

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

Separate Financial Statements
For The Financial Period Ended March 31, 2013

And Limited Review Report

 Hazem Hassan
Public Accountants & Consultants

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Hazem Hassan

Public Accountants & Consultants

Pyramids Heights Office Park
Km 22 Cairo/Alex Road
P.O. Box 48 Al Ahram
Giza- Cairo- Egypt

Telephone : (202) 35 36 22 00 - 35 36 22 11
Telefax : (202) 35 36 23 01 - 35 36 23 05
E-mail : egypt@kpmg.com.eg
Postal Code : 12556 Al Ahram

Report on Limited Review of Interim Financial Statements**To The Board of Directors of Sixth of October for Development and Investment Company**
“SODIC”***Introduction***

We have performed a limited review for the accompanying separate balance sheet of Sixth of October for Development and Investment Company “SODIC”, as at 31 March 2013 and the related separate statements of income, cash flows and changes in equity for the three-month then ended, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and fair presentation of these interim financial statements in accordance with Egyptian Accounting Standards. Our responsibility is to express a conclusion on these interim financial statements based on our limited review.

Scope of Limited Review

We conducted our limited review in accordance with Egyptian Standard on Review Engagements 2410, "Limited Review of Interim Financial Statements Performed by the Independent Auditor of the Entity." A limited review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters in the Company, and applying analytical and other limited review procedures. A limited review is substantially less in scope than an audit conducted in accordance with Egyptian Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on these interim financial statements.

Conclusion

Based on our limited review, nothing has come to our attention that causes us to believe that the accompanying separate interim financial statements do not present fairly, in all material respects, the separate financial position of the Company as at March 31, 2012, and of its separate financial performance and cash flows for the three-month then ended in accordance with Egyptian Accounting Standards.

Emphasis of matter***Without qualifying our opinion***

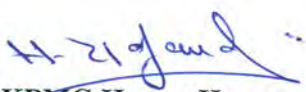
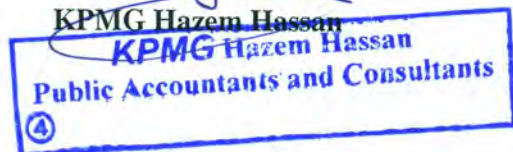
- Regarding to what has been mentioned in details in Note No.(16-c) related to total investment that had been injected for the Company's projects in Syria through the related parties accounts amounting to approximately L.E 498 million till March 31, 2013, the Company was unable to gather the appropriate information, which could enable it to disclose the effect, if any of the

current events taking place on The Arab Republic of Syria on the values of the assets, liabilities and the results of operations in the foreseeable future. These amounts and results may differ significantly in the foreseeable future when reliable indicators and signs become available, which enable the use of those indicators and signs in determining the extent and the impact of the current events on the carrying value of the assets and liabilities included in the financial statements. The Company's management believes that the debit balances due from related Companies in Syria are totally covered by the net value of the assets and properties of the projects in Syria, and the Company's management has no reason to make it believe that these debit balances need to be impaired despite the events that Syria encountering currently.

- As mentioned in details in note (51-1) On March 29, 2012 Sixth of October for Development & Real Estate Projects Co. "SOREAL" (Subsidiary 99.99% owned to Sixth of October for Development and Investment Company "SODIC") has received a letter from the Urban Communities Authority (New Cairo City) dated March 14, 2012 stating that the main real estate committee in its session No. 9 as at January 18, 2012 has decided to cancel the allocation of land plot No. 16 in the investees southern investors east extension area which is allocated to the company and revocation of the contract dated March 13, 2005 and appendix dated September 3, 2006.

On February 14, 2013 the company received a letter issued by the General Secretariat of the Presidency of the Council of Ministers dated February 7, 2013 stating that the ministerial committee to resolve investment disputes decided to cancel the decision issued by the Real Estate Committee on January 18, 2012 to cancel the allocation which is referred to above, and give the company a grace period of three years. The letter also stated that the company should pay a percentage of the difference between the price of the land at time of allocation and current prices taken into the company's incurred expenses, in addition to the fact that the Court of Administrative Justice delivered a judgment in the case filed by the company which stated to stop execution of the appealed decision as well as its consequences.

As mentioned in details in note (51-2) There is a legal dispute between Sixth of October for Development and Investment Company "SODIC" and Solidare – Egypt Company. The Company's management and its external legal consultant believe that the situation of Sixth of October for Development and Investment Company "SODIC" is positive in that dispute.

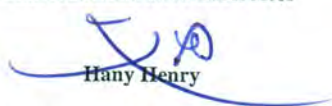
Cairo, May 22, 2013

Sixth of October for Development and Investment Company "SODIC"
(An Egyptian Joint Stock Company)
Separate Balance Sheet
As at March 31, 2013

	Note No.	31/3/2013 L.E	31/12/2012 L.E
<u>Long - term assets</u>			
Fixed assets (net)	(6)	83 554 120	86 634 951
Projects under construction	(7)	1 095 633	1 095 633
Investments in subsidiaries	(8)	520 844 496	520 844 496
Investments - available for sale	(9)	4 277 402	4 277 402
Investment properties (net)	(10)	65 372 367	65 835 835
Investment property advances	(11)	112 950 438	105 523 260
Trade and notes receivable (net)	(12)	1 362 740 260	1 242 642 280
Total long - term assets		2 150 834 716	2 026 853 857
<u>Current assets</u>			
Inventory - Materials		204 205	204 205
Completed units ready for sale	(13)	49 280 983	47 277 755
Works in process	(14)	1 386 028 146	1 310 797 731
Trade & notes receivable (net)	(15)	989 430 504	1 038 848 412
Due from related parties	(16)	1 536 780 478	1 508 336 395
Debtors & other debit balances	(17)	244 297 256	260 983 369
Cash at banks & on hand	(18)	285 924 653	268 773 453
Total current assets		4 491 946 225	4 435 221 320
<u>Current liabilities</u>			
Provision for completion	(19)	115 990 316	127 166 085
Provisions	(20)	18 597 227	22 451 188
Bank - Lenders		7 359 228	11 524
Bank - credit facilities	(21)	51 883 327	34 916 404
loans - Short term	(32)	122 451 097	107 144 710
Advances from customers	(22)	2 827 274 449	2 707 590 184
Contractors, suppliers & notes payable	(23)	117 284 082	127 594 264
Due to related parties	(24)	169 401 415	105 896 427
Creditors & other credit balances	(25)	270 637 690	278 731 081
Total current liabilities		3 700 878 831	3 511 501 867
Working capital		791 067 394	923 719 453
Total investments		2 941 902 110	2 950 573 310
These investments are financed as follows:-			
<u>Shareholders' equity</u>			
Issued & fully paid in capital	(26)	362 705 392	362 705 392
Legal reserve	(27)	181 352 693	181 352 693
Special reserve - share premium	(28)	1 316 921 569	1 316 921 569
Retained earnings		802 786 772	512 544 421
Profit from sale of treasury shares	(29)	3 692 867	3 692 867
Shares kept for bonus & incentive plan	(30)	(80 000 000)	(80 000 000)
Set aside amount for bonus & incentive plan	(31)	25 323 711	25 323 711
Net profit for the period		39 041 928	290 242 351
Total shareholders' equity		2 651 824 932	2 612 783 004
<u>Long-term liabilities</u>			
loans - long term	(32)	214 289 420	256 381 985
Notes payable	(33)	74 242 219	79 951 702
Deferred tax liabilities	(34)	1 545 539	1 456 619
Total long-term liabilities		290 077 178	337 790 306
Total shareholders' equity & long - term liabilities		2 941 902 110	2 950 573 310

* The accompanying notes from (1) to (51) are an integral part of these separate financial statements and to be read therewith.

