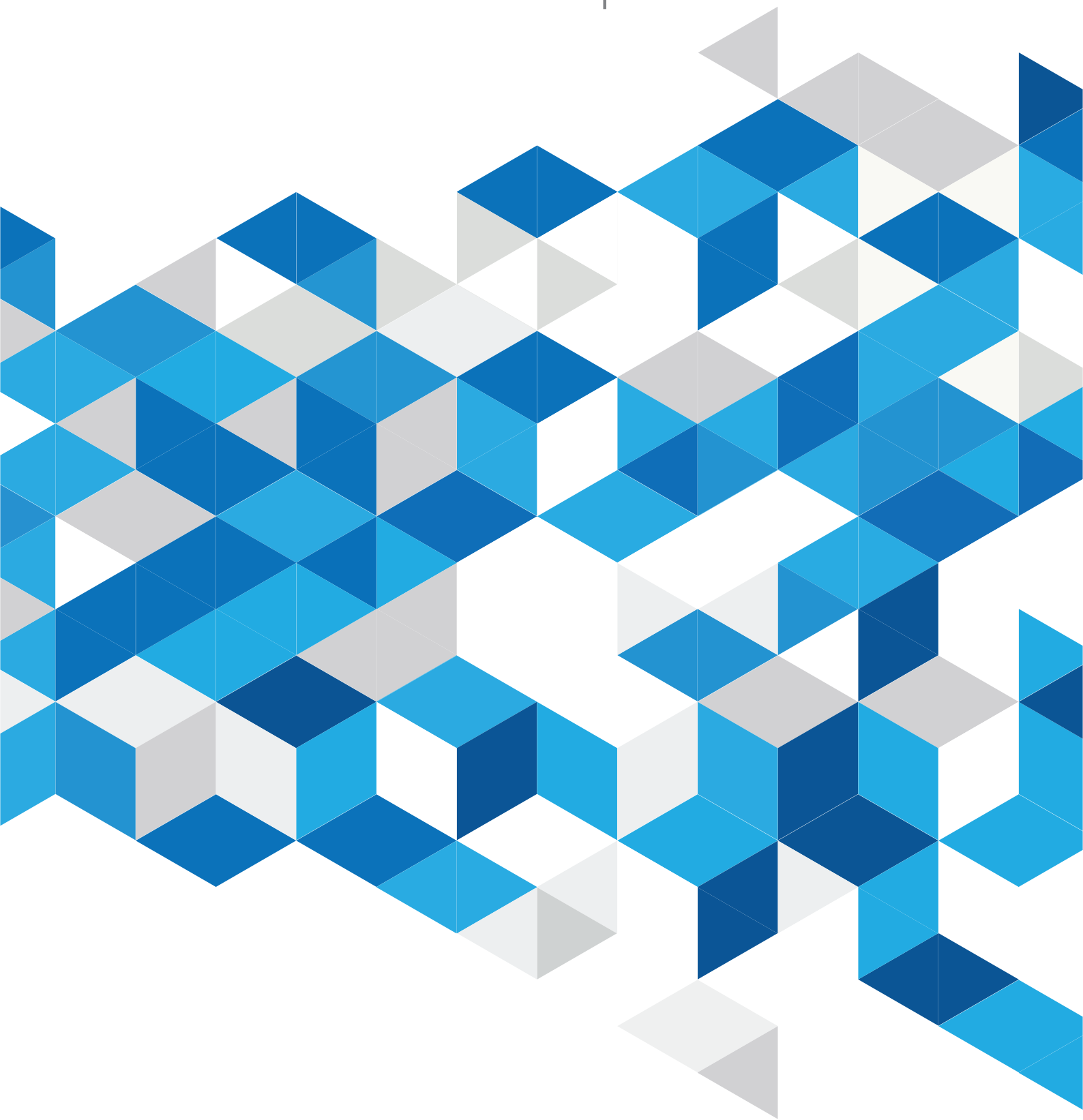


2017

Annual Report





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2017 IN REVIEW



LETTER TO OUR SHAREHOLDERS

"We view 2018 with confidence, backed by positive outlooks for all our markets. We have ambitious growth plans for the next few years and are excited to bring more value to all our stakeholders as the market takes an upward turn."

I am very pleased to report another solid year for SODIC. Having met all our key financial and operational targets, our performance in 2017 demonstrated the strength of our business model and the resilience of our organisation.

Whilst the bold economic reforms pursued by the government towards the end of 2016 created some uncertainty at the onset of the year, the sector once again proved its resilience. We saw a strong sales performance across the board echoing again the strength of the underlying drivers of demand. The need for new housing in Egypt is large, with dynamics of demand in Cairo, being the largest market, strongly formulated by the migration trend to the city's outskirts. This movement has acted as a key driver of demand for SODIC and other large scale credible developers operating in the new urban communities budding on the East and West side of the city. Moreover demand prevails despite high interest rates posing an interesting investment proposition for our clients, as the perception of real estate as the ultimate store of value remains deeply rooted in our culture.

With strong tailwinds of increasing demand for our products we continue to pursue growth opportunities. Our quality and disciplined approach to land bank expansion consistently ensures securing high-margin plots in attractive locations. During the year we have had advanced negotiations on several plots on the Mediterranean north coast with the aim of replenishing our secondary homes offering towards the summer of 2018. We have also participated in the government's auction of several large plots in West Cairo. In addition our 300 acre plot in West Cairo (Al Yosr) has taken a large leap forward towards monetization following the rezoning of the land in early 2017. These developments serve our aim of further growing and diversifying our land bank and complementing our product offering.

In 2018, SODIC will begin the journey of its 2018 - 2021 strategy, which will guide us through the next four years. Under this plan, our aim is to deliver industry-leading growth and shareholder returns

through our commitment to all our stakeholders. The strategy is designed to ensure that our business prospers by putting our customers at the heart of everything we do and designing and delivering quality homes and sustainable destinations. It's about doing more of what SODIC has long done, and doing it better.

SODIC's strong values and culture guide everything we do and essentially shape SODIC's identity. It is this commitment that makes us more profitable and successful and sets us apart in how we do business.

We view 2018 with confidence, backed by positive outlooks for all our markets. The company's position is strong, with a substantial year end net cash balance, healthy demand for our offering, and an experienced management team. We have ambitious growth plans for the next few years and are excited to bring more value to all our stakeholders as the market takes an upward turn.

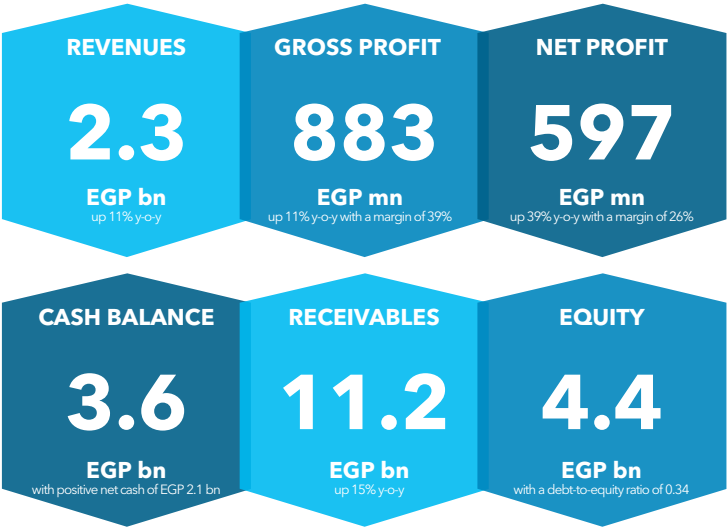
Managing Director
Maged Sherif

Maged Sherif

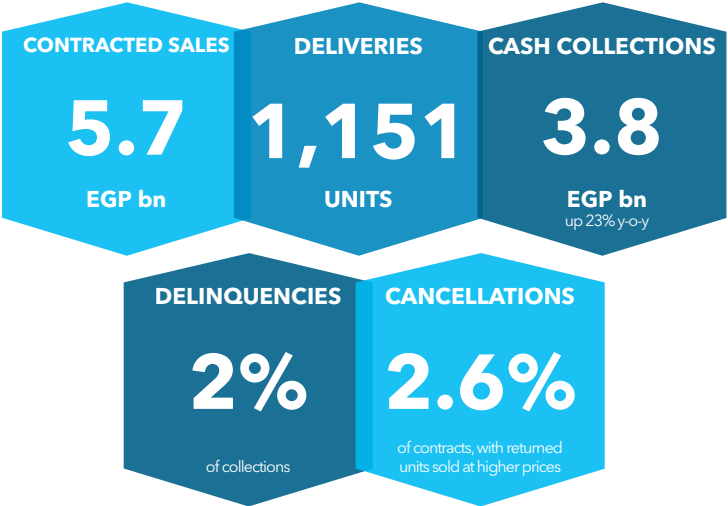
HIGHLIGHTS OF 2017

“2017 was another successful year for SODIC, achieving new all-time highs for performance indicators such as sales, deliveries, revenues and net profit ”

Financial Highlights



Operational Highlights



2017 Timeline

Q1

Westtown Hub Food Market

Launched One16

Grand Opening at SODIC Sports Club

Launched October Plaza

Q2

EGP 1.4 billion loan signed

Ramadan Football tournament

Launch of Sky Condos

Q3

EGP 280 million loan signed

Talent show at the Westtown Hub

IR AWARDS WINNER 2017
Leading Corporate Egypt

Q4

Launch of SODIC East

A Night of Musicals (Artsmart)

SODIC Charity Run

LETTER FROM THE CFO

It has been another busy year for SODIC with much of our efforts directed towards honing our organization and projects getting ready for another cycle of growth. This year we have focused on revisiting our strategic priorities, nurturing a pipeline of new developments, land acquisitions and controlling our costs in a remarkably inflationary environment. To that end SODIC delivered another year of strong earnings growth and maintained a solid financial position in 2017.

Our new developments were the engines of our performance during the year. 2017 witnessed the launch of several new projects including SODIC East and Sky Condos in Villette, both in East Cairo as well as October Plaza and One16 in West Cairo. Combined these four projects have given SODIC circa EGP 70 billion of inventory expected to be sold over the coming 10 years. Our sales grew, in terms of both volume and value, in our largest market of East Cairo which contributed to over 70% of our sales in 2017. The launch of the first phase of SODIC East in November had replenished our inventory in this highly active market, and marked a successful start to our first revenue share deal, paving the way for further growth under this capital efficient structure.

During the year we worked to expand our land bank in both West Cairo and the North Coast under the same revenue share scheme. This scheme provides SODIC with access to land for development with minimal upfront investment and in essence, allows us to do more with less.

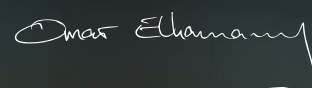
Revenues continued to grow as we remain as committed as ever to timely deliveries. During the year we delivered over a thousand units across our projects. The ramp up in deliveries in Eastown and a strong upward swing in the projects profitability both contributed to maintaining healthy development margins. We have generated solid operating profitability and have grown our EPS by 39 percent to EGP 1.74.

The strength of our balance sheet continues to support our operations and growth. Our leverage remains low at 0.34 times our equity. This along with our cash balance of EGP 3.6 billion has fared us well during this year of exceptionally high interest rates. During the course of the year SODIC had signed several Medium Term Facility agreements with two of the country's leading private sector banks, increasing its available bank facilities by EGP 1.1 billion, bringing our total bank facilities to EGP 3.3 billion. This renewed commitment from our lenders attests to the trust our stakeholders place in SODIC and our consistent ability to deliver on our commitments. Going forward we will increase our utilization of these facilities, as interest rates push lower, prudently gearing up to enhance shareholder returns.

The economic reforms that commenced towards the end of 2016 were bound to bring an element of uncertainty to the market in 2017. A significant currency devaluation in November 2016, and a steep hike in interest rates among other reforms have had substantial implication on the operating environment and cost structures of companies and consumers alike. However, the real estate sector has once again demonstrated its extraordinary resilience and depth. The balance of supply and demand continues to tip in our favor. Supply continues to fall short of demand supported by the sheer demographics of Egypt.

The aspirations of consumers for better quality of life bodes well for our offering of integrated mixed use communities. We believe the demand drivers are solid, and with SODIC well positioned to grow we are looking forward to 2018 with bold expansion plans.

Chief Financial Officer
Omar Elhamawy

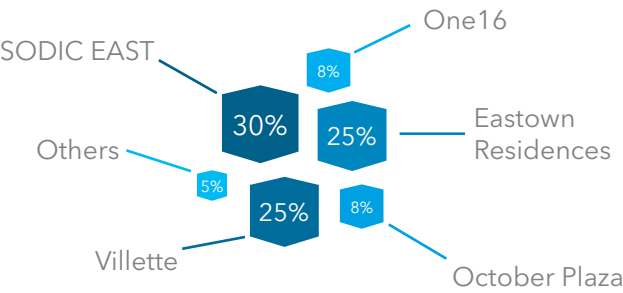


BUSINESS REVIEW

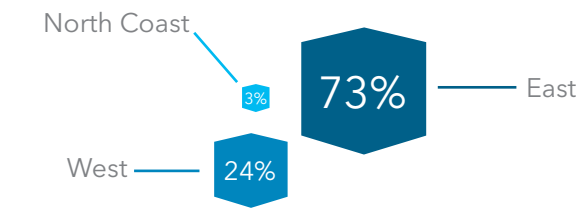
OPERATIONAL REVIEW

Net Contracted Sales of EGP 5.7 billion for all our projects were recorded, with our developments in East Cairo showing particular strength growing by 24% and 17% in value and volume respectively. The launch of the first phase of SODIC East in November marked a significant replenishment of our inventory in the highly active market of East Cairo. The project contributed 30% to our contracted sales during the year.

Net Contracted Sales by Project*



Net Contracted Sales by Geography*



2017 witnessed the launch of several new projects including SODIC East and Sky Condos in Villette in East Cairo as well as October Plaza and One16 in West Cairo. Combined, these four projects have given SODIC circa EGP 70 billion of inventory expected to be sold over the coming 10 years. The strong performance of these launches has enabled us to achieve our stated guidance for sales in 2017.

Cancellations have declined significantly to 2.6%, almost half of that recorded in each of the previous three years. This reflects the strong trust our clients have in SODIC honouring its commitment to timely delivery and the significant value appreciation of the sold units realized by our clients in this inflationary backdrop.

Cash Collections reached EGP 3.8 billion an increase of 23% over last year, thanks mainly to our efficient management of the collection process.

