts. We also recognise our responsibility as an Egyptian developer to play a role in effective rehabilitation and relief of Egypt's impoverished communities. Fuelled by these convictions, SODIC CSR impacts over 7,000 families every year through education and slum rehabilitation programmes, while continually contributing to a number of relief initiatives. SODIC CSR programmes focus on sustainable development solutions with the aim of better-integrating underprivileged communities.

## EDUCATION EDUCATE-ME

### IMPROVING EDUCATIONAL OUTCOMES

Educate-Me runs a non-profit community school in Talbeya that delivers a learner-centred, skill-based teaching approach with the purpose of graduating students who are active decision-makers in their own destiny. Educate Me develops syllabuses comprised of subjects from the Egyptian National educational system administered alongside 21st century skills such as creativity, collaboration, communication, critical thinking, and productivity.

Following Educate-Me's accreditation as a community school last year, a committee from the Ministry of Education tested student proficiency in both mathematics and Arabic, with Educate-Me students achieving a pass rate of 100%. Moreover, since passing the accreditation, Educate-Me has received multiple inspections from the Ministry of Education, all of which have been passed successfully.

Since the start of the 2016 academic year, Educate-Me has enrolled 100 preschool students (aged 4-6) and 80 community school (aged 6-10) students. Educate-Me employs 13 teachers, mostly sourced from the Talbeya area. Earlier in the year, Educate-Me experienced overwhelming demand for classes, but lacked capacity to cater to the surge in demand. In response, a new loca-



tion was acquired in Talbeya over the summer, and plans were put together to expand the current building to accommodate more students. The new academic year began on the 1st of October 2016, with Educate-Me welcoming preschool students to classes in the new school building. In addition, Educate-Me is currently in talks with an NGO that owns a piece of land in the Aboul Nomros area, which is promising for a second site.

### MULTIPLYING IMPACT, INCREASING INCOME AND COST RECOVERY

Throughout the year, Educate-Me performed well against its income-generation targets. Educate-Me diversified its training packages, creating an extra four courses to supplement its original course. It now offers training in education psychology, behaviour management, 21st century skills, school transformation journey, and teachers' professional development journey.

Currently, Educate-Me has been contracted by Vodafone and the National Bank of Egypt to train 2,500 school staffers from 83 schools across 6 governorates (Sohag, Luxor, Fayoum, Minya, Cairo, and Giza). Targeted school staff are enrolled in a full year of Educate-Me training called 'Learning Journey' that corresponds with the academic year (running from August 2016 - June 2016). Educate-Me's teacher training will generate EGP 1.5 million in revenue for Educate-Me by the end of the academic year.

# SODIC CSR CONTINUED



## UNMATCHED POTENTIAL

With the Talbeya Community school acting as an ongoing laboratory for new curricula and concepts, Educate-Me's model of designing, testing, and training public schools — all under the auspices of the Ministry of Education — gives them a solid opportunity to instigate true change to Egypt's education system in both the curriculum and how it is taught.

## NAFHAM.COM

Founded in 2011, Nafham.com is a 'massive open online course' (MOOC) video learning platform designed to bring high quality education material to Egyptian children in a cost-effective way. MOOCs are an exciting new development in the field of education and have the potential to revolutionise the sector. In particular, they offer an alternative method of access to education for children who may not be in school or attend institutions with inadequate teaching facilities.

MOOCs are a relatively new phenomenon in the Arab world but are growing steadily in popularity. Over the last three years, Nafham.com has become the top online video learning platform in the Arab region; it has digitised the public school curricula in Egypt, Saudi Arabia, Algeria, Kuwait, and Syria into 23,000 easily accessible videos. To date, its user base has doubled yearly, with no extra cost incurred by Nafham.com. Its CEO Mostafa Farahat has been awarded the Ashoka 2016 Fellowship.

SODIC began its investment in Nafham.com in September 2016. Work is underway to launch an assessment of learning outcomes for Nafham.com's online video content to gauge their efficacy and user satisfaction among 1,000 students. The results of the assessment will help develop Nafham.com's business plan.

Nafham generates profit through digital marketing, having already secured sponsorship contracts. Nafham's users have grown significantly since the start of the 2016/17 academic year, from 500,000 to 750,000 per month.

## SOCIAL ENTERPRISES IN EDUCATION (SEE) MAPPING

SODIC is working with Innovety, a "non-traditional" management training and consulting firm, to conduct a mapping exercise of social enterprises in education in Cairo, Giza, and Alexandria. The mapping aims to give SODIC and other interested stakeholders a clear understanding of the pipeline of educational social enterprises in Egypt prime for investment. This facilitates a more tailored, evidence-based strategy for future investments. This will be published and made accessible to the public by mid-2017.

## TAWASOL ISTABL ANTAR

Operating in Stabl Antar in Ezbet Khairallah, Old Cairo since 2008, Tawasol runs a small community school for children who have escaped schooling, with a current enrolment count of 155 students. Tawasol's impact is threefold: on the academic level, on the practical level, and on the child-development level. On the academic level, the school, which is registered with the Ministry of Education, provides students with formal, high-quality education based on the Egyptian government's curriculum. On the practical level, the school incorporates innovative vocational training techniques to teach students specific crafts such as sewing, carpentry, carpet hand weaving, and crochet. On the child-development level, the school focuses on the enhancement of the students' talents through extracurricular activities.

## TAWASOL'S NEW SCHOOL

Tawasol has finally received the legal documents required to build its new school on the 1,000 sqm site in Istabl Antar that will take up to 500 students. SODIC contributed to the endeavour a few years ago, with construction now underway



and expected to be complete in two years. The school facilities include a playground, theatre, food court, medical facilities, and vocational training. Unlike other schools in slum areas, Tawasol will focus on freedom of expression and the inclusion of children with special needs.



## LAUNCHING AN ONLINE STORE FOR TAWASOL PRODUCTS

Tawasol Egypt's products are handcrafted by low-income families living in slum areas and informal settlements as well as children enrolled in the school. Tawasol's designs are inspired by traditional Egyptian arts and crafts and are all made using locally sourced materials. With SODIC's support, an online store was launched in April 2016 as a platform for selling the products to generate revenue streams for the organisation, positioning it as an important milestone toward sustainability in the area.

## FUNDRAISING PERFORMANCES

The school also held a performance of 'El Leila El Kebira' at the AUC Tahrir Campus in December 2016, giving the children the chance to showcase their talents while collecting money for the school. The event was a success, attracting a large number of attendees and selling many Tawasol products. The performance also garnered the interest of other companies for future shows and collaborations with the school.



## RELIEF

Alongside our long-term development work, SODIC is also a firm believer in providing short-term aid through a number of relief initiatives including blood drives, blanket drives, salary drives, toy drives, food distributions, as well as donations to different health facilities.

## EMPLOYEE BLOOD DRIVE 2016

Our annual blood drive witnessed yet another successful run on 10 November 2016, with SODIC employees donating 35 bags of blood in our continued efforts to help save lives.

## RAMADAN PARCELS 2016

In the spirit of the holy month of Ramadan, SODIC employees gathered to package boxes of food staples to help impoverished families during the course of the month. Over 480 boxes were rationed and distributed to needy families in different villages across Upper Egypt.

# SODICART

“At SODIC we perceive art as the highest expression of freedom, one that reflects an individual articulation free from definitions of ideology, schools of thought and artistic categorisations. We make a large effort to integrate our developments with substantial functional art to further enhance the experience of SODIC development residents. SODIC ART initiative seeks to celebrate the talent we are blessed to have in Egypt and to use it as a tool to build bridges and reflect the true fabric of the Egyptian people.”



SODIC is a keen supporter of the arts, viewing it as an essential avenue of free expression and a catalyst of social dialogue that transcends cultural boundaries. The SODIC Art programme is dedicated to enriching our developments with engaging and functional artwork while simultaneously endorsing the talents that Egypt is blessed with and promoting the true, diverse fabric of its people.

Sponsoring a number of exhibitions and local talents, SODIC Art continues to facilitate various artistic opportunities.

world’s most ancient symbol of harmony that originated in Egypt, the key of life, to deliver a message of hope for a harmonious, peaceful and tolerant world. This is the third CARAVAN Exhibition of which SODIC is the founding sponsor.

The traveling exhibition, which debuted in Cairo, moved on to London and finally New York at Riverside Cathedral. Some 30% of all artwork sales during the exhibition’s international tour will go toward supporting Educate Me, one of SODIC’s CSR programmes.



## THE KEY EXHIBITION, 2016 – 2017

In 2016 SODIC was the proud sponsor of the 8th CARAVAN travelling exhibition of visual art “The Key”. Organised and curated by CARAVAN, an international peace building arts NGO founded in Cairo, the exhibitions’ core message is one of intercultural and inter-religious harmony.

The exhibition, which opened at the Nile Art Gallery in Cairo showcased the work of 40 premier and emerging Egyptian, Middle Eastern and Western artists using the

## PAST ART EVENTS

SODIC’s support of the arts extends back several years, and includes the sponsorship of:



## THE BRIDGE

The CARAVAN’s 2015 - 2016 travelling art exhibition displayed paintings at key venues in France, Egypt, the UK and North American. Some 40% of all proceeds from The Bridge have been directed to the Educate Me programme in Egypt to support the education of under-privileged children.

## AMEN

The CARAVAN’s 2014 Amen Exhibition – A Prayer for the World, was on display in Cairo, Washington DC and New York, with over 200,000 people in attendance across the three venues. SODIC was the exhibition’s main sponsor with 30% of proceeds being directed to the Egyptian NGO Tawasol to help build and operate two schools at two of the poorest slum areas in Cairo.



## DIGITAL FABRICATION WORKSHOP

SODIC sponsored the first Morphing Norms Parametric Design and Digital Fabrication Workshop in Egypt in 2013, offering grants to nine students to participate in the workshop.



## SODIC ART SYMPOSIUMS

In 2011 SODIC began a string of art symposiums each revolving around a different subject and production medium. The artwork was created by Egyptian and international artists commissioned by SODIC and is now on display at a number of SODIC developments.



## AC&C ART FUND COLLECTION

Promoting the works of renowned Egyptian artists, SODIC showcased the never-before-seen AC&C Art Fund collection in 2010 at its main Sales Centre, transforming the premises into an art gallery. The collection included over 80 paintings and sculptures and was attended by specialists from Sotheby’s and Christie’s.

# SODIC SPORTS

Sports activities are a cornerstone of life at SODIC communities while serving as yet another channel for giving back to our society at large.

As part of our philosophy of providing our residents with well-rounded amenities for balanced, healthy lifestyles, outdoor activity areas and sports facilities are integral components of SODIC's master-planned developments. From signature golf courses to cycling and jogging pathways equipped with fitness stations, our developments provide the ideal settings for our SODIC Sports programme. At SODIC we do not merely build facilities but actively organise sports events that help engage our communities.

## SODIC AND BREAST CANCER FOUNDATION RUN AGAINST CANCER, 2016

Over 3,000 runners came together last October in honour of October Breast Cancer Awareness Month and in support of the Breast Cancer Foundation of Egypt (BCFE), a non-profit organisation dedicated to fighting breast cancer in Egypt. The 6 kilometre run across SODIC West was open to runners of all ages and was front lined by inspirational women and survivors, all coming together to raise awareness about breast cancer. All funds raised from the run were donated to BCFE.



## SODIC AND BAHEYA RUN AGAINST CANCER, 2015

In support of October Breast Awareness, SODIC collaborated with Cairo Runners for the SODIC and Baheya Run Against Cancer, a 6 kilometre run at SODIC West. The event sought to raise awareness about breast cancer and raise funds for Baheya Hospital – the first in the Middle East to specialise in advancing the early detection and treatment of breast cancer. The hospital extends its services free of charge to all patients that walk through its doors. Through the generous donations of participants, the run raised EGP 138,000 for the hospital

## SODIC WEST & GBI FAMILY BIKE RIDE, 2015

SODIC Sport collaborated with the Global Bike Initiative (GBI) to kick off the spring 2015 season at SODIC West with a family bike ride on Friday, 27th of March. Tailored for both casual and experienced cyclists, with the aim of providing an enjoyable day out for SODIC families, the event was planned around two routes, one running 6 kilometre and another traversing double the distance.



## PAST SODIC SPORTS EVENTS

SODIC Charity Run, 2014: The SODIC Sports programme cooperated with Cairo Runners to organise the SODIC Charity Run in November 2014. Over 1,000 runners took part in the event, helping raise funds to build and operate a school in Ezbet Khairallah, an informal settlement in Cairo.

### ELFIT CHALLENGE, 2013 / 2014:

SODIC held the first two seasons of ELFIT fitness competitions at the British International School in Cairo (BISC) campus in SODIC West. ELFIT is the biggest endurance event in Egypt and one of the largest in the Middle East, uniquely providing a number of competition categories across different age groups for both men and women.

## STARS NATIONAL TENNIS TOURNAMENT, 2013

Proudly hosted by SODIC in association with the Egyptian Tennis Federation, the 2013 STARS National Tennis Tournament was held at the SODIC development of Beverly Hills. Some of Egypt's leading tennis players participated in the tournament across different age groups from 10 to 18 years old.

## EGYPTIAN OPEN GOLF TOURNAMENT, 2010

The 2010 Egyptian Open Golf Tournament was presented by SODIC under the organisation of the Egyptian Golf Federation. The tournament was held at JW Marriott's Mirage City Golf Club and hosted players from the Middle East and Europe, with special attendance from leading golfer Rory MacIlroy.



# 03

OUR DEVELOPMENTS

# OUR LAND BANK



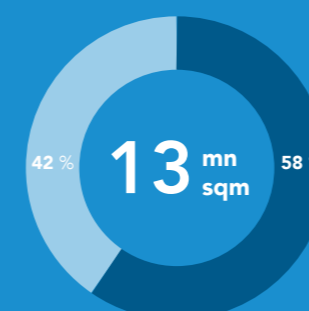
With over 7 million sqm of land developed and more than 3.2 million sqm of high-quality built-up areas developed as of the end of 2016, SODIC has established itself as a clear market leader over the years, not merely in terms of scale but also through our consistent drive to raise the bar for design, construction, customer service, and community engagement.

Equipped with a solid brand reputation and a dispute-free land bank that expanded significantly in 2016, SODIC is positioned for a new era of accelerated growth. Our continued drive to diversify our reach and add new geographies and market segments to our portfolio, coupled with a healthy balance sheet are also expected to propel our expansion outlook.

SODIC also remains focused on growing our recurring revenues base through increasing our gross leasable area (GLA). On this front, roughly 25 % of our unlaunched and raw land is slated for retail and commercial use.

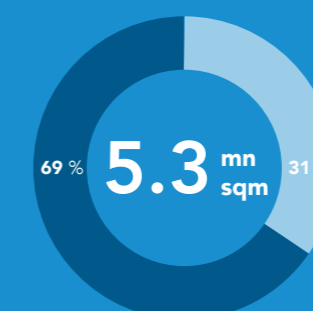
## A +13 MILLION SQM LAND BANK

LAND UTILIZATION



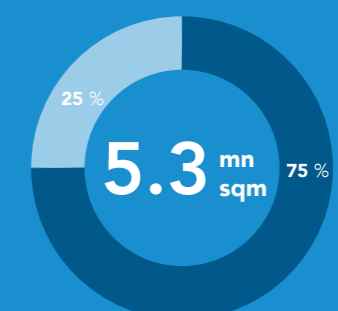
■ Unlaunched  
■ Launched

UNLAUNCHED LAND BANK BY GEOGRAPHY



■ West Cairo  
■ East Cairo

UNLAUNCHED LAND BANK BY USE



■ Residential  
■ Retail & Commercial

# WEST CAIRO



GROSS LAND  
**1.7** mn  
sqm

NUMBER OF UNITS  
**2,985**

DELIVERY  
STARTED  
**2001**

PROJECT  
COMPLETED  
**2005**

INVENTORY SOLD  
**100%**



*Beverly Hills*

Beverly Hills, SODIC's first venture, is a 1.75 million sqm mixed-use residential development boasting over 3,000 villas, townhouses, and apartments surrounded by spacious green landscapes and offering residents social and commercial services including a sports club, two international schools, a medical centre, and retail outlets. With its wide streets and cycling lanes, Beverly Hills has grown into a cosy yet vibrant community and is a highly coveted address in West Cairo.

The development was the first ever large-scale residential compound in Sheikh Zayed City, off the Cairo-Alexandria Desert Road. Since deliveries started in 2001, it has generated in excess of EGP 1 billion in revenue for the company.

# WEST CAIRO



GROSS LAND  
**2.4** mn  
sqm

NUMBER OF UNITS  
**1,251**

DELIVERY  
STARTED  
**2010**

PHASES  
LAUNCHED  
**100%**

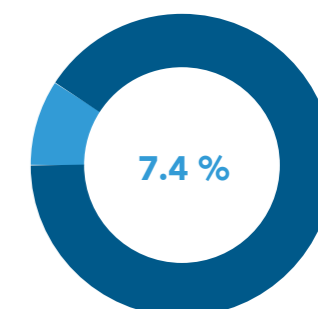
INVENTORY SOLD  
**100%**



**allegria**

SODIC's flagship project, Allegria, is an award-winning residential development designed by a consortium of local and international architects, including Michael Graves, Arguitectonica, Mark Mack, Kamel Consultants, and Research Groups, Shahira Fahmy, Tamer Anani, and Laithy Mekawy. Covering 2.4 million sqm of land, including a stunning landscape of green areas that surround an 18-hole Greg Normal Signature Golf Course, the development was launched in 2007 and its success helped reposition SODIC as a leading developer in the luxury segment.

Allegria includes over 1,250 villas and townhouses, a clubhouse plot that spans 32,000 sqm. In 2008, the British International School Cairo (BISC) moved its campus from Zamalek and is now situated right next door to the development. Unit delivery began in 2010 and is nearly completed today.



**CONTRIBUTION  
TO 2016 REVENUE**

# WEST CAIRO



GROSS LAND  
**56<sup>k</sup>** sqm

NUMBER  
OF UNITS  
**221**

DELIVERY  
STARTED  
**2012**

PHASES  
LAUNCHED  
**100%\***

INVENTORY SOLD  
**95%\*\***

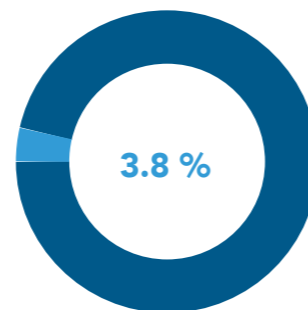


## FORTY WEST

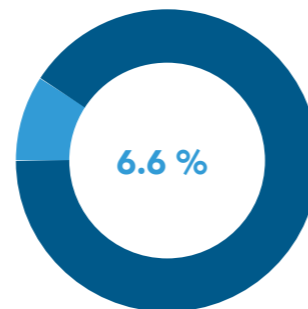
An exquisite blend of Mediterranean spirit and cutting-edge architecture, Forty West is an exclusive development that boasts spectacular, fully furnished apartments, offices, open spaces, and a luxurious hotel. The project was designed by internationally acclaimed Boston-based Machado and Silvetti Architects. At the heart of Forty West is the 2,500 sqm Piazza, a stunning space inspired by Barcelona's Plaza Real. Forty West was given the Zimmer+Rohde Interior contract award in 2013.