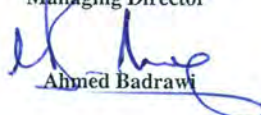
Financial Administrative E.Director


Hany Henry

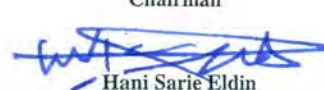
Chief Financial Officer


Salah Shafei

Managing Director


Ahmed Badrawi

Chairman


Hani Sarie Eldin

* Limited Review Report "attached"

Sixth of October for Development and Investment Company "SODIC"
(An Egyptian Joint Stock Company)
Separate Income Statement
For The Financial period Ended March 31, 2013

	Note	Three-months ended in 31/03/2013	Three-months ended in 31/03/2012
	<u>No.</u>	L.E	L.E
Sales (net)	(35)	108 094 641	266 545 357
Cost of sales	(36)	(64 248 215)	(195 866 768)
Gross profit		43 846 426	70 678 589
Other operating revenues	(37)	22 624 627	19 332 334
Selling and marketing expenses	(38)	(14 824 081)	(20 000 860)
General and administrative expenses	(39)	(31 724 920)	(36 128 794)
Other operating expenses	(40)	(3 238 924)	(4 580 520)
Operating profit		16 683 128	29 300 749
Finance income	(41)	45 968 300	5 358 110
Finance cost	(42)	(15 757 997)	(14 285 775)
Net finance (cost)/income		30 210 303	(8 927 665)
Net profit for the period - before income tax		46 893 431	20 373 084
Income tax (expense)	(43)	(7 851 503)	123 906
Net profit for the period		39 041 928	20 496 990
Earnings per share (L.E / Share)	(44)	0.43	0.23

* The accompanying notes from (1) to (51) are an integral part of these separate financial statements and to be read therewith.

Sixth of October for Development and Investment Company "SODIC"
(An Egyptian Joint Stock Company)
Separate Statement of Changes in Equity
For The Financial period Ended March 31, 2013

	Issued & paid in <u>capital</u> L.E	Legal <u>reserve</u> L.E	Special reserve- <u>share premium</u> L.E	Treasury <u>shares</u> L.E	Profit from sale <u>of treasury shares</u> L.E	Shares kept for <u>bonus & incentive plan</u> L.E	Set aside amount for <u>bonus & incentive plan</u> L.E	Retained <u>earnings</u> L.E	Net profit / (loss) for <u>the year</u> L.E	<u>Total</u> L.E
Balance as at December 31, 2011	362 705 392	181 352 693	1 316 921 569	(18 018 000)	-	(80 000 000)	25 267 256	635 902 754	(123 358 333)	2 300 773 331
Share capital increase	-	-	-	-	-	-	-	-	-	-
Amount transferred to retained earnings	-	-	-	-	-	-	-	(123 358 333)	123 358 333	-
Net Income for the year	-	-	-	-	-	-	-	-	20 496 990	20 496 990
Balance as at March 31, 2012	362 705 392	181 352 693	1 316 921 569	(18 018 000)	-	(80 000 000)	25 267 256	512 544 421	20 496 990	2 321 270 321
Balance as at December 31, 2012	362 705 392	181 352 693	1 316 921 569	-	3 692 867	(80 000 000)	25 323 711	512 544 421	290 242 351	2 612 783 004
Amount transferred to retained earnings	-	-	-	-	-	-	-	290 242 351	(290 242 351)	-
Net profit for the Year	-	-	-	-	-	-	-	-	39 041 928	39 041 928
Balance as at March 31, 2013	362 705 392	181 352 693	1 316 921 569	-	3 692 867	(80 000 000)	25 323 711	802 786 772	39 041 928	2 651 824 932

* The accompanying notes from (1) to (51) are an integral part of these separate financial statements and to be read therewith.

Sixth of October for Development and Investment Company "SODIC"
(An Egyptian Joint Stock Company)
Separate Statement of Cash Flows
For The Financial period Ended March 31, 2013

	Note No.	31/3/2013 L.E	31/3/2012 L.E
<u>Cash flows from operating activities</u>			
Net profit for the Period before income tax		46 893 431	20 373 084
<u>Adjustments for :</u>			
Depreciation of fixed assets and rented units		3 699 118	3 730 192
Depreciation of investment properties		455 812	463 468
Capital gains/(losses)		(408)	24 205
Provisions formed	(20)	22 662	22 662
Provision for completion - formed	(19)	4 814 148	16 037 651
Notes Recievables- amortized		-	(4 269 233)
Notes Payable- amortized		-	2 747 887
Credit Interest		-	(3 051 637)
Debit Interest		-	11 537 889
Operating profit / (loss) before changes in working capital items		55 884 763	47 616 168
<u>Changes in working capital items</u>			
Change in units ready for sale		(2 003 228)	-
Change in work in process		(75 230 415)	28 880 259
Change in trade & notes receivables		(70 680 072)	(308 750 902)
Change in due from related parties		(28 444 083)	(14 498 360)
Change in debtors & other debit balances		16 686 113	(25 564 868)
Provisions for completion - used	(19)	(15 989 917)	(10 142 898)
Provisions for completion - used	(20)	(3 876 623)	-
Change in advances from customers		119 684 265	201 558 502
Change in contractors, suppliers & notes payable		(16 019 665)	(5 418 881)
Change in due to related parties		63 504 988	35 487 584
Change in creditors & other credit balances		(15 855 974)	29 975 921
Restricted cash		-	(50 090 000)
Net cash provided from (used in) operating activities		27 660 152	(70 947 475)
<u>Cash flows from investing activities</u>			
Payments for purchase of fixed assets & projects under construction		(614 483)	(4 236 055)
Payments for acquisition of investment properties	(11)	(7 427 178)	(3 523 747)
Proceeds from sale of held for trading investments		-	(10 071 385)
Proceeds from acquisition of treasury bills		-	(51 888 503)
Proceeds from sale of fixed assets		4 260	86 062
		-	2 421 320
Net cash (used in) / provided from investing activities		(8 037 401)	(67 212 308)
<u>Cash flows from financing activities</u>			
Proceeds from bank - credit facilities and long term loans		(2 471 551)	33 622 701
Payments for bank - credit facilities and long term loans		-	(11 537 889)
Net cash provided from financing activities		(2 471 551)	22 084 812
Net change in cash & cash equivalents during the period		17 151 200	(116 074 971)
Cash & cash equivalents at the beginning of the period		218 773 453	350 969 744
Cash & cash equivalents at the end of the period	(18)	235 924 653	234 894 773

* The accompanying notes from (1) to (51) are an integral part of these separate financial statements and to be read therewith.