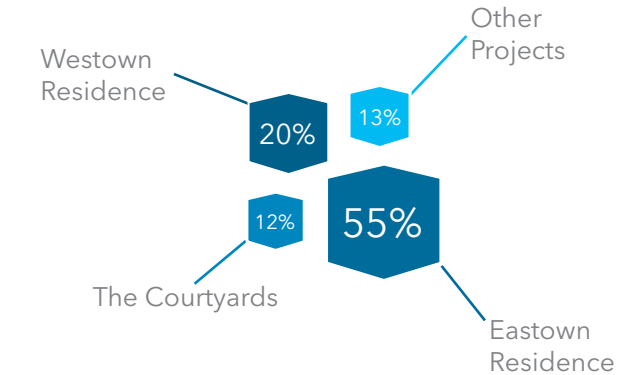
Cash Collections (EGP bn)



Delinquencies remained low at 2% during the year. Despite financial pressures facing Egyptian households as a result of the government reforms undertaken, our clients have continued to pay their instalments in a timely manner recognizing the strong value creation that our developments have delivered, safeguarding their investment against the inflation.

Deliveries of some 1,151 units took place in 2017 achieving our target for the year and reinforcing our commitment to timely delivery. The handovers came across 9 projects with Easttown Residences constituting circa 62% of the delivered units for the year.

Deliveries by Project**



FINANCIAL REVIEW

Revenues grew 11% to EGP 2.3 billion as we continue on-schedule deliveries across all our projects. Deliveries in Easttown Residences have contributed to 55% of the delivered value. The year also witnessed the commencement of deliveries in the Courtyards which contributed 12% of the delivered value.

Gross profit increased circa 11% to EGP 883 million reflecting a healthy gross margin of 39% versus 38% recorded in 2016. The resilience of our gross margins during such a remarkably inflationary environment attests again to our disciplined approach to construction and commitment to timely delivery. Moreover margins achieved on Easttown Residences have improved markedly to reach 35% compared to 23% in 2016.

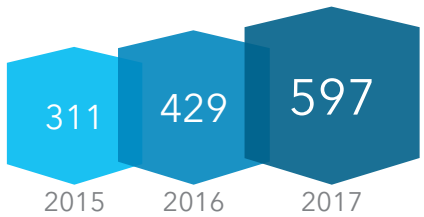
Gross Profit (EGP mn)



Operating profit increased by 17% to EGP 478 million reflecting a healthy operating margin of 21%. This reflects our prudent control of our operating expenses despite the inflationary backdrop the country suffered post the devaluation in November 2016.

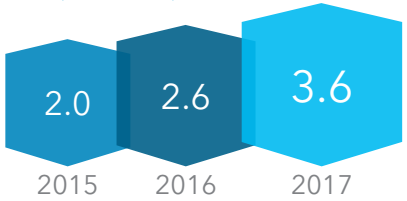
Net profit post non-controlling interests for the year came in at EGP 597 million, with a margin of circa 26%, versus 21% in 2016. SODIC delivered an EPS of 1.74 EGP per share in 2017, a 39% growth driven by resilient operating profitability as well as higher interest income generated on our cash balances. The cash was mainly invested in treasury bills during the year to benefit from the high interest rate environment.

Net Profit (EGP mn)



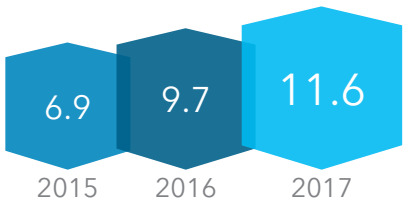
Total cash and cash equivalents balance stood at EGP 3.6 billion, reflecting the strength of the balance sheet and supporting our construction pipeline as well as our land bank expansion plans.

Cash Balance (EGP mn)



Receivables continued to grow reaching circa EGP 11.2 billion at the end of 2017, providing strong visibility into our future cash inflows as delinquency rates continue to hover at a low rate of 2%.

Receivables (EGP bn)



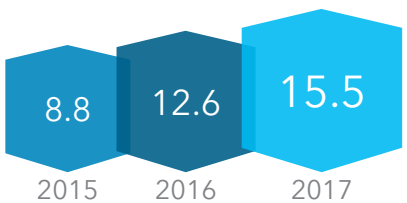
Bank Debt outstanding remained low. Of our EGP 3.3 billion of bank facilities circa 45% were utilized reflecting an outstanding balance of EGP 1.5 billion. Debt to equity ratio remained low at 0.34x.

During the year SODIC and its subsidiaries have signed several Medium Term Facility agreements with two of the country's leading private sector banks increasing its available bank facilities by EGP 1.1 billion. The facilities are arranged to finance the construction of selective projects, namely SODIC West, Villette and October Plaza.

Land liabilities to NUCA continued to decline, having repaid circa 80% of the land costs of Villette, Easttown and October Plaza. Land liabilities currently stand at EGP 917 million.

Client Deposits which represent units that have been sold and yet to be delivered, stood at EGP 15.5 billion, reflecting the backlog of revenue to be recognised over the coming three to four years.

Client Deposits (EGP mn)



* By value of units sold.
** By value of delivered units.

ABOUT SODIC



OVERVIEW OF SODIC

*"We are architects of societies.
We create and deliver sustainable human developments that
redefine the real estate market."*

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. Founded as a publicly listed company, it has since been traded on the Egyptian stock exchange (EGX). SODIC has always been and still remains a non-family owned company, with robust institutional foundations and a strong corporate governance framework.

SODIC has been delivering award-winning developments for over two decades, pioneering the establishment 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.

The agile and prudent approach we have adopted for growth has meant that we have been able to add circa 4.5 million square metres to our land bank over

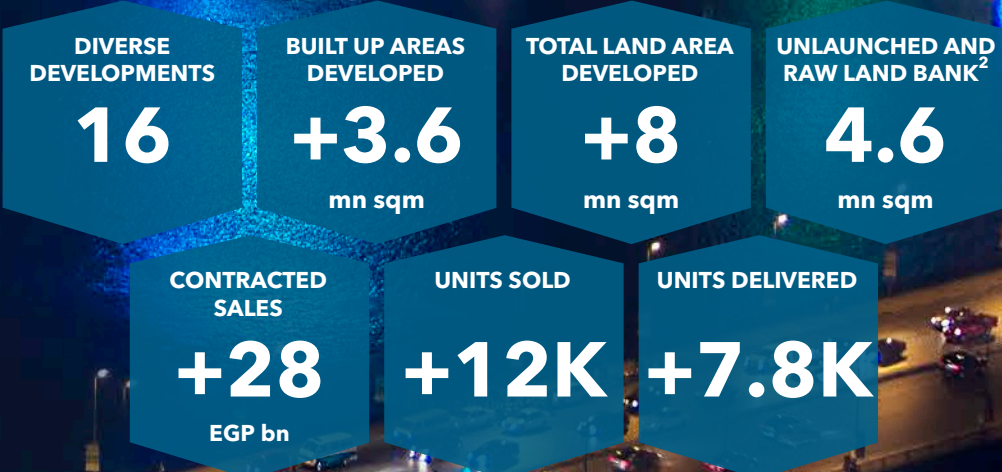
the past four years that continue to put over 7 years of sales visibility from 2018 onwards. This commitment to expansion continues today as we endeavour to further diversify our land bank. Forging partnerships with the public sector and private land owners capitalizing on our solid track record of delivering on our commitments, which has positioned us as one of the most reputable real estate developers in Egypt.

At SODIC, we are architects of societies, 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. We create and deliver sustainable Human Developments that redefine the real estate market in Egypt - 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.



SODIC KPIs Since Inception¹



¹ As at year-end 2017
² Owned or controlled through revenue share deals

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.”

1996 - 1997

Solid Foundations

2006 - 2010

Expansion & Growth

2011 - 2013

Thriving Despite Challenges

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

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 continues 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

SODIC reaffirms 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 manages 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.

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.

2014 - 2016

Flourishing in an Improved Environment

2017

Onwards - gearing up for 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 broadens 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

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.

SODIC continues 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.

2017

With the devaluation behind us 2017 lays the ground for another growth cycle. Backed by our solid reputation and the resilience of the market SODIC achieved its sales target of EGP 5.6 billion.

SODIC East's landmark first launch of EGP 1.7 billion was sold out.

Signed MOU on north coast land on route to replenish inventory of summer homes.

Participated in NUCA bids for several plots in West Cairo.

Issuance of presidential decree rezoning Al Yosr to residential land bringing the plot one step closer to monetization.

EGP 1.1 billion of new banking facilities signed during the year, cementing our strong relationships with Egypt's leading banks.

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BUSINESS MODEL

"We work hand in hand with our stakeholders, safeguarding their interests, earning their trust for life."

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 us, working hand in hand with our stakeholders, safeguarding their interests, earning their trust for life.

SODIC'S CORE PILLARS

Sustainable Human Developments



CUSTOMER CENTRIC APPROACH

- 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 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 Vilette and Caesar developments.

GIVING BACK TO THE COMMUNITY AND ENVIRONMENT

- 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.
- 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.
- We believe that thinking green gives our community the perfect environment to revive, and secures the future for new generations to come. To this end we have launched SODIC Green that will focus on infusing sustainable initiatives in all our developments.

OUR VALUES

"All our activities are underpinned by our values that guide everything we do and essentially shape SODIC's identity."



Integrity: We show integrity in all our working relationships, with our colleagues, customers and all stakeholders. We communicate with honesty and openness, and demonstrate transparency in our actions. **WE ARE HONEST**



Synergy: We believe that every team member contributes with their skills, strengths, perspective and hard work. We encourage a culture of inclusion and cooperation, built on respect, trust and diversity. We work first and foremost towards the benefit of the collective. **WE WORK TOGETHER**



Commitment: We are results-driven and committed to creating value and return on investment to our stakeholders. We deliver on our promises and work conscientiously and diligently at every level of the organisation to ensure excellence in delivering results. **WE DELIVER**



Ownership: We believe in structure but insist on free thinking. We lead and inspire others to perform through taking on responsibility. We expect our people to get it done and allow them to learn as they grow. We are committed to contributing to our own and the company's success. **WE ARE ACCOUNTABLE**



Agility: We are forward thinking, initiating change in the market, adapting to market conditions before they have become a reality. We find opportunity in challenges and always find ways to lead through uncertainty. We embrace change as part of our operating universe and use it as a stepping stone for growth. **WE CHAMPION CHANGE**



OUR STRATEGY

“Our strategy is to grow and create long-term value by being the leading real estate developer in our markets, focused on creating and delivering sustainable human developments that redefine the real estate market as we know it.”

FOCUSING ON FOUR KEY STRATEGIC DRIVERS

Our strategy is to grow and create long-term value by being the leading real estate developer in our markets, focused on creating and delivering sustainable human developments that redefine the real estate market as we know it. To this end, we work together to excel across four key strategic drivers: financial growth, customer centricity, operational excellence and employee empowerment.

FINANCIAL GROWTH

We expand. We maximize.

Strategic Priority

- To be the investment of choice within the real estate market in Egypt, delivering shareholder value through a superior risk balanced approach to growth.

Objective

- Outpacing market growth rates over the coming four years increasing our market share in the destinations we operate in.
- Creating new revenue streams by diversifying our offering to clients to encompass value added services that enhance our customer experience.
- Pursuing development opportunities in secondary cities with high income per capita and low supply of quality housing.

- Building a portfolio of recurring income assets across our mixed use developments with a target of reaching EGP 400 million in five years
- Continuously improving our cost structure by focusing on efficiencies across all the organisation to positively impact profit margins.
- Improving asset utilization through; ensuring cash is reinvested in value accretive land acquisitions, shortening acquisition to launch period, prudently increasing leverage enhancing returns through a risk balanced approach to balance sheet management, timely delivery of residential assets and expedited construction of leasable assets.
- Reinvestment and distribution of cash generated from projects with the aim of delivering to shareholders a sustainable growth model.

CUSTOMER CENTRICITY

We serve. We exceed.

Strategic Priority

- To be the developer of choice by providing a consistently superior customer experience throughout the customer journey and at every touch point. By securing land for developments in the right locations, designing and delivering quality destinations where people aspire to live and maintaining our developments at standards surpassing the expectations of our residents, we keep the customer at the heart of everything we do.

Objective

- We are architects of societies: recognizing that our customers want to live in truly great places we strive to offer not just quality designs and buildings

- but also the holistic communities that facilitate our residents’ daily activities and improve their overall quality of life.
- Delivering customer satisfaction: by placing customers at the heart of everything we do, we deliver a consistent superior experience with their satisfaction being a key performance indicator across all customer touch points.
- Brand equity built on insights. By gathering insight at every stage of our customer journey, we continuously learn and improve, pushing the envelope in what we offer our clients, redefining the real estate industry through what we bring from offering to experience and more.

OPERATIONAL EXCELLENCE

We optimize. We enhance.

Strategic Priority

- To operate a lean and agile organization geared for growth

Objective

- Securing new land while maintaining a balance in our portfolio. We target locations based on the availability of land, demand in the area and the strategic fit to our current development portfolio

- with an aim of having a diversity not just across locations but also across product offering.
- Executing the company’s projects on-time, on-budget and on-specifications through trend setting project management.
- Leveraging our facility management excellence to go beyond the market needs, continuing to distinguish SODIC by further strengthening this established competitive edge.

EMPLOYEE EMPOWERMENT

We learn. We change.

Strategic Priority

- To be the employer of choice in our industry. Creating a learning and growth environment with employees working together and enabled to best achieve organizational goals and build for a better society

Objective

- Achieving the right organizational scale to match our growth ambition through attracting and retaining the right talent.
- Aligning employees with the company’s strategy and long term shareholder value ensuring alignment of individual and departmental

- objectives to our strategic priorities. The company’s employee ownership program helps build pride of ownership among employees and an understanding of how to create value for shareholders.
- Ensuring the cultivation of leaders all across the organization through the creation of leadership development programs and incentives, launching a Talent Management System and the SODIC Graduate Development Program.
- Fostering a customer-focused culture built on SODIC’s values and a commitment to high performance.