Forty West residences includes 221 fully furnished apartments, each with a unique interior and spacious floorplan designed by the award-winning interior design house Eklego and incorporating the latest building technologies and highest international specifications that include double glazed windows, luxurious floorings, indoor fireplaces, and capacious terraces.

*\*as a percent of project built up area    \*\* as a percent of launched inventory value*



CONTRIBUTION  
TO 2016 REVENUE



CONTRIBUTION TO 2016  
CONTRACTED SALES



# WEST CAIRO



GROSS LAND  
**584<sup>k</sup><sub>sqm</sub>**

NUMBER OF UNITS  
**1,391**

DELIVERY  
STARTED  
**2013**

PHASES  
LAUNCHED  
**100%\***

INVENTORY SOLD  
**100%\*\***



## WESTTOWN RESIDENCES

Launched in 2011, Westtown Residences offers a premium range of homes including townhouses, twin-houses, city villas, signature lofts, duplexes, and apartments. The development marked SODIC's first move into this deeper segment of the market, highlighting our flexibility and capacity to adapt amid changing market demands.

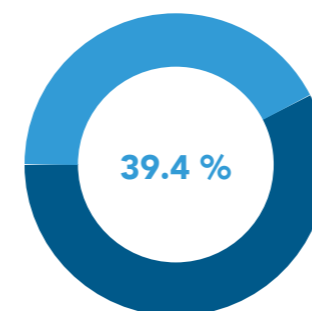
The development is characterised by stunning architectural designs that complement the beauty of their surroundings, while incubating an unparalleled sense of community that reflects the diverse needs, tastes, and lifestyles of the residents it caters to. A fusion of the city's vibrant feel with the calm retreat of suburban living, Westtown Residences is embellished with

spacious gardens, parks, and open green spaces. The secure gated community is designed around the Pedestrian Green Spine, which acts as a recreational facility and gateway to the rest of Westtown. The development is also a short walk from Allegria, BISC, Forty West, The Polygon, and the restaurants and cafes located in Westtown Hub and The Strip.

Since its launch, 10 phases of Westtown Residences have been sold, reflecting the strong success and demand for the project. As of yearend 80% of the project had been delivered.

*\* as a percent of project built up area*

*\*\* as a percent of launched inventory value*



**CONTRIBUTION  
TO 2016 REVENUE**



# WEST CAIRO



GROSS LAND  
**240<sup>k</sup>** sqm

NUMBER  
OF UNITS  
**776**

DELIVERY  
DATE  
**2017**

PHASES  
LAUNCHED  
**100%\***

INVENTORY SOLD  
**99%\*\***



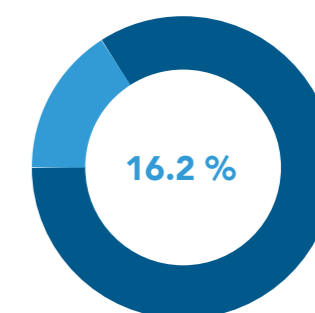
## THE COURTYARDS WESTOWN

The Courtyards showcases homes designed by SODIC's very own in-house design team, making the living spaces one of a kind. Located in the heart of Westown and launched in 2014, the development comprises of five interlinked courtyards, around which the buildings are arranged, offering green views and private parks for residents.

The project marks our continued mission to develop family products in Westown, a feat that has bolstered and built upon the success of Westown Residences.

*\* as a percent of project built up area*

*\*\* as a percent of launched inventory value*



**CONTRIBUTION TO 2016  
CONTRACTED SALES**

# WEST CAIRO



GROSS LAND  
**55<sup>k</sup>** sqm

NUMBER OF  
BUILDINGS  
**11**

DELIVERY  
STARTED  
**2013**

PHASES  
LAUNCHED  
**100%\***

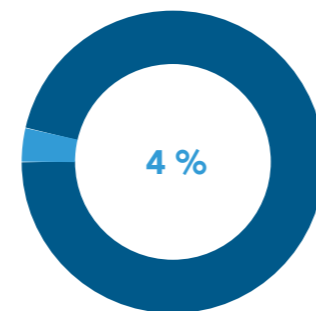
INVENTORY SOLD  
**87%\*\***



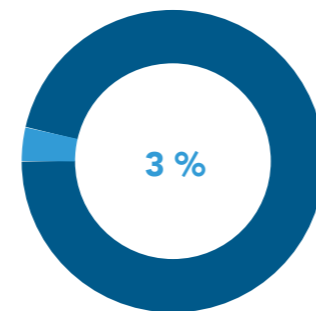
The first business park in Westtown, The Polygon was designed by the multiple award-winning UK based architects, Wilkinson-Eyre, and includes eleven 'Class A' office buildings aimed at capturing the increasing demand for purpose-built office space in Cairo. The development, boasts over 90,000 sqm of state-of-the-art office spaces.

Located on kilometre 38 of the Cairo-Alexandria Desert Road, a short drive away from Sheikh Zayed, 6th of October Industrial Zone, and Abou Rawash, The Polygon enjoys a prime location in the heart of West Cairo and is specifically designed to accommodate a myriad of both smaller and larger businesses who have the option of buying or renting from 67 sqm modules to full 9,000 sqm buildings.

The business park is also within walking distance from Allegria, Forty West, BISC, and Beverly Hills, and is close to the new Rod El Farag Mehwar, which will directly link Westtown to Central Cairo. The development earned SODIC recognition as the best developer in the office / business category by Euromoney in 2014 as well as Cityscape 2016.



**CONTRIBUTION  
TO 2016 REVENUE**



**CONTRIBUTION TO 2016  
CONTRACTED SALES**

*\* as a percent of project built up area    \*\* as a percent of launched inventory value*



# WEST CAIRO



GROSS LAND  
**50<sup>k</sup>**  
sqm

NUMBER  
OF UNITS  
**46**

EXPECTED  
LEASE INCOME  
**31** EGP \*  
mn

PHASES  
LAUNCHED  
**100%**

OCCUPANCY RATE  
**55%**



## WESTTOWN HUB

Launched in May 2015, Westtown Hub marks SODIC's first recurring-revenue property. Designed by leading Egyptian architectural firm Hassan Abu Seda, Westtown Hub consists of five multi-level buildings that circle a central piazza, home to some of Cairo's finest restaurants and cafes. The pedestrian-friendly landscape that is embalmed serene fountains and beautiful greenery promotes a unique retail and entertainment experience.

The development offers a variety of entertainment outlets, including top brand retailers, small boutiques, and relaxing shaded courtyards making Westtown Hub an ideal destination for a small family retreat or friendly gathering. The project serves over 6,000 homes in SODIC West, positioning Westtown Hub to be a coveted and popular destination in Westtown Cairo.

*\* expected upon full occupancy*

# WEST CAIRO



GROSS LAND  
**235<sup>k</sup>** sqm

NUMBER  
OF UNITS  
**115**

DELIVERY  
STARTED  
**2012**

PHASES  
LAUNCHED  
**56%\***

INVENTORY SOLD  
**96%\*\***

## The Strip

The Strip, a modern, streamlined, and easily accessible commercial project, introduces a new shopping-mall concept to the Egyptian market. The mall is comprised of adjacent shops linked together by a walkway for the ease of customer mobility. The Strip offers a relaxed and contemporary environment that features multiple shops, banks, and eateries. The cocktail of mixed retail shops, personal services, restaurants and cafes, supermarkets, financial and courier services, and automotive showrooms and services, offers a range of products in a circumscribed space that celebrates comfort and entertainment to the effect of creating a popular leisure space.

\* as a percent of project built up area  
\*\* as a percent of launched inventory value



# WEST CAIRO



GROSS LAND  
**30<sup>k</sup><sub>sqm</sub>**

NUMBER OF UNITS  
**120**

DELIVERY DATE  
**2019**

PHASES  
LAUNCHED  
**27%\***

INVENTORY SOLD  
**10%\*\***



Westtown Medical Centre is our first fully integrated medical facility in SODIC West and includes the renowned pre-natal and post-natal El Nada Hospital, as well as SODIC's own comprehensive Westtown Clinics.

Our flexible clinic modules that can evolve with every advancement, the expansive areas dedicated to medical centres and polyclinics, and our world-class labs and radiology centres all ensure exceptional and fully integrated resources for our doctors.

The structure is built in interlocking L-shaped buildings that encompass a central garden, providing the majority of clinics with access to open space overlooking a vast and serene view.

In addition to the medical facilities, the development encompasses number of retail outlets designed to complement the comprehensive nature of a medical destination, and are planned to include a bank, a pharmacy, as well as cafés and restaurants. The first phase of the project was launched in 2016.

*\* as a percent of project built up area*

*\*\* as a percent of launched inventory value*

# EAST CAIRO



GROSS LAND  
**860<sup>k</sup>** sqm

NUMBER OF UNITS  
**2786**

DELIVERY  
STARTED  
**2016**

PHASES  
LAUNCHED  
**84%\***

INVENTORY SOLD  
**94%\*\***



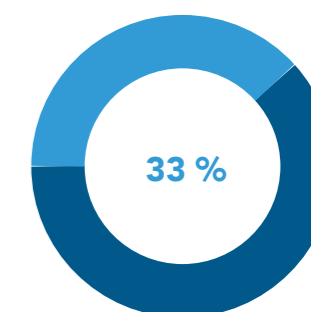
## EASTOWN NEW CAIRO

Built on an 860,000 sqm landscape of stunning greenery, Eastown Residences is Eastown's gated residential neighbourhood that offers spacious apartments and duplexes. Since its launch in 2013, Eastown Residences has shown phenomenal success in terms of sales levels and price appreciation

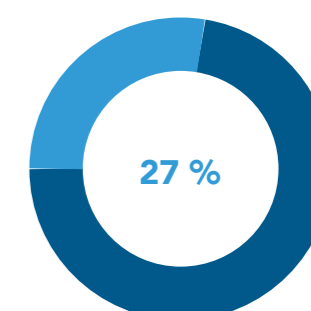
The development's prime location on Road 90 in New Cairo places it in close proximity to the American University in Cairo and only a short drive away from Cairo International Airport. This location complements our strategy and future plans to build commercial and office spaces in the area, which will have a significant impact on our portfolio of properties and recurring-income stream.

*\* as a percent of project built up area*

*\*\* as a percent of launched inventory value*



CONTRIBUTION  
TO 2016 REVENUE



CONTRIBUTION TO 2016  
CONTRACTED SALES

# EAST CAIRO



GROSS LAND  
**126<sup>k</sup>** sqm

NUMBER  
OF UNITS  
**488**

DELIVERY  
STARTED  
**2013**

PHASES  
LAUNCHED  
**100%\***

INVENTORY SOLD  
**100%\*\***



## KATTAMEYA PLAZA

Located only minutes away from the American University in Cairo and Future University, Kattameya Plaza raises the bar for contemporary apartment living in Egypt. Designed and master-planned by ArchGroup — the world-class firm behind the design of Grosvenor House in Dubai — and landscaped by Evergreen, Kattameya Plaza is the perfect place for those looking to strike the ideal balance between a healthy lifestyle and the comfort and security of a gated residential community, alongside the amenities of a flourishing suburb.

Amenities include 24/7 property management and security services, a convenience quarter housing a supermarket, a nursery, a gym, a pharmacy, laundry services, restaurants and cafés, three swimming pools (with one specifically designed for children), secure play areas for children, jogging paths, a multi-purpose sports field, and community areas.

Delivery was completed in 2016 with current occupancy of c. 40%

*\* as a percent of project built up area    \*\* as a percent of launched inventory value*

# EAST CAIRO



GROSS LAND  
**1.26** mn  
sqm

NUMBER OF UNITS  
**2,066**

DELIVERY  
STARTING  
**2018**

PHASES  
LAUNCHED  
**47%\***

INVENTORY SOLD  
**89%\*\***



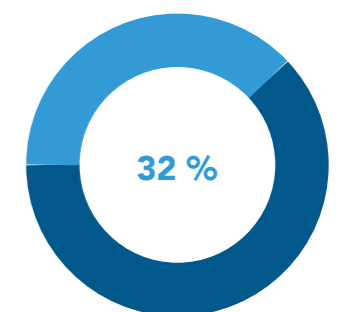
**VILLETTE**  
NEW CAIRO

Villette is SODIC's first single-family development in East Cairo. The project, strategically located at the centre of New Cairo, was master-planned by the world-renowned American firm SWA and comprises several neighbourhoods constructed around a village centre. It offers approximately 2,000 units that range from standalone villas to apartment buildings.

Villette offers its residents all the benefits of a luxurious suburban development: outdoor space, activities, and tranquillity, alongside a socially engaging town centre.

*\* as a percent of project built up area*

*\*\* as a percent of launched inventory value*



**CONTRIBUTION TO 2016  
CONTRACTED SALES**

# NORTH COAST



GROSS LAND  
**441** k sqm

NUMBER OF UNITS  
**272**

DELIVERY DATE  
**2018**

PHASES LAUNCHED  
**100%\***

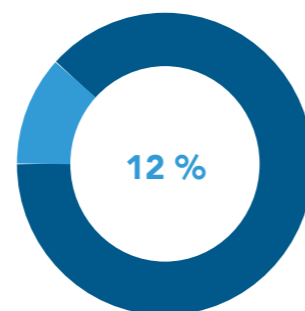
INVENTORY SOLD  
**96%\*\***

**caesar**  
North Coast

Launched in 2015, Caesar marks SODIC's first secondary-home development on the Mediterranean North Coast. Caesar offers a community of homes built on terraced levels with unobstructed sea views and a beachfront that stretches over 1 km. Caesar is poised to become one of the most exclusive residential communities on the North Coast.

\* as a percent of project built up area

\*\* as a percent of launched inventory value



**CONTRIBUTION TO 2016  
CONTRACTED SALES**



# UNDEVELOPED LAND BANK

Expanding our land bank has been the core of our growth strategy for the past three years. Our ability to swiftly monetise our plots and replenish our portfolio with quality deals empowers us to grow while efficiently managing our resources. Our current land bank of 5.3 million sqm secures strong visibility for our residential sales as well as our budding commercial portfolio. We continue to seek new opportunities supported by our strong balance sheet to expand and diversify our land bank

2016 marked the signing of SODIC's first revenue-sharing venture agreement with Heliopolis Housing in March. The deal supports our continued commitment to our calculated expansion strategy to increase SODIC's land bank and pursue new avenues for growth and attests to both the company's ability to undertake projects of scale but also agility to pursue different deal structures. The addition of this 655-acre plot in New Heliopolis brings our undeveloped land bank to a total of 5.3 million sqm.

## WEST CAIRO

**AL YOSR:** This 1.26 million sqm plot is situated on the outskirts of West Cairo on the Cairo-Alexandria Desert Road. SODIC has delayed its plans to develop the land until the new highway connecting Central Cairo to the North Coast is developed as it is expected to increase returns, bringing the area closer to the city. The Al Yosr land is zoned for residential use with an allowable BUA that has increased to 7 % from a previous 2 %, which, coupled with a cost of c. EGP 300 per sqm, makes its development profitable as it stands.

**6TH OF OCTOBER:** In September 2015 SODIC acquired a 30-acre plot of land in the heart of 6th of October. The plot was secured through an auction held by the New Urban Communities Authority (NUCA). The land was purchased for a total of EGP 211 million, at 1,677 per sqm, payable to the government over four years.

Master planning for this new plot of land has been finalised, with sales expected to launch in the first quarter of 2017. The project will be comprised completely of apartments, similar in nature to SODIC's Kattameya Plaza in East Cairo.

**SODIC WEST:** As of December 2016, only c.300,000 sqm of the total 7 million sqm that is SODIC West remained undeveloped. The remaining plots are predominantly commercial land slated to contribute to the build-up of a sizable recurring income portfolio. In addition, 2017 will witness the launch of the last residential projects in SODIC West — One 16 and Auerea.



What was once an open expanse of 10 million sqm of undeveloped land on the outskirts of Cairo, SODIC West stands today as a dynamic blend of master-planned communities with sprawling green areas and an extensive network of services and amenities



## EAST CAIRO

**NEW HELIOPOLIS:** In March 2016, SODIC signed a co-development agreement with Heliopolis Housing and Development Company, adding a 2.75 million sqm plot (655 acres) in East Cairo to our development pipeline. The plot is strategically located in New Heliopolis off the Cairo-Suez Road and directly adjacent to Al Shorouk City, the natural extension to New Cairo.

The co-development project is expected to house around 8,600 residential units in addition to commercial and retail properties. SODIC will be in charge of all internal infrastructure and construction work along with sales and marketing activities, and Heliopolis Housing will provide all external infrastructure to the land plot.

As per the terms of the agreement, SODIC is entitled to 70% of residential revenues and 69.8% of retail and commercial revenues. The minimum land plot guarantee has been valued at c. EGP 5.01 billion, payable in unequal annual instalments throughout the project lifetime, which is expected to be around 10 years.

**VILLETTE:** We continue to launch new residential inventory in Villette, with 2017 set to mark the first launch of multiple family units there. Approximately 40 % of the land remaining is expected to continue to contribute to our sales backlog for the next two years.

**EASTOWN:** With c 100,000 sqm of residential land unlaunched, SODIC has almost completely monetised the residential portion of this strategically located plot in the heart of East Cairo. Our development efforts going forward will focus on the commercial property set on 150,000 sqm of prime land directly on Road 90, the high street of East Cairo, and adjacent to the American University in Cairo. The project will be the cornerstone of our recurring-income portfolio, with construction expected to be completed by 2020.

# 04

## MANAGEMENT & GOVERNANCE

# BOARD OF DIRECTORS



## HANI SARIE EL DIN

CHAIRMAN (NON-EXECUTIVE)

With over 25 years of experience in corporate, banking and capital markets, Dr Hani Sarie El Din is a prominent legal practitioner in Egypt and the Middle East. In addition to his private professional career, Sarie El Din has served in executive and non-executive public positions including Chairman of the Capital Market Authority and Board Member of the Central Bank of Egypt, the General Authority for Investment and the first official US-Egyptian Fund to promote investment in Egypt. Sarie El Din holds a Ph.D. in International Business Law from Queen Mary and Westfield College, University of London.



## HISHAM EL-KHAZINDAR

BOARD MEMBER (NON-EXECUTIVE)

Hisham El-Khazindar is the Managing Director and Co-Founder of Qalaa Holdings. El-Khazindar also serves on the board of several leading regional companies, and on the Advisory Committee of the Emerging Markets Private Equity Association. He also serves as a Trustee of the American University in Cairo, a Trustee of the Cairo Children's Cancer Hospital, and as a Fellow of the Aspen Institute's Middle East Leadership Initiative. Prior to co-founding Qalaa Holdings, El-Khazindar held the position of Executive Director of Investment Banking at EFG Hermes. During the period 1999 - 2000, Al-Khazindar was on secondment to Goldman Sachs in London. El-Khazindar holds a Bachelor's in Economics from the American University in Cairo and an MBA from Harvard Business School.