**Sixth of October for Development and Investment Company "SODIC"
(An Egyptian Joint Stock Company)
Notes to the separate financial statements
For the financial Period ended March 31, 2013**

1- Background and activities

1-1 Sixth of October for Development and Investment Company "SODIC" – An Egyptian Joint Stock Co. – 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:

- Working in the field of purchasing lands for the purpose of providing utilities for them and making them ready for building, dividing these lands and selling or leasing them.
- Working in the field of construction, integrated construction and supplementary works for it.
- Planning, dividing and preparing lands for building according to modern building techniques.
- Building, selling and leasing all various kinds of real estate.
- Developing and reclaiming lands in the urban communities.
- Working in the field of tourist development and in all tourist establishments field including, building , managing , selling or utilizing hotels, motels and tourist villages in accordance with applicable Egyptian laws and regulations.
- Building, managing, selling and leasing – out of the residential, service, commercial, industrial and tourist projects.
- Importing and working as trade agents for that is permitted within the limits of the Company's purpose.(Not with the purpose of trading)
- Financing lease in accordance with Law No. 95 of 1995.
- Working in all fields of information technology and systems, hardware and software (computer software and services).
- Working in all fields of services 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.
- Working in the field of coordinating and planting the gardens, roads and squares and also providing security, steward - ship, maintenance and cleaning services.
- Working 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 whatsoever with companies or others which have similar activities or which may assist it to achieve its purposes in Egypt or abroad. Also it is entitled to merge into or acquire these companies or make them its 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 in the formal listing in Cairo and Alexandria Stock Exchanges.
- 1-5** The registered office of the Company is located at Km. 38 Cairo / Alexandria Deseret Road, Sheikh Zayed City. Mr. Hany Sariy El-Deen is the Chairman of the Board and Mr. Ahmed Demerdash Badrawy is the Member of the Board of Directors

*Sixth of October for Development and Investment Company "SODIC"
"An Egyptian Joint Stock Company"
Notes to the separate financial statements
For the financial period ended March 31, 2013 (Cont.)*

2- Basis of preparation of the financial statements

2-1 Statement of compliance

- These separate financial statements have been prepared in accordance with Egyptian Accounting Standards and relevant Egyptian laws and regulations.
- The financial statements have been authorized by Company's board of directors as May, 21 2013

2-2 Basis of measurement

The separate 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 measured at fair value.
- Held for trading investments measured at fair values.
- Available-for-sale investments measured at fair values.
- Liabilities for cash settled share - based payments transactions measured at fair values.

2-3 Functional currency and presentation currency

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

2-4 Use of estimates and judgments

The preparation of the separate financial statements in conformity with Egyptian Accounting Standards requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about the carrying values of assets and liabilities that are readily apparent from other sources. Actual results may differ from these estimates.

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

The following are the most significant items for which estimates and judgments are used:

- Provisions for claims
- Fixed assets useful life
- Deferred tax
- Accruals
- Provision for completion
- Valuation of investment in subsidiaries
- Valuation of investment properties
- Impairment of debtors and other debit balances
- Impairment of fixed assets

2-5 Consolidated financial statement

The Company has subsidiaries and according to the Egyptian Accounting Standards No. (17) "consolidated and separate financial statements" and Article 188 of the executive regulations for Companies' law No. 159 of 1981, the Company is preparing consolidated financial statements for the Group and it should be used as a reference to understand the financial position, financial performance and cash flows for the group as a whole.

3- Significant accounting policies

The accounting policies set out below have been applied consistently to all years presented in these financial statements:-

3-1 Foreign currency transactions

Transactions in foreign currencies are translated at the foreign exchange rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to Egyptian Pound at the foreign exchange rate in effect at that date. Foreign exchange differences arising on translation are recognized in the income statement. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using exchange rate at the date of the transaction.

3-2 Fixed assets and depreciation

a) Recognition and measurement

- Fixed assets that are used in production, providing goods and services or for administrative purposes are stated at historical cost less accumulated depreciation and impairment losses (note No. 3-10). Cost includes expenditures that are directly attributable to the acquisition of the asset and necessary to have the asset ready for use in the purpose for which the asset was acquired.
- Where parts of an item of fixed assets have different useful lives, they are accounted for as separate items of property, plant and equipment.
- The assets under construction for production or rent or administrative purposes are registered at their cost less impairment losses, where the cost includes professional fees and all other direct expenditures that are directly attributable to the acquisition of the asset. Thus, calculation of depreciation begins when the asset is substantially completed and ready for its intended use.
- The cost of self-constructed assets includes the cost of materials, direct labor and any other cost directly attributable to bringing the asset to a working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located.

b) Subsequent costs

The Company recognizes the cost of replacing part of an item in the carrying amount of such an item of fixed assets, after disposal of the cost of this replacing part, when that cost is incurred and if it is probable that future economic benefits will flow to the Company as a result of replacing this part of such an item and the cost can be measured reliably. All other costs are recognized in the income statement as an expense as incurred.

c) Depreciation

Depreciation is charged to the income statement on a straight-line basis over the estimated useful lives of each part of Property, plant and equipment. The estimated useful lives are as follows: (Land is not depreciated)

<u>Asset</u>	<u>Years</u>
Buildings of the Company's premises	5 – 10
Vehicles	5
Furniture and office equipment	10
Office equipment and communications	5
Generators, machinery and equipment	5
Leasehold improvements	5 or lease term whichever is lower

Sixth of October for Development and Investment Company "SODIC"

"An Egyptian Joint Stock Company"

Notes to the separate financial statements

For the financial period ended March 31, 2013 (Cont.)

3-3 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 are ready for their intended use.

3-4 Investment properties

a) Initial recognition and measurement

This item includes lands held and not allocated for a specific purpose, or lands held for sale on long term as well as the lands and buildings leased to others (by virtue of operating leases). Real estate investments are valued at cost less the accumulated depreciation and "impairment"(3-10). The fair value of these investments are disclosed at the balance sheet date unless if there are cases where the fair value of these investments are difficult to be determined in a reliable manner. In this case such fact shall be disclosed.

b) Depreciation

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

<u>Asset</u>	<u>Years</u>
Leased out units	50
Constructions of golf course	20
Irrigation networks	15
Golf course tools and equipment	15

3-5 Investments

a) Investments in subsidiaries

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

Investments in subsidiaries are stated – when acquired – at its acquisition cost. If a decline in the recoverable amount exists for any investment below the carrying amount "Impairment" (note No. 3-10), the carrying amount of the investment will be adjusted by the amount of such impairment and will be charged to the income statement for each investment.

b) Available -for- sale investments

Financial instruments held by the Company and classified as available-for-sale investment are initially 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 income statement. Investments in unlisted securities or where the fair value of investment can not be determined in a reliable manner such investments are stated at cost less impairment losses (note No. 3-10). Impairment loss is recognized directly in the income statement

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

c) Held for trading investments

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

Treasury bills is recognized by the net value less amortization and impairment losses (note No. 3-10).