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 effects of the economic reforms that commenced towards the end of 2016 beginning with significant currency devaluation in November 2016, followed a by steep hike in interest rates, in addition to other reforms, have had substantial implication on the operating environment and cost structures of companies and consumers alike. Despite which the real estate sector has once again demonstrated its extraordinary resilience and depth. The balance of supply and demand continues to tip in our favor. Supply continues to fall short of demand supported by the sheer demographics of Egypt. The aspirations of consumers for better quality of life bodes well for our offering of integrated mixed use communities. Demand for residential units is driven by three solid long term pillars for growth,

DEMOGRAPHICS	SHIFTING DEMAND TO SUBURBS	INVESTMENT DEMAND
Egypt’s demographics create a stable demand for property: <ul style="list-style-type: none">• At 100 million the population of Egypt is the largest in the region• A young population with 70% of Egyptians under 35• 936,000 marriages a year• Population growth of 2% annually	Homebuyers are favoring gated communities in new cities over the congestion of central Cairo with the following factors driving the move: <ul style="list-style-type: none">• High quality new build housing offers superior value to homeowners vis-a-vis the housing stock in central Cairo• Convenience and security gated communities• With corporates, schools, universities and hospitals all moving to the outskirts; east & west Cairo have become autonomous satellite cities offering their residents all the amenities needed	Investing in property is deeply rooted in our culture <ul style="list-style-type: none">• Investment in real estate as an inflation hedge is a long term trend and deeply rooted in our culture• Property continues to be a familiar and tangible investment• Demand continues post devaluation and despite high interest rates• Cultural norms drive investment demand with often times parents buying property for second generation tenants

The market has demonstrated its resilience in 2017 against a backdrop of challenging economic conditions as these demand drivers continue to prevail. Real estate developers are addressing affordability through diversifying their offering to include smaller units and offering more flexible payment terms.

DEMOGRAPHICS

SHIFTING DEMAND TO SUBURBS

INVESTMENT DEMAND

OUR DEVELOPMENTS

COASTAL
PROJECTS

WEST CAIRO
PROJECTS

EAST CAIRO
PROJECTS

WEST CAIRO



El Yosr

EAST CAIRO



COASTAL



OUR DEVELOPMENTS

Over the years, SODIC has become a household name in the real estate market, not merely in terms of the scale of the projects it develops, but because of its credibility and unrelenting drive to raise the bar for design, construction, customer service and community engagement. Equipped with a solid brand reputation, the company is committed to diversifying its reach, adding new geographies and market segments to its portfolio, and continuing to successfully deliver large scale, luxury developments.

Residential

Project	Land Area (000 sqm)	Built Up Area (000 sqm)	No. of Units
Allegria	2,428	575	1,249
Kattameya Plaza	126	124	488
Westown Residences	584	345	1,391
Eastown Residences	726	602	2,863
Courtyards	238	165	776
Villette	1,266	624	2,270
One16	35	23	125
October Plaza	130	128	596
Total	5,534	2,585	9,758

Residential & Touristic

Project	Land Area (000 sqm)	Built Up Area (000 sqm)	No. of Units
Caeser	441	103	353
Total	441	103	353

Commercial

Project	Land Area (000 sqm)	Built Up Area (000 sqm)	No. of Units
WMC	15	17	180
Polygon	55	94	336
Total	70	111	516

Retail

Project	Land Area (000 sqm)	Built Up Area (000 sqm)	No. of Units
The Strip	188	42	88
The Hub	50	13	48
Total	238	56	136

Mixed Use

Project	Land Area (000 sqm)	Built Up Area (000 sqm)	No. of Units
SODIC East	2,758	1,904	8,542
Beverly Hills	1,750	924	2,985
Forty West	53	72	221
Total	4,561	2,900	11,748



Beverly Hills, SODIC's first venture, is a 1.75 million sqm mixed-use residential development boasting some 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.



KEY FACTS & FIGURES

1,7mn sqm
Of gross land

2,985
Units

100%
Launched

2001
Delivery Started

2005
Project Completed



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 some 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. Delivery began in 2010 and is nearly completed today.



KEY FACTS & FIGURES

2,4 mn sqm

Of gross land

1,249

Units

100%*

Launched

98%*

Sold

2010

Delivery Started

*as a percent of project built up area



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.



KEY FACTS & FIGURES

53K sqm
Of gross land

221
Units

100%*
Launched

95%*
Sold

2012
Delivery Started

*as a percent of project built up area



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 wider 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 and fully delivered, reflecting the strong success and demand for the project.



KEY FACTS & FIGURES

584K sqm
Of gross land

1,391
Units

100%*
Launched

100%*
Sold

2013
Delivery Started

*as a percent of project built up area



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 Westtown 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 Westtown, a feat that has bolstered and built upon the success of Westtown Residences.



KEY FACTS & FIGURES

238K sqm
Of gross land

776
Units

100%*
Launched

100%*
Sold

2017
Delivery Started

*as a percent of project built up area



ONE16 is a circlet of 16 contemporary buildings, where residents can enjoy a sense of exclusivity in a peaceful atmosphere. Adorning the heart of SODIC West with close proximity to essential and recreational facilities just two minute drive away from The Polygon, SODIC West's award-winning business park, and Westtown Hub, home to some of Sheikh Zayed's finest restaurants and cafes.



KEY FACTS & FIGURES

35K sqm
Of gross land

125
Units

100%*
Launched

88%*
Sold

2019
Delivery Starting

*as a percent of project built up area



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.

KEY FACTS & FIGURES

55K sqm
Of gross land

11
Buildings

100%*
Launched

92%*
Sold

2013
Delivery Started

*as a percent of project built up area





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.



KEY FACTS & FIGURES

50K sqm
Of gross land

49
Units

100%
Launched

55%
Occupancy Rate

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.



KEY FACTS & FIGURES

188K sqm
Of gross land

88
Units

61%*
Launched

87%*
Sold

2012
Delivery Started

*as a percent of project built up area

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.

KEY FACTS & FIGURES

15K sqm
Of gross land

180
Units

29%*
Launched

29%*
Sold

2019
Delivery Starting

*as a percent of project built up area



OCTOBER PLAZA

Building on the success of Kattameya Plaza in the East of Cairo, October Plaza is located in strategic location within 6th of October city just a 15-minute drive from SODIC West. October Plaza combines the contemporary architecture with diversity of activities including a 1.7Km safe walkway, cycling pathways, swimming pools and meeting spots in order to provide a true living community.

KEY FACTS & FIGURES

130K sqm
Of gross land

596
Units

49%*
Launched

51%*
Sold

2019
Delivery Starting

*as a percent of project built up area



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 multipurpose sports field, and community areas. Delivery was completed in 2016 with current occupancy of c. 70%

KEY FACTS & FIGURES

126K sqm
Of gross land

488
Units

100%*
Launched

100%*
Sold

2013
Delivery Started

*as a percent of project built up area



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.



726K sqm
Of gross land

2,863
Units

95%*
Launched

97%*
Sold

2016
Delivery Started

*as a percent of project built up area



VILLETTE

NEW CAIRO

Villette's launch in 2014 marked SODIC's first single-family offering 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.



SKY CONDOS

BY VILLETTE

Capitalizing on its prime location just five minutes away from both Road 90 and a short drive to Egypt's New Administrative Capital, Sky Condos offers premium apartments within Villette. With its unique cascading architecture along with exclusive open space compositions and links, Sky Condos constitutes of a special urban development that enriches its surrounding scenery, overlooking on Villette's entertainment park, The Hive, one of four featured pocket parks in the development.

KEY FACTS & FIGURES

1.26mn sqm
Of gross land

2,270
Units

67%*
Launched

75%*
Sold

2018
Delivery starting

*as a percent of project built up area





SODIC East introduces a full-fledged, evolved, world-class destination in East Cairo, located between two of Cairo's main thoroughways, The Cairo Suez and Cairo Ismailia roads, directly adjacent to Al Shorouk City, and in close proximity to the New Administrative Capital. The development offers a modern environment with a focus on human beings, their lifestyles and their development. SODIC East amenities include a diverse range of activities and services including edutainment, sports, camping, and wellness.



KEY FACTS & FIGURES

2,758k sqm
Of gross land

8,542
Units

5%*
Launched

85%*
Sold

2021
Delivery Starting

*as a percent of project built up area



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 kilometre. Caesar is poised to become one of the most exclusive residential communities on the North Coast.



KEY FACTS & FIGURES

441K sqm
Of gross land

352
Units

100%*
Launched

90%*
Sold

2018
Delivery Starting

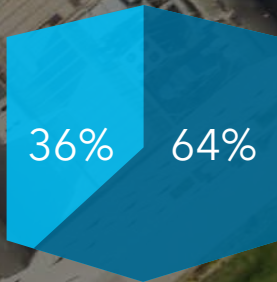
*as a percent of project built up area

OUR LAND BANK

Our current land bank of 4.6 million square meters of owned and controlled land provides over 7 years of sales visibility. Nonetheless our aim to diversify our offering and pursue accelerated growth drives us to continue to look for new land opportunities. We target high quality land in our traditional markets of West and East Cairo as well as the Mediterranean North Coast and target opportunities that exceed our required hurdle rates of a gross margin of 35% and an IRR of 25%.

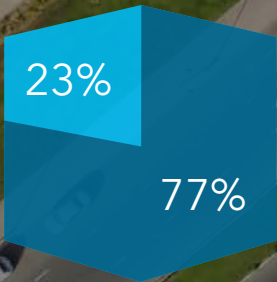
As the market moves towards revenue share deals SODIC capitalizes on its legacy of consistent timely delivery and on our ability to quickly monetize land to drive shareholder value. Equipped with a solid brand reputation and over 20 years of track record in the industry, SODIC is positioned for a new era of accelerated growth.

A 13+ Million sqm Land Bank



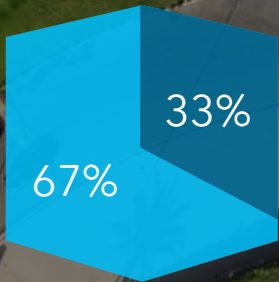
■ Landed ■ Unlatched

Unlatched Land Bank By Use 4.6 mn sqm



■ Residential ■ Retail & Commercial

Unlatched Land Bank By Geography 4.6 mn sqm



■ West Cairo ■ East Cairo

WEST CAIRO Al Yosr

This 1.26 million sqm plot is situated on the outskirts of West Cairo on the Cairo-Alexandria Desert Road. The plot, which was formerly zoned as agricultural land, has taken a large leap forward towards monetization following the rezoning of the land as per the presidential decree issued in early 2017 outlining the expansion of Sheikh Zayed city to include this plot.

October Plaza

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, payable to the government over four years. The project was launched in 2017 with the remaining inventory expected to be launched in 2018.

SODIC West

As of December 2017, only c.186,000 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.

EAST CAIRO SODIC East

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 is 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. The project is expected to generate EGP 60 billion of sales.

Villette

We continue to launch new residential inventory in Villette, including more phases of our signature apartment offering Sky Condos.

Eastown

With only a single phase remaining in Eastown Residences, 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 2021.

AWARDS

2017



CITYSCAPE AWARDS
Best Community, Culture & Tourism Award





CITYSCAPE AWARDS
Best Commercial Project Award



2016



EUROMONEY REAL ESTATE AWARDS 2016
Best Residential Developer in Egypt





EUROMONEY REAL ESTATE AWARDS 2016
Best Office/Business Developer in Egypt





2015



CITYSCAPE AWARDS
Best Mixed-Use Built Development



2014



EUROMONEY REAL ESTATE AWARDS 2016
Best Office/Business Developer in Egypt



2013



EUROMONEY REAL ESTATE AWARDS 2016
Best Offices & Business Project





CITYSCAPE AWARDS
Best Residential Project - Built





CITYSCAPE AWARDS
Best Commercial and Mixed Use Project - Future

2011



EUROMONEY REAL ESTATE AWARDS 2011
Best Developer - Overall - Egypt





EUROMONEY REAL ESTATE AWARDS 2011
Best Mixed-Use Developer - MENA





EUROMONEY REAL ESTATE AWARDS 2011
Best Residential Developer - MENA



BT 100 Crystal Awards
Best Company BT100 Rank Change





EUROMONEY REAL ESTATE AWARDS 2010
Best Developer Overall - Egypt





EUROMONEY REAL ESTATE AWARDS 2010
Best Mixed-Use Developer - MENA



EIA-2010
Enterprise Innovation Award





CNBC
CNBC Arabian Property Best Mixed-Use Built Development



2008



CNBC
CNBC Property Best Residential Project Built





CNBC
CNBC Property Best Commercial and Mixed Use Project - Future



2007



AMERICAN SOCIETY OF LANDSCAPE ARCHITECTS
Award of Merit from the ASLA for its master plan, developed by worldrenowned master planners EDAW



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2017 IN REVIEW

ABOUT SODIC

GOVERNANCE

FINANCIAL STATEMENTS

FACILITY MANAGEMENT



EDARA Property Management is a wholly owned subsidiary of SODIC created to manage large-scale developments. Launched in 2010, the company takes advantage of the skills and expertise of its over 1,450 highly capable employees that have advanced EDARA to one of the leading firms in the field of property management in Egypt. EDARA Property Management offers a full suite of services specifically tailored to satisfy every client need while simultaneously preserving the uniqueness of each development it

manages. The company has diverse specialties in numerous arenas, including security, refuse collection, street cleaning, lighting maintenance, electricity network maintenance, public landscape maintenance, water and sewerage network maintenance, and building maintenance. EDARA Property Management has been awarded and accredited with the ISO 9001:2008 Quality Standards, ISO 18001:277 Occupational Health and Safety System, and ISO 14001:2004 Environmental Management System.

 <p>URS is a member of Registrar of Standards (Holdings) Ltd.</p>	 <p>UKAS MANAGEMENT SYSTEMS 0043</p>	 <p>URS is a member of Registrar of Standards (Holdings) Ltd.</p>	 <p>UKAS MANAGEMENT SYSTEMS 0043</p>	 <p>URS is a member of Registrar of Standards (Holdings) Ltd.</p>	 <p>UKAS MANAGEMENT SYSTEMS 043</p>
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GOVERNANCE AND SUSTAINABILITY

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.



Magued Sherif
Managing Director

Magued Sherif is SODIC's Managing Director. Sherif has over 30 years of professional experience, including several leadership positions with prominent companies in the industry. 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 from 2012-2014. 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 Head of the 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 BSc in Architecture from Cairo University, Egypt, in addition to an MBA from The American University in Cairo.



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. 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.



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.



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.



Omar Elhamawy
Chief Financial Officer

Omar Elhamawy is the Chief Financial Officer of SODIC. Since joining SODIC in May 2013, Elhamawy has overseen the successful completion of SODIC's EGP 1 billion capital increase as well as the signing of over EGP 3 billion of medium-term debt facilities. 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. His most notable transactions include advising Mena for Touristic and Real Estate Investments on a capital increase, advising Beltone Private Equity on the tender offer and acquisition of Nasr City Housing and Development as well as advising Amer Group on its IPO. Elhamawy holds a BA in Business Administration from The American University in Cairo and is a CFA Charter-holder.