## HUSSEIN CHOUCRI

BOARD MEMBER (NON-EXECUTIVE)

Hussein Choucri is the Chairman and Managing Director of HC Securities & Investment. Choucri also serves on the Board of Member of the Holding Company for Tourism and Cinema (HOTAC), Edita Food Industries, Integrated Diagnostics Holdings (IDH) and the Egyptian British Business Council (EBBC). In addition, Choucri is the Chairman of the Board of Trustees of Shefaa Charity Foundation. Choucri held the position of Managing Director at Morgan Stanley, New York from 1987 to 1993, before serving as an Advisory Director until December 2007. Prior to joining Morgan Stanley, Choucri worked with Abu Dhabi Investment Company. Choucri received a Management Diploma from the American University in Cairo and a Bachelor's from the Faculty of Commerce, Ain Shams University.



## MAGUED SHERIF

MANAGING DIRECTOR

Magued Sherif is SODIC's Managing Director, appointed September 2015. Sherif enjoys almost 30 years of professional experience. Past positions include Egypt Country Head and Properties Chief Executive Officer at Majid Al Futtaim Properties Egypt as well as General Manager and Senior Vice President at Palm Hills Developments for a 10-year period starting from the company's inception. Sherif was also Chief Executive Officer and Managing Director at Hyde Park Properties for Development. Sherif was most recently the co-founder and managing director of The Venturers LLC in Orlando, Florida, as well as the co-founder of AA Investments LLC, Orlando. Earlier in his career, Sherif worked as the Head of Privatization Unit at Arthur Anderson, in addition to spending seven years at Bechtel Egypt and Bechtel Limited. He began his career as a Site Engineer with Orascom Construction Industries in 1986. Sherif holds a Bachelor's degree in Architecture from Cairo University, in addition to an MBA from the American University in Cairo.



## OMAR ELHAMAWY

CHIEF FINANCIAL OFFICER

Omar Elhamawy is the Chief Financial Officer of SODIC, as well as the Managing Director of SODIC's fully owned company SOREAL for Real Estate Investment. Prior to joining SODIC, Elhamawy spent eight years as a Director within Beltone's Investment Banking Division, where he focused on the real estate sector through his close involvement in both M&A and Capital Market transactions, advising Mena for Touristic and Real Estate Investments on a capital increase, Beltone Private Equity on the tender offer and acquisition of Nasr City Housing and Development, and advising Group on its IPO. Elhamawy holds a Bachelor's degree of Business Administration from the American University in Cairo and is a CFA Charterholder.



## OMAR SALAH BASSIOUNY

BOARD MEMBER (NON-EXECUTIVE)

Omar S. Bassiouny is the co-founder and Executive Partner of Matouk Bassiouny and the head of the company's Corporate and M&A group. Bassiouny has a strong track record in the areas of corporate law and mergers and acquisitions. Bassiouny is a prominent member of several chambers of commerce and business associations. His achievements have been recognised with numerous awards such as Leading Lawyer in Mergers & Acquisitions in Egypt in 2014 by IFLR 1000 and Leading Lawyer in Egypt in 2013 by Chambers & Partners. Bassiouny received a Bachelor's in Public and International Law from the American University Cairo and a Licence en Droit from the Faculty of Law at Cairo University.

# BOARD OF DIRECTORS

CONTINUED



## SABAH BARAKAT

BOARD MEMBER (NON-EXECUTIVE)

Sabah Taysir Barakat is the Vice President of Riyadh-based Olayan Financing Company, overseeing a portfolio of wholly owned and joint venture companies in the fields of energy, construction and real estate development. From 2003-2008, Barakat was Vice President of Bechtel Group, from 1998-2003, he was the Regional Vice President of National Grid Plc. and from 1986-1998, he worked for the Costain Group Plc., a leading international contracting firm, specialising in infrastructure, energy and building construction. Barakat graduated in 1986 with an Engineering degree from London University as a Chartered Engineer, and he was a member of the UK's Institute of Civil Engineers. Barakat is also a member of the UK's Chartered Institute of Management.



## SHEHAB ELORABI

CHIEF TECHNICAL OFFICER

Shehab Elorabi is SODIC's Chief Technical officer. Elorabi joined SODIC in 2009 as Executive Director of Project Controls. Previously, Elorabi spent five years as Senior Development Manager at Dubai-based Nakheel Co. LLC, following his post as Projects Control Manager at Hill International Project Management Firm. His experience in Egypt includes time spent with Turner International and International Bechtel Inc. Elorabi started his career with Bechtel Corporation in the USA as Project Controls Engineer, where he spent the first six years of his professional career. Elorabi has an MBA from Golden Gate University in San Francisco, and a Bachelor's of Science in Industrial Engineering/Operations Research from the University of California, Berkeley.



## WALID ABANAMAY

BOARD MEMBER (NON-EXECUTIVE)

Walid Sulaiman Abanamay has been the Managing Director of Al-Mareefa Al – Saudia Company since 1997. Prior to this, he served in the Treasury and Corporate Banking Departments of SAMBA Financial Group. Abanamay has served on the Board of Directors of several companies and funds including, Jousour, Beltone Financial, UGIC, Mena Capital Fund and GB Auto. He also served on the Boards of SAFCO, Nasr City, Al-Inmaia, Al Raya Holdings and Al Masafi. Dr. Abanamay holds a Bachelor of Science in Computer Science from Southern Illinois University, a Master's degree in Management Information Systems from the University of Illinois and a Ph.D. in Business Administration with a specialisation in Finance from Southern Illinois University.



## YEZAN HADDADIN

BOARD MEMBER (NON-EXECUTIVE)

Yazan Haddadin has over 15 years of investment and investment banking experience and is currently the Chief Investment Officer of the Capital Bank Group. In 2013, he co-founded HCH Partners, a private equity investment company focused on East Africa, where he currently serves on the Board. Prior to that, Haddadin acted as Advisor at Ripplewood Holdings LLC., following his post as Managing Director at Perella Weinberg in New York from 2007 to 2012 and his work with JPMorgan's M&A group in New York from 2000 to 2007. Haddadin received a Bachelor of Science from Georgetown's School of Foreign Service and a Juris Doctor from Northwestern University School of Law.

# EXECUTIVE MANAGEMENT



**MAGUED SHERIF**

MANAGING DIRECTOR

See page 69 for biography.



**OMAR ELHAMAWY**

CHIEF FINANCIAL OFFICER

See page 69 for biography.



**SHEHAB ELORABI**

CHIEF TECHNICAL OFFICER

See page 70 for biography.



**HAZEM EL TAWIL**

CHIEF PLANNING AND COMPLIANCE OFFICER

Hazem El-Tawil is SODIC's Chief Planning and Compliance Officer. He is responsible for the planning, technical monitoring and compliance of SODIC's future, current and delivered projects. El Tawil joined SODIC in 1998 as Director of Design and Technical Affairs. Prior to joining SODIC, El Tawil worked for the Architecture/Engineering firms of Dewberry and Davis in Raleigh, NC and Skidmore, Owings and Merrill in Chicago, USA for a period of five years. He later returned to Egypt to join Dar Al-Handasah. El Tawil holds a Bachelor's of Architectural Engineering from Cairo University, as well as, a Master's of Architecture in Urban Design degree from North Carolina State University, NC, USA.



**HISHAM SALAH**

CHIEF INFORMATION OFFICER

Hisham Salah is the Chief Information Officer of SODIC. Salah has 25 years of professional experience in the areas of information technology and corporate systems. Salah's previous experience includes serving for eight years as Vice President of Technology at Palm Hills Developments, in addition to spending seven years with Microsoft as the Head of Communications Sector and later, the Head of Government sector in Egypt. Before joining Microsoft, he held the position of Head of Information Technology at Commercial International Life Insurance Company (CIL). Salah began his career at Commercial International Bank (CIB), where he held various positions in Information Technology and Operations. Salah holds a Master of Science degree in Information Technology from Middlesex University in London.



**MOHAMED EL GARHY**

CHIEF DEVELOPMENT OFFICER

Mohamed El Garhy is SODIC's Chief Development Officer, appointed in December 2015. El Garhy has 30 years of international experience in real estate, mixed-use development and project management, during which he held several senior executive positions within prestigious real estate investment companies and hospitality groups. El Garhy excelled in managing mega projects for the likes of Palm Hills Development, The Egypt Emirates Malls Group, Accor Group and Dar Al Handasah. Prior to joining SODIC, El Garhy worked as the CTO for Katara Hospitality. El Garhy holds a degree in architecture from the Faculty of Fine Arts, Helwan University and has won numerous awards for special merits throughout his expansive career.



**SHERIF EL-ABD**

CHIEF BUSINESS DEVELOPMENT AND GOVERNMENT RELATIONS OFFICER

Sherif El-Abd is SODIC's Chief Business Development and Government Relations Officer. El-Abd brings over 20 years of diversified experience. He has contributed to the growth of every business he was part of through developing and managing business strategies as well as incubating new business models as a tool for successful turnarounds. His previous experience includes numerous positions held throughout his 11-year tenure with Coca-Cola Atlantic Industries, punctuating his time there as Senior General Manager. He spent time at Kalioub Plant (TCCBCE), Americana Group and Almatex.



**AHMED LABIB**

CHIEF COMMERCIAL OFFICER

Ahmed Labib is the Chief Commercial Officer of SODIC. Labib is responsible for setting and achieving company-wide commercial objectives and marketing strategy. Labib joined SODIC in 2007 as a Sales Manager and has since grown to the position of CCO. His previous experience includes working in the Marketing Department at McDonalds and spending seven years in the Marketing and Consumer Relations Platform at British American Tobacco (BAT) where he held various positions, the last of which was Multiple Category Brand Manager. Labib holds a Bachelor's degree in Psychology with a minor in Mass Communication from the American University in Cairo.



**HATEM ELHALWAGY**

CHIEF PROJECTS DIRECTOR

Hatem ElHalwagy is the Chief Projects Officer of SODIC. ElHalwagy joined SODIC in 2006, and has since been entrusted with managing several of the core departments. He has also established and set up several support departments aimed at aligning the company's direction with its mission, including the departments' recruitment, policies, procedures, and systems before handing them over to their selected Directors. His previous experience includes holding the post of Director of Development for Orascom Tourism and Development and Cairo Financial Center. ElHalwagy holds a Master's degree in Finance from the University of Reading, UK, and a Bachelors' degree in Construction Engineering from The American University in Cairo.

# CORPORATE GOVERNANCE

SODIC's success is owed to a combination of hard work, dedication, diligence, and a strict adherence to sound principles of corporate governance, high ethical conduct, and good corporate citizenship. We firmly believe these three principles alongside trust, transparency, and open communication serve as the main propellants that drive our performance as a company, and that enhance shareholder value.

## DISCLOSURE & TRANSPARENCY

SODIC, as a listed company, is bound by the disclosure rules and new listing rules set by the Egyptian Exchange and approved by the Egyptian Financial Supervisory Authority. Accordingly, we are in compliance with the corporate governance, financial reporting, and disclosure provisions of the rules.

SODIC reports all its financials on a quarterly basis and announces all major news and developments regarding the company's operations in a clear, coherent, and timely basis. All material matters concerning the corporation, including company objectives, financial and operational results, major share ownership and voting rights, information about Board members, related party transactions, and governance structures and policies are expressed and conducted with complete transparency.

## SHAREHOLDER ENGAGEMENT

In keeping with our belief of open and transparent communication, SODIC runs an active investor relations programme. Communication with investors and analysts is an ongoing practice throughout the year and includes regularly scheduled Investor Relations events, one-to-one and group meetings with the Executive Directors, and tours of our properties, as well as routine contact with the Investor Relations department.

In 2016, our Managing Director, CFO, and Investor Relations team held over 200 meetings with representatives from each of our institutional investors. Such interaction is a testament to our desire to build a strong reciprocity of dialogue between the company and our shareholders.

This year, SODIC has participated in 10 investor conferences and roadshows spread across Egypt, Europe, the USA, the Middle East, and Africa, cementing stable communication with our global net of investors.

In addition to such initiatives, the Executive Board members attend the Annual General Meeting, which is an opportunity for all shareholders to engage in direct communication with the Directors on a one-to-one basis.

Materials including investor presentations, our financial results, and information on the work of the board and its committees can be downloaded at [ir.sodic.com](http://ir.sodic.com).

## THE BOARD

Under both Egyptian company law and SODIC's articles of association, the board has ultimate responsibility for all decisions concerning the company's business strategy and management.

Comprised of the Chairman, the Managing Director, two further Executive Directors, and five Non-Executive Directors, the board delegates certain responsibilities to Board Committees and Management Committees.

Defined terms of reference for Board Committees, formal documentation of powers delegated to Executive Directors, and clear reporting lines ensure that the board receives all relevant information about the business and that decisions are made by people at the right levels and who have the authority to do so.

The board convened a total of 11 times in 2016, either in person or via telephone or videoconferencing.

## THE AUDIT COMMITTEE

The Audit Committee's responsibilities include oversight of financial and narrative reporting, internal control, risk management systems, and internal and external audit processes.

The committee consists of three independent Non-Executive Directors; Dr. Hani Sarie El Din (Committee Chairman), Mr Yazan Haddadein and Mr Hussein Choucri, in addition to Mr. Hossam Helal.

The committee convened a total of 5 times in 2016.

## THE COMPENSATION & ESOP COMMITTEE

The committee recommends and agrees with the Board on the framework or broad policies for the remuneration of the executive directors and executive management. It determines targets for any performance-related pay schemes seeking shareholder approval for long-term incentive arrangements.

In addition to this, the committee also determines the remuneration package for the Managing Director.

The committee consists of Non-Executive Directors Dr. Hani Sarie El Din (Committee Chairman), Dr. Walid Abanumay, Mr. Sabah Barakat, Mr Hisham El-Khazindar and Mr. Yezzan Haddadin.

# SHAREHOLDER & INVESTOR INFORMATION

Delivering long-term sustainable returns empowered by our strong corporate governance framework and our diversified shareholder base, SODIC is one of the few non-family owned companies traded on the EGX.

## A DIVERSE SHAREHOLDER BASE

Headquartered in Cairo and listed on the Egyptian Stock Exchange (EGX), SODIC is one of the few non-family owned companies traded on the EGX, with a strong corporate governance framework.

## SHARE INFORMATION

Our shares are listed on the Egyptian Exchange since 1998 under the ticker OCDI.

Share listing: **Cairo Egypt**

ISIN Code: **EGS65851C015**

Currency: **EGP**

Number of Shares Outstanding: **338,909,573**

Market Capitalisation as of 2016/12/31: **EGP 5 billion**

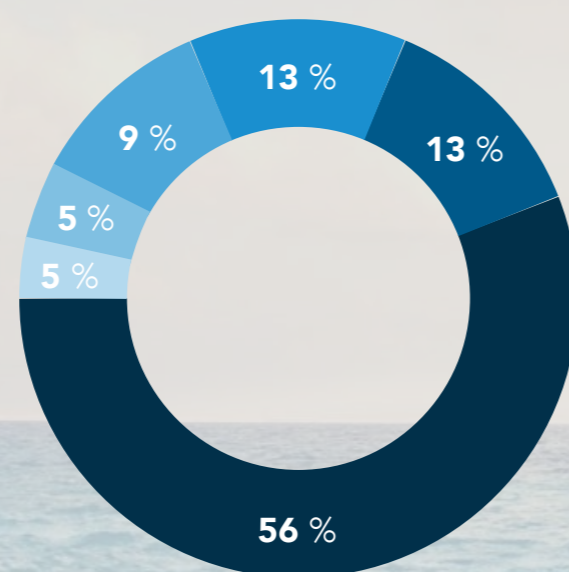
Symbol:

EGX: **OCDI.CA**

Reuters: **OCDI.CA**

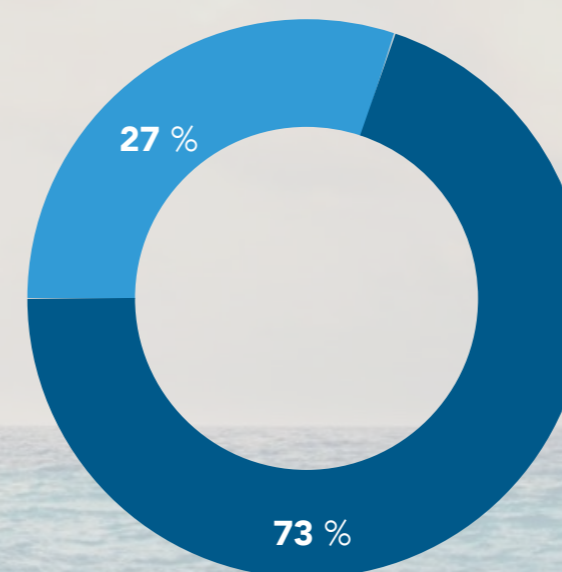
Bloomberg: **OCDI.EY**

## SHAREHOLDER BREAKDOWN



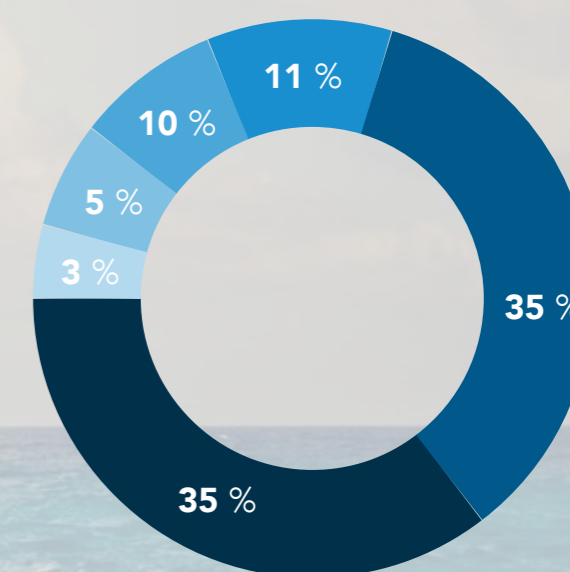
■ Abanumay Family  
■ Olayan Saudi Investment Company  
■ Ripplewood Advisors  
■ Rashed Al Rashed & Sons Co  
■ EFG Hermes  
■ Others

## SHAREHOLDERS BY TYPE



■ Institutional  
■ Retail

## SHAREHOLDERS BY REGION



■ Egypt  
■ Saudi Arabia  
■ UK  
■ UAE  
■ USA  
■ Others



# 05

CONSOLIDATED  
FINANCIAL  
STATEMENTS

# AUDITOR'S REPORT

To The Shareholders of Sixth of October for Development and Investment Company "SODIC"

## REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

We have audited the accompanying consolidated financial statements of Sixth of October for Development and Investment Company "SODIC" (S.A.E.), which comprise the consolidated statement of financial position as at December 31, 2016, and the consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for the financial year then ended, and a summary of significant accounting policies and other explanatory notes.