3-6 Units ready for sale

Units ready for sale are stated at the lower of cost or net realizable value. The cost is determined based on the outcome of multiplying of the total area of the remaining completed units ready for sale at the balance sheet date by the average meter cost of these units (represents the cost of meter of land, utilities, building and other indirect expenses).

The net realizable value is determined based on the selling price on the ordinary course of business less the estimated costs for the completion and any other necessary costs to complete the sale.

3-7 Work in process

All costs relating to uncompleted work are recorded in work in process account till the completion of work. Work in process is stated in the 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 for their intended use.

3-8 Trade and notes receivables, debtors and other debit balances

Trade and notes receivables are non- interest bearing and are stated at their nominal value and reduced by impairment losses note (3-10). Impairment is recognized when there is objective evidence that the Company is not able to collect the due amounts according to the original terms of contracts. Impairment is the difference between the book value and the recoverable amount which represents the expected cash in flow for the Company.

Long term trade and notes receivables are initially recognized at fair value and subsequently re-measured at amortized cost using effective interest rate method.

3-9 Cash and cash equivalents

For the purpose of preparing statement of cash flows, cash and cash equivalents comprise cash at banks and on hand, time deposits which have maturity date less than three months from the purchase date. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management.

3-10 Impairment of assets

a) Financial assets

A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the effective interest rate. An impairment loss in respect of an available-for-sale financial asset is calculated by reference to its current fair value.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognized in income statement. Any cumulative loss in respect of an available-for-sale financial asset recognized previously in equity is transferred to income statement.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognized for financial assets measured at amortized cost and available-for-sale financial assets that are debt securities, the reversal is recognized in income statement. For available-for-sale financial assets that are equity securities, the reversal is recognized directly in equity.

b) Non-financial assets

The carrying amounts of the Company's non-financial assets, other than, investment property, units ready for sale and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite lives or that are not yet available for use, recoverable amount is estimated at each reporting date.

An impairment loss is recognized if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups. Impairment losses are recognized in the income statement.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are 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.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognized in prior years are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. 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 amortization, if no impairment loss had been recognized.

3-11 Provisions

Provision is recognized in the balance sheet when the Company has a present legal or constructive obligation as a result of past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessment of the time value of money and, where appropriate, the risks specific to the liability.

Provisions are reviewed at the balance sheet date, and revised - when necessary - to reflect the current best estimate.

a- Provision for completion

A provision for completion of work is formed at the estimated value of the completion of the projects (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) this is based on technical studies and measurement to estimate the cost, which are prepared by the Company's technical departments. The necessary provision is reviewed at the end of each reporting period till finalization of all the project works.

3-12 Borrowing costs

Borrowing costs are recognized as expense in the income statement when incurred using the effective interest rate.

3-13 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 income statement over the period of the borrowing using the effective interest rate.

3-14 Suppliers, contractors and other credit balances

Suppliers, contractors and other credit balances are stated at cost.

3-15 Share capital

Common shares are classified in the owners' equity.

a) Issuance of ordinary shares

Incremental costs directly attributable to issue of new ordinary shares are recognized as a deduction from equity net of income tax, if any,.

b) Treasury shares

In case of repurchase of the Company's own shares, the amounts paid for repurchase includes all the direct costs attributable to the repurchase and such amount is classified as treasury shares deducted from the shareholders equity.

c) Dividends

Dividends are recognized as a liability in the period in which they are declared.

d) Finance of the incentive and bonus plan

Equity shares issued for the purpose of the incentive and bonus plan of the Company's employees and managers which are financed by the Company are presented as shares kept for incentive and bonus plan and are included in equity. The resulting outcome from sale of these shares is recognized in equity.

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e) Reserves

As per the Companies' law and the Company's articles of incorporation, 5% of the net profit of the year is set aside to form the legal reserve.

Transfer to the legal reserve may be suspended once the reserve reaches 50% of the Company's issued capital. However, if the reserve balance falls below 50% of the Company's issued capital then transfers to the legal reserve become required to be resumed by setting aside at least 5% of the net profit for the year.

The transferred amount can be recorded at the period in which the general assembly authorized such transfer.

3-16 Share – based payments transactions

a) Equity settled share – based payments

The difference between the grant date fair value of shares and the amount incurred by the beneficiary of the employees and managers bonus and incentive plan is recognized in the income statement over the year that the beneficiaries become unconditionally entitled to these shares. The expected number of beneficiaries from the plan and the extent of their benefit are reviewed at the financial statements date. Necessary changes are made for the expense to reflect the best estimate and the corresponding amount is included in equity under "set aside amount for the bonus and incentive plan" caption.

b) Cash settled share - based payments

Share Appreciation Rights are granted to some of the Company's directors as part of their salaries and compensation package that entitles them to future cash payments based on the increase in the share price of the Company over determined level for certain year of time. The amount or the value of the purchased services and incurred liabilities is measured at the fair value of the said liability and until the settlement of such liability, the Company re-measures the fair value of the liability at each financial position date and at settlement date and takes into account any changes in the recognized fair value of the liability in the income statement.

3-17 Notes payable

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

3-18 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 associated with the transaction will flow to the company and the amount of the revenue can be measured reliably. No revenue is recognized if there are uncertainties regarding the recovery of the consideration due or associated costs.

a) Sales revenue

Revenue from sale of residential units, offices, commercial, service units and villas for which contracts were concluded is recorded when all the ownership risks and rewards are transferred to customers 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 buyer. Net revenue from sales are recorded after deducting discounts and sales returns. 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 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), and also, after excluding the value of any given discounts to the customers. The discounts are recognized as other operating expenses.

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b) Rental income

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

c) Interest income

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

d) Dividends

Dividends income is recognized in the income statement on the date the Company's right to receive payments is established.

3-19 Cost of sold lands

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

3-20 Expenses

a) Lease payments

Payments under leases are recognized in the income statement (less any discounts), on a straight-line basis over the terms of the lease, using the accrual basis of accounting.

b) Employees' pension

1. Pension obligations

The Company contributes to the government social insurance system for the benefit of its personnel in accordance with the social insurance law No. 79 of 1975 as amended. Under this law, the employees and the employers contribute into the system on a fixed percentage-of-salaries basis. The Company's liability is confined to the amount of its contribution. Contributions are charged to income statement using the accrual basis.

2. 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 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 a liability in the financial year at which the declaration has been authorized by the shareholders.

3-21 Income tax

Income tax on the profit or loss for the period/year comprises current and deferred tax. Income tax is recognized in the income statement except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current tax is the expected tax payable on the net taxable income for the year, using tax rates enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax assets/liabilities provided is determined using tax rates enacted at the balance sheet date.

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Deferred tax assets are recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized in the future years.

3-22 Earnings / (losses) per share

Earning / (loss) per share is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period/year in which financial statements are prepared.

4- Determination of fair values

The Company's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and / or disclosure purposes based on the following methods. Where applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

4-1 Investments in equity instruments

The fair value of held for trading investments and available -for- sale investment is determined by reference to market value declared to these shares in stock market at the financial statements date.

4-2 Trade, note receivables and other debtors

The fair value of trade, notes receivable and other debtors is estimated as the present value of future cash flows, discounted at the market rate of interest at the financial statements date.