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.



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.



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.

EXECUTIVE MANAGEMENT



Magued Sherif
Managing Director

Magued Sherif is SODIC's Managing Director. Sherif has over 30 years of professional experience, including several leadership positions with prominent companies in the industry. 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 from 2012-2014. 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 Head of the 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 BSc in Architecture from Cairo University, Egypt, in addition to an MBA from The American University in Cairo.



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 as well as setting and overseeing the execution of SODIC's marketing strategy. In his capacity, Labib collaborates with the development team, heavily contributing to the creation, positioning and pricing of SODIC's products. Labib joined SODIC in 2007 as a Sales Manager whose success quickly earned him the title of Sales Director and later Executive Sales Director. 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, where he held various positions, the last of which was Multiple Category Brand Manager. Labib holds a BA in Psychology with a minor in Mass Communication from The American University in Cairo.



Ayman Amer
Chief Business Development & Procurement Officer

Ayman Amer is the Chief Business Development & Procurement officer at SODIC. Amer has more than 16 years of experience in the real estate, project management and construction Industries in Egypt and North Africa. Amer is responsible for setting and monitoring SODIC's procurement strategy across all divisions as well as expanding SODIC's land bank. Prior to joining SODIC, Amer spent four years as Procurement & Cost Control Manager at Turner International Middle East (TIME) following his post as Senior Procurement Engineer at Orascom Construction Industries (OCI). Amer holds a BSc in Architectural Engineering from Cairo University and a diploma in project management from the American University in Cairo as a Certified International Procurement Professional.



Hisham Salah
Chief Information Officer

Hisham Salah is SODIC's Chief Information Officer. Salah has more than 25 years of professional experience in the areas of information technology and corporate systems, including founding the first in-house residential fiber-to-the-home and triple play project in Egypt in 2009. Salah's previous experience includes serving for eight years as Vice President of Technology at Palm Hills Developments and seven years with Microsoft as Head of Communications, later holding the position of Head of Government Sector in Egypt, where he was responsible for sales and key strategic initiatives supporting the company's growth. Before joining Microsoft, he contributed to establishing the Commercial International Life Insurance Company as Head of Information Technology. Salah began his career at Commercial International Bank (CIB), where he held various positions in Information Technology and Operations. Salah holds an MSc in Information Technology from Middlesex University in London.



Omar Elhamawy
Chief Financial Officer

Omar Elhamawy is the Chief Financial Officer of SODIC. Since joining SODIC in May 2013, Elhamawy has overseen the successful completion of SODIC's EGP 1 billion capital increase as well as the signing of over EGP 3 billion of medium-term debt facilities. 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. His most notable transactions include advising Mena for Touristic and Real Estate Investments on a capital increase, advising Beltone Private Equity on the tender offer and acquisition of Nasr City Housing and Development as well as advising Amer Group on its IPO. Elhamawy holds a BA in Business Administration from The American University in Cairo and is a CFA Charter-holder.



Ramy Raafat
Chief Development Officer

Ramy Raafat is the Chief Development Officer of SODIC with over 18 years of experience in the field of real estate development and investment. In his capacity, Raafat is responsible for the development of SODIC's real estate portfolio. Raafat has managed mega investments in Egypt and abroad working on the development of mixed-use projects such as Burj Dubai Development, the Dubai Mall, the Address Hotel, JAL Twin Towers and Agha Khan Culture Dubai center. Prior to joining SODIC, Raafat worked at Palm Hills Developments where he managed the company's real estate portfolio with full P&L accountability as Portfolio Management Director. He also worked for GSSG Holding, YMM Investments Dubai, and MEINHARDT Consulting Engineers and Project Managers-Dubai. Ramy holds a BSc in Civil Engineering, a Master's degree in Real Estate Development and Management from Heriot Watt University in the UK and earned his Project Management Professional "PMP" certification from PMI in USA.



Yasser El Said
Chief Technical Officer

Yasser El Said is the Chief Technical Officer of SODIC, with nearly 30 years of experience in real estate, project management and construction sectors in Egypt and the Gulf region. In his capacity he oversees the technical, controls and design divisions. Prior to joining SODIC in 2010 as Senior Projects Manager, El Said spent four years as a Project Manager at Dubai-based Nakheel Co. as well as Construction Manager at Hill International Project Management Firm. During his work in Egypt, El Said spent nine years with ABB SUSA operating in USAID projects. El Said holds a BSc in Civil Engineering from Mansoura University.

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 Regulatory 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 2017, our Managing Director, CFO, and Investor Relations team held over 200 meetings with representatives of the investment community. 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.



During 2017 SODIC was honoured to receive an award from the Middle East Investor Relations Association (MEIRA) recognizing our ongoing efforts to deliver a best in class investor relations program. The award comes on the back of a study conducted by MEIRA in partnership with Extel, and has recognized SODIC as the leading corporate in Investor Relations in Egypt.

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, one further Executive Directors, and six 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 15 times in 2017, 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 independent Non-Executive Directors Dr. Hani Sarie El Din (Committee Chairman), Mr. Yazan Haddadin, Mr Hussein Shoukry and Mr. Hossam Helal.

The committee convened a total of 6 times in 2017.

THE COMPENSATION 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.

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

SHAREHOLDER 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.”

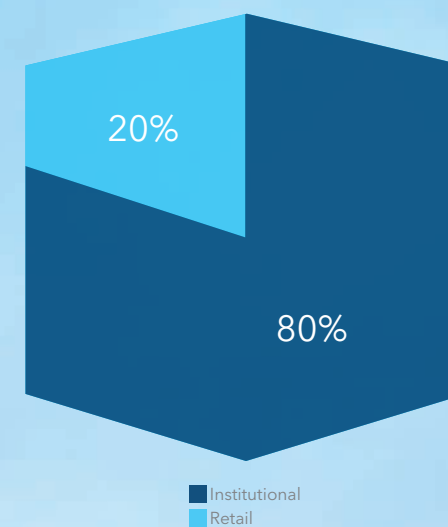
A DIVERSE SHAREHOLDER BASE

SHARE INFORMATION

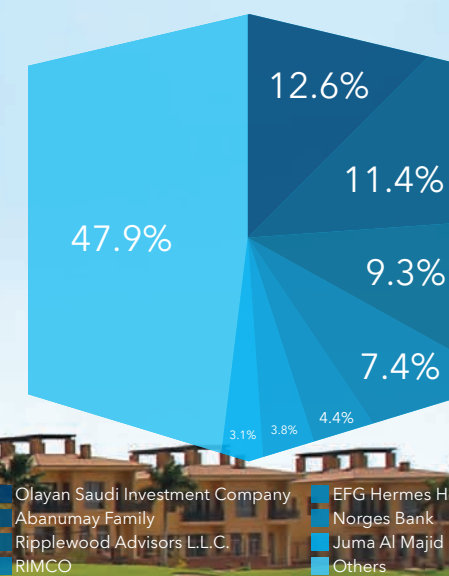
Headquartered in Cairo and listed on the Egyptian Stock Exchange (EGX), SODIC is a non-family owned company traded on the EGX, with a strong corporate governance framework.

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: 342,298,668
Symbol:
EGX: OCDI.CA
Reuters: OCDI.CA
Bloomberg: OCDA.EY

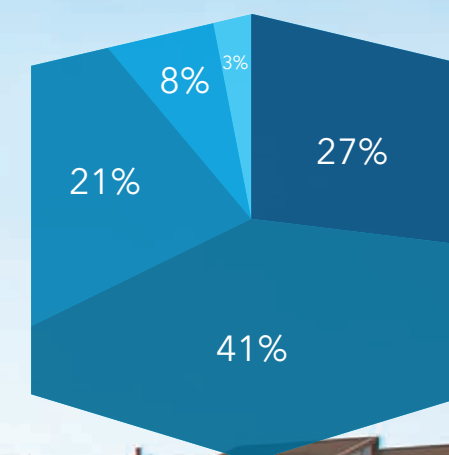
SHAREHOLDERS BY TYPE
31/12/2017



SHAREHOLDER BREAKDOWN
31/12/2017



SHAREHOLDERS BY REGION
31/12/2017

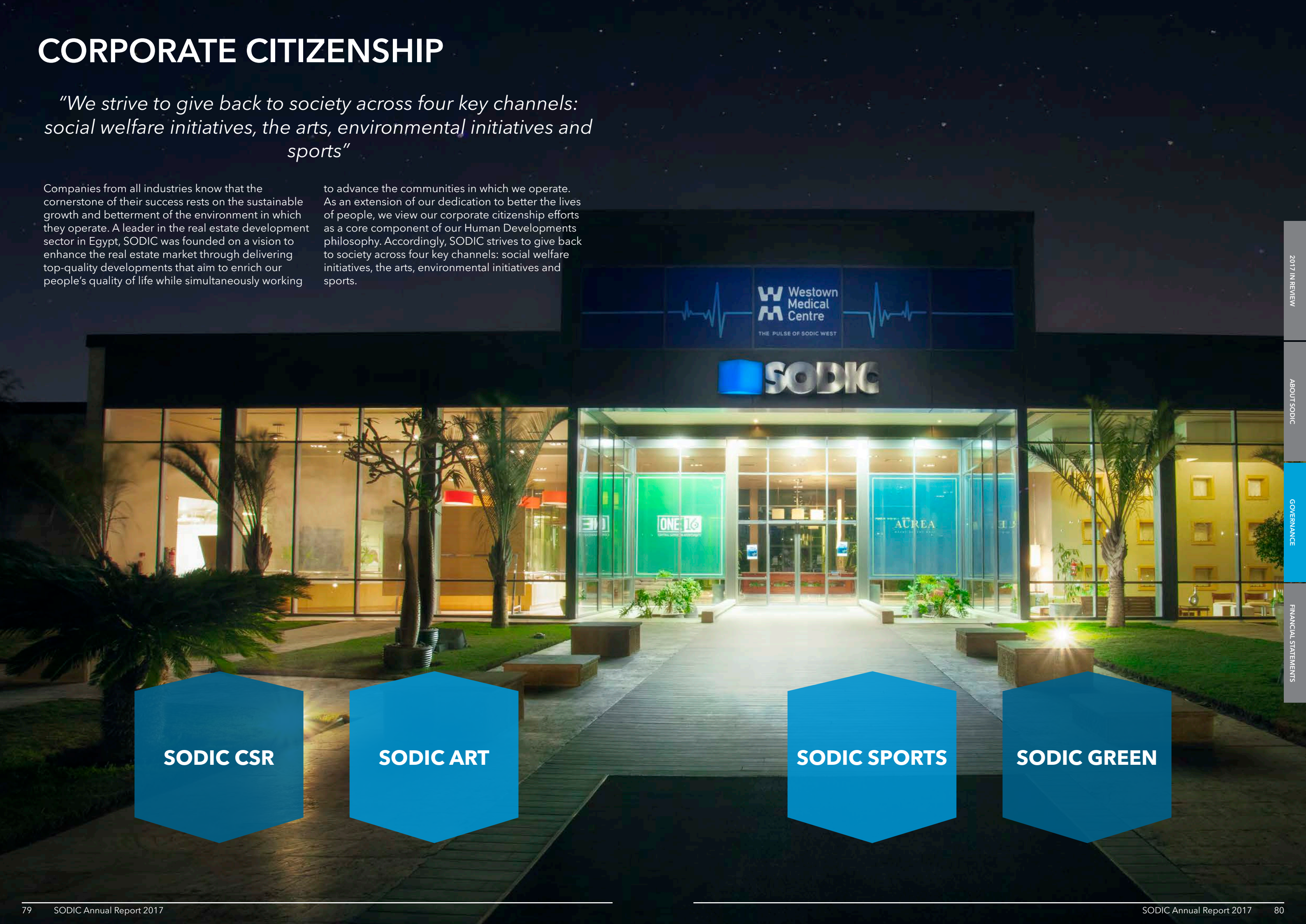


CORPORATE CITIZENSHIP

"We strive to give back to society across four key channels: social welfare initiatives, the arts, environmental initiatives 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 four key channels: social welfare initiatives, the arts, environmental initiatives and sports.



SODIC CSR

SODIC ART

SODIC SPORTS

SODIC GREEN

SODIC CSR

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

REHABILITATION

RELIEF



Our commitment to social responsibility stems from our true belief that running a business is about more than just commercial success, but about conducting a responsible business and achieving social benefit. Since inception, SODIC has invested over EGP 45 million in diverse CSR projects, from various philanthropic donations, to youth and women empowerment, early childhood education and schooling, slum rehabilitation and culture and art programmes.

Over the past few years SODIC has been streamlining its efforts to focus on three CSR pillars Education, Slum Rehabilitation and Relief. SODIC's CSR philosophy is rooted in scalable impact and eventual financial sustainability. Our programmes benefit over 6,000 families every year.

EDUCATION

Egypt's sustainable development starts with well-educated children who will eventually reach their potential as productive and capable citizens contributing fully to their families and societies. In 2017, SODIC invested in 3 different education programmes.

Educate Me

Educate-Me aims to transform education in Egypt. It runs a high-quality community preschool and primary school in Talbeya. The preschool and community school run by Educate-Me act as "Centres of Excellence", allowing Educate-Me to test and improve its pedagogical approach and develop teacher trainings on the basis of its practical work. It aims to sustain its direct education work through the sale of teacher training and school transformation journeys - bought by corporates across Egypt and implemented with educators in public and semi-public schools, as

well as orphanages and NGOs. In 2017, Educate-ME community School impacted over 2,701 lives and achieved 62% cost recovery with SODIC's investment support of EGP 1,590,910

Nafham.com

Nafham.com is a free online platform that has digitised 90% of the government mandated curriculum making it accessible through 21,000 instructional videos. Nafham.com is the largest educational platform in Egypt as well as in the Middle East providing unparalleled access to learning material. In 2017, Nafham.com produced 443 new instructional films, this has resulted in user growth of the website, increasing the number of monthly active users from 650,000 visitors in April 2017 to 900,000 in October 2017. One-on-one teacher support has also been incorporated through a new pilot service that offers live chats between students and teachers. Nafham.com is at 101% cost recovery.

Tawasol Community School

Tawasol runs a small community school for children who had escaped schooling, providing them with regular schooling and vocational training. The school follows the Egyptian government curriculum and is registered with the Ministry of Education. With SODIC's support, Tawasol developed an online store to sell products handmade by impoverished members of Istabl Antar's community to generate revenue streams for the organisation. By year-end, Tawasol succeeded in doubling its sales reaching EGP 755,000 that was mainly due to the online sales and including Tawasol in various events all year long.