## MANAGEMENT'S RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

## AUDITOR'S RESPONSIBILITY

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

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

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

## OPINION

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Sixth of October for Development and Investment Company "SODIC", as at December 31, 2016, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the Egyptian Accounting Standards and the Egyptian laws and regulations relating to the preparation of these financial statements.

## REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

The financial information included in the Board of Directors' report, prepared in accordance with Law No. 159 of 1981 and its executive regulations, is in agreement with the Company's books of account, according to the limits of this information in books.

**KPMG Hazem Hassan**  
**Public Accountants & Consultants**

Cairo February 27, 2017

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

EGP	Note No.	31 December 2016	31 December 2015
<b>Non-current assets</b>			
Property, plant, equipment	(24)	107 276 928	135 868 140
Projects under construction	(25)	160 661 837	7 790 299
Biological Assets under construction	(26)	6 408 365	5 884 706
Investments in associates and joint ventures	(27)	-	-
Investments - available for sale	(28)	4 250 000	4 250 000
Investment properties	(29)	101 864 178	111 347 976
Notes receivables	(30)	6 657 311 976	4 657 536 773
<b>Total non-current assets</b>		<b>7 037 773 284</b>	<b>4 922 677 894</b>
<b>Current assets</b>			
Other assets	(16)	5 201 605	8 839 274
Completed units ready for sale	(17)	7 669 865	8 278 559
Works in process	(18)	7 194 030 716	7035 868 781
Trade and notes receivable	(19)	3 093 930 806	2 228 734 891
Debtors and other debit balances	(20)	866 211 339	537 376 140
Loans to Joint Ventures	(21)	-	-
Investments in treasury bills	(22)	298 249 707	49 774 513
Cash at banks and on hand	(23)	2 272 843 670	1 966 531 631
<b>Total current assets</b>		<b>13 738 137 708</b>	<b>11 835 403 789</b>
<b>Total assets</b>		<b>20 775 910 992</b>	<b>16 758 081 683</b>
<b>Equity</b>			
Issued & paid in capital	(31)	1 355 638 292	1 355 638 292
Legal reserve	(32)	195 088 853	184 428 817
Special reserve - share premium	(33)	1 357 933 479	1 357 933 479
Retained earnings		822 185 185	403 557 570
Treasury shares	(34)	( 12 833)	(10 162 833)
Profit from sale of treasury shares	(35)	1 725 456	3 692 867
Reserve for employee stock option plan	(53)	18 276 121	-
<b>Equity attributable to equity holders of the Company</b>		<b>3 750 834 553</b>	<b>3 295 088 192</b>
Non-controlling interests	(36)	70 180 204	90 892 998
<b>Total equity</b>		<b>3 821 014 757</b>	<b>3 385 981 190</b>
<b>Non-current liabilities</b>			
Loans - long term	(37)	1 022 542 421	996 163 619
Notes payable - long term	(38)	775 224 846	1 450 310 827
Deferred tax liabilities	(14)	353 305	823 372
<b>Total non-current liabilities</b>		<b>1 798 120 572</b>	<b>2 447 297 818</b>

EGP	Note No.	31 December 2016	31 December 2015
<b>Current liabilities</b>			
Bank - credit facilities	(41)	3 405 400	50 027 276
Loans - Short term	(37)	169 640 020	123 335 275
Contractors, suppliers and notes payable	(43)	849 986 725	842 833 944
Advances - from customers	(42)	12 619 201 231	8 882 124 887
Creditors and other credit balances	(44)	1 421 697 260	955 478 269
Provision for completion	(39)	86 429 141	64 945 785
Provisions	(40)	6 415 886	6 057 239
<b>Total current liabilities</b>		<b>15 156 775 663</b>	<b>10 924 802 675</b>
<b>Total liabilities</b>		<b>16 954 896 235</b>	<b>13 372 100 493</b>
<b>Total equity and liabilities</b>		<b>20 775 910 992</b>	<b>16 758 081 683</b>

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

## Financial & Administration Executive Director

Hany Henry

## Chief Financial Officer

Omar Elhamawy

## Managing Director

Magued Sherif

## Chairman

Hani Sarie El Din

"Auditor's report attached"

# CONSOLIDATED STATEMENT OF PROFIT AND LOSS

FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2016

EGP	Note No.	2016	2015
<b>Continuing operations</b>			
<b>Revenues</b>			
Sales of real estate and lands	(5)	1 974 388 145	1 401 379 964
Revenues of Beverly Hills Company for Management of Cities and Resorts		36 723 896	26 312 532
Revenues of Edara for Services of Cities and Resorts Company		41 619 734	34 923 618
Revenue of rental of real state		6 728 247	1 365 782
Revenues from golf course		7 635 671	8 276 632
<b>Total operation revenues</b>		<b>2 067 095 693</b>	<b>1 472 258 528</b>
<b>Cost of sales</b>			
Cost of sales of real estate and lands	(6)	(1 184 616 380)	(789 448 230)
Costs of Beverly Hills Company for Management of Cities and Resorts		(37 910 950)	(29 478 521)
Costs of Edara for Services of Cities and Resorts Company		(34 520 556)	(26 888 819)
Costs of rental of real state		(4 844 145)	(4 918 318)
Cost of golf course		(13 324 295)	(16 126 262)
<b>Total operation costs</b>		<b>(1 275 216 326)</b>	<b>(866 860 150)</b>
<b>Gross profit</b>	(7)	<b>791 879 367</b>	<b>605 398 378</b>
Other operating revenues	(8)	165 940 114	138 069 306
Selling and marketing expenses	(9)	(152 965 366)	(116 773 850)
General and administrative expenses	(10)	(262 329 807)	(188 934 692)
Losses from reversal of sale of investments	(11)	(50 850 600)	-
Other operating expenses		(82 942 070)	(56 880 225)
<b>Operating profit</b>	(12)	<b>408 731 638</b>	<b>380 878 917</b>
Finance income	(13)	278 971 841	128 946 296
Finance cost		(85 630 047)	(91 801 129)
<b>Net finance income</b>		<b>193 341 794</b>	<b>37 145 167</b>
<b>Net profit before tax</b>	(14)	<b>602 073 432</b>	<b>418 024 084</b>
Income tax		(160 741 240)	(96 692 718)
<b>Profit from continuing operations</b>		<b>441 332 192</b>	<b>321 331 366</b>
<b>Profit for the year</b>		<b>441 332 192</b>	<b>321 331 366</b>
<b>Attributable to:</b>			
Equity holders of the Company		429 287 651	310 707 489
Non-controlling interests	(36)	12 044 541	10 623 877
<b>Net Profit for the year</b>		<b>441 332 192</b>	<b>321 331 366</b>
<b>Earnings per share from continuing operations (EGP / Share)</b>	(15)	<b>1.27</b>	<b>0.92</b>

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

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2016

EGP	Note No.	2016	2015
Profit for the year		441 332 192	321 331 366
<b>Total other comprehensive income items for the year after income tax</b>		-	-
<b>Total comprehensive income of the year</b>		<b>441 332 192</b>	<b>321 331 366</b>
<b>Total comprehensive income is attributable to:</b>			
Equity holders of the Company		429 287 651	310 707 489
Non-controlling interests	(36)	12 044 541	10 623 877
<b>Total comprehensive income for the year</b>		<b>441 332 192</b>	<b>321 331 366</b>

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

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2016

EGP	Issued and paid in capital	Legal reserve	Special reserve- share premium	Retained earnings
<b>Balance as at December 31, 2014</b>	<b>1 355 638 292</b>	<b>181 352 693</b>	<b>1 338 296 569</b>	<b>103 071 263</b>
<b>Total comprehensive income</b>				
Net profit for the year	-	-	-	310 707 489
Other comprehensive income items	-	-	-	-
<b>Total comprehensive income</b>	<b>-</b>	<b>3 076 124</b>	<b>-</b>	<b>310 707 489</b>
<b>Transactions with owners of the Company</b>				
Transferred to legal reserve	-	-	-	(3 076 124)
Employees' interim distributions	-	-	-	(1 306 929)
Purchasing of non controlling interests without change in control	-	-	-	(5 838 129)
Transferred to special reserve-share premium	-	-	17 486 910	-
Transferred to statement of profit and loss	-	-	-	-
Transferred to treasury shares	-	-	2 150 000	-
<b>Total transactions with owners of the Company</b>	<b>-</b>	<b>3 076 124</b>	<b>19 636 910</b>	<b>(10 221 182)</b>
<b>Balance as at December 31, 2015</b>	<b>1 355 638 292</b>	<b>184 428 817</b>	<b>1 357 933 479</b>	<b>403 557 570</b>
<b>Total comprehensive income</b>				
Net profit for the year	-	-	-	429 287 651
Other comprehensive income items	-	-	-	-
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>429 287 651</b>
<b>Transactions with owners of the Company</b>				
Transferred to legal reserve	-	10 660 036	-	(10 660 036)
Set aside amount for bonus and incentive plan	-	-	-	-
Dividends to non-controlling interests in subsidiaries	-	-	-	-
Selling of treasury shares	-	-	-	-
Loss from selling of treasury shares	-	-	-	-
<b>Total transactions with owners of the Company</b>	<b>-</b>	<b>10 660 036</b>	<b>-</b>	<b>(10 660 036)</b>
<b>Balance at December 31, 2016</b>	<b>1 355 638 292</b>	<b>195 088 853</b>	<b>1 357 933 479</b>	<b>822 185 185</b>

Treasury shares	Profit / (loss) from selling of treasury shares	Shares kept for bonus and incentive plan	Set aside amount for bonus and incentive plan	Total	Non-Controlling Interests	Total Equity
<b>-</b>	<b>3 692 867</b>	<b>(8 012 833)</b>	<b>20 004 359</b>	<b>2 994 043 210</b>	<b>94 430 992</b>	<b>3 088 474 202</b>
-	-	-	-	310 707 489	10 623 877	321 331 366
-	-	-	-	-	-	-
<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>310 707 489</b>	<b>10 623 877</b>	<b>321 331 366</b>
-	-	-	-	-	-	-
-	-	-	-	(1 306 929)	-	(1 306 929)
-	-	-	-	(5 838 129)	(14 161 871)	(20 000 000)
-	-	-	(17 486 910)	-	-	-
-	-	-	(2 517 449)	(2 517 449)	-	(2 517 449)
(10 162 833)	-	8 012 833	-	-	-	-
<b>(10 162 833)</b>	<b>-</b>	<b>8 012 833</b>	<b>(20 004 359)</b>	<b>(9 662 507)</b>	<b>(14 161 871)</b>	<b>(23 824 378)</b>
<b>(10 162 833)</b>	<b>3 692 867</b>	<b>-</b>	<b>-</b>	<b>3 295 088 192</b>	<b>90 892 998</b>	<b>3 385 981 190</b>
-	-	-	-	429 287 651	12 044 541	441 332 192
-	-	-	-	-	-	-
<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>429 287 651</b>	<b>12 044 541</b>	<b>441 332 192</b>
-	-	-	-	-	-	-
-	-	-	18 276 121	18 276 121	-	18 276 121
-	-	-	-	-	(32 757 335)	(32 757 335)
10 150 000	-	-	-	10 150 000	-	10 150 000
-	(1 967 411)	-	-	(1 967 411)	-	(1 967 411)
<b>10 150 000</b>	<b>(1 967 411)</b>	<b>-</b>	<b>18 276 121</b>	<b>26 458 710</b>	<b>(32 757 335)</b>	<b>(6 298 625)</b>
<b>(12 833)</b>	<b>1 725 456</b>	<b>-</b>	<b>18 276 121</b>	<b>3 750 834 553</b>	<b>70 180 204</b>	<b>3 821 014 757</b>

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

# CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2016

EGP	Note No.	2016	2016
<b>Cash flows from operating activities</b>			
Net profit for the year before tax		602 073 432	418 024 084
<b>Adjustments for:</b>			
Depreciation of fixed assets and investment properties	(24) , (29)	22 938 359	26 834 458
Capital gain	( 7)	( 686 591)	(6 116 169)
Return on investments in treasury bills	( 12)	(114 189 691)	(48 743 435)
Impairment loss of debtors, trade receivables and loans to joint ventures	( 11)	6 462 307	3 289 828
Interest revenue transferred from set aside amount for bounce and incentive plan		-	( 517 449)
Reverse of impairment loss of debtors		( 150 550)	-
Provisions formed	(39) , (40)	53 259 526	63 983 491
Provisions no longer required	( 7)	( 67 000)	( 191 524)
Impairment of property, plant and equipment	( 24)	27 196 868	30 000 000
Reserve of employee stock option plan	(9) , (52)	18 276 121	(2 000 000)
<b>Changes in:</b>			
Other assets		3 637 669	(4 333 985)
Finished units available for sale		8 008 626	7 207 980
Works in process		(288 460 254)	(891 560 295)
Trade and notes receivables		( 2 864 971 118)	(2 027 321 793)
Debtors and other debit balances		(335 146 956)	(213 308 843)
Provisions used	(39) , (40)	(31 350 523)	(69 728 201)
Advances from customers		3 737 076 344	2 817 409 486
Contractors, suppliers and notes payable		(667 933 200)	(351 456 553)
Creditors and other credit balances		305 007 684	234 463 640
Restricted cash		195 799 774	(4 503 766)
<b>Net cash generated from / (used in) operating activities</b>		<b>676 780 827</b>	<b>( 18 569 046)</b>
<b>Cash flows from investing activities</b>			
Payments for purchase of fixed assets, projects under construction and biological assets		(42 931 028)	(73 496 259)
Payments for Investments in treasury bills		( 3 610 040 999)	( 1 844 021 161)
Proceeds from Investments in treasury bills		3 475 755 496	1871 613 315
Payments for acquiring additional shares in subsidiaries		-	(20 000 000)
Proceeds from sale of fixed assets		1 060 592	13 380
<b>Net cash used in investing activities</b>		<b>( 176 155 939)</b>	<b>(65 890 725)</b>
<b>Cash flows from financing activities</b>			
Bank - credit facilities		(46 621 876)	(108 817 800)
Proceeds from short and long term loans		72 683 547	80 344 462
Proceeds from sale of treasury shares	( 34)	8 182 589	-
Dividends to non-controlling interests		(32 757 335)	-
<b>Net cash generated from / (used in) financing activities</b>		<b>1 486 925</b>	<b>(28 473 338)</b>
<b>Net decrease in cash and cash equivalents</b>		<b>502 111 813</b>	<b>(112 933 109)</b>
Cash and cash equivalents at January 1		1 662 027 865	1 774 960 974
<b>Cash and cash equivalents at December 31</b>	( 23)	<b>2 164 139 678</b>	<b>1 662 027 865</b>

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2016

## 1. BACKGROUND AND ACTIVITIES

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

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

- Land acquisition and the subsequent sale/lease to clients after connecting the relevant infrastructure.
- Operating in the field of construction, integrated construction and supplementary works.
- Planning, dividing and preparing lands for building and construction according to modern building techniques.
- Building, selling and leasing all various types of real estate.
- Developing and reclaiming land in the new urban communities.
- Operating in the field of tourism development and tourism related establishments including, building, managing, selling or utilizing hotels, motels and tourist villages in accordance with applicable Egyptian laws and regulations. Building, managing, selling and leasing –residential, service, commercial, industrial and tourism projects.

- Importing and operating as trade agents within the allowable limits of the Company's purpose (not with the purpose of trading)
- Financial leasing in accordance with Law No. 95 of 1995.
- Working in all fields of information technology and systems, hardware and software (computer software and services).
- Operating in fields of communication systems, internet, space stations and transmission except for the field of satellites.
- Investing in the various activities related to petroleum, gas and petrochemicals.
- Operating in the field of coordinating and planting gardens, roads and squares and also providing security, stewardship, maintenance and cleaning services.
- Operating in the field of ownership and management of sporting, entertainment, medical, educational buildings and also ownership, management and operating of restaurants.
- In addition, the Company may have interest or participate in any manner with companies or others that share similar activities or which may assist it to achieve its purposes in Egypt or abroad.
- Also the Company is entitled to merge into or acquire the aforementioned companies or make them subsidiaries in accordance with the provisions of law and its executive regulations.

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

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

1-5 The consolidated financial statements of Sixth of October for Development & Investment Company "SODIC" (the Parent Company) for the financial year ended December 31, 2016 comprise the financial statements of the Company and its

subsidiaries (together referred to as the "Group") and the Group's interest in the profit and loss of associates and joint ventures.

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

## 2. BASIS OF PREPARATION OF CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Compliance with accounting standards and laws

- The consolidated financial statements have been prepared in accordance with Egyptian Accounting Standards and applicable laws and regulations.
- The consolidated financial statements were approved by the Board of Directors on February 27, 2017.