4-3 Investment property

The fair value is based on market values, being the estimated amount for which property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably , prudently and in free well.

4-4 Share – based payment transactions

The fair value is determined by reference to market value declared at the balance sheet date without deducting the cost related to transactions.

5- Financial risk management

The Company has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

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

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The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The management 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 Company, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations. The Board of Directors of the Company is assisted in its oversight role by the Audit Committee and Internal Audit. Internal Audit undertakes both regular and sudden reviews of risk management controls and procedures, the result of which are reported to the Board of Directors.

5-1 Credit risk

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

Trade and other receivables

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

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

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

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

Investments

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

Guarantees

The Company's policy is to provide financial guarantees only to subsidiaries, it needed, and after the approval of the board of directors, At January 15, 2013 Company's Extra - Ordinary General Assembly meeting agreed to grant a corporate guarantee of a loan granted to Sixth of October for Development & Real Estate Projects Co. "SOREAL" (Subsidiary 99.99% owned to Sixth of October for Development and Investment Company "SODIC").

5-2 Liquidity risk

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

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

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

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

- L.E 435 million as long-term loans guaranteed by a promissory note amounting to the whole amount of the loan. Interest would be payable at the rate of 2.85 % per annum above the CORRIDOR of borrowing rate declared by the Central Bank of Egypt.
- A facility amounting to L.E 45.5 million covered by a guarantee of time deposits amounting to L.E 50 million.
- A facility amounting to L.E 50 million. Interest would be payable at the rate of 2.75 % per annum above the CORRIDOR average and a minimum rate of 12.5%.

5-3 Market risk

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

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

5-4 Currency risk

The Company is exposed to currency risk on sales and financial assets that are denominated in a currency other than the respective functional currencies of Company entities, primarily the US dollar.

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

The Company's investments in its subsidiaries are not hedged as those currency positions are considered to be long-term in nature. The Company does not enter into currency risk hedging contracts.

5-5 Interest rate risk

The company adopts a policy to limit the company's exposure to interest rate risk, therefore the Company's management evaluate the available alternatives for finance and negotiating with banks to obtain the best available interest rates and 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.

5-6 Other market price risk

Equity price risk arises from available-for-sale equity securities and management of the Company 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 Board of Directors.

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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.

5-7 Capital management

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

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

6- Fixed assets

This item is represented as follows:

	<u>Land</u>	<u>Buildings of the Company's premises</u>	<u>Vehicles</u>	<u>Furniture and office fixtures</u>	<u>Office equipments and communication</u>	<u>Generators, machinery and equipment</u>	<u>Leasehold improvements</u>	<u>Total</u>
	L.E	L.E	L.E	L.E	L.E	L.E	L.E	L.E
<u>Cost as at 1/1/2013</u>	24 210 813	46 799 300	7 724 706	8 854 229	15 556 411	3 625 013	13 509 497	120 279 969
Additions	-	-	-	12 840	601 643	-	-	614 483
Disposals	-	-	-	(4 896)	(106 235)	-	-	(111 131)
<u>Cost as at 31/3/2013</u>	<u>24 210 813</u>	<u>46 799 300</u>	<u>7 724 706</u>	<u>8 862 173</u>	<u>16 051 819</u>	<u>3 625 013</u>	<u>13 509 497</u>	<u>120 783 321</u>
Accumulated depreciation as at 1/1/2013	-	10 876 870	6 256 361	2 381 943	8 144 110	1 597 624	4 388 110	33 645 018
Depreciation	-	1 586 696	220 797	217 057	835 203	165 487	666 222	3 691 462
Accumulated depreciation for disposals	-	-	-	(1 573)	(105 706)	-	-	(107 279)
<u>Accumulated depreciation as at 31/3/2013</u>	<u>-</u>	<u>12 463 566</u>	<u>6 477 158</u>	<u>2 597 427</u>	<u>8 873 607</u>	<u>1 763 111</u>	<u>5 054 332</u>	<u>37 229 201</u>
<u>Net book value as at March 31, 2013</u>	<u>24 210 813</u>	<u>34 335 734</u>	<u>1 247 548</u>	<u>6 264 746</u>	<u>7 178 212</u>	<u>1 861 902</u>	<u>8 455 165</u>	<u>83 554 120</u>
<u>Net book value as at March 31, 2012</u>	<u>24 210 813</u>	<u>35 922 430</u>	<u>1 468 345</u>	<u>6 472 286</u>	<u>7 412 301</u>	<u>2 027 389</u>	<u>9 121 387</u>	<u>86 634 951</u>

- Fixed assets include fully depreciated assets costing L.E 5 970 597 as at March 31, 2013 (2012: L.E 4 363 326)

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7- Projects under construction

	31/3/2013	31/12/2013
	<u>L.E</u>	<u>L.E</u>
Company's new premises	1 095 633	1 095 633
	<u>1 095 633</u>	<u>1 095 633</u>

8- Investments in subsidiaries

	Legal Form	Ownership %	Paid amount of Participation %	Carrying amount as at 31/3/2013 <u>L.E</u>	Carrying amount as at 31/12/2012 <u>L.E</u>
SODIC Property Services Co.	S.A.E	51	100	510 000	510 000
Sixth of October for Development and Real Estate Projects Co. (SOREAL)	S.A.E	99.99	100	517 334 516	517 334 516
SODIC for Development and Real Estate Investment Co.	S.A.E	99.99	100	2 999 980	2 999 980
				<u>520 844 496</u>	<u>520 844 496</u>

9- Investments – available for sale

	Legal Form	Ownership %	Paid amount of Participation %	Carrying amount as at 31/3/2013 <u>L.E</u>	Carrying amount as at 31/12/2012 <u>L.E</u>
Egyptian Company for Development and Management of Smart Villages	S.A.E	1.01	100	4 250 000	4 250 000
SODIC for Golf and Tourist Development Co.	S.A.E	0.0025	25	1 250	1 250
Beverly Hills Co. for Management of Cities and Resorts	S.A.E	0.06	100	26 152	26 152
				<u>4 277 402</u>	<u>4 277 402</u>

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

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10- Investment properties

The net carrying amount of the investment properties as at March 31, 2013 amounting to L.E 65 372 367, movement on the investment property item during the year was as follows:-

Description	Units leased out to others	Golf course	Total
<u>Cost</u>	<u>L.E</u>	<u>L.E</u>	<u>L.E</u>
At January 1, 2013	1 531 214	99 377 533	100 908 747
At March 31, 2013	1 531 214	99 377 533	100 908 747
<u>Accumulated depreciation</u>			
At January 1, 2013	185 232	3 190 680	3 375 912
Depreciation for the year	7 656	455 812	463 468
At March 31, 2013	192 888	3 646 492	3 839 380
<u>Deduct:</u>			
Impairment of investment properties (a)	-	31 697 000	31 697 000
Carrying amount as at March 31, 2013	1 338 326	64 034 041	65 372 367
Carrying amount as at December 31, 2012	1 345 982	64 489 853	65 835 835

- (a) This item represent the impairment of the golf course by L.E 31 697 000 due to the increase in its book value over its recoverable amount which have been measured by the value in use.
- There is a difficulty in determining the fair value of the investment properties of the golf course reliably for the purpose of disclosure because of the rarity of such business in Egypt and due to the unavailability of an active market.
 - The fair value of units leased out to others amounts to L.E 7 531 300 as at March 31, 2013.