SODIC has also supported the school covering its running cost and contributed to the purchase of a 1,000 Sqm land plot in Ezbet Khairallah to build a new school that will take up to 500 student. Construction of the school is underway and is scheduled to operate in September 2019.



REHABILITATION

As an Egyptian real estate developer SODIC believes in its responsibility in participating in the development and rehabilitation of Egypt's slums. This is a role we see ourselves playing in the long term and encompasses projects across housing, infrastructure and much more.
Fresh water to 1000 homes in Ezbet

Khairallah

In 2017 SODIC signed a contract with Cairo Governorate, the Holding Company for Water and Wastewater and the GIZ to connect fresh water network to 1000 homes in Ezzbet Khair Allah. The project is planned to be carried out over one year and is fully funded by SODIC at an estimated cost of EGP 1 million.

The project entails connecting the chosen homes to the fresh water and wastewater networks in place in Ezbet Khairallah, installing a fire fighting network, providing vocational training on construction and installation of water and wastewater connections. The project will also employ youth in the collection of water tariffs and create water consumption awareness programs in the schools of Ezbet Khairallah.

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, food distributions, as well as donations to different health facilities.

Blood Drive 2017

SODIC employees participated in SODIC's annual blood drive donating 33 bags of blood to The National Blood Bank of Egypt.

Ramadan Packing 2017

SODIC employees continued what has become a tradition of preparing Ramadan staple bags and distributing over 480 boxes in impoverished areas in different villages in Upper Egypt.

Salary Drive

SODIC employees raised total amount of EGP 71,050 that were directed to different health facilities and impoverished areas across Egypt to include the Egyptian Food Bank, 57357, Ahl Masr and Magdi Yacoub Foundation

Charity Run

This year, SODIC hosted the fourth annual charity run in collaboration with Cairo Runners to raise funds for "the Magdi Yacoub Heart Foundation". Around 7,000 participants gathered in SODIC West for a 6 km run, which helped in raising more than EGP 438,000 for "the Magdi Yacoub Heart Foundation".

SODIC ART



We believe that art is of the essence of a society. It can be a beautiful drawing, a poem or even a graffiti; we encourage our community to boost up its creativity & innovation by hosting inspiring events, and integrating the concept of creative hubs in all our projects.

SODIC is a keen supporter for the arts, sponsoring a number of exhibitions and local talents throughout the years.

Orchestra In Art

Orchestra In Art was held for the first time in 2017, sponsored by SODIC, proudly supporting ArtsMart gallery to bring our community one of the most inspiring events of the year "Orchestra In Art".

The CARAVAN

CARAVAN travelling exhibition of the visual arts was proudly sponsored by SODIC for three consecutive years. The Key Exhibition in 2016, "The Bridge" in 2015, and "Amen" in 2014.

SODIC Art Symposium

SODIC Art Symposium was launched in 2011 when SODIC started a string of art symposiums each revolving around a different subject and production medium. The artwork was created by Egyptian and international artists and is now on display at Allegria, Fortywest, and SODIC West.

SODIC SPORTS



We believe in the importance of a well-balanced life and the importance of offering our community the environment to enhance outdoor living and their athletic abilities. We ensured our master-plans empower our community to live a healthy life, thought signature golf courses and outdoor fitness stations to cycling, walking and jogging paths. Across our projects, we hosted a great number of events along the years. Naming a few,

SODIC Charity Run In 2017

In partnership with Cairo runners, SODIC West witnessed an energetic day filled with over 7,000 runners from all over Cairo who gathered in solidarity to join our annual SODIC Charity Run in support of the Magdi Yacoub Heart Foundation.

SODIC and Breast Cancer Foundation Run Against Cancer

In 2016 over 3,000 runners came together in honour of October Breast Cancer Awareness month and in support of the Breast Cancer Foundation of Egypt (BCFE), and run 6 kilometres across SODIC West to raise awareness about breast cancer. All funds raised were donated to BCFE.

SODIC and Baheya Run Against Cancer

In 2015 the event sought to raise awareness about breast cancer and raise funds for Baheya Hospital.

STARS National Tennis Tournament

In 2013 SODIC proudly hosted in association with the Egyptian Tennis Federation, the 2013 STARS National Tennis Tournament held in Beverly Hill. Some of Egypt's leading tennis players participated across different age groups from 10 to 18 years old.

SODIC GREEN



We believe that thinking green gives our community the perfect environment to revive, and secures the future for new generations to come. To this end, SODIC has embarked on several initiatives to promote a more sustainable living experience within its developments.

SODIC Ride

We created the concept of SODIC Ride; it is an internal, hassle-free and eco-friendly mode of transportation for all SODIC West residents using fully rechargeable electric powered golf carts that charge at Solar Power Charging Station. The main purpose of this initiative is to use clean energy to connect SODIC West commuters hence, reducing the use of cars and pollution levels.

Baddel

SODIC has also worked closely with Baddel, a solution providing leasable bicycles to users across Westown to reduce carbon immissions by cars. Baddel will give an eco-friendly option for transportation within SODIC West. Eight bike stations have already been placed and distributed around SODIC West in preparation to operate in 2018.



CONSOLIDATED FINANCIAL STATEMENTS

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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, 2017, 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, 2017, 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 March 1st, 2018

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note no.	2017 EGP	2016 EGP
Non-current assets			
Property, Plant and equipment	(23)	293 356 731	107 276 928
Projects under construction	(24)	7 224 581	160 661 837
Biological Assets under construction	(25)	7 155 205	6 408 365
Investments in associates and joint ventures	(26)	-	-
Investments - available for sale	(27)	4 250 000	4 250 000
Investment properties	(28)	100 640 819	101 864 178
Notes receivables	(29)	7 491 486 453	6 657 311 976
Total non-current assets		7 904 113 789	7 037 773 284
Current assets			
Other assets	(15)	6 612 533	5 201 605
Completed units ready for sale	(16)	40 036 102	7 669 865
Works in process	(17)	8 010 655 682	7 194 030 716
Trade and notes receivable	(18)	3 731 853 644	3 093 930 806
Debtors and other debit balances	(19)	1 381 356 958	866 211 339
Loans to joint ventures	(20)	-	-
Investments in treasury bills	(21)	106 401 376	298 249 707
Cash at banks and on hand	(22)	3 490 082 191	2 272 843 670
Total current assets		16 766 998 486	13 738 137 708
Total assets		24 671 112 275	20 775 910 992
Equity			
Issued & paid in capital	(30)	1 369 194 672	1 355 638 292
Legal reserve	(31)	206 217 101	195 088 853
Special reserve - share premium	(32)	1 389 595 728	1 357 933 479
Retained earnings		1 408 181 914	822 185 185
Treasury shares	(33)	(12 833)	(12 833)
Profit from sale of treasury shares	(34)	1 725 456	1 725 456
Reserve for employee stock option plan	(53)	1 645 597	18 276 121

	Note no.	2017 EGP	2016 EGP
Equity attributable to equity holders of the Company		4 376 547 635	3 750 834 553
Non-controlling interests	(35)	66 686 563	70 180 204
Total equity		4 443 234 198	3 821 014 757
Non-current liabilities			
Loans - long term	(36)	957 398 523	1 022 542 421
Notes payable - long term	(37)	353 024 284	775 224 846
Deferred tax liabilities	(13)	12 443 280	15 662 625
Total non-current liabilities		1 322 866 087	1 813 429 892
Current liabilities			
Bank - credit facilities	(40)	2 814 717	3 405 400
Loans - Short term	(36)	536 502 676	169 640 020
Contractors, suppliers and notes payable	(42)	756 163 682	849 986 725
Advances - from customers	(41)	15 496 559 259	12 619 201 231
Creditors and other credit balances	(43)	1 973 740 918	1 406 387 940
Provision for completion	(38)	132 649 205	86 429 141
Provisions	(39)	6 581 533	6 415 886
Total current liabilities		18 905 011 990	15 141 466 343
Total liabilities		20 227 878 077	16 954 896 235
Total equity and liabilities		24 671 112 275	20 775 910 992

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

Financial Manager

Mohsen Mostafa

Group Financial Controller

Ahmed Hegazi

Chief Financial Officer

Omar Elhamawy

Managing Director

Magued Sherif

Chairman

Hani Sarie El Din

"Auditors' report attached"

CONSOLIDATED STATEMENT OF PROFIT AND LOSS

For The Financial Year Ended December 31, 2017

EGP	Note no.	2017 EGP	2016 EGP
Continuing operations			
Revenues			
Sales of real estate and lands	(5)	2 143 092 694	1 974 388 145
Revenues of Beverly Hills Company for Management of Cities and Resorts		34 928 099	36 723 896
Revenues of Edara for Services of Cities and Resorts Company		95 405 162	41 619 734
Revenues of rental of real state		9 368 985	6 728 247
Revenues from golf course		10 041 512	7 635 671
Total operation revenues		2 292 836 452	2 067 095 693
Cost of sales			
Cost of sales of real estate and lands	(6)	(1 274 013 105)	(1 184 616 380)
Costs of Beverly Hills Company for Management of Cities and Resorts		(37 253 972)	(37 910 950)
Costs of Edara for Services of Cities and Resorts Company		(73 807 024)	(34 520 556)
Costs of rental of real state		(7 145 336)	(4 844 145)
Cost of golf course		(17 801 514)	(13 324 295)
Total operation costs		(1 410 020 951)	(1 275 216 326)
Gross profit		882 815 501	791 879 367
Other operating revenues	(7)	210 703 902	165 940 114
Selling and marketing expenses	(8)	(179 905 492)	(152 965 366)
General and administrative expenses	(9)	(322 950 845)	(262 329 807)
Losses from reversal of sale of investments		-	(50 850 600)
Other operating expenses	(10)	(113 014 111)	(82 942 070)
Operating profit		477 648 955	408 731 638
Finance income	(11)	420 858 639	278 971 841
Finance cost	(12)	(99 838 251)	(85 630 047)
Net finance income		321 020 388	193 341 794
Net profit before tax		798 669 343	602 073 432
Income tax	(13)	(200 041 760)	(160 741 240)
Profit from continuing operations		598 627 583	441 332 192
Profit for the year		598 627 583	441 332 192
Attributable to:			
Equity holders of the Company		597 124 977	429 287 651
Non-controlling interests	(35)	1 502 606	12 044 541
Net Profit for the year		598 627 583	441 332 192
Earnings per share from continuing operations (EGP/ Share)	(14)	(14) 1.74	1.25

* 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, 2017

EGP	Note no.	2017 EGP	2016 EGP
		598 627 583	441 332 192
Total other comprehensive income items for the year after income tax			
		-	-
Total comprehensive income of the year		598 627 583	441 332 192
Total comprehensive income is attributable to:			
Equity holders of the Company		597 124 977	429 287 651
Non-controlling interests	(35)	1 502 606	12 044 541
Total comprehensive income for the year		598 627 583	441 332 192

* 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, 2017

EGP	Issued and paid in capital	Legal reserve	Special reserve- share premium	Retained earnings
Balance as at December 31, 2015	1 355 638 292	184 428 817	1 357 933 479	403 557 570
Total comprehensive income				
Net profit for the year	-	-	-	429 287 651
Other comprehensive income items	-	-	-	-
Total comprehensive income	-	-	-	429 287 651
Transactions with owners of the Company				
Transferred to legal reserve	-	10 660 036	-	(10 660 036)
Set aside amount for bonus and incentive plan	-	-	-	-
Dividends for non-controlling interests	-	-	-	-
Selling of treasury shares	-	-	-	-
Loss from selling of treasury shares	-	-	-	-
Total transactions with owners of the Company	-	10 660 036	-	(10 660 036)
Balance as at December 31, 2016	1 355 638 292	195 088 853	1 357 933 479	822 185 185
Total comprehensive income				
Net profit for the year	-	-	-	597 124 977
Other comprehensive income items	-	-	-	-
Total comprehensive income	-	-	-	597 124 977
Transactions with owners of the Company				
Increase in capital	13 556 380	-	(13 556 380)	-
Transferred to legal reserve	-	11 128 248	-	(11 128 248)
Set aside amount for bonus and incentive plan	-	-	16 630 524	-
Transferred to special reserve- share premium	-	-	28 588 105	-
Dividends for non-controlling interests	-	-	-	-
Total transactions with owners of the Company	13 556 380	11 128 248	31 662 249	(11 128 248)
Balance at December 31, 2017	1 369 194 672	206 217 101	1 389 595 728	1 408 181 914

Treasury shares	Profit / (losses) from selling of treasury shares	Set aside amount for bonus and	Total	Non-Controlling interests	Total equity
(10 162 833)	3 692 867	-	3 295 088 192	90 892 998	3 385 981 190
-	-	-	429 287 651	12 044 541	441 332 192
-	-	-	-	-	-
-	-	-	429 287 651	12 044 541	441 332 192
-	-	-	-	-	-
-	-	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)
10 150 000	(1 967 411)	18 276 121	26 458 710	(32 757 335)	(6 298 625)
(12 833)	1 725 456	18 276 121	3 750 834 553	70 180 204	3 821 014 757
-	-	-	597 124 977	1 502 606	598 627 583
-	-	-	-	-	-
-	-	-	597 124 977	1 502 606	598 627 583
-	-	-	-	-	-
-	-	(16 630 524)	-	-	-
-	-	-	28 588 105	-	28 588 105
-	-	-	-	(4 996 247)	(4 996 247)
-	-	(16 630 524)	28 588 105	(4 996 247)	23 591 858
(12 833)	1 725 456	1 645 597	4 376 547 635	66 686 563	4 443 234 198

CONSOLIDATED STATEMENT OF CASH FLOWS

For The Financial Year Ended December 31, 2017

	Note no.	2017 EGP	2016 EGP
Cash flows from operating activities			
Net profit for the year before tax		798 669 343	602 073 432
Adjustments for:			
Depreciation of fixed assets and investment properties	(23), (28)	32 160 660	22 938 359
Capital gain	(7)	(1 215 698)	(686 591)
Return on investments in treasury bills	(11)	(262 624 402)	(114 189 691)
Impairment loss of debtors, trade receivables and loans to joint ventures	(10)	3 741 621	6 462 307
Reverse of impairment loss of debtors	(7)	(350 320)	-
Provisions formed	(38), (39)	87 837 931	53 259 526
Provisions no longer required	(38), (39)	(11 813 167)	(67 000)
Reversal of impairment of property, plant and equipment	(23)	(1 823 247)	27 196 868
Reserve for employee stock option plan	(9), (53)	-	18 125 571
Changes in:			
Other assets		(1 410 928)	3 637 669
Finished units available for sale		702 050	8 008 626
Works in process		(852 428 383)	(288 460 254)
Trade and notes receivable		(1 472 111 964)	(2 864 971 118)
Debtors and other debit balances		(516 553 482)	(334 227 056)
Loans to joint ventures		(1 968 789)	(919 900)
Provisions used	(38), (39)	(29 639 054)	(31 350 523)
Advances from customers		2 877 358 028	3 737 076 344
Contractors, suppliers and notes payable		(516 023 605)	(667 933 200)
Creditors and other credit balances		364 091 873	305 007 684
Restricted cash		51 984 523	195 799 774
Net cash generated from operating activities		548 582 990	676 780 827
Cash flows from investing activities			
Payments for purchase of fixed assets, projects under construction and biological assets		(60 666 938)	(42 931 028)
Payments for investments in treasury bills		(6 319 675 632)	(3 610 040 999)
Proceeds from investments in treasury bills		6 774 148 365	3 475 755 496
Proceeds from sale of property, plant, equipment		2 114 326	1 060 592
Net cash used in investing activities		395 920 121	(176 155 939)
Cash flows from financing activities			
Proceeds from / (payments for) banks - credit facilities		(590 683)	(46 621 876)
Proceeds from short and long term loans		301 718 758	72 683 547
Proceeds from sale of treasury shares		-	8 182 589
Dividends to non-controlling interests		(4 996 247)	(32 757 335)
Proceeds from bounce and incentive plan		28 588 105	-
Net cash generated from financing activities		324 719 933	1 486 925
Net increase in cash and cash equivalents		1 269 223 044	502 111 813
Cash and cash equivalents at January 1		2 164 139 678	1 662 027 865
Cash and cash equivalents at December 31	(22)	3 433 362 722	2 164 139 678

* 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, 2017

1. Background and activities

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

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

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

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

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

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

1-5. The interim consolidated financial statements of Sixth of October for Development & Investment Company “SODIC” (the Parent Company) for the financial year ended December 31, 2017 comprise the financial statements of the Company and its subsidiaries (together referred to as the “Group”) and the Group's interest in the profit or loss of associates and joint ventures.