## 3. FUNCTIONAL AND PRESENTATION CURRENCY

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

## 4. USE OF JUDGMENT AND ESTIMATES

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

## MEASUREMENT OF FAIR VALUE

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

## 5. REAL ESTATE AND LAND SALES

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

	2016 EGP	2015 EGP
Revenues from the sale of units in <b>Allegria</b> project	189 398 097	311 008 691
Revenues from the sale of units in <b>Kattameya Plaza</b> project	20 701 599	75 541 804
Revenues from the sale of units in <b>Eastown Residence</b> project	656 257 064	-
Revenues from the sale of units in <b>The Strip</b> project	64 528 533	54 177 412
Revenues from the sale of units in <b>Forty West</b> project	72 561 434	106 112 718
Revenues from the sale of units in <b>CASA</b> project	4 244 900	9 835 894
Revenues from the sale of units in <b>Westown Residence</b> project	760 469 137	730 105 036
Revenues from the sale of business units in <b>Polygon</b> project	211 876 506	115 276 515
	1 980 037 270	1 402 058 070
<b>Less:</b> sales returns of residential and business unites	(5 649 125)	(678 106)
	<b>1 974 388 145</b>	<b>1 401 379 964</b>

## 6. COST OF REAL ESTATE AND LAND SOLD

	2016 EGP	2015 EGP
Cost of sales of units in <b>Allegria</b> project	83 937 198	155 287 095
Cost of sales of units in <b>kattameya plaza</b> project	11 733 875	44 496 087
Cost of sales of units in <b>Eastown Residence</b> project	504 234 376	-
Cost of sales of units in <b>The Strip</b> project	29 515 927	24 705 475
Cost of sales of units in <b>Forty West</b> project	47 138 938	78 084 236
Cost of sales of units in <b>CASA</b> project	2 590 300	6 041 351
Cost of sales of units in <b>Westown Residence</b> project	381 802 416	403 055 736
Cost of sales of business units in <b>Polygon</b> project	127 168 199	78 311 658
	1 188 121 229	789 981 638
<b>Less:</b> sales returns of residential and business unites	(3 504 849)	(533 408)
	<b>1 184 616 380</b>	<b>789 448 230</b>

## 7. OTHER OPERATING REVENUES

	2016 EGP	2015 EGP
Interest income realized from installments during the year	72 606 004	64 060 477
Assignment, cancellation dues and delay penalties	83 536 241	59 494 559
Other income	5 439 777	3 357 028
Dividends share from associate companies	3 453 951	4 849 549
Capital gain	686 591	6 116 169
Provisions no longer required and reversal of impairment of debtors	217 550	191 524
	<b>165 940 114</b>	<b>138 069 306</b>

## 8. SELLING AND MARKETING EXPENSES

	2016 EGP	2015 EGP
Salaries and wages	21 144 508	17 040 919
Sales commissions	65 549 755	47 498 256
Advertising expenses	43 338 648	26 805 098
Conferences and Exhibitions	4 550 966	1 630 444
Advertising events	4 231 157	3 595 629
Rent	2 774 947	8 135 862
Donations	110 000	203 750
Maintenance, cleaning and agriculture	3 103 294	2 140 861
Travel, transportation and cars	29 699	148 791
Professional and consultants fees	1 758 333	1 683 832
Gifts	785 646	860 064
Depreciation	766 899	494 732
Employees vacations	341 690	154 590
Fees and stamps	2 107 327	4 116 788
Printing and photocopying	1 623 931	1 372 413
Others	748 566	891 821
	<b>152 965 366</b>	<b>116 773 850</b>

## 9. GENERAL AND ADMINISTRATIVE EXPENSES

	2016 EGP	2015 EGP
Salaries, wages and bonuses (9-1)	116 301 211	85 015 281
Board of Directors' remunerations and allowances	10 652 524	7 457 195
Training, medical care, meals & uniforms	8 921 478	7 133 623
Reserve for employee stock option plan (9-2)	18 276 121	-
Employees' defined benefit plan	5 489 505	3 639 081
Maintenance, cleaning, agriculture, security and guarding	35 640 791	21 186 587
Professional and consultancy fees	15 034 556	9 035 695
Advertising, exhibitions and conferences	3 434 455	1 435 135
Donations and gifts	4 854 889	3 500 148
Administrative depreciation of fixed assets and rented units	14 687 577	20 022 278
Reception and hospitality	1 526 546	1 535 609
Printings and office supplies	4 481 614	3 654 472
Communication, electricity, telephone and water	7 958 392	5 414 414
Subscriptions and governmental dues	2 612 698	2 197 715
Rent	1 759 098	5 772 295
Travel and transportation	2 607 121	1 949 240
Bank charges	3 086 665	4 087 424
Employees vacations	775 460	639 148
Insurance installments	619 403	596 832
Others	3 609 703	4 662 520
	<b>262 329 807</b>	<b>188 934 692</b>

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

	2016 EGP	2015 EGP
Salaries	7 764 010	5 387 324
Share based transaction (*)	-	(2 000 000)
	<b>7 764 010</b>	<b>3 387 324</b>

\* Reversal of the provisional amount related to 200 000 shares under the terminated incentives and bonus plan. The amount has been formerly deducted from wages and salaries expenses in the profit and loss statement during previous year.

(9-2) This item represents the change in fair value of the employee's stock options, granted to managers and the executive Board of Directors, at grant date as mentioned in note no. (53).

## 10. LOSSES FROM THE SALE OF INVESTMENTS

On March 4, 2010, the Group sold its share in "EL Sheikh Zayed for Construction Development" with a book value amounting to 3 371 400 at total sales value of EGP 54 221 000 which resulted in a gain of EGP 50 850 600 recognized on the Company's profit and loss statement in previous years. On December 31, 2016, the Group signed an agreement to cancel the sale of the "EL Diwan for Construction Development", "Formerly Sheikh Zayed for Construction Development", considering that it is impossible to implement the sub-development contract concluded with it and the development of block No. 8 in the Eastown project owned by the Group with an area of 7 439 square meters, Accordingly, the Group recorded a loss from the reversal of sale of investment which amounted to EGP 50 850 600 and represents the reversal of the previously recognized gain.

In addition the book value of the investment which amounted to EGP 3 371 400 has been recognized as debtors from the purchase of investments in debtors and other debt balances (note 20) until obtaining the minutes of shareholders' meeting of El Diwan that approve the transfer of the shares and completion of the share transfer process.

## 11. OTHER OPERATING EXPENSES

	2016 EGP	2015 EGP
Discount for early payment	48 098 670	22 781 500
Provision of claims	425 647	200 854
Impairment losses of fixed assets (*)	27 196 868	30 000 000
Impairment losses of debtors and loans to joints ventures	6 462 307	3 289 828
Loss from liquidation of investments	780	594 001
Penalties	757 798	14 042
	<b>82 942 070</b>	<b>56 880 225</b>

(\*) This item represents is the impairment in the golf course resulting from the book value exceeding the assets recoverable value, Following this impairment the net book value of golf course amounts to zero

## 12. FINANCE INCOME

	2016 EGP	2015 EGP
Interest income	96 249 382	78 480 062
Return on investment in treasury bills	114 189 691	48 743 435
Income from revaluation and sale of investments	10 945	-
Net foreign exchange translation	68 521 823	1 722 799
	<b>278 971 841</b>	<b>128 946 296</b>

## 13. FINANCE COST

	2016 EGP	2015 EGP
Interest expense	84 291 130	88 535 028
Installments interest Sheikh Zayed land	1 338 917	3 266 101
	<b>85 630 047</b>	<b>91 801 129</b>

## 14. INCOME TAX EXPENSE

### A. Items recognized in the profit and loss

	2016 EGP	2015 EGP
Current income tax	158 740 630	99 300 288
Income tax deducted on dividends	2 470 677	-
Deferred income tax (benefit)	(470 067)	(2 607 570)
	<b>160 741 240</b>	<b>96 692 718</b>

### B. Deferred tax assets and liabilities movement

December 31, 2016	Balance as at 31/12/2016				
	Balance as at 1/1/2016 asset / (liability)	Charged to profit and loss	Deferred tax resulted in asset	Deferred tax resulted in (liability)	Net deferred tax resulted in (Liability) / Asset
	EGP	EGP	EGP	EGP	EGP
Property, plant and equipment	(881 027)	456 978	-	(424 049)	(424 049)
Provisions	57 655	13 089	70 744	-	70 744
Net	<b>(823 372)</b>	<b>470 067</b>	<b>70 744</b>	<b>(424 049)</b>	<b>(353 305)</b>

December 31, 2015	Balance as at 31/12/2015				
	Balance as at 1/1/2015 asset / (liability)	Charged to profit and loss	Deferred tax resulted in asset	Deferred tax resulted in (liability)	Net deferred tax resulted in (Liability) / Asset
	EGP	EGP	EGP	EGP	EGP
Property, plant and equipment	(3 498 562)	2 617 535	-	(881 027)	(881 027)
Provisions	67 620	(9 965)	57 655	-	57 655
Net	<b>(3 430 942)</b>	<b>2 607 570</b>	<b>57 655</b>	<b>(881 027)</b>	<b>(823 372)</b>

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

### D. Unrecognized deferred tax assets

	31/12/2016 EGP	31/12/2015 EGP
Temporary deductible differences	439 357 181	130 239 675
Tax losses carried forward	28 406 347	35 105 304
	<b>209 763 786</b>	<b>165 344 979</b>

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

## 15. EARNINGS PER SHARE

Earnings per share as at December 31, 2016 is calculated based on the Parent Company's share in earnings for the year using the weighted average number of outstanding shares during the year as follows:

	2016 EGP	2015 EGP
Net profit for the year (parent company share)	429 287 651	310 707 48
Employees share of profit	-	-
Board of directors' remunerations	-	-
Employees and board of directors share in subsidiaries and associates companies	-	-
	<b>429 287 651</b>	<b>310 707 489</b>
Weighted average number of shares outstanding during the year	338 909 573	338 909 573
<b>Earnings per share (EGP / share)</b>	<b>1.27</b>	<b>0.92</b>

## 16. OTHER ASSETS

	31/12/2016 EGP	31/12/2015 EGP
Assets – companies under liquidation	2 683 724	2 683 724
Inventories and letters of credit	2 517 881	6 155 550
	<b>5 201 605</b>	<b>8 839 274</b>

## 17. COMPLETED UNITS READY FOR SALE

	31/12/2016 EGP	31/12/2015 EGP
Cost of completed commercial units	5 515 298	4 181 942
Cost of units purchased for resale (17-1)	2 154 567	4 096 617
	<b>7 669 865</b>	<b>8 278 559</b>

(17-1) This item represents the acquisition cost of 3 units in CASA project (Semi Finished) that were purchased from Royal Gardens Co. for Real Estate Investment – an associated company for the purpose of resale to others.

## 18. WORK IN PROCESS

This item represents the total costs related to works currently being undertaken.

Details of these works are as follows:

	31/12/2016 EGP	31/12/2015 EGP
<b>Allegria</b> project costs	271 416 059	291 110 919
<b>Westown</b> project costs	896 596 317	814 319 057
<b>Kattamya Plaza</b> project costs	6 573 637	17 326 961
<b>Eastown</b> project costs (18-1)	1 649 285 154	1 819 227 446
<b>Villette</b> project costs (18 -2 )	3 271 920 910	2 897 642 054
<b>Al Yosr</b> for projects and agriculture development project costs	333 846 272	333 660 797
<b>Polygon</b> project costs	109 356 636	347 983 895
<b>Caesar</b> project costs (18 -3)	341 447 377	207 229 617
<b>The Strip</b> project costs	38 718 503	62 838 882
<b>October Plaza</b> project costs (18-4)	254 241 133	227 211 825
<b>Beverly Hills</b> project costs	20 628 718	17 317 328
	<b>7 194 030 716</b>	<b>7 035 868 781</b>

(18-1) Eastown project cost includes an amount representing the present value of the of the installments of the settlement agreement signed between one of the Company's subsidiaries and the Ministry of Housing and New Urban Communities Authority dated April 14, 2014. The settlement agreement stipulates that the subsidiary will pay EGP 900 million over 7 years in return for an extension in the development time frame by an additional 5 years.

(18-2) Villette project costs includes an amount of EGP 2.5 billion approximately related to the purchase of 301.48 acres that were obtained from New Urban communities authority by a subsidiary.

The award letter was received on the 9th of June, 2014.

(18-3) Caesar project costs include cost of purchasing 172 000 m2 land plot in Ras-Elhekmah on the north coast amounting to approximately EGP 190 Million.

(18-4) Includes the acquisition cost of 30.998 acres plot in northern expansion in Sixth of October City.

## 19. TRADE AND NOTES RECEIVABLE

	31/12/2016 EGP	31/12/2015 EGP
Trade receivable	106 467 845	96 745 325
Notes receivable	3 015 978 510	2 150 338 683
	<b>3 122 446 355</b>	<b>2 247 084 008</b>
<b>Deduct</b> : unamortized interest – notes receivable	28 247 395	18 086 090
	<b>3 094 198 960</b>	<b>2 228 997 918</b>
<b>Deduct</b> : Impairment losses of trade and notes receivable	268 154	263 027
	<b>3 093 930 806</b>	<b>2 228 734 891</b>

- The Group's exposure to credit and currency risks related to trade and notes receivable is disclosed in note no. (46).

## 20. DEBTORS AND OTHER DEBIT BALANCES

	31/12/2016 EGP	31/12/2015 EGP
Contractors and suppliers – advance payments	432 844 349	244 408 788
Due from related parties – Joint Venture	35 191 620	35 191 620
Accrued interest	72 321 985	68 600 809
Due from related parties	6 523 612	6 523 612
Prepaid expenses	283 293 285	215 651 709
Deposits with others	2 188 977	2 029 214
Tax Authority	29 678 969	12 138 042
Due from the bonus and incentives plan to employees and managers fund	122 736	122 736
Debtors from sale of investments (20-1)	-	52 578 228
Debtors from purchase of investments (20-1)	3 371 400	-
Heliopolis Development and Housing Company (20-2)	100 100 000	-
Other debit balances	15 987 605	10 212 418
	<b>981 624 538</b>	<b>647 457 176</b>
<b>Deduct</b> : Impairment loss in debtors and other debit balances	115 413 199	110 081 036
	<b>866 211 339</b>	<b>537 376 140</b>

(20-1) The balance at 31 December 2015 represents the remaining amount from the sale of the Group's shares in the capital of "El Sheikh Zayed for Construction Development" during 2010 to both of "Investmart" and "ADA for Construction Development" On 31 December 2016, the Group signed an agreement to cancel the sale of "El Diwan for Construction Development" formerly "El Sheikh Zayed for Construction Development" and recorded the a loss from the reversal of sale of investment which amounted to EGP 50 850 600. The book value of the investment amounting to EGP 3 371 400 was recorded as Debtors of the purchase of investments until the completion of the share ownership transfer to the Group (note 10)

(20-2) This item includes an amount of EGP 100 million representing the amount paid as a down payment to Heliopolis Development and Housing Company, this amount will settle with Heliopolis Development and Housing Company's revenue share in the co-development contract pertaining to New Heliopolis City. Accordingly, the Company will act as a real estate developer for the land plot owned to Heliopolis Development and Housing Company which amounted to 655 acres in New Heliopolis City and Heliopolis Development and Housing Company will earn a share of the revenue with guaranteed minimum amount equal EGP 5.01 billion.

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

- The Group's exposure to credit and currency risks related to debtors and other debit balances is disclosed in note no. (46).

## 21. LOANS TO JOINT VENTURES

	31/12/2016 EGP	31/12/2015 EGP
This item represents the loan granted to the Joint Venture project by the Group on August 16, 2010 for a total amount of USD 19.5 million. The loan carries an interest rate of 8.5% per annum. The principal together with interest were scheduled for payment before September 30, 2011. The loan was renewed with an interest rate of 12.5% per annum.	135 485 960	960 485 135
This item represents the utilized amount of the bridge loan granted to the Joint Venture project on October 28, 2010 for a total amount of USD 7 926 766. The loan carries an interest rate of 8.5% per annum.	55 580 734	54 660 833
	191 066 694	190 146 793
<b>Deduct : Impairment for loans to joint ventures</b>	191 066 694	190 146 793
	-	-

## 22. INVESTMENTS IN TREASURY BILLS

	31/12/2016 EGP	31/12/2015 EGP
Treasury bills at par value	301 148 792	52 550 000
Unearned return on treasury bills	(2 899 085)	(2 775 487)
	<b>298 249 707</b>	<b>49 774 513</b>

The Group's exposure to market risk related to the trading investments is disclosed in note no. (46).

## 23. CASH AT BANKS AND ON HAND

	31/12/2016 EGP	31/12/2015 EGP
Bank - time deposits (23-1)	2 061 791 704	1 704 797 340
Bank - current accounts	181 013 101	242 749 807
Checks under collection	27 956 242	17 823 229
Cash on hand	2 082 623	1 161 255
	<b>2 272 843 670</b>	<b>1 966 531 631</b>

(23-1) Deposits include an amount of EGP 108.7 million restricted as a guarantee for the credit facility granted to the Parent Company and one of its subsidiaries from a commercial banks. In addition, it includes an amount of EGP 333.15 million representing the value of deposits collected from customers on account of the regular maintenance expenses.

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

	31/12/2016 EGP	31/12/2015 EGP
Cash at banks and on hand	2 272 843 670	1 966 531 631
<b>Less:</b>		
Restricted-Time Deposits	108 703 992	304 503 766
<b>Cash and cash equivalents in the consolidated statement of cash flows</b>	<b>2 164 139 678</b>	<b>1 662 027 865</b>

The Group's exposure to interest rate risk and currency risk for cash on hands and at banks which is disclosed in note no. (46)

## 24. PROPERTY, PLANT, EQUIPMENT

	Golf Course	Land	Buildings and Constructions
	EGP	EGP	EGP
<b>Cost</b>			
<b>Cost at January 1, 2015</b>	<b>93 628 961</b>	<b>23 700 259</b>	<b>10 367 941</b>
Additions during the year	-	32 705 970	26847470
Disposals during the year	-	-	-
<b>Cost at December 31, 2015</b>	<b>93 628 961</b>	<b>56 406 229</b>	<b>37 215 411</b>
<b>Cost at January 1, 2016</b>	<b>93 628 961</b>	<b>56 406 229</b>	<b>37 215 411</b>
Additions during the year	-	-	2 277 572
Disposals during the year	-	-	-
<b>Balance at December 31, 2016</b>	<b>93 628 961</b>	<b>56 406 229</b>	<b>39 492 983</b>
<b>Accumulated depreciation and impairment losses</b>			
<b>Accumulated depreciation and impairment losses at January 1, 2015</b>	<b>32 785 603</b>	<b>-</b>	<b>3 587 926</b>
Depreciation during the year	1 823 248	-	9 523 903
Accumulated depreciation of disposals during the year	-	-	-
Impairment losses during the year	30 000 000	-	-
<b>Accumulated depreciation and impairment losses at December 31, 2015</b>	<b>64 608 851</b>	<b>-</b>	<b>13 111 829</b>
<b>Accumulated depreciation and impairment losses at January 1, 2016</b>	<b>64 608 851</b>	<b>-</b>	<b>13 111 829</b>
Depreciation during the year	1 823 242	-	5 823 315
Accumulated depreciation of disposals during the year	-	-	-
Impairment losses during the year	27 196 868	-	-
<b>Accumulated depreciation and impairment losses at December 31, 2016</b>	<b>93 628 961</b>	<b>-</b>	<b>18 935 144</b>
<b>Net book value</b>			
<b>At January 1, 2015</b>	<b>60 843 358</b>	<b>23 700 259</b>	<b>6 780 015</b>
<b>At December 31, 2015</b>	<b>29 020 110</b>	<b>56 406 229</b>	<b>24 103 582</b>
<b>At December 31, 2016</b>	<b>-</b>	<b>56 406 229</b>	<b>20 557 839</b>

Vehicles	Furniture and Fixtures	Office Equipment and Communications	Generators, Machinery and Equipment	Leasehold Improvements	Total
EGP	EGP	EGP	EGP	EGP	EGP
<b>15 431 824</b>	<b>19 085 754</b>	<b>18 678 979</b>	<b>23 573 559</b>	<b>13 400 255</b>	<b>217 867 532</b>
3 574 891	2 752 423	4 572 028	3 540 254	2 075 298	<b>76 068 334</b>
( 241 773)	-	( 275 691)	(4 205 754)	(4 254 475)	<b>(8 977 693)</b>
<b>18 764 942</b>	<b>21 838 177</b>	<b>22 975 316</b>	<b>22 908 059</b>	<b>11 221 078</b>	<b>284 958 173</b>
<b>18 764 942</b>	<b>21 838 177</b>	<b>22 975 316</b>	<b>22 908 059</b>	<b>11 221 078</b>	<b>284 958 173</b>
3 910 187	3 772 930	4 724 298	3 666 802	309 960	<b>18 661 749</b>
( 627 559)	-	( 986 932)	(2 723 121)	-	<b>(4 337 612)</b>
<b>22 047 570</b>	<b>25 611 107</b>	<b>26 712 682</b>	<b>23 851 740</b>	<b>11 531 038</b>	<b>299 282 310</b>
<b>12 417 742</b>	<b>12 202 754</b>	<b>13 537 666</b>	<b>17 377 151</b>	<b>10 672 196</b>	<b>102 581 038</b>
1 480 283	2 388 793	3 391 416	3 396 682	2 828 208	<b>24 832 533</b>
( 231 145)	-	( 264 509)	(4 205 753)	(3 622 131)	<b>(8 323 538)</b>
-	-	-	-	-	<b>30 000 000</b>
<b>13 666 880</b>	<b>14 591 547</b>	<b>16 664 573</b>	<b>16 568 080</b>	<b>9 878 273</b>	<b>149 090 033</b>
13 666 880	14 591 547	16 664 573	16 568 080	9 878 273	<b>149 090 033</b>
1 907 204	2 262 349	3 311 395	3 805 823	748 764	<b>19 682 092</b>
( 456 543)	-	( 969 355)	(2 537 713)	-	<b>(3 963 611)</b>
-	-	-	-	-	<b>27 196 868</b>
<b>15 117 541</b>	<b>16 853 896</b>	<b>19 006 613</b>	<b>17 836 190</b>	<b>10 627 037</b>	<b>192 005 382</b>
<b>3 014 082</b>	<b>6 883 000</b>	<b>5 141 313</b>	<b>6 196 408</b>	<b>2 728 059</b>	<b>115 286 494</b>
<b>5 098 062</b>	<b>7 246 630</b>	<b>6 310 743</b>	<b>6 339 979</b>	<b>1 342 805</b>	<b>135 868 140</b>
<b>6 930 029</b>	<b>8 757 211</b>	<b>7 706 069</b>	<b>6 015 550</b>	<b>904 001</b>	<b>107 276 928</b>

\* Property, plant, equipment include fully depreciated assets at a cost of EGP 61 678 648 at December 31, 2016

## 25. PROJECTS UNDER CONSTRUCTION

This item is represented as follows:

	31/12/2016 EGP	31/12/2015 EGP
Buildings and constructions	160 442 022	6 271 054
Advance payments -fixtures and purchasing of fixed assets	219 815	1 519 245
	<b>160 661 837</b>	<b>7 790 299</b>

## 26. BIOLOGICAL ASSET UNDER CONSTRUCTION

On December 31, 2016, the balance of EGP 6 408 365 represents the cost of planting agricultural seedlings and the related costs, irrigation, water, wages, etc. (2015: EGP 5 884 706).