11- Investment properties advances

This item amounting to L.E 112 950 438 as at March 31, 2013 (2012: L.E 105 523 260) is represented in the amounts paid to SODIC - SIAC for Real Estate Investment Co. (a subsidiary) on account of the acquisition of building No. (1) of the **Polygon project**, to be leased out for others, with total value of L.E 131 704 850 according to the contract concluded between the Company and SODIC SIAC for Real Estate Investment Co. dated January 5, 2010 for the purpose of leasing it out to others. The building will be received during a maximum period of three years from the contract date. This item includes an amount of L.E 5 295 462 representing the amount paid under maintenance, management and operation expenses of the project's public utilities related to the building for three years.

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12- Long - term trade and notes receivable

This item is represented in the present value of long-term trade and notes receivable balance as follows:-

	31/3/2013 <u>L.E</u>	31/12/2013 <u>L.E</u>
Trade receivables	48 789 367	48 789 367
Notes receivable	1 356 339 616	1 240 251 070
	<u>1 405 128 983</u>	<u>1 289 040 437</u>
<u>Deduct:</u> unamortized interest – Notes receivable	42 388 723	46 398 157
	<u>1 362 740 260</u>	<u>1 242 642 280</u>

- The Company's exposure to credit, currency risks and which are related to trade and notes receivable are disclosed in note No.(45).

13- Completed units ready for sale

This item represents the cost of the completed residential units ready for sale as follows:

	31/3/2013 <u>L.E</u>	31/12/2012 <u>L.E</u>
Cost of completed commercial units	6 266 033	4 262 805
Cost of units purchased for resale (13-1)	43 014 950	43 014 950
	<u>49 280 983</u>	<u>47 277 755</u>

- 13-1 This item is represented in the purchasing cost of 63 units in Casa project (Half Finished) that were purchased from Royal Gardens Co. for Real Estate Investment -associate- for the purpose of resale to others.

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14- Work in process

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

	31/3/2013	31/12/2012
	<u>L.E</u>	<u>L.E</u>
<u>Allegria project</u>		
Cost of the Company's land intended for use	114 465 456	121 718 560
Planning, survey, supervision, soil researches	200 460 339	199 871 306
Buildings and utilities	453 866 960	420 982 857
Other costs	109 393 360	96 885 280
Price differences for repurchased units (14-1)	18 150 728	18 150 728
	896 336 843	857 608 731
<u>WESTOWN project</u>		
Cost of the Company's land intended for use	65 767 522	65 767 522
Planning , survey , supervision, soil researches	77 316 227	74 575 173
Buildings and utilities	249 416 269	223 040 887
Other costs	26 845 519	20 985 651
	419 345 537	384 369 233
<u>Fourth phase costs (4A, 4B), showrooms and others</u>		
Cost of land	64 092 443	64 197 715
Planning , survey , supervision and soil researches	1 057 533	1 097 852
Building and utilities	4 821 444	3 149 854
Other costs	374 346	374 346
	70 345 766	68 819 767
	1 386 028 146	1 310 797 731

14-1 This item amounting to L.E 18 150 728 in March 31, 2013 (December 31, 2012: L. E 18 150 728) represent the additional costs for the re-acquisition of some units in Allegria project.

15- Trade and notes receivable - Current

	31/3/2013	31/12/2012
	<u>L.E</u>	<u>L.E</u>
Trade receivables (15-1)	240 771 849	229 409 447
Notes receivable	756 034 525	815 567 518
	996 806 374	1 044 976 965
<u>Deduct:</u> Unamortized interest – notes receivables	7 175 870	5 928 553
	989 630 504	1 039 048 412
Impairment loss of trade and notes receivables	(200 000)	(200 000)
	989 430 504	1 038 848 412

15-1 This item includes an amount of L.E 97,260 million which represents the amount due from SODIC Garden City for Development and Investment Co. (subsidiary).

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

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16- Due from related parties

	31/3/2013	31/12/2012
	<u>L.E</u>	<u>L.E</u>
Sixth of October for Development and Real Estate Projects (SOREAL) – a subsidiary note No. (51-1)	551 614 478	601 584 470
SODIC Garden City for Development and Investment Co. – a subsidiary	2 097 391	527 023
Greenscape for Agriculture and Reclamation Co. – a subsidiary	4 785 269	4 730 436
Move-In for Advanced Contracting Co. – a subsidiary	6 345 838	8 023 491
El Yosr for Projects and Agriculture Development Co. – a subsidiary	37 821 851	20 982 182
SODIC for Development and Real Estate Investment Co. – a subsidiary	254 265 926	253 354 755
SODIC SIAC for Real Estate Investment Co. – a subsidiary	113 359 953	97 234 056
SODIC Syria Co. – a subsidiary (16- a)	424 399 567	392 709 598
Fourteen for Real Estate Investment Co. – a subsidiary (16- b)	51 708 365	47 992 028
La Maison for Real Estate Investment Co. - S.A.E	28 461 242	19 529 938
Edara for Services of Cities and Resorts Co. – a subsidiary	22 874 517	24 859 517
Palmyra Real Estate Development Co. –a Joint project	21 692 000	20 076 903
Tegara for Trading Centers Co. – a subsidiary	2 289 025	1 948 829
SODIC for Golf and Tourist Development Co. – a subsidiary	14 842 005	14 647 841
Other related companies	223 051	135 328
	<u>1 536 780 478</u>	<u>1 508 336 395</u>

(16- a) On June 15, 2010, SODIC Syria Co. –a Syrian limited liability Company- 99% owned by Fourteen for Real Estate Investment Co. which is a wholly owned by a subsidiary was incorporated for the purpose of acquiring a stake of 50% of the share capital of Palmyra Real Estate Development Company–a Syrian limited liability Company. The balance due from SODIC Syria Co. includes an amount of L.E 132 600 000 equivalent to USD 19.5 million transferred to SODIC Syria Co. on September 15, 2010 according to the resolution of the Company's board of directors on September 5 , 2010.

(16- b) The balance due from Fourteen for Real Estate Investment Co. includes an amount of L.E 51 429 592 equivalent to USD 7 563 175 for the purpose of financing Palmyra Real Estate Development Co. –a Joint project as a down payment from the **Bridge Loan** amounting to a total of USD 25 million according to the resolution of the Company's board of directors on October 27, 2010.

(16- c) with reference to what has been mentioned in paragraphs (16- a) and (16- b), above the total amount due from related companies relating to investments in companies and the company's projects in Syria, which is amounting to L.E 497 799 932 as at March 31, 2013.

Considering current situation in Arab Republic of Syria, that has a significant impact on the economic sectors, in general, a matter which may lead to a decline in the economic activities. Therefore, there is a possibility that the said events will have a significant impact on the assets, liabilities, its recoverable/settlement amounts and the results of operations in the foreseeable future. At the present time, it is not possible to quantify the effect on the assets and the liabilities included in the company's financial statements, since quantifying the effect of these events relies on the expected range and the time when these events, and its consequences, are expected to be finished.