The registered office of the Parent Company is located at Km. 38 Cairo / Alexandria Desert Road, Sheikh Zayed City. 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 interim financial statements have been prepared in accordance with Egyptian Accounting Standards and applicable laws and regulations.
- The interim consolidated financial statements were approved by the Board of Directors on February 28, 2018.

3. Functional and presentation currency

- The interim 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 year 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:

	2017 EGP	2016 EGP
Revenues from the sale of units in Allegria project	149 932 441	189 398 097
Revenues from the sale of units in Kattameya Plaza project	6 485 118	20 701 599
Revenues from the sale of units in Eastown Residences project	1 183 949 027	656 257 064
Revenues from the sale of units in The Strip project	6 690 035	64 528 533
Revenues from the sale of units in Forty West project	51 031 933	72 561 434
Revenues from the sale of units in CASA project	1 149 310	4 244 900
Revenues from the sale of units in Westown Residences project	437 288 994	760 469 137
Revenues from the sales of business units in The Polygon project	65 022 123	211 876 506
Revenues from the sale of units in Westown Courtyards project	241 543 713	
	2 143 092 694	1 980 037 270
Less: sales returns of residential and business unites	-	(5 649 125)
	2 143 092 694	1 974 388 145

6. Cost of real estate and land sold

	2017 EGP	2016 EGP
Cost of sales of units in Allegria project	67 779 146	83 937 198
Cost of sales of units in Kattameya Plaza project	4 611 685	11 733 875
Cost of sales of units in Eastown Residences project	770 492 672	504 234 376
Cost of sales of units in The Strip project	2 478 955	29 515 927
Cost of sales of units in Forty West project	32 706 997	47 138 938
Cost of sales of units in CASA project	702 050	2 590 300
Cost of sales of units in Westown Residences project	200 695 458	381 802 416
Cost of sales of business units in The Polygon project	40 767 425	127 168 199
Cost of sales of units in Westown Courtyards project	142 959 460	
Cost of sales - Provision for completion (1-6)	10 819 257	
	1 274 013 105	1 188 121 229
Less: sales returns of residential and business unites		(3 504 849)
	1 274 013 105	1 184 616 380

(1-6) This amount represents the estimated cost for work completion of units that were previously delivered in past years to both Beverly Hills and Casa projects.

7. Other operating revenues

	2017 EGP	2016 EGP
Interest income realized from installments during the year	91 963 859	72 606 004
Assignment, cancellation dues and delay penalties	106 268 441	83 536 241
Other income	8 059 641	5 439 777
Dividends income from associate companies	1 022 697	3 453 951
Reversal of impairment of property, plant and equipment	1 823 246	-
Capital gain	1 215 698	686 591
Provisions no longer required and reversal of impairment of debtors	350 320	217 550
	210 703 902	165 940 114

8. Selling and marketing expenses

	2017 EGP	2016 EGP
Salaries and wages	25 045 506	21 144 508
Sales commissions	73 059 139	65 549 755
Advertising expenses	59 126 668	43 338 648
Conferences and Exhibitions	5 190 683	4 550 966
Advertising events	4 723 116	4 231 157
Rent	2 855 669	2 774 947
Maintenance, cleaning and agriculture	1 521 639	3 103 294
Travel, transportation and cars	687 518	29 699
Professional and consultants fees	2 669 287	1 758 333
Gifts	1 008 328	785 646
Depreciation	840 424	766 899
Employees vacations	105 880	341 690
Fees and stamps	310 223	2 107 327
Printing and photocopying	1 145 064	1 623 931
Others	1 616 348	858 566
	179 905 492	152 965 366

9. General and administrative expenses

	2017 EGP	2016 EGP
Salaries, wages and bonuses (9-1)	161 437 570	116 301 211
Board of Directors' remunerations and allowances	12 783 518	10 652 524
Training, medical care, meals & uniforms	7 391 352	8 921 478
Reserve for employee stock option plan (9-2)	-	18 276 121
Employees' defined benefit plan	32 786	5 489 505
Maintenance, cleaning, agriculture, security and guarding	49 209 107	35 640 791
Professional and consultancy fees	17 165 931	15 034 556
Advertising, exhibitions and conferences	3 478 736	3 434 455
Donations	4 345 266	3 302 868
Gifts	3 035 116	1 552 021
Compensations	6 780 200	-
Administrative depreciation of fixed assets and rented units	21 335 252	14 687 577
Reception and hospitality	2 337 108	1 526 546
Printings and office supplies	6 240 597	4 481 614
Communication, electricity, telephone and water	7 303 139	7 958 392
Subscriptions and governmental dues	2 754 648	2 612 698
Rent	2 591 847	1 759 098
Travel and transportation	3 445 254	2 607 121
Bank charges	5 566 732	3 086 665
Employees vacations	1 413 177	775 460
Insurance installments	612 138	619 403
Others	3 691 371	3 609 703
	322 950 845	262 329 807

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

	2017 EGP	2016 EGP
Salaries	14 034 323	7 764 010
	14 035 323	7 764 010

(9-2) This item represents the change in the fair value of the employees stock options, granted to the executives board members and the directors, at the grant date as mentioned in note no (53)

10. Other operating expenses

	2017 EGP	2016 EGP
Discount for early payment	108 423 319	48 098 670
Provision of claims	165 647	425 647
Impairment losses of fixed assets (*)	-	27 196 868
Impairment losses of debtors and loans to joints ventures	3 921 589	6 462 307
Loss from liquidation of investments	503 556	780
Penalties for late payment	-	757 798
	113 014 111	82 942 070

(*) This item represents 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.

11. Finance income

	2017 EGP	2016 EGP
Interest income	158 234 237	96 249 382
Return on investment in treasury bills	262 624 402	114 189 691
Income from revaluation and sale of investments	-	10 945
Net foreign exchange translation	-	68 521 823
	420 858 639	278 971 841

12. Finance cost

	2017 EGP	2016 EGP
Interest expense	98 928 868	84 291 130
Installments interest Sheikh Zayed land	-	1 338 917
Foreign exchange translation	909 383	
	99 838 251	85 630 047

13. Income tax

A- Items recognized in the profit or loss

	2017 EGP	2016 EGP
Current income tax	202 908 647	158 740 630
Deduct income tax on dividends	352 458	2 470 677
Deferred income tax (benefit) / expense	(3 219 345)	(470 067)
	200 041 760	160 741 240

B- Deferred tax assets and liabilities movement

December 31, 2017	Balance as at 31/12/2017				
	Balance as at 1/1/2017 asset / (liability) EGP	Charged to profit or loss EGP	Deferred tax resulted in asset EGP	Deferred tax resulted in (liability) EGP	Net deferred tax resulted in (Liability) / Asset EGP
Property, plant and equipment	(424 049)	(1 504 658)	-	(1 928 707)	(1 928 707)
Foreign exchange translation	(15 309 320)	4 703 986	-	(10 605 334)	(10 605 334)
Provisions	70 744	20 017	90 761	-	90 761
Net	(15 662 625)	(3 219 345)	90 761	(12 534 041)	(12 443 280)

December 31, 2016	Balance as at 31/12/2017				
	Balance as at 1/1/2016 asset / (liability) EGP	Charged to profit or loss EGP	Deferred tax resulted in asset EGP	Deferred tax resulted in (liability) EGP	Net deferred tax resulted in (Liability) / Asset EGP
Property, plant and equipment	(881 027)	456 978	-	(424 049)	(424 049)
Foreign exchange translation	-	(15 309 320)	-	(15 309 320)	(15 309 320)
Provisions	57 655	13 089	70 744	-	70 744
Net	(823 372)	(14 839 253)	70 744	(15 733 369)	(15 662 625)

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

	2017 EGP	2016 EGP
Temporary deductible differences	182 441 117	181 357 439
Tax losses carried forward	22 064 009	28 406 347
	204 505 126	209 763 786

14. Earnings per share

Earnings per share as at December 31, 2017, 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:

	2017 EGP	2016 EGP
Net profit for the year (parent company share)	597 124 977	429 287 651
Employees share of profit		
Board of directors' remunerations		
Employees and board of directors share in subsidiaries and associates companies		
	597 124 977	429 287 651
Weighted average number of shares outstanding during the year*	342 298 668	342 298 668
	1.74	1.25

(*) The weighted average number of shares outstanding during the year calculated taking into consideration the increase in issued capital by EGP 13 556 878 distributed over 3 389 095 shares which is utilized by the employees share option plan granted to the executives board members and the directors as per the option plan, which was recorded in the Company's commercial register on February 5, 2017.

15. Other assets

	2017 EGP	2016 EGP
Assets - companies under liquidation	2 683 724	2 683 724
Inventories and letters of credit	3 928 809	2 517 881
	6 612 533	5 201 605

16. Completed units ready for sale

	2017 EGP	2016 EGP
Cost of completed commercial units	38 583 585	5 515 298
Cost of units purchased for resale (16-1)	1 452 517	2 154 567
	40 036 102	7 669 865

(16-1) This item represents the acquisition cost of 2 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.

17. Work in process

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

	2017 EGP	2016 EGP
Allegria project costs	292 462 037	271 416 059
Westown project costs	1 076 273	896 596 317
Kattameya Plaza project costs	2 306 134	6 573 637
Eastown project costs (17-1)	1 412 627	1 649 285 154
Villette project costs (17 -2)	3 920 085	3 271 920 910
Al Yosr for projects and agriculture development project costs (17-3)	335 586 272	333 846 272
The Polygon project costs	69 163 238	109 356 636
Caesar project costs (17-4)	534 615 367	341 447 377
The Strip project costs	-	38 718 503
October Plaza project costs (17-5)	285 577 666	254 241 133
Beverly Hills project costs	504 348	1 395 083
The Strip II and exhibitions land	57 310 082	19 233 635
SODIC East project costs	24 144 363	-
	8 010 655 682	7 194 030 716

(17-1) 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.

(17-2) Villette project costs includes an amount of approximately EGP 2.5 billion 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.

(17-3) The cost includes the value of a 300 acres plot of land related to Al Yosr (subsidiary company) located outside the border of Al-Mansorya - Imbaba - Giza Governorate. The plot has been included to the urban space of Sheikh Zayed City according to the presidential decree no.77 of year 2017.

The file of Al Yosr project was presented to New Urban Communities Authority in Sheikh Zayed City. The measurement of the plot area was conducted by Ain Shams University, and the New Urban Communities Authority is in the process of calculating the fees related to changing the purpose from agricultural activity to integrated urban activity in addition to the cost of infrastructure to the plot.

(17-4) Caesar project costs includes the cost of purchasing 172 000 m2 land plot in Ras-Elhekmah on the north coast amounting to approximately EGP 190 Million.

(17-5) Includes the acquisition cost of 30.998 acres plot in the northern expansion area in Sixth of October City.

18. Trade and notes receivable

	2017 EGP	2016 EGP
Trade receivable	114 011 450	106 467 845
Notes receivable (18-1)	3 651 132 663	3 015 978 510
	3 765 144 113	3 122 446 355
Deduct : unamortized interest - notes receivable	33 007 666	28 247 395
	3 732 136 447	3 094 198 960
Deduct : Impairment losses of trade and notes receivable	282 803	268 154
	3 731 853 644	3 093 930 806

(18-1) The balance includes an amount of EGP 159 471 203 that represents the net amount of notes receivable relating to SODIC East project with a gross amount of EGP 227 816 004. The gross amount was decreased by EGP 68 344 801 representing the share of Heliopolis Housing and Development Company of the residential units mentioned as per the revenue share agreement (70% for the developer and 30% for the owner).

The Group's exposure to credit and currency risks related to trade and notes receivable is disclosed in note no. (45).

19. Debtors and other debit balances

	2017 EGP	2016 EGP
Contractors and suppliers - advance payments	771 113 532	432 844 349
Due from related parties - Joint Venture	35 191 620	35 191 620
Accrued interest	78 583 088	72 321 985
Due from related parties	6 920 792	6 523 612
Prepaid expenses	407 384 209	283 293 285
Deposits with others	5 832 764	2 188 977
Tax Authority	63 531 714	29 678 969
Letter of guarantee cover	1 353 021	-
Due from the bonus and incentives plan to employees and managers fund	364 894	122 736
Debtors from sale of investments (19-1)	3 371 400	3 371 400
Heliopolis Development and Housing Company (19-2)	100 000 000	100 000 000
Debtors from projects maintenance	3 293 401	-
Other debit balances	21 417 553	15 987 605
	1 498 357 988	981 624 538
Deduct : Impairment loss in debtors and other debit balances	117 001 030	115 413 199
	1 381 356 958	866 211 339

(19-1) On December 31, 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.