## 27. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

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

	Legal Form	Ownership Percentage		Carrying amount	
		31/12/2016 %	31/12/2016 %	31/12/2016 EGP	31/12/2016 EGP
Royal Gardens for Investment Property Co. (A)	SAE	20	20	-	-
Palmyra SODIC Real Estate Development (B)	SYRIAN LTD.	50	50	-	-
				-	-
	Assets EGP	Liabilities EGP	Equity EGP	Revenues EGP	Expenses EGP
<b>December 31, 2016</b>	264 986 294	(237 193 152)	(27 793 142)	(87 358 570)	79 167 212
Royal Gardens for Real Estate Investments Co. (A)					
<b>December 31, 2015</b>	330 463 327	(299 454 739)	(31 008 588)	(288 643 101)	276 779 179
Royal Gardens for Real Estate Investments Co. (A)					

	Assets EGP	Liabilities EGP	Equity EGP	Revenues EGP	Expenses EGP
<b>December 31, 2016</b>	121 084 245	(1 039 794 344)	918 710 099	-	381 482 317
Palmyra SODIC Real Estate Development (B)					
<b>December 31, 2015</b>	79 960 952	(436 780 148)	356 819 196	-	184 068 833
Palmyra SODIC Real Estate Development (B)					

(A) Royal Gardens for Investment Property Co. was established during the year 2006 in association with Palm Hills Developments and other shareholders. The cost of investment amounted to EGP 3 million which represents 50% of the Parent Company's participation in the share capital of Royal Gardens Co. The Parent Company's share in the unrealized gain resulting from the sale of land by the Parent Company to its associate during 2007 amounted to EGP 32 298 112 out of which only EGP 3 million has been eliminated to the extent of the Company's interest in the associate when preparing the consolidated financial statements.

(B) On June 15, 2010, SODIC Syria was established - a limited liability company - to acquire a 50% stake in Palmyra - SODIC Real Estate Development Co., Ltd. - a limited liability company - registered and operating in the Syrian Arab Republic. The direct investment cost amounts to EGP 243 million.

- Due to the current political circumstances in the Syrian Arab Republic and the confiscation of assets and documents related to Palmyra - SODIC Real Estate Development Co by the state government, the management of SODIC addressed the Embassy of the Syrian Arab Republic in Egypt and commissioned a law firm to handle the issue and protect the interest of SODIC's shareholders.

This situation, coupled with the unstable political environment witnessed in Syria led SODIC's Board of Directors to take the view that the invested amounts in Syria are non-recoverable. As such, SODIC recognized a loss arising from the inability to recover its investments. The recognized impairment loss of the investment and the foreign accumulated translation differences amounted to EGP 481 051 416 as at December 31, 2013.

## 28. AVAILABLE FOR SALE INVESTMENTS

This item is represented as follows:

	Legal Form	Ownership %	Paid amount of Participation %	Carrying amount as at 31/12/2016 EGP	Carrying amount as at 31/12/2015 EGP
Egyptian Company for Development and Management of Smart Villages	SAE	1.8	100	4 250 000	4 250 000
				<b>4 250 000</b>	<b>4 250 000</b>

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

## 29. INVESTMENT PROPERTIES

The net carrying amount of the investment properties as at December 31, 2016 amounted to EGP 101 864 178. The amount includes commercial / residential units leased out to others. The movement of the investment properties and its associated depreciation during the year as follows:

Description	Leased out EGP	HUB Project's units HUB EGP	Total EGP
<b>Cost</b>			
At January 1, 2015	18 568 793	-	18 568 793
Additions during the year	8 664 293	86 733 319	95 397 612
<b>At December 31, 2015</b>	<b>27 233 086</b>	<b>86 733 319</b>	<b>113 966 405</b>
At January 1, 2016	27 233 086	86 733 319	113 966 405
Additions during the year	1 172 401	-	1 172 401
Disposals during the year	(7 923 578)	-	(7 923 578)
<b>At December 31, 2016</b>	<b>20 481 909</b>	<b>86 733 319</b>	<b>107 215 228</b>
<b>Less</b>			
<b>Accumulated depreciation</b>			
At January 1, 2015	616 504	-	616 504
Depreciation for the year	322 173	1 679 752	2 001 925
<b>At December 31, 2015</b>	<b>938 677</b>	<b>1 679 752</b>	<b>2 618 429</b>
At January 1, 2016	<b>938 677</b>	<b>1 679 752</b>	<b>2 618 429</b>
Depreciation for the year	294 603	2 961 664	3 256 267
Accumulated Disposals during the year	(523 646)	-	(523 646)
<b>At December 31, 2016</b>	<b>709 634</b>	<b>4 641 416</b>	<b>5 351 050</b>
<b>Net carrying amount as at January 1, 2015</b>	<b>17 952 289</b>	<b>-</b>	<b>17 952 289</b>
<b>Net carrying amount as at December 31, 2015</b>	<b>26 294 409</b>	<b>85 053 567</b>	<b>111 347 976</b>
<b>Net carrying amount as at December 31, 2016</b>	<b>19 772 275</b>	<b>82 091 903</b>	<b>101 864 178</b>

## 30. NOTES RECEIVABLE – LONG-TERM

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

	31/12/2016 EGP	31/12/2015 EGP
Notes receivable	6 775 293 620	4 761 962 569
<b>Deduct : Unamortized interest</b>	<b>117 981 644</b>	<b>104 425 796</b>
	<b>6 657 311 976</b>	<b>4 657 536 773</b>

The Group's exposure to credit, and currency risks related to trade and notes receivable is disclosed in note no. (46).

## 31. SHARE CAPITAL

- The authorized capital of the Company is EGP. 2.8 billion
- The Company's issued and paid in capital is EGP 1 355 638 292 distributed over 338 909 573 shares with a par value of EGP 4 per share, the commercial register was notified on December 7, 2014.
- The Board of Directors of the Company decided in its session held on 30 November 2016 to increase the issued capital of the company from 1 355 638 292 Egyptian Pounds to 1 369 194 672 Egyptian Pounds, an increase of LE 13,556,380 distributed over 3 389 095 shares at a par value of LE 4 per share. These shares are financed through a special reserve - share premium, In accordance with the regulations approved by the Extraordinary General Assembly of the Company held on 20 January 2016, which approved the implementation of the system of incentive and bonus plan of employees, managers and executive board members through the allocation of shares on special terms for their benefit. Procedures are currently being completed to register the increase.
- The current capital structure for the holding company is represented as follow:

Shareholder	Number of Shares	Share Value EGP	Ownership Percentage %
Olayan Saudi Investment Company.	43 121 432	172 485 728	12.72
RA Six Holdings Limited	31 992 544	127 970 176	9.44
Rashed Abdelrahman Al Rashed & Sons Co	15 586 983	62 347 932	4.60
EFG Hermes Holdings Financial Group.	15 183 111	60 732 444	4.48
Al- Majid Investments LLC.	10 548 092	42 192 368	3.11
Abdel Monem Rashed Abdel Rahman Al Rashed	9 897 756	39 591 024	2.92
NORGES Bank	9 746 829	38 987 316	2.88
Financial Holdings International LTD	7 267 503	29 070 012	2.14
Other shareholders	195 565 323	782 261 292	57.71
	<b>338 909 573</b>	<b>1 355 638 292</b>	<b>100</b>

## 32. LEGAL RESERVE

The balance as at December 31, 2016 is represented as follows:-

	EGP
Legal reserve equal 5% of the Company's net profit till year 2014	11 945 929
<b>Add:</b>	
Increase of the legal reserve with the difference between the par value of the treasury shares and its actual cost (according to the Company's Extra-Ordinary General Assembly Meeting held on July 10, 2003).	4 627 374
Increase of the legal reserve with part of capital increase share premium with limits of half of the Company's issued share capital during 2006.	123 409 151
Increase of the legal reserve with part of capital increase share premium during year 2007 with limits of half of the Company's issued share capital.	5 000 000
Increase of the legal reserve with part of the capital increase share premium with limits of half of the Company's issued share capital during 2010.	39 446 365
Increase in legal reserve by 5% of 2015 net profit.	10 660 036
<b>Deduct :</b>	
The amount used to increase the issued share capital during 2011.	2
	<b>195 088 853</b>

### 33. SPECIAL RESERVE – SHARE PREMIUM

The balance as at December 31, 2016 is represented in the following:

Description	EGP
Total value of the capital increase share premiums collected for the years 2006 and 2010	1 455 017 340
<b>Add:</b>	
Share premium of the employees' incentive and bonus plan issued during 2007.	90 000 000
The value of selling 712 500 share which has been sold through beneficiaries of incentive and bonus plan during 2014 with EGP 30 per share (after split).	21 375 000
The value of 200 000 shares converted to treasury shares during 2015 at par value, these shares were previously set aside for the benefit of the incentive and bonus plan with the capital increase in 2008 as a result of the termination of the program (Note no.53).	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 (Note no.53).	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 (Note no.53).	1 180 000
<b>Deduct:</b>	
Amounts transferred to the legal reserve (Note no.32).	167 855 516
Capital increase – related expenses.	55 240 255
Amount used for share capital increase during 2008.	5 000 000
	<b>1 357 933 479</b>

### 34. TREASURY SHARES

- The balance of treasury shares at December 31, 2016 represents shares held by some subsidiary companies in the parent's company share capital.
- On February 1, 2015, the Company's Extraordinary General Assembly agreed on the termination of the current incentive and bonus plan for employees and executive directors of the company by the end of its duration as of March 31, 2015 and converting the remaining shares amounting to 737 500 shares on which its rights have not been exercised yet, into treasury shares in accordance with the related regulations, and the conversion of the shares into treasury shares has been executed on July 14, 2015, these shares carrying a book value of EGP 10 150 000 have been sold during the financial year ended December 31, 2016 with a selling value amounted to EGP 8 182 589 realizing a loss in the amount of EGP 1 967 411.

### 35. PROFIT FROM SALE OF TREASURY SHARES

- On August 14, 2011, the board of directors of the Company approved the purchase of one million treasury shares at EGP 18 per share (the par value is EGP 4 per share) with a total amount of EGP 18 018 000 from the Company's shares offered on the Egyptian stock exchange. On August 13, 2012 the Company's board of directors agreed to sell these shares for a total value of EGP 21 710 867 resulting in a profit from the sale of treasury shares with an amount of EGP 3 692 867.
- During March 2016 treasury shares which were transferred from incentive and bonus plan for employees and executive directors of the company according to the Extraordinary General Assembly meeting held on February 1st 2015 were sold resulting in an actual loss amounting to EGP 1 967 411 as mentioned in note no. (32). Accordingly, the profit from sale of treasury shares reserve becomes EGP 1 725 456.

### 36. NON-CONTROLLING INTEREST

Non-controlling interest balance as at December 31, 2016 represents the interest shares in subsidiary's equity as follows:

	Non-controlling interest				
	Percentage	Profit / (loss) for the year	Excluding Profit/ (loss) for the year	As at 31/12/2016	As at 31/12/2015
	%	EGP	EGP	EGP	EGP
Sixth of October for Development and Real Estate Projects Co. "SOREAL"	0.01	18 870	62 372	81 242	62 372
Beverly Hills for Management of Cities and Resorts Co.	53.25	37 716	28 518 808	28 556 524	28 518 808
SODIC Garden City for Development and Investment Co.	50	11 980 584	26 860 011	38 840 595	59 617 346
El Yosr for Projects and Agriculture Development Co.	0.001	45	26 988	27 033	26 988
SODIC for Development and Real Estate Investment Co.	0.001	-	20	20	20
Tegara for Trading Centers Co.	4.76	7 201	2 666 941	2 674 142	2 666 941
Edara for Services of Cities and Resorts Co.	0.003	125	519	644	519
Fourteen for Real Estate Investment Co.	0.004	-	2	2	2
La Maison for Real Estate Investment Co.	0.004	-	2	2	2
		<b>12 044 541</b>	<b>58 135 663</b>	<b>70 180 204</b>	<b>90 892 998</b>

## 37. LONG-TERM LOANS

	31/12/2016 EGP	31/12/2015 EGP
On December 19, 2013 the company signed a medium-term syndicated loan contract with a group of banks represented by the Arab African International Bank "facility agent" with a total amount of EGP 900 million to finance the total debt outstanding on the company and to finance SODIC West projects located in Kilo 38 Cairo/Alex desert road -Giza- Egypt.	243 030 695	407 083 911
On May 6, 2015 the Company signed an addendum to the above mentioned loan agreement, adding land plots in SODIC WEST project and using the facility to refinance the outstanding debt to PIRAEUS Egypt bank.		
<b>Guarantees:</b>		
<ul style="list-style-type: none"> <li>Unconditional and irrevocable revenue transfer by which the lender and some of its subsidiaries transfer all current and future proceeds, selling and lease contracts of the current and foreseeable project units to the interest of the "Guarantee agent".</li> <li>Accounts mortgage contracts: debt interest and all amounts deposited therein are pledged for the interest of the "guarantee agent", and pledge the project's account.</li> <li>Promissory note from the Company (the borrower).</li> </ul>		
<b>Grace period:</b>		
12 months from the date of the first drawdown, this applies to the principle amount of the debt only.		
<b>Repayment:</b>		
Commenced on March 31, 2015 and payable on (16) quarterly unequal installments.		
On July16, 2014 the company signed a medium-term loan contract with Commercial International Bank (CIB) for an amount of EGP 300 million as follows: Tranche (A) to refinance the total amount due to Solidere International following the settlement agreement and Tranche (B) to finance any deficit in the cash flows related to the development of specific blocks on Westown Residences in stage (B) tranche (B).	189 347 800	189 347 800
On July 3, 2014 a Company's subsidiary signed a medium term facility agreement with Arab African International Bank (AAIB) for a total amount of EGP 950 million to finance the repayment of advance payments and installments due to the New Urban Communities Authority against the land of the project and finance part of the cost of the project through the funding of the Real Estate Development Model.	759 803 946	523 067 183
<b>Guarantees:</b>		
<ul style="list-style-type: none"> <li>Corporate guarantee from Sixth of October for Development and Investment Company "SODIC"</li> <li>The company's commitment to assign all revenues arising from the project before or after the date of the facility for the benefit of the project.</li> <li>Accounts mortgage contracts: debt interest and all amounts deposited therein are pledged for the interest of the "guarantee agent", and pledge the project's account.</li> <li>Promissory note from the Company (the borrower).</li> </ul>		
<b>Availability period:</b>		
Commences from the signing date until December 31, 2017.		
<b>Grace period:</b>		
Three months after the end of availability period, this applies to the principle amount of the debt only.		

	31/12/2016 EGP	31/12/2015 EGP
<b>Repayment:</b>		
Commences at the end of the grace period, and is to be paid on 8 consecutive quarters ending, December 31, 2019.		
<b>Total</b>	<b>1 192 182 441</b>	<b>1 119 498 894</b>
<b>Deduct: Current portion</b>	112 835 680	123 335 275
Syndicated loan from Arab African International Bank		
Loan from CIB	56 804 340	-
<b>Total current portion</b>	<b>169 640 020</b>	<b>123 335 275</b>
	<b>1 022 542 421</b>	<b>996 163 619</b>

## 38. LONG-TERM NOTES PAYABLE

	31/12/2016 EGP	31/12/2015 EGP
Total present value of the checks issued to New Urban Communities Authority which are payable till Jan. 1, 2021.	525 000 000	650 000 000
Total present value of the checks issued to New Urban Communities Authority which are payable till June 9, 2018.	282 378 711	885 589 183
Total present value of the checks issued to New Urban Communities Authority which are payable till September 8, 2019.	109 819 232	171 734 763
Unamortized interest	(141 973 097)	(257 013 119)
	<b>775 224 846</b>	<b>1 450 310 827</b>

The Company's exposure to credit risk related to long-term notes payable are disclosed in Note No. (46).

## 39. PROVISION FOR COMPLETION

	Balance as at 1/1/2016 EGP	Formed during the year EGP	Used during the year EGP	Balance as at 31/12/2016 EGP
Provision for completion of works (39-1)	64 945 785	52 833 879	(31 350 523)	86 429 141
	<b>64 945 785</b>	<b>52 833 879</b>	<b>(31 350 523)</b>	<b>86 429 141</b>

(39-1) This provision is formed against the estimated costs expected to be incurred to complete the execution of the project in its final stage related to units delivered to customers, which are expected to be incurred in the following years.