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Despite of the events that The Arab Republic of Syria has encountered, which are mentioned in the previous paragraph, the management of the Company believes that the balances due from Syrian Companies and projects are guaranteed and fully recoverable, as the fair values of the assets and the properties of the projects in Syria are higher than the book value of the investments and the balances due from the companies in Syria, this laied on reports of valuation from an independent expert during months of December 2012 and January 2013, Also, generally, there is no restriction on the ownership transfer of these lands except for the pledge of some lands for the benefit of the lending banks, it is worth mentioned that the fair values of the assets of the project is adequate to settle all its liabilities, to cover the investments value and to settle the due balances to the associate companies and the Company has no information regards any problems related to the custody and ownership of these lands.

17- Debtors and other debit balances

	<u>31/3/2013</u>	<u>31/12/2012</u>
	<u>L.E</u>	<u>L.E</u>
Contractors and suppliers – advance payments	138 449 592	163 666 942
Accrued management fees (17-1)	6 375 000	3 933 563
Prepaid expenses	81 392 606	77 410 480
Deposits with others	2 222 726	2 478 482
Due from the bonus and incentive plan to employees and managers fund (17-2)	5 323 710	5 323 710
Other debit balances	10 888 779	8 525 349
	<u>244 652 413</u>	<u>261 338 526</u>
Impairment loss on debtors and other debit balances	(355 157)	(355 157)
	<u>244 297 256</u>	<u>260 983 369</u>

(17-1) The Company undertakes the management of SODIC - Palmyra Real Estate Development Company - a Syrian limited liability Company which SODIC Syria Co. – a subsidiary has a participation of 50% according to the Partners Agreement concluded between this subsidiary and SODIC - Palmyra Real Estate Development Company LTD dated June 16, 2010.

(17-2) This item is represents the amount due from the bonus and incentives plan to employees and managers fund which is represented in the value of dividends of the shares of the bonus and incentives plan for the financial year ended December 31, 2010 according to the resolution of the Ordinary General Assembly Meeting held on April 12, 2011, and its related interests.

- The Company's exposure to credit and currency risks related to other debtors is disclosed in note No. (45).

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18- Cash at banks and on hand

	31/3/2013	31/12/2012
	<u>L.E</u>	<u>L.E</u>
Bank – time deposits (18-1)	186 200 000	103 496 450
Bank – current accounts	84 529 588	137 606 781
Cheques under collection	14 074 552	26 967 784
Cash on hand	1 120 513	702 438
	<u>285 924 653</u>	<u>268 773 453</u>

18-1 Deposits include L.E 50 million restricted as a guarantee for the facilities granted to the Company from some commercial banks.

- The Company's exposure to interest rate risk and sensitivity analysis for financial assets is disclosed in note No. (45).

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

	31/3/2013	31/12/2012
	<u>L.E</u>	<u>L.E</u>
Cash at banks and on hand	285 924 653	268 773 453
<u>Less:</u>		
Restricted cash (facilities guarantee)	50 000 000	50 000 000
Cash and cash equivalent according to separate statement of cash flows	<u>235 924 653</u>	<u>218 773 453</u>

19- Provision for completion

	Balance as at 1/1/2013 <u>L.E</u>	Provision formed during the period <u>L.E</u>	Provision used during the period <u>L.E</u>	Balance as at 31/3/2013 <u>L.E</u>
Provision for completion (19-1)	127 166 085	4 814 148	(15 989 917)	115 990 316
	<u>127 166 085</u>	<u>4 814 148</u>	<u>(15 989 917)</u>	<u>115 990 316</u>

Movement on provision during the year is represented as follows:-

19-1 This provision is formed against the estimated costs to complete the execution of the delivered works and expected to be incurred and finalized during the following years.

20- Provisions

	Balance as at 1/1/2013 <u>L.E</u>	Provision formed during the period <u>L.E</u>	Provision used during the period <u>L.E</u>	Balance as at 31/3/2013 <u>L.E</u>
Provisions for expected claims	22 451 188	22 662	(3 876 623)	18 597 227
	<u>22 451 188</u>	<u>22 662</u>	<u>(3 876 623)</u>	<u>18 597 227</u>

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- Provisions for claims is related to probable claims from some parties regarding the Company's activities, the management is reviewing these provisions each year and adjust the amount of the provision according to the latest developments, discussion and agreements with those parties.
- The information used to be disclosed about the provisions according to accounting Standards were not disclosed as the Company's management believes that doing so will severely affect the result of negotiations with these parties.

21- Bank – credit facilities

	31/3/2013 <u>L.E</u>	31/12/2012 <u>L.E</u>
The amount used from the credit facility granted to the Company from Audi Bank with total amount of L.E 45.5 million and bears interest rate of 1.75% per annum above to the credit interest rate on the guarantying time deposit. This facility is guaranteed by time deposits amounting to L.E 50 million.	30 998 350	15 916 404
The amount used from the credit facility granted to the Company from Audi Bank with total amount of L.E 50 million and bears interest rate of 2.75% per annum above to the CORRIDOR average and a minimum rate of 12.5%.	20 884 977	19 000 000
	<u>51 883 327</u>	<u>34 916 404</u>

22- Advances from customers

This item is represented in the advances from customers for booking and contracting of units and lands as follows:

	31/3/2013 <u>L.E</u>	31/12/2012 <u>L.E</u>
Advances for booking , contracting and installments of residential units (Fourth area)	42 569 186	785 804
Advances - land (Fourth area)	676 599	676 599
Advances – Allegría project	1 366 442 545	1 421 463 826
Advances – Forty West project	203 253 038	212 056 792
Advances – West town Residences project	1 156 571 940	1 025 219 278
Advances – Casa	57 761 141	47 387 885
	<u>2 827 274 449</u>	<u>2 707 590 184</u>

23- Contractors, suppliers and notes payable

	31/3/2013 <u>L.E</u>	31/12/2012 <u>L.E</u>
Contractors	61 482 399	76 550 233
Suppliers	16 417 855	11 200 258
Notes payable (23-1)	40 156 860	42 790 957
	<u>118 057 114</u>	<u>130 541 448</u>
<u>Deduct:</u> Unamortized interest - notes payable	773 032	2 947 184
	<u>117 284 082</u>	<u>127 594 264</u>

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- 23-1** This item includes an amount of L.E 7.03 million which represents the amount due to Sodic Siac Co. for Real Estate Investment (subsidiary)
- The Company's exposure to currency and liquidity risks related to contractors, suppliers and notes payable is disclosed in note no. (45).