(19-2) This item representing the amount paid as a down payment to Heliopolis Housing and Development Company, this amount will settle with Heliopolis Housing and Development Company's revenue share in the co-development contract pertaining to New Heliopolis City. Accordingly, the Company will act as a real estate developer for the land plot owned to Heliopolis Housing and Development Company which amounted to 655 acres in New Heliopolis City and Heliopolis Housing and Development Company will earn a share of the revenue with guaranteed minimum amount equal EGP 5.01 billion.

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

The Group's exposure to credit and currency risks related to debtors and other debit balances is disclosed in note no. (45).

20. Loans to Joint Ventures

	2017 EGP	2016 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	135 485 960
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 8 024 766. The loan carries an interest rate of 8.5% per annum.	57 549 521	55 580 734
	193 035 483	191 066 694
Deduct : Impairment for loans to joint ventures	193 035 483	191 066 694
	-	-

21. Investments in treasury bills

	2017 EGP	2016 EGP
Treasury bills at par value	115 550 000	301 148 792
Unearned return on treasury bills	(9 148 624)	(2 899 085)
	106 401 376	298 249 707

The Group's exposure to market risk related to the trading investments is disclosed in note no. (45).

22. Cash at banks and on hand

	2017 EGP	2016 EGP
Bank - time deposits (22-1)	3 094 783 543	2 061 791 704
Bank - current accounts	352 227 069	181 013 101
Checks under collection	41 560 910	27 956 242
Cash on hand	1 510 669	2 082 623
	3 490 082 191	2 272 843 670

(22-1) Deposits include an amount of EGP 56.7 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 538 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:

	2017 EGP	2016 EGP
Cash at banks and on hand	3 490 082 191	2 272 843 670
Less: Restricted-Time Deposits	56 719 469	108 703 992
Cash and cash equivalents in the consolidated statement of cash flows	3 433 362 722	2 164 139 678

The Group's exposure to interest rate risk and currency risk for cash on hands and at banks which is disclosed in note no. (45)

23. Property, plant, equipment

	Golf Course EGP	Lands EGP	Buildings and Constructions EGP
Cost			
Cost at January 1, 2016	93 628 961	56 406 229	37 215 411
Additions during the year	-	-	2 277 572
Disposals during the year	-	-	-
Cost at December 31, 2016	93 628 961	56 406 229	39 492 983
Cost at January 1, 2017	93 628 961	56 406 229	39 492 983
Additions during the year		1 348 922	148 929 659
Disposals during the year			
Cost at December 31, 2017	93 628 961	57 755 151	188 422 642
Accumulated depreciation and impairment losses			
Accumulated depreciation and impairment losses at January 1, 2016	64 608 851	-	13 111 829
Depreciation during the year	1 823 242	-	5 823 315
Accumulated depreciation of disposals during the year			
Impairment losses during the year	212 961 104		
Accumulated depreciation and impairment losses at December 31, 2016	93 628 961	-	18 935 144
Accumulated depreciation and impairment losses at January 1, 2017	93 628 961	-	18 935 144
Depreciation during the year	1 823 247	-	7 593 832
Accumulated depreciation of disposals during the year	-	-	-
Reversal of impairment losses during the year	(1 823 247)	-	-
Accumulated depreciation and impairment losses at December 31, 2017	93 628 961	-	26 528 976
Net book value			
Net Book Value At January 1, 2016	29 020 110	56 406 229	24 103 582
Net Book Value At December 31, 2016	-	56 406 229	20 557 839
Net Book Value At December 31, 2017	-	57 755 151	161 893 666

Vehicles EGP	Furniture and Fixtures EGP	Office Equipment and Communications EGP	Generators, Machinery and Equipment EGP	Leasehold Improvements EGP	Total EGP
18 764 942	21 838 177	22 975 316	22 908 059	11 221 078	284 958 173
3 910 187	3 772 930	4 724 298	3 666 802	309 960	18 661 749
(627 559)	-	(986 932)	(2 723 121)	-	(4 337 612)
22 047 570	25 611 107	26 712 682	23 851 740	11 531 038	299 282 310
22 047 570	25 611 107	26 712 682	23 851 740	11 531 038	299 282 310
4 611 020	4 416 334	7 533 024	3 552 905	42 569 240	212 961 104
(3 016 950)	(10 000)	(90 344)	(2 750)		(3 120 044)
23 641 640	30 017 441	34 155 362	27 401 895	54 100 278	509 123 370
13 666 880	14 591 547	16 664 573	16 568 080	9 878 273	149 090 033
1 907 204	2 262 349	3 311 395	3 805 823	748 764	19 682 092
(456 543)		(969 355)	(2 537 713)	-	(3 963 611)
				-	27 196 868
15 117 541	16 853 896	19 006 613	17 836 190	10 627 037	192 005 382
15 117 541	16 853 896	19 006 613	17 836 190	10 627 037	192 005 382
2 132 760	3 025 053	3 554 169	2 427 419	7 249 440	27 805 920
(2 159 144)	(7 500)	(53 227)	(1 545)	-	(2 221 416)
-	-	-	-	-	(1 823 247)
15 091 157	19 871 449	22 507 555	20 262 064	17 876 477	215 766 639
5 098 062	7 246 630	6 310 743	6 339 979	1 342 805	135 868 140
6 930 029	8 757 211	7 706 069	6 015 550	904 001	107 276 928
8 550 483	10 145 992	11 647 807	7 139 831	36 223 801	293 356 731

* Property, plant, equipment include fully depreciated assets at a cost of EGP 62 757 906 at December 31, 2017

24. Projects under construction

This item is represented as follows:

	2017 EGP	2016 EGP
Buildings and constructions	3 972 754	160 442 022
Advance payments -fixtures and purchasing of fixed assets	2 172 680	219 815
Buildings, Constructions and landscape development	1 079 147	-
	7 224 581	160 661 837

25. Biological asset under construction

On December 31, 2017 the balance of EGP 7 155 205 represents the cost of planting agricultural seedlings and the related costs, irrigation, water, wages, etc. (2016: EGP 6 408 365).

26. Investments in associates and joint ventures

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

	Legal Form	Ownership Percentage		Carrying amount	
		31/12/2017 %	31/12/2016 %	31/12/2017 EGP	31/12/2016 EGP
Royal Gardens for Investment Property Co. (A)	SAE	20	20	-	-
Palmyra SODIC Real Estate Development (B)	Syrian Ltd.	20	50	-	-
				-	-

Summary of financial information of associates and joint ventures:-

	Assets EGP	Liabilities EGP	Equity EGP	Revenues EGP	Expenses EGP
December 31, 2017					
Royal Gardens for Investment Property Co. (A)	264 986 294	(237 193 152)	(27 793 142)	(87 358 570)	79 167 212
December 31, 2016					
Royal Gardens for Investment Property Co. (A)	330 463 327	(299 454 739)	(31 008 588)	(288 643 101)	276 779 179

	Assets EGP	Liabilities EGP	Equity EGP	Revenues EGP	Expenses EGP
December 31, 2017					
Palmyra SODIC Real Estate Development (B)	141 831 198	(1 096 453 673)	954 622 475	(185 505 900)	73 094 158
December 31, 2016					
Palmyra SODIC Real Estate Development (B)	121 084 245	(1 039 794 344)	918 710 099	-	381 482 317

(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.

27. Available for sale investments

This item is represented as follows:

	Legal Form	Ownership Percentage %	Paid amount of Participation %	Carrying amount as at	
				31/12/2017 EGP	31/12/2016 EGP
Egyptian Company for Development and Management of Smart Villages	S.A.E	1.8	100	4 250 000	4 250 000
				4 250 000	4 250 000

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

28. Investment properties

The net carrying amount of the investment properties as at December 31, 2017, amounted to EGP 99 594 468. 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:-

	Leased out units EGP	HUB Project's units EGP	Total EGP
Cost			
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)
At December 31, 2016	20 481 909	86 733 319	107 215 228
At January 1, 2017	20 481 909	86 733 319	107 215 228
Additions during the year	2 735 130	396 251	3 131 381
At December 31, 2017	23 217 039	87 129 570	110 346 609
Less			
Accumulated depreciation			
At January 1, 2016	938 677	1 679 752	2 618 429
Depreciation for the year	294 603	2 961 664	3 256 267
Accumulated Depreciation of Disposals during the year	(523 646)	-	(523 646)
At December 31, 2016	709 634	4 641 416	5 351 050
At January 1, 2017	709 634	4 641 416	5 351 050
Depreciation for the year	1 567 239	2 787 501	4 354 740
At December 31, 2017	2 276 873	7 428 917	9 705 790
Net carrying amount as at January 1, 2016	26 294 409	85 053 567	111 347 976
Net carrying amount as at December 31, 2016	19 772 275	82 091 903	101 864 178
Net carrying amount as at December 31, 2017	20 940 166	79 700 653	100 640 819

29. Notes receivable - Long-term

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

	2017 EGP	2016 EGP
Notes receivable (29-1)	7 572 269 682	6 775 293 620
Deduct: Unamortized interest	80 783 229	117 981 644
	7 491 486 453	6 657 311 976

(29-1) The balance includes an amount of EGP 846 595 820 which represents the net amount of notes receivable - long term related to SODIC East project with a gross amount of EGP 1 209 422 600 decreased by an amount of EGP 362 826 780 which represents Heliopolis Housing and Development Company's share of the residential units mentioned in the revenue share contract (70% for the developer and 30% for the owner).

The Group's exposure to credit, and currency risks related to trade and notes receivable is disclosed in note no. (45).

30. Share capital

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

Shareholder	Number of shares	Share value EGP	Ownership percentage %
Olayan Saudi Investment Company.	43 121 432	172 485 728	12.60
RA Six Holdings Limited	31 992 544	127 970 176	9.35
Rimco EGT Investment LLC	25 484 739	101 938 956	7.45
EFG Hermes Holdings Financial Group	15 183 111	60 732 444	4.44
Norges Bank	13 154 301	52 617 204	3.84
Al- Majid Investments LLC.	10 548 092	42 192 368	3.08
Ismail Omar Elshetawy Gherghar	8 863 755	35 455 020	2.59
Schroder International Selection Fund	7 908 443	31 633 772	2.31
Financial Holdings International LTD	7 267 503	29 070 012	2.12
Walid Bin Seliman Bin AbdElmohssen Abanumey	6 301 380	25 205 520	1.84
Yazeid Bin Seliman Bin AbdElmohssen Abanumey	6 233 653	24 934 612	1.82
Mohamed Bin Seliman Bin AbdElmohssen Abanumey	5 968 118	23 872 472	1.74
Other shareholders	160 271 597	641 086 388	46.82
	342 298 668	1 369 194 672	100

31. Legal Reserve

The balance as at December 31, 2017 is represented as follows:

	EGP
Legal reserve equal 5% of the Company's net profit till year 2015	22 605 965
Add:	
Increase of the legal reserve with the difference between the par value of the treasury shares and its actual cost (according to the Company's Extra-Ordinary General Assembly Meeting held on July 10, 2003).	4 627 374
Increase of the legal reserve with part of capital increase share premium with limits of half of the Company's issued share capital during 2006.	409 123 151
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 2016 net profit.	11 128 248
Deduct:	
The amount used to increase the issued share capital during 2011.	2
	206 217 101

32. Special reserve - share premium

The balance as at December 31, 2017 is represented in the following:

	EGP
Total value of the capital increase share premiums collected for the years 2006 and 2010	1 455 017 340
Add:	
Share premium of the employees' incentive and bonus plan issued during 2007.	90 000 000
The value of selling 712 500 share which has been sold through beneficiaries of incentive and bonus plan during 2014 with EGP 30 per share (after split).	21 375 000
The value of 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.52).	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.52).	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.52).	1 180 000
The value received from the selling of 3 083 938 shares which had been sold by beneficiaries of the employees' incentive and bonus plan during the year by average EGP 9.27 per share.	28 588 105
The value received from the sale of 3 083 938 shares which had been sold by beneficiaries of the employees' incentive and bonus plan during the year by average EGP 9.27 per share.	16 630 524
Deduct:	
Amounts transferred to the legal reserve (Note no.31).	167 855 516
Capital increase - related expenses.	55 240 255
Amount used for share capital increase during 2008.	5 000 000
Amount used for share capital increase during 2017 (Note no.30)	13 556 380
	1 389 595 728

33. Treasury shares

The balance of treasury shares at December 31, 2017 represents shares held by some subsidiary companies in the parent's company share capital.

34. 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.

- 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. (33). Accordingly, the profit from sale of treasury shares reserve becomes EGP 1 725 456.

35. Non-controlling interest

Non-controlling interest balance as at December 31, 2017, represents the interest shares in subsidiary's equity as follows:

	Percent- age %	Profit / (loss) for the year EGP	Non-controlling interest exclud- ing profit / (loss) for the year EGP	as at 31/12/2017 EGP	as at 31/12/2016 EGP
Sixth of October for Development and Real Estate Projects Co. "SOREAL"	0.01	45 616	81 242	126 858	81 242
Beverly Hills for Management of Cities and Resorts Co.	53.25	8 297	28 556 524	28 564 821	28 556 524
SODIC Garden City for Development and Investment Co.	50	1 413 157	33 844 348	35 257 505	38 840 595
Al Yosr for Projects and Agriculture Development Co.	0.001	30	27 033	27 063	27 033
SODIC for Development and Real Estate Investment Co.	0.001	-	20	20	20
Tegara for Trading Centers Co.	4.76	35 236	2 674 142	2 709 378	2 674 142
Edara for Services of Cities and Resorts Co.	0.003	270	644	914	644
Fourteen for Real Estate Investment Co.	0.004		2	2	2

	Percent- age %	Profit / (loss) for the year EGP	Non-controlling interest exclud- ing profit / (loss) for the year EGP	as at 31/12/2017 EGP	as at 31/12/2016 EGP
La Maison for Real Estate Investment Co.	0.004		2	2	2
		1 502 606	65 183 957	66 686 563	70 180 204

36. Long-term loans

	31/12/2017 EGP	31/12/2016 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
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.		
Guarantees:		
Unconditional and irrevocable revenue transfer by which the lender and some of its subsidiaries transfer all current and future proceeds, selling and lease contracts of the current and foreseeable project units to the interest of the "Guarantee agent".		
Accounts mortgage contracts: debt interest and all amounts deposited therein are pledged for the interest of the "guarantee agent", and pledge the project's account.		
Promissory note from the Company (the borrower).		
Grace period:		
12 months from the date of the first drawdown, this applies to the principle amount of the debt only.		
Repayment:		
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 to finance the total amount due to Solidere International following the settlement agreement Tranche (A) to finance any deficit in the cash flows related to the development of specific blocks on Westown Residences in stage (B) tranche (B).	132 543 460	189 347 800
	132 543 460	432 378 495

	31/12/2017 EGP	31/12/2016 EGP
	132 543 460	432 378 495

On April 4, 2017, Sixth of October for Development and Investment Company "SODIC" signed a medium-term syndicated loan contract with group of banks represented by Arab African International Bank "facility agent" with a total amount of EGP 1 300 million on two tranches:

- First tranche amount of EGP 243 million to finance the total debt outstanding due to group of banks represented by Arab African International Bank.
- Second tranche amount of EGP 1 057 million to finance "SODIC West" projects located in Kilo 38 Cairo/Alex desert road -Giza-Egypt.