## 40. PROVISIONS

	Balance as at 1/1/2016 EGP	Formed during the year EGP	Used during the year EGP	Provisions no longer required during the year EGP	Balance as at 31/12/2016 EGP
Provision for expected claims	6 057 239	425 647	-	(67 000)	6 415 886
	<b>6 057 239</b>	<b>425 647</b>	<b>-</b>	<b>(67 000)</b>	<b>6 415 886</b>

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

## 41. BANK - CREDIT FACILITIES

	31/12/2016 EGP	31/12/2015 EGP
Represents the amounts drawn down from the EGP 150 million fully secured overdraft facility signed between Bank Audi and SODIC. The facility is fully secured by deposits amounting to EGP 150 million.	-	31 105 204
Represents the amounts drawn down from the EGP 150 million fully secured overdraft facility signed with Bank Audi and one of the subsidiaries. The facility is fully secured by deposits amounting to EGP 150 million.	-	17 203 930
Represents the balance of the credit facility granted to one of the subsidiaries from the National Bank of Egypt with an amount of EGP 5 million, secured by the treasury bills kept at the bank.	-	1 718 142
Represents the amounts drawn down from the EGP 8 million fully secured overdraft facility signed with SAIB Bank and one of the subsidiaries. The facility is fully secured by deposits kept at the bank.	3 405 400	-
	<b>3 405 400</b>	<b>50 027 276</b>

Information regarding the Group's exposure to interest rate and liquidity risks is disclosed in note no. (46).

## 42. ADVANCES - FROM CUSTOMERS

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

	31/12/2016 EGP	31/12/2015 EGP
Advances _ SODIC West	3 189 362 401	2 821 472 769
Advances _ SODIC East	8 108 527 804	5 419 434 298
Advances _ CAESAR PROJECT	1 321 311 026	641 217 820
	<b>12 619 201 231</b>	<b>8 882 124 887</b>

## 43. CONTRACTORS, SUPPLIERS AND NOTES PAYABLE

	31/12/2016 EGP	31/12/2015 EGP
Contractors	120 807 380	98 967 412
Suppliers	4 362 246	2 860 981
Notes payable (43-1)	816 499 412	858 331 078
	<b>941 669 038</b>	<b>960 159 471</b>
<b>Deduct:</b> Unamortized interest-notes payable	91 682 313	117 325 527
	<b>849 986 725</b>	<b>842 833 944</b>

(43-1) Notes payable includes EGP 712 million which represents the amount due to the New Urban Communities Authority.

The Group's exposure to currency and liquidity risks related to suppliers, contractors and notes payable is disclosed in note no. (46).

## 44. CREDITORS AND OTHER CREDIT BALANCES

	31/12/2016 EGP	31/12/2015 EGP
Amounts collected on account for management, operation and maintenance of projects	755 358 645	515 906 444
Due to related parties	5 811 157	6 125 688
Accrued expenses	142 512 563	110 844 977
Customers - Beverly Hills – capital contributions	13 602 226	12 638 549
Customers – credit balances	26 170 399	37 973 566
Tax Authority	170 010 206	112 980 666
Dividends payable	91 643	91 643
Accrued compensated absence	2 871 655	1 428 692
Insurance Deposits collected from customers – Against modifications	835 805	850 756
Social insurance	2 699 066	359 228
Customers –down payments for sub-development (44-1)	-	3 371 400
Creditors of purchasing investments (44-2)	1 000 000	-
Unearned revenue	10 733 237	1 243 831
Retentions	16 671 859	9 084 075
Due to beneficiaries from Incentive plan	1 192 600	1 192 600
Deposits from others	22 758 959	16 635 432
Premiums of club	237 578 148	109 299 607
Sundry creditors	11 799 092	15 451 115
	<b>1 421 697 260</b>	<b>955 478 269</b>

(44-1) The amount represents the sub-development from El Sheikh Zayed for Real Estate Development, previously disclosed in note no. (18-1).

(44-2) The balance represents the amount due to both of Investmart Investment Company and ADA for Construction Development as a result of the sale of the shares of Al-Diwan for Construction development (Formerly El-Sheikh Zayed Real Estate Development) until the completion of the share ownership transfer process to the Group as detailed in (20-1) above.

The Group's exposure to currency and liquidity risks related to creditors is disclosed in note no. (46).

## 45. FAIR VALUES

### FAIR VALUES VERSUS CARRYING VALUES

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

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

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

## CAPITAL MANAGEMENT

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

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

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

## 46. FINANCIAL RISK MANAGEMENT

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

- Credit risk
- Liquidity risk
- Market risk
- Currency risk
- Interest rate risk
- Other market price risk

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

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

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

The audit committee and the internal control department assist the Company's Board of Directors in its supervisory role, the internal audit department is also responsible for regular and sudden inspection of internal control and the policies associated with the risk management and reports conclusion to the Company's Board of Directors.

## A) CREDIT RISK

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

## TRADE AND OTHER RECEIVABLES

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

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

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

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

## INVESTMENTS

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

## GUARANTEES

- The group extends corporate guarantees to subsidiaries, when needed, after the approval of the Extra Ordinary General Assembly Meeting (EGM). The following corporate guarantees were provided:
- On the 1st of February, 2015, Sixth of October for Development and Investment Company's "SODIC" EGM approved extending a corporate guarantee to SOREAL For Real Estate Investments (99.99 % owned by SODIC).

## B) LIQUIDITY RISK

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

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

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

- EGP 5 million as a bank facility for one of the subsidiaries guaranteed by treasury bills, which are kept with the bank.
- EGP 8 million as a bank facility for one of the subsidiaries guaranteed by time deposits.
- A facility amounting to EGP 150 million. The facility is fully secured by deposits amounting to EGP 150 million.
- A facility amounting to EGP 150 million for one of the subsidiaries. The facility is fully secured by deposits amounting to EGP 150 million.
- A medium term loan in the amount of EGP 900 million.
- A medium term loan in the amount of EGP 300 million.
- A medium term loan in the amount of EGP 950 million for one of the subsidiaries.

## C) MARKET RISK

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

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

## D) CURRENCY RISK

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

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

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

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

## E) INTEREST RATE RISK

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

## F) OTHER MARKET PRICE RISK

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

Material investments within the portfolio are managed on an individual basis and all buy and sell decisions are approved by the Company'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 at held for trading because their performance is actively monitored and they are managed on a fair value basis.

## 46-1 CREDIT RISK

The carrying amount of financial assets represented in the balances of trade and notes receivables, debtors and cash and cash equivalent, loans to joint venture and investments in trading securities.

The maximum exposure to credit risk as at December 31, 2016 amounted to EGP12 470 327 241

(December 31, 2015: EGP 8 979 041 233).

## 46-2 LIQUIDITY RISK

The following are the contractual maturities of financial liabilities:

December 31, 2016	Carrying amount EGP	Less than 1 year EGP	1-2 years EGP	2-5 years EGP
Banks – credit facilities	3 405 400	3 405 400	-	-
Short - term loans	169 640 019	169 640 019	-	-
Long – term loans	1 022 542 421	-	564 053 131	458 489 290
Contractors and suppliers	125 169 626	125 169 626	-	-
Other creditors	1 421 697 260	998 416 621	407 886 181	15 394 457
Notes payable –short term	724 817 099	724 817 099	-	-
Notes payable –long term	775 224 846	-	571 077 120	204 147 726
	<b>4 242 496 671</b>	<b>2 021 448 765</b>	<b>1 543 016 432</b>	<b>678 031 473</b>
December 31, 2015	Carrying amount EGP	Less than 1 year EGP	1-2 years EGP	2-5 years EGP
Banks – credit facilities	50 027 276	50 027 276	-	-
Short - term loans	123 335 275	123 335 275	-	-
Long – term loans	996 163 619	-	225 671 359	770 492 260
Contractors and suppliers	101 828 393	101 828 393	-	-
Other creditors	923 278 621	634 446 112	278 327 847	10 504 662
Notes payable –short term	741 005 551	741 005 551	-	-
Notes payable –long term	1 450 310 827	-	730 439 473	719 871 354
	<b>4 385 949 562</b>	<b>1 650 642 607</b>	<b>1 234 438 679</b>	<b>1 500 868 276</b>

## 46-3 CURRENCY RISK

### EXPOSURE TO CURRENCY RISK

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

December 31, 2016		
Description	USD	Euro
Cash at banks	6 047 742	3 005
Notes receivables	8 571 731	-
Debtors and other debit balances	-	1 624 991
Advances - from customers	(12 262 002)	-
Creditors and other credit balances	(830 187)	-
<b>Surplus of foreign currencies</b>	<b>1 527 284</b>	<b>1 627 996</b>
December 31, 2015		
Description	USD	Euro
Cash at banks	2 552 111	295 048
Notes receivables	11 767 591	-
Advances - from customers	(12 364 203)	-
Creditors and other credit balance	(338 856)	-
<b>Surplus of foreign currencies</b>	<b>1 616 643</b>	<b>295 048</b>

## 46-4 INTEREST RATE RISK

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

	Carrying amount	
	31/12/2016 EGP	31/12/2015 EGP
<b>Financial instruments with a fixed rate</b>		
Financial assets	12 111 284 193	8 640 843 517
Financial liabilities	(1 500 041 945)	(2 191 316 378)
	<b>10 611 242 248</b>	<b>6 449 527 139</b>
<b>Financial instruments with a fixed rate</b>		
Financial liabilities	(1 195 587 840)	(1 169 526 170)
	<b>(1 195 587 840)</b>	<b>(1 169 526 170)</b>

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

## 47. TRANSACTIONS WITH RELATED PARTIES

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

### A) TRANSACTIONS WITH RELATED PARTIES

Party / Relationship	Nature of transaction	31/12/2016 Amount of transaction EGP
Executive managers and Board of Directors (Parent Company)	Executive and Board of Directors	(SEE NOTE NO.9).
Palmyra – SODIC for Real Estate Development	Loan for joint projects	919 000

### B) BALANCES RESULTING FROM TRANSACTIONS WITH RELATED PARTIES

Party	Item as shown in the consolidated balance sheet	31/12/2016 EGP	31/12/2015 EGP
Palmyra – SODIC for Real Estate Development	Loans to Joint Ventures	191 066 694	190 146 793
	Accrued interest on loan under debtors caption	65 482 130	65 482 130
	Accrued on joint venture – related parties under debtor caption	35 191 620	35 191 620

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

## 48. TAX STATUS

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

### CORPORATE TAX

- A ten years corporate tax exemption period starting from the year following the date of the activity inception as of 1/1/1998 until 31/12/2007 according to Law No. 59 of 1979 concerning the New Urban Communities.
- During the month of January 2011, the Company submitted a request to the Tax Authority demanding the amendment of the tax exemption period to start from the date of the actual handing over of the units in the year 2002.
- On January 18, 2011, the Disputes Dispersal Committee of the Tax Authority considered and studied the Company's request in the light of the actual date of handing over of the units and the regulations applicable to similar companies. Accordingly, the committee decided to approve the Parent Company's request thus considering the date of the actual business activity of the Company to be the year 2002, hence, the Parent Company shall be entitled to tax exemption from 1/1/2003 to 31/12/2012, and the amendment of the new exemption period was registered in the Company's tax card. The amended tax return for year 2008 was submitted to the Tax Authority.
- Years from 1996 till 2005 has been tax inspected and tax differences have been paid and settled.
- Years from 2006 till 2010 have been inspected thus no tax claims have been received till the date of authorizing of these financial statements for issuance.
- Years from 2011 till 2014 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.

### CORPORATE TAX

- Tax inspection was carried out for the previous years till 2012 and tax differences have been paid and settled.
- Years from 2013 till 2015 have not been inspected and no tax claims have been received till the date of authorizing of these financial statements for issuance.
- The Company pays the monthly salary tax on a regular basis.

## WITHHOLDING TAX

- Tax inspection has been carried out till the third quarter of the year 2016, and the Company has not received any tax claims till the date of authorizing of these financial statements for issuance.
- The Company pays the tax quarterly according to withholding and add on tax forms on a regular basis.

### STAMP TAX

- Tax inspection was carried out for the previous years till December 31, 2012 and tax differences have been fully paid.
- Years from 2013 till 2015 have not been inspected and no tax claims have been received till the date of authorizing of these financial statements for issuance.
- The Company provides stamp tax returns on a regular basis.

### SALES TAX

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

### THE VALUE ADDED TAX

- On September 7, 2016, the VAT law No. 67 for 2016 was issued, which stipulates the cancellation of sales tax law No. 11 for 1991, with the continuation of the conciliation and the appealing committees in accordance to the provisions of sales tax law for the appeals presented for a period of three months, following which the appeals are to be transferred to the committees set forth in the VAT law. The law came into effect on September 8, 2016.

### REAL ESTATE PROPERTY TAX

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

## 49. CAPITAL COMMITMENTS

Capital commitments as at December 31, 2016 amounted EGP 462 050 is represented in contracted and unexecuted works (December 31, 2015: EGP 4 482 877).

## 50. LEGAL STATUS

There is a dispute between the parent Company and another party regarding the contract concluded between them on 23/2/1999 which is related to delivering this party a plot of land as a usufruct right for indefinite year of time and a return for an annual rental with a minimal amount for a total of 96 acres approximately and which has not been delivered up till this date as the management of this party did not abide by the detailed conditions of the contract. There are exchanged notifications concerning this land between the management of the parent Company and the management of this party. During 2009, this party raised a court case No. 3 of 2009 Civil 6th of October against the parent Company asking it for the delivery of the allocated land. A preliminary sentence was issued by the court in its session held on February 22, 2010 to refer this matter to Experts and to delegate the Experts Office of the Ministry of Justice to embark this case and set a session to be held on April 26, 2010 for the expert to present his report. The session was postponed by the court several times On November 24, 2014, 6 of October partial court decided to dissuade its decline decree of previous proof procedures dated February 22, 2010 and the coming one will be held on March 19, 2017.

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

## 51. BASIS OF MEASUREMENT

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

- Financial assets and liabilities recognized at fair values through profits and losses.
- Held for trading investments are valued at fair value.
- Available for sale investments, which have market values are valued at fair value.

## 52. COMPARATIVE FIGURES

Some comparative figures have been reclassified to be consistent with the classification of current financial statements.

Statement of financial position	EGP
Advances - from customers	32 199 648
Creditors and other credit balances	(32 199 648)

## 53. INCENTIVE AND BONUS PLAN OF THE PARENT COMPANY'S EMPLOYEES AND MANAGERS

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

this capital increase should be financed from the special reserve- Additional paid in capital, and to be fully utilized by the employees share option plan granted to the executives board members and the directors as per the option plan approved by the extra ordinary general assembly dated January 20, 2016, which have decided to apply the Employees Stock Option Plan for the executive board members and directors through assigning shares with certain conditions. The legal procedures for notarizing the increase in paid up capital are currently taking place.

## 54. SIGNIFICANT ACCOUNTING POLICIES

### 54-1 BUSINESS COMBINATION

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

### A) SUBSIDIARIES

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

Subsidiaries are represented in the following:

Subsidiary name	Country of Incorporation	Ownership	
		As at 31/12/2016 %	As at 31/12/2015 %
1- Sixth of October for Development and Real Estate Projects Company "SOREAL" - S.A.E	EGYPT	99.99	99.99
2- Beverly Hills for Management of Cities and Resorts Co. - S.A.E (*)	EGYPT	46.75	46.75
3- SODIC Garden City for Development and Investment Co. S.A.E	EGYPT	50	50
4- El Yosr for Projects and Agriculture Development Co. - S.A.E	EGYPT	99.99	99.99
5- SODIC for Development and Real Estate Investment Co. - S.A.E	EGYPT	99.99	99.99
6- SODIC SIAC for Real Estate Investment Co. - S.A.E	EGYPT	100	100
7- SODIC for Golf and Tourist Development Co. - S.A.E	EGYPT	100	100
8- Fourteen for Real Estate Investment Co. - S.A.E	EGYPT	99.99	99.99
9- La Maison for Real Estate Investment Co. - S.A.E	EGYPT	99.99	99.99
10- Tegara for Trading Centers Co. S.A.E	EGYPT	95.24	95.24
11- Edara for Services of Cities and Resorts Co. -S.A.E	EGYPT	99.97	99.97
12- Soreal for Real Estate Investment	EGYPT	99.99	99.99
13- SODIC for Securitization	EGYPT	99.99	99.99
14- SODIC Syria L.L.C (**)	SYRIA	100	100
15- Tabrouk Development Company (D)	EGYPT	100	100

(\*) The legal participation in Beverly Hills for Management of Cities and Resorts Co. amounts to 49.01 %, which includes 2.26 % transitory shares currently in the name of the Company. The title of these shares will be transferred to the ultimate shareholders (Owners of Beverly Hills Project units).

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

### B) NON-CONTROLLING INTERESTS

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

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

### C) LOSS OF CONTROL

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

### D) INVESTMENTS ACCOUNTED FOR EQUITY METHOD

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

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

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

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

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

## E) TRANSACTION ELIMINATION ON CONSOLIDATION

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

### 54-2 FOREIGN CURRENCY

#### A) FOREIGN CURRENCY TRANSACTIONS

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

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

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

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

Foreign currency differences are generally recognised in profit or loss.

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

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

#### B) FOREIGN OPERATIONS

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated at the exchange rates at

the reporting date. The income and expenses of foreign operations are translated at the exchange rates at the dates of the transactions.

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

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

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

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

### 54-3 DISCONTINUED OPERATION

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

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

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

### 54-4 REVENUE RECOGNITION

Revenue is measured at the fair value of the consideration received or receivable and is recognized when it is probable that the future economic benefits will flow to the entity and the amount of the revenue can be measured reliably. No revenue is recognized if there are uncertainties regarding the recovery of that consideration due or associated costs.

### A. REAL ESTATE AND LAND SALES

Revenue from sale of residential units, offices, commercial shops, service and villas for which contracts were concluded is recorded when all the ownership risks and rewards are transferred to customers and upon the actual delivery of these villas and units whether the said villas and units have been (completed or semi – completed). Revenue from sale

of lands is recorded upon the delivery of the sold land to customers and the transfer of all the ownership rewards and risks to the buyer.

Net sales are represented in the selling value of units and lands delivered to customers - after excluding the future interests that have not been realized till the consolidated balance sheet date and after deducting the value of sales returns (represented in the saleable value of the sales returns less unrealized interests that have been previously excluded from the saleable value). Discounts granted to customers are recorded within the other operating expenses.

### B. SERVICE REVENUES

Revenue from services is recognized when the service is rendered to the customer.

### C. RENTAL INCOME

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

### D. INTEREST INCOME

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

### E. COMMISSION REVENUE

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

### F. DIVIDENDS

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

### 54-5 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 Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

#### B) SHARE – BASED PAYMENT ARRANGEMENTS

The grant (date fair value of equity) settled share -

based payment arrangements granted to employees is generally recognised as an expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non - market performance conditions are expected to be met, such that the amount ultimately recognized is based on the number of awards that meet the related service and non - market performance conditions at the vesting date. For share - based payment awards with non - vesting conditions, the grant - date fair value of the share - based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

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

### C) DEFINE CONTRIBUTION PLANS

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

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

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

### 54-6 FINANCE INCOME AND FINANCE COSTS

The Group's finance income and finance costs include:

- Interest income
- Interest expense
- The foreign currency gain or loss on financial assets and financial liabilities

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

### 54-7 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 Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future.

Deferred tax assets are 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 Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

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

## 54-8 BIOLOGICAL ASSETS

Biological assets are measured at fair value less costs to sell, profit or loss will be recognized in statement of profit and loss.

## 54-9 UNITS READY FOR SALE

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

## 54-10 WORK IN PROCESS

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

## 54-11 PROPERTY, PLANT AND EQUIPMENT

### a) Recognition and measurement

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

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

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

### c) Depreciation

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

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

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

## 54-12 PROJECTS UNDER CONSTRUCTION

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

## 54-13 INTANGIBLE ASSETS AND GOODWILL

### a) Recognition and measurement

#### I. Goodwill:

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

#### II. Research and development:

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

#### III. Other intangible assets:

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

### b) Subsequent expenditure

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

### c) Amortization

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

Goodwill is not amortised.

## 54-14 INVESTMENT PROPERTIES

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

Depreciation is charged to statement of profit and 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	50
Roads	20
Elevators	10
Agriculture and landscape	10
Air-conditions	5
Sound systems and cameras	2

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

## 54-15 FINANCIAL INSTRUMENTS

The Group classifies non-derivative financial assets into the following categories: financial assets at fair value through profit or loss, held-to-maturity financial assets, loans and receivables and available-for-sale financial assets.

The Group classifies non-derivative financial liabilities into the following categories: financial liabilities at fair value through profit or loss and other financial liabilities category.

### 1) Non-derivative financial assets and financial liabilities – Recognition and derecognition

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

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership

and does not retain control over the transferred asset. Any interest in such derecognised financial assets that is created or retained by the Group is recognised as a separate asset or liability.

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to offset the amounts and intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

## 2) Non-derivative financial assets – Measurement

Financial assets at fair value through profit or loss

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

### Held-to-maturity financial assets

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

### Loans and receivables

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

### Available-for-sale financial assets

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

## 3) Non-derivative financial liabilities - Measurement

A financial liability is classified as at fair value through profit or loss if it is classified as held – for - trading or is designated as such on initial recognition. Directly attributable transaction costs are recognised in profit

or loss as incurred. Financial liabilities at fair value through profit or loss are measured at fair value and changes therein, including any interest expense, are recognised in profit or loss.

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

## 4) Derivative financial instruments and hedge accounting

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

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

### Cash Flow Hedges

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

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

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

## 54-16 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.

## 54-17 IMPAIRMENT

### 1) Non-derivative financial assets

Financial assets not classified as at fair value through profit or loss, including an interest in an equity - accounted investee, are assessed at each reporting date to determine whether there is objective evidence of impairment.

Objective evidence that financial assets are impaired includes:

- default or delinquency by a debtor;
- restructuring of an amount due to the Group on terms that the Group would not consider otherwise;
- indications that a debtor or issuer will enter bankruptcy;
- adverse changes in the payment status of borrowers or issuers;
- the disappearance of an active market for a security because of financial difficulties; or
- observable data indicating that there is a measurable decrease in the expected cash flows from a group of financial assets.

For an investment in an equity security, objective evidence of impairment includes a significant or prolonged decline in its fair value below its cost. The Group considers a decline of 20% to be significant and a period of nine months to be prolonged.

### Financial assets measured at amortised cost

The Group considers evidence of impairment for these assets at both an individual asset and a collective level. All individually significant assets are individually assessed for impairment. Those found not to be impaired are then collectively assessed for any impairment that has been incurred but not yet individually identified. Assets that are not individually significant are collectively assessed for impairment. Collective assessment is carried out by grouping together assets with similar risk characteristics.

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

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

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

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

### Available-for-sale financial assets

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

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

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

### Equity-accounted investees

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

## 2) Non-financial Assets

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

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

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

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

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

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

## 54-18 PROVISIONS

Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is 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 year until finalization of all the project works.

## 54-19 OPERATIONAL LEASE

Lease payments under an operating lease, excluding any incentives received from the lessor over the contract period, shall be recognized as an expense charged to the statement of income for the year on a time pattern basis and accrued base.

## 54-20 SALE AND LEASEBACK

When a company lets a property to a lessee, the legal title of this property is transferred to the lessee according to an executory contract subject to a finance lease contract signed between parties, accordingly any gain or loss resulting from the differences between the sale price and the net book value of the property is deferred and amortized over the period of the lease contract.

When the property is then bought back, any unamortized gains or losses are recognized in the income statement on the buyback date.

## 54-21 INVESTMENTS

### a- Available for sale investments

Financial instruments held by the Company and classified as available-for-sale investment are stated at cost and subsequently measured at fair value, unless this cannot be reliably measured. Changes in fair value are reported as a separate component in equity. When these investments are derecognized, the cumulative gain or loss previously recognized in equity is recognized in consolidated statement of profit and loss. Except the impairment loss, Investments in unlisted securities such investments are stated at cost less impairment losses.

Financial instruments classified as available-for-sale investments are recognized /derecognized by the Company on the date it commits to purchase / sell the investments.

### b- Held for trading investments

Held for trading investments are classified as current assets and are stated at fair value. Any gain or loss resulting from the change in fair value or sale of such investment is recognized in the statement of profit and loss.

Treasury bills are stated at their net cost after deducting the amortized interest and the Impairment losses.

## 54-22 TRADE, NOTES RECEIVABLE AND DEBTORS

Trade and notes receivables, debtors and other debit balances, that do not carry interest are stated at their nominal value and are reduced by impairment losses, Impairment losses are formed when there is objective evidence that the Company is not able to collect the due amounts according to the original terms of the contracts. Impairment represents the difference between the book value and net recoverable amount which is represented in the future cash flows that the Company expects. Long-term trade and notes receivables are initially recognized at fair value and subsequently re-measured at amortized cost using the effective interest rate method.

## 54-23 CASH AND CASH EQUIVALENTS

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

## 54-24 BORROWING COSTS

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

## 54-25 INTEREST – BEARING BORROWINGS

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

54-26 Trade, contractors and other credit balances  
Trade, contractors and other credit balances are stated at cost.

## 54-27 NOTES PAYABLE

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

## 54-28 COST OF SOLD LANDS

The cost of sold lands is computed based on the value of the net area of land sold in addition to its respective share in road areas as determined by the

Company's technical management, plus its share of the open area cost as well as its share of infrastructure cost.

## 54-29 EXPENSES

### Lease payments

Payments under leases are recognized (net after discounts) in the statement of profit and loss on a straight-line basis over the terms of the lease and according to the accrual basis.

## 54-30 EMPLOYEES' PROFIT SHARING

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

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

## 54-31 EARNINGS / (LOSSES) PER SHARE

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

## 54-32 NEW ISSUES AND AMENDMENTS ISSUED TO THE EGYPTIAN ACCOUNTING STANDARDS (EAS) AND IT HAVE BEEN APPLIED FROM JANUARY 01, 2016

During the year 2015, a modified version of the Egyptian Accounting Standards (EAS) was issued including some of the new accounting standards and the amendments to some existing standards provided that they shall come into force for the financial periods that start after January 1, 2016, while taking into consideration that the early implementation of these standards is not permissible.

In the following table, we shall present the most prominent amendments on the Egyptian Accounting Standards (EAS) that have been applied on the financial statements of December 31, 2016:

New or Amended Standards	Summary of the Most Significant Amendments	Possible Impact on the Financial Statements
<b>EAS (1) Presentation of Financial Statements</b>	<p><b>Financial Position Statement</b></p> <ul style="list-style-type: none"> <li>The Standard does not require to present the working capital presentation. The reference financial statements that was included in 2006 Standards was excluded; which presented the working capital presentation.</li> <li>A statement shall be added to the statement of financial position including balances of the beginning of the first presented comparative period in case of retrospective implementation or change in an accounting policy or reclassification carried out by the entity.</li> </ul> <p><b>Income Statement (Profit or Loss)/ and Statement of Comprehensive Income</b></p> <p>The entity shall disclose all recognized income and expense captions during the financial period in two separate statements; one of them presents the profit or loss components (<i>Income Statement</i>) and the other one starts with the profit or loss and presents the other comprehensive income items (<i>Statement of Comprehensive Income</i>).</p>	<ul style="list-style-type: none"> <li>All the presented financial statements, disclosures and their accompanying notes including the comparative figures had been represented to be in conformity with the required amendments to the Standard.</li> <li>Statement of Comprehensive Income, had been added for the current and comparative period.</li> </ul>
<b>EAS (10) Property, Plant and Equipment (PPE) and its depreciations</b>	<ul style="list-style-type: none"> <li>The option of using the revaluation model in the subsequent measurement of PPE has been canceled.</li> <li>The financial shall disclose a movement of the PPE and its depreciations in the notes accompanying the financial statements at the beginning and the end of the current year and the comparable year.</li> <li>The strategic (major) spare parts and stand-by equipment can be classified as PPE when the entity expects to use them for more than one year (when the definition of PPE applies thereto).</li> </ul>	<p>The amendment does not apply retroactively, and the carrying amounts in the transitional date is the cost and the accumulated depreciation at the beginning of the application of this revised standard.</p> <p>The comparative figures relating to the PPE in the notes accompanying the financial statements had been re-presented to be in conformity with the required amendments on the standard.</p>

New or Amended Standards	Summary of the Most Significant Amendments	Possible Impact on the Financial Statements
<b>Egyptian Standard No. (45) Fair Value Measurement</b>	<p>The new Egyptian Accounting Standard No. (45) "Fair Value Measurement" was issued and shall be applied when another Standard requires or allows measurement or disclosure to be made at fair value.</p> <p>This Standard aims the following:</p> <p>(a) Defining the fair value</p> <p>(b) Laying down a framework to measure the fair value in one Standard and</p> <p>(c) Identifying the disclosure required for the fair value measurements.</p>	<p>The standard had been applied prospectively in the preparation of interim financial statements in March 31, 2016, including the disclosure contained in this standard requirements.</p>
<b>Egyptian Standard No. (29) Business Combination</b>	<p>The purchase method was cancelled and replaced by the acquisition method; as results:</p> <p>1- Changing the acquisition cost to become the cash consideration transferred; and to be measured at fair value at the acquisition date.</p> <p>2- Contingent consideration: the fair value of the contingent consideration shall be recognized at the acquisition date as a part of consideration transferred.</p> <p>3- Changing the method of measuring goodwill in case of Step acquisition is made.</p> <ul style="list-style-type: none"> <li>The transaction cost (the cost related to the acquisition): Shall be charged to the Income Statement as an expense in the period in which the costs incurred it and shall not be added to the cash consideration transferred; except for the costs of issuing equity instrument or debt instruments directly related to the acquisition process.</li> </ul>	<p>This amended Standard has been applied for all business combinations which the acquisition was date on or after the beginning of January 2016, therefore no adjustment have been made to assets and liabilities arising from business combinations acquired before the beginning of January 2016.</p>

New or Amended Standards	Summary of the Most Significant Amendments	Possible Impact on the Financial Statements
<b>Egyptian -Standard No. (42): The Consolidated Financial Statements</b>	<ul style="list-style-type: none"> <li>The new Egyptian Accounting Standard No. (42) "The Consolidated Financial Statements" was issued and accordingly Egyptian Accounting Standard No. (17) "The Consolidated and Separate Financial Statements" has changed to become "The Separate Financial Statements". Pursuant to the new Egyptian Accounting Standard No. (42) "The Consolidated Financial Statements" The control model has changed to determine the investee entity that must be consolidated.</li> <li>Accounting for the changes in the equity of the parent company in a subsidiary which don't lead to loss of control are accounted for as transactions of equity.</li> <li>Any Investment quotes retained in a former subsidiary re-measured at fair value at the date when control is lost and recognize any resulting difference in the Income Statement.</li> <li>In case of losses applicable to the Non-Controlling Interest "NCI" in a subsidiary are more than its share in equity including all component of Other Comprehensive Income are allocated to the owners of the holding entity and the NCI even if this causes the NCI to have a deficit balances.</li> </ul>	<p>Comparative figures and all consolidated presented financial information has been modified.</p> <p>There is no impact to the comparative figures in the financial statements.</p> <p>This amendment doesn't apply retroactively</p>

New or Amended Standards	Summary of the Most Significant Amendments	Possible Impact on the Financial Statements
<b>Egyptian -Standard No. (43): Joint Arrangements</b>	<ul style="list-style-type: none"> <li>The new Egyptian Accounting Standard No. (43) "Joint Arrangements" was issued and accordingly Egyptian Accounting Standard No. (27) "Interests in Joint Ventures" was replaced.</li> <li>According to the new Egyptian Accounting Standard No. (43) "Joint Arrangements" a new model for the joint arrangements was laid down in order to classifies and determine their kind whether (Joint Venture) or (Joint Operation).</li> </ul> <p>As such, action depends on the substance of the arrangement and not only its legal form.</p> <ul style="list-style-type: none"> <li>In case the arrangement is classified as a joint venture, each party of the arrangement parties shall account for that investment using the equity method only (as the proportionate consolidation method was eliminated) whether in the Consolidated or separate Financial Statements issued thereby.</li> </ul>	<p>All Comparative figures and all consolidated financial information presented has been modified from the beginning of previous period January 1, 2015 to apply this standard.</p>
<b>Egyptian Standard No. (18): Investments in Associates</b>	<p>The accounting treatment of the joint ventures shall be added to this standard, accordingly the Investments in associates and joint ventures shall be accounted for that investments using the equity method in the Consolidated and Individual Financial Statements.</p> <ul style="list-style-type: none"> <li>The entity shall discontinue to use the Equity method from the date when its investm43ent ceases to be an associate or a joint venture provided that the retained interest shall be re-measured using the fair value and the difference shall be recognized in the Profit and loss statement.</li> <li>If an investment in an associate becomes an investment in a joint venture or vice versa, the entity continues to apply the Equity Method and does not re-measure the retained Interest.</li> <li>If an entity's ownership interest in an associate or a joint venture reduced, but the entity continues to apply the Equity Method, the entity shall reclassify to profit or loss the proportions of the gain or loss that previously been recognized in OCI relating to that reduction in Ownership interest.</li> </ul>	<p>All Comparative figures and all consolidated financial information presented has been modified</p> <p>There is no retroactive adjustment with respect to discontinued use of the equity method, if the date of discontinuation of the equity method occurred prior to the application of this revised standard. This also applies with respect to changes in the company's ownership rights in its associate company or joint venture, while continuing to use the equity method.</p>

New or Amended Standards	Summary of the Most Significant Amendments	Possible Impact on the Financial Statements
<b>Egyptian Standard No. (44): Disclosure of Interests in Other Entities</b>	<ul style="list-style-type: none"> <li>A new Egyptian Accounting Standard No. (44) "Disclosure of Interests in Other Entities" was issued in order to comprise all the required disclosures pertaining to the investments in subsidiaries, associates, joint arrangements, and the unconsolidated Structured Entities.</li> <li>The objective of this standard is to comply the entity to disclose the information that enable users of its financial statements to evaluate the nature and risks associated with its interests in other entities and the effects of those interests on its financial position, financial performance, and cash flows.</li> </ul>	<p><b>In case of any impact on the financial statements due to applying the standard:</b></p> <p>All Comparative figures and disclosures have been modified</p>
<b>EAS (34) Investment Property</b>	<b>The option of using the fair value model in the measurement after recognition of the Property Investment has been canceled.</b>	<p><b>For companies which are applying the fair value model:</b></p> <p>The fair value of the investment at the beginning of the application of this standard (the date of transition to cost model) is the cost of that investment, for the purposes of subsequent accounting treatment according to Egyptian account standard No. (10) Property, Plant and Equipment (PPE) and its depreciations</p> <ul style="list-style-type: none"> <li>Revaluation surplus related to investment property recorded in owners equity at the date of transferring to cost model, resulting from the reclassification of the property from a fixed assets to investment property , this surplus is then transferred to retained earnings / (carried forward losses) when this property is disposed of, taking into account the tax impact of this transferring.</li> </ul>
<b>EAS (14) Borrowing Costs</b>	Elimination of the previous benchmark treatment that recognized the borrowing cost directly attributable to the acquisition, construction or production of a qualifying asset in the Income Statement without being capitalized on the asset.	<p><b>For companies which apply the standard treatment:</b></p> <p>This standard has been applied on borrowing costs related to qualified assets for which the capitalization date was at or after 1/1/2016.</p>

New or Amended Standards	Summary of the Most Significant Amendments	Possible Impact on the Financial Statements
<b>EAS (38) Employee Benefits</b>	<p>Actuarial Gains and Losses</p> <ul style="list-style-type: none"> <li>All the accumulated actuarial gains and losses shall be immediately recognized as part of the defined benefit liabilities and charged to the other Comprehensive Income items.</li> </ul> <p><b>The Cost of Past Service</b></p> <p>An entity shall recognize past service cost as an expense at the earlier of the following dates:</p> <p>(a) When the plan amendment or curtailment occurs; and</p> <p>(b) When the entity executes a significant restructuring plan; it should recognize the related restructuring costs that include paying the termination benefits (Provisions Standard).</p>	<p><b>In case of any impact on the financial statements due to applying the standard:</b></p> <p>Employee benefits have been modified at the date of applying the modified standard and also all presented consolidated comparative figures</p>
<b>EAS (25) Financial Instruments: Presentation</b>	<p>Any financial instrument with a resale right shall be classified as an equity instrument instead of classifying it as a financial liability; if it meets the conditions in accordance with the paragraphs (16 A or 16 b) or paragraphs (16 c and 16 d) of the same Standard, from the date the instrument has all the features and meets all the conditions set out in those paragraphs.</p> <p>An entity shall re-classify the financial instrument from the date the instrument ceases to have all the features or meet all conditions set out in those paragraphs.</p>	Any financial instrument that has been re-presented in which these conditions apply including all comparative figures for the presented years.
<b>EAS (40) Financial Instruments: Disclosures</b>	<ul style="list-style-type: none"> <li><b>A new Egyptian Accounting Standard No. (40) "Financial Instruments: Disclosures" was issued including all the disclosures required for the financial instruments.</b></li> <li>Accordingly, EAS (25) was amended by separating the disclosures from it. The name of the Standard became "Financial Instruments: Presentation" instead of "Financial Instruments: Presentation and Disclosure"</li> </ul>	Retroactive amendment to all the comparative figures of the presented disclosures carried out.

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