Guarantees:

- Unconditional and irrevocable revenue transfer by which the lender and some of its subsidiaries transfer all current and future proceeds, selling and lease contracts of the current and foreseeable project units to the interest of the "Guarantee agent".
- Accounts mortgage contracts: debt interest and all amounts deposited therein are pledged for the interest of the "guarantee agent", and pledge the project's account.
- Promissory note from the Company (the borrower).

Grace period:

Thirty months from the date of the signature, or September 30, 2019, which is earlier, and this period shall apply to the principal of loan only.

Repayment:

Commenced on September 30, 2019, and repayable in (14) quarterly unequal installments.

On August 30, 2017, Sixth of October for Development and Investment Company "SODIC" signed a medium-term loan contract with Commercial International Bank "CIB" with a total amount of EGP 270 million to finance the development cost of October Plaza Project which will be established on area of 31 acres in northern expansions at sixth of October city.

30 000 000

Guarantees:

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

Grace period:

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

	31/12/2017 EGP	31/12/2016 EGP
	547 365 235	432 378 495

Repayment:

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

	31/12/2017 EGP	31/12/2016 EGP
	547 365 235	432 378 495

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 through the funding of the Real Estate Development Model.

On August 23, 2017, the Company signed the first addendum to the above mentioned loan agreement, increasing the facility amount by EGP 450 million (Tranche b) can be increased with an amount equal to what has been repaid under the facility of (Tranche A) so the total amount of the medium term facility after the increase will be amounted to EGP 1.4 billion. Based on that, the two parties have agreed to amend some of the facility contract terms and conditions.

Guarantees:

- 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.
- Accounts mortgage contracts: debt interest and all amounts deposited therein are pledged for the interest of the bank, and pledge the project's account.

Availability period:

For Tranche A commences from the signing date until December 31, 2017.

For Tranche B commences from the signing date until December 31, 2019.

Grace period:

Three months after the end of availability period, this applies to the principle amount of the loan only.

Repayment:

For Tranche A commences at the end of the grace period, and to be paid on 8 consecutive quarters each 3 months ending, December 31, 2019.

For Tranche B commences at the end of the grace period, and to be paid on 5 consecutive quarters each 3 months ending, December 31, 2019.

Total	1 493 901 199	1 192 182 441
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	31/12/2017 EGP	31/12/2016 EGP
Total	1 493 901 199	1 192 182 441
Deduct: Current portion		
Syndicated loan from Arab African International Bank	-	112 835 680
Loan from CIB	28 402 170	56 804 340
Loan for one of subsidiary from Arab African International Bank	508 100 506	
Total of Current portion	536 502 676	169 640 020
	957 398 523	1 022 542 421

37. Long-term notes payable

	31/12/2017 EGP	31/12/2016 EGP
Total present value of the checks issued to New Urban Communities Authority which are payable till Jan. 1, 2021.	375 000 000	525 000 000
Total present value of the checks issued to New Urban Communities Authority which are payable till June 9, 2018.	-	282 378 711
Total present value of the checks issued to New Urban Communities Authority which are payable till September 8, 2019.	52 574 310	109 819 232
Unamortized interest	(74 550 026)	(141 973 097)
	353 024 284	775 224 846

The Company's exposure to credit risk related to long-term notes payable are disclosed in Note No. (45).

38. Provision for completion

	Balance as at 1/1/2017 EGP	Formed during the year EGP	Used during the year EGP	Provisions no longer required during the year EGP	Balance as at 31/12/2017 EGP
Provision for completion of works (38-1)	86 429 141	87 672 284	(29 639 053)	(11 813 167)	132 649 205
	86 429 141	87 672 284	(29 639 053)	(11 813 167)	132 649 205

(38-1) 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.

39. Provisions

	Balance as at 1/1/2017 EGP	Formed during the year EGP	Used during the year EGP	Provisions no longer required during the year EGP	Balance as at 31/12/2017 EGP
Provision for expected claims	6 415 886	165 647	-	-	6 581 533
	6 415 886	165 647	-	-	6 581 533

- 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.

40. Bank - credit facilities

	31/12/2017 EGP	31/12/2016 EGP
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.	2 814 717	3 405 400
	2 814 717	3 405 400

Information regarding the Group's exposure to interest rate and liquidity risks is disclosed in note no. (45).

41. Advances - from customers

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

	31/12/2017 EGP	31/12/2016 EGP
Advances - SODIC's projects in West Cairo	3 560 912 373	3 189 362 401
Advances - SODIC's projects in East Cairo (41-1)	10 455 303 898	8 108 527 804
Advances - CAESAR Project	1 480 342 988	1 321 311 026
	15 496 559 259	12 619 201 231

(41-1) Advances from customers SODIC East includes amount of 1 136 021 783 EGP which is represented in net of advances from customers with a total contracted value of EGP 1 615 971 818 which has been reduced by EGP 479 950 036 which represents Heliopolis Housing And Development Company's share of the residential units mentioned in the joint operation contract (70% for the developer and 30% for the owner).

42. Contractors, suppliers and notes payable

	31/12/2017 EGP	31/12/2016 EGP
Contractors	169 628 420	120 807 380
Suppliers	12 309 511	4 362 246
Notes payable (42-1)	592 444 478	816 499 412
	774 382 409	941 669 038
Deduct: Unamortized interest-notes payable	18 218 727	91 682 313
	756 163 682	849 986 725

(42-1) Notes payable includes EGP 490 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. (45).

43. Creditors and other credit balances

	31/12/2017 EGP	31/12/2016 EGP
Amounts collected on account for management, operation and maintenance of projects	1 053 508 923	755 358 645
Due to related parties	5 596 161	5 811 157
Accrued expenses	145 641 094	142 512 563
Customers - Beverly Hills - capital contributions	14 191 530	13 602 226
Customers - credit balances	40 121 891	26 170 399
Tax Authority	224 862 242	154 700 886
Dividends payable	91 643	91 643
Accrued compensated absence	4 128 080	2 871 655
Insurance Deposits collected from customers - Against modifications	684 615	835 805
Social insurance	4 500 527	2 699 066
Customers -down payments for sub-development (43-1)	1 000 000	1 000 000
Unearned revenue	10 231 027	10 733 237
Retentions	37 402 922	16 671 859
Due to beneficiaries from Incentive plan	1 192 490	1 192 600
Deposits from others	33 422 842	22 758 959
Premiums of club	375 859 514	237 578 148
Sundry creditors	21 305 417	11 799 092
	1 973 740 918	1 406 387 940

(43-1) This amount represents sub-development from Sheikh Zayed for Real Estate Development, disclosed in note no. (19-1).

The Group's exposure to currency and liquidity risks related to creditors is disclosed in note no. (45).

44. 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 year divided by total equity. The Board of Directors of the Parent Company also monitors the level of dividends to ordinary shareholders.

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

45. Financial risk management

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

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

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, 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 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 1 300 million.
- A medium term loan in the amount of EGP 300 million.
- A medium term loan in the amount of EGP 270 million.
- A medium term loan in the amount of EGP 1 400 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.

45.1. 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, 2017, amounted to EGP 15 021 172 211 (December 31, 2016: EGP 12 470 327 241).

45.2. Liquidity risk

The following are the contractual maturities of financial liabilities:

December 31, 2017	Carrying amount EGP	Less than 1 year EGP	1-2 years EGP	2-5 years EGP
Banks - credit facilities	2 814 717	2 814 717	-	-
Short - term loans	536 502 676	536 502 676	-	-
Long - term loans	957 398 523	-	584 058 925	376 339 598
Contractors and suppliers	181 937 931	181 937 931	-	-
Other creditors	1 973 740 920	1 468 776 627	486 599 050	18 365 243
Notes payable -short term	574 225 751	574 225 751	-	-
Notes payable -long term	353 024 287	-	179 593 417	173 430 870
	4 579 644 805	2 764 257 702	1 250 251 392	568 135 711

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	169 640 020	169 640 020	-	-
Long - term loans	1 022 542 421	-	564 053 131	458 489 290
Contractors and suppliers	125 169 626	125 169 626	-	-
Other creditors	1 406 387 940	983 107 302	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
	4 227 187 352	2 006 139 447	1 543 016 432	678 031 473

45.3. Currency risk

Exposure to currency risk

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

December 31, 2017	USD	Euro	AED
Description			
Cash at banks	8 879 087	130 686	77 120
Notes receivables	6 638 700	-	-
Debtors and other debit balances	-	432 365	-
Advances - from customers	(12 262 002)	-	-
Creditors and other credit balances	(830 187)	-	-
Surplus of foreign currencies	2 425 598	563 051	77 120

December 31, 2016	USD	Euro
Description		
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)	-
Surplus of foreign currencies	1 527 284	1 627 996

45.4. 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	
	31/12/2017 EGP	31/12/2016 EGP
Financial instruments with a fixed rate		
Financial assets	14 424 525 016	12 111 284 193
Financial liabilities	(927 250 038)	(1 500 041 945)
	1 527 284	10 611 242 248
Financial instruments with a fixed rate		
	(1 496 715 916)	(1 195 587 841)
Financial liabilities	(1 496 715 916)	(1 195 587 841)

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

46. 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	31/12/2017 Amount of transaction EGP
Executive managers and Board of Directors (Parent Company)	Executive and Board of Directors	(See note No.9-1).
Palmyra - SODIC for Real Estate Development	Loan for joint projects	1 968 789

B. Balances resulting from transactions with related parties

Party	Item as shown in the consolidated balance sheet	31/12/2017 EGP	31/12/2016 EGP
Palmyra - SODIC for Real Estate Development	Loans to Joint Ventures	193 035 483	191 066 694
	*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.(19)

47. Tax status

Summary of the Company's tax status at the separate 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 2010 has been tax inspected and tax differences has been paid and settled.
- Year from 2011 till 2014 has been inspected and no tax claims have been received till the date of authorizing of these financial statements for issuance.
- Year from 2015 till 2016, the Company has been informed by tax inspection order, a request submitted on December 27, 2107, to postpone tax inspection.
- The Company submits its annual tax return on due dates in accordance with Law No. 91 of 2005.

Salary tax

- Year from 1996 till 2012 has been inspected and tax differences has been paid and settled.
- Years from 2013 till 2016 the Company has been informed by tax inspection order, a request submitted on December 27, 2107, to postpone tax inspection.
- The Company pays the monthly salary tax on a regular basis.

Withholding tax

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

Stamp tax

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

Sales tax

- The Company was inspected from inception till December 31, 2013, and tax differences has been paid and settled.
- Years from 2014 till 2015 has been inspected and no tax claims have been received till the date of authorizing of these financial statements for issuance.
- Year 2016 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.
- According to article 10 has been issued at the official journal and has been started to confession with that law from the day one had been published in the journal.

Real estate property tax

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

48. Capital commitments

Capital commitments as at December 31, 2017 amounted EGP 1 511 161 is represented in contracted and unexecuted works (December 31, 2016: EGP 462 050).

49. Contingent liabilities

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

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 17, 2018.

The parent Company's legal counsel is of the opinion that the parent Company has the right to maintain and exploit this land under the contract

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

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 current classification of recent financial statements.

	EGP
Deferred tax liabilities - Long term	15 309 320
Creditors and other credit balances	(15 309 320)

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

- On January 20, 2016 the extra ordinary general assembly have approved the new employees stock option plan for executive board members and directors through granting shares with special conditions as per stated in the plan that part of the company's shares should be assigned to the employee stock option plan equal to 1% of the company's issued capital annually on five tranches for a period of six years and three months as per annex (1). These shares should be available through the special reserve- additional paid in capital, or through reserves, or part of it, or through retained earnings, or part of it which is to be used in the capital increase, this capital increase is based on the

approval of the Board of Directors as per the proxy granted by the company's extra ordinary general assembly dated January 20, 2016. The grant of the employee stock option plan is done based on a decision from the supervisory committee by the treasurer.

- The board of directors have decided on the meeting dated November 30, 2016 to increase the issued capital from EGP 1 355 638 292 to become EGP 1 369 194 672 by an amount of EGP 13 556 380 divided on 3 389 095 shares of par value EGP 4 per share, this capital increase should be financed from the special reserve- Additional paid in capital, and to be fully utilized by the employees share option plan granted to the executives board members and the directors as per the option plan approved by the extra ordinary general assembly dated January 20, 2016, which have decided to apply the Employees Stock Option Plan for the executive board members and directors through assigning shares with certain conditions. The commercial register was modified on February 5, 2017.

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 31/12/2017 %	As at 31/12/2016 %
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. Al 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 48.93 %, which includes 2.18 % 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 or loss according to the accrual basis of accounting.

F. Dividends

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

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 year during which

the employees become unconditionally entitled to payment. The liability is remeasured at each reporting date and at settlement date based on the fair value of the SAR's. Any changes in the liability are recognized in profit or loss.

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 or loss using the accrual basis. During 2017, the Company suspended the charging profit or loss statement for one year only and will resume charging to profit or loss statement during 2018.

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
- The fair value loss on contingent consideration

classified as a financial liability

- The net gain or loss on hedging instruments that are recognized in profit or loss

Interest income or expense is recognized using the effective interest method. Dividend income is recognized in profit or loss on the date on which the 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. 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 or 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 years 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

Golf course assets

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

Asset	Years
Leased units	20 - 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 risk exposures. Embedded derivatives are separated from the host contract and accounted for separately if certain criteria are met.

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

Cash Flow Hedges

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

derivative is recognised immediately in profit or loss.

The amount accumulated in equity is retained in OCI and reclassified to profit or loss in the same 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 year. 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 profit or loss 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 or loss. Except the impairment loss, Investments in unlisted securities such investments are stated at cost less impairment losses.

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

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 or 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 or loss over the period 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 or 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 year.

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