24- Due to related parties

	31/3/2013	31/12/2012
	<u>L.E</u>	<u>L.E</u>
Sixth of October for Development and Real Estate Projects (SOREAL)	54 173 890	-
Move - In for Advanced Contracting Co. – a subsidiary	2 528 416	3 458 842
Greenscape for Agriculture and Reclamation Co. – a subsidiary.	3 032 977	3 038 194
Sodic siac Co. for Real Estate Investment – a subsidiary	47 338 584	39 409 628
Tegara for Trading Centers Co. – a subsidiary	55 600 000	55 600 000
SODIC Property Services Co. – a subsidiary	2 712 660	2 712 660
Other related parties	4 023 888	1 677 103
	<u>169 401 415</u>	<u>105 896 427</u>

25- Creditors and other credit balances

	31/3/2013	31/12/2012
	<u>L.E</u>	<u>L.E</u>
Accrued expenses	108 309 707	133 928 613
Amounts collected on account for management, operation and maintenance	89 308 704	84 159 962
Deposits collected from customers – against improvements	172 600	172 600
Customers-credit balances of Polygon project	10 519 728	9 367 037
Liability for cash settled share-based payments transactions – Executive managers	1 277 540	633 261
Bonyan for development and trading Co.	1 914 386	3 413 456
Customers cancellation – credit balance	29 038 213	24 666 518
Dividends payable	91 643	91 643
Tax Authority	22 201 483	14 250 786
Accrued compensated absence	1 698 612	2 562 591
Sundry creditors	6 105 074	5 484 614
	<u>270 637 690</u>	<u>278 731 081</u>

- The Company's exposure to currency and liquidity risks related to creditors is disclosed in note No. (45).

26- Share capital

- The Company's authorized capital was determined at L.E 2 800 million, and the issued capital is L.E 362 705 392 fully paid and distributed over 90 676 348 shares at a value L.E 4 per share.
 - On January 27, 2011, the Extra-ordinary General Assembly meeting of the Company agreed on the stock splitting of the par value of the Company's share of L.E 10 to become L.E 4 per share.
- It's worth mentioning that on March 3, 2011, the Egyptian Financial Supervisory Authority, , approved that the Company's management shall proceed with the procedures of issuing the Company's issued capital of a number of 90 676 348 common cash shares at a par value of L.E 4 each (after splitting) with an increase of L.E 2 to be paid from the legal reserve according to the Company's financial statements

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as at December 31, 2009 . Thus, the issued and fully paid capital has become L.E 362 705 392 distributed over 90 676 348 shares. Annotation was made to this effect in the Company's Commercial Register on June 16, 2011.

The capital structure is as follows:

Shareholder	Number of shares	Share value <u>L.E</u>	Ownership percentage <u>%</u>
October property development limited Co.	14 136 228	56 544 912	15.59
Alian saudian investments limited Co.	11 237 896	44 951 580	12.39
Incentive and bonus plan of employees and managers	3 250 000	13 000 000	3.58
Other shareholders	62 052 224	248 208 900	68.44
	<u>90 676 348</u>	<u>362 705 392</u>	<u>100</u>

27- Legal reserve

According to the Company' statutes, the Company is required to set aside 5 % of annual net profit to form a legal reserve, transfer to the legal reserve may be suspended once the reserve reaches 50% of the Company's issued capital. The reserve balance as at March 31, 2013 is represented as follows:

Legal reserve balance as at 1/1/2003	<u>L.E</u> 6 530 455
<u>Add:</u>	
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. (Note No. 28).	123 409 151
Increase of the legal reserve with part of capital increase share premium during 2007 with limits of half of the Company's issued share capital. (Note No. 28).	5 000 000
Increase of legal reserve with a 5% of the net profit for year 2008.	2 339 350
Increase in legal reserve with a part of the capital share premium during 2010 with limits of half of the Company's issued share capital (Note No. 28)	39 446 365
<u>Deduct:</u>	
The amount used to increase the issued share capital during the year 2011 (Note No. 26).	2
	<u>181 352 693</u>

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28- Special reserve – share premium

The balance is represented in the remaining amount of capital increase share premium for a number of 11 million shares during 2006 and share premium increase of one million share for the incentive and bonus plan during 2007 share premium increase of 7 857 143 shares during 2010 after deducting the amounts transferred to the legal reserve, and also after deducting the issuance expenses of such increase in addition to the amount credited to the share capital according to the Extra Ordinary General Assembly Meeting decision as follows:-

<u>Description</u>	<u>L.E</u>
Total value of the capital increase share premium collected during 2006 and 2010	1 455 017 340
<u>Add:</u>	
Share premium of the employees' incentive and bonus plan issued during 2007	90 000 000
<u>Deduct:</u>	
- Amounts transferred to the legal reserve	(167 855 516)
- Capital increase – related expenses	(55 240 255)
- Amount used for share capital increase during 2008	(5 000 000)
	<u>1 316 921 569</u>

29- Treasury shares

On August 14, 2011, the board of directors of the Company approved the purchase of one million shares as a treasury shares at L.E 18 per share (the par value is L.E 4 per share) with a total amount of L.E 18 018 000 from the shares of the Company offered in the stock exchange and as at August 13, 2012 the Company's board of directors agreed to sell these shares and it has been sold with an amount of L.E 21 710 867 resulting in profit from selling treasury shares with an amount of L.E 3 692 867

30- Shares kept for bonus and incentive plan

This item is represented in the remainder of the amount paid by the Company in return for issuing one million ordinary share with a fair value of L.E 100 per share (before splitting) under account and in favor of the incentive and bonus plan of the Company's employees and managers which are kept in Arab African International Bank.

<u>Description</u>	<u>L.E</u>
For financing of one million shares from the bonus and incentive plan with a fair value of L.E 100 per share (before splitting) during 2007.	100 000 000
<u>Deduct:</u>	
The value of 200 000 shares sold by the beneficiaries from the bonus and incentive plan during December 2007 out of which an amount of L.E 15 million was paid to the Company for L.E 75 per share (before splitting).	20 000 000
	<u>80 000 000</u>

The balance is represented in the remaining balance from the difference between the grant date fair value of shares and the amount incurred by the beneficiary from the incentive and bonus plan for the Company's managers and employees for the shares issued during 2007 in addition to share of the shares of the incentive plan in dividends as follows:-

L.E

25 000 000

5 000 000

20 000 000

5 200 000

123 711

25 323 711

32- Long-term loans

31/12/2012
363 526 695

Guarantees:-

- | |
|-------------|
| 363 526 695 |
| 107 144 710 |
| 256 381 985 |

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33- Long-term notes payable

This item is represented in the following:

	<u>31/3/2013</u> <u>L.E</u>	<u>31/12/2012</u> <u>L.E</u>
Total nominal value of the checks issued to New Urban Communities Authority which are payable during the period from May 2, 2014 till May 2, 2016.	86 144 445	86 144 445
Total nominal value of the checks issued to SODIC SIAC for Real Estate Investment Co. which are payable during the period from 2014 till 2015 (33-1)	1 323 865	7 033 348
	<u>87 468 310</u>	<u>93 177 793</u>
	(13 226 091)	(13 226 091)
Unamortized interest - notes payable	<u>74 242 219</u>	<u>79 951 702</u>

33-1 This amount is represented in the checks issued to SODIC SIAC for Real State Investment Co. - a subsidiary- on account of the purchase of building No.(1) in the **Polygon project** as detailed in note No.(11) above.

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

34- Deferred tax liabilities

	<u>31/3/2013</u> <u>L.E</u>	<u>31/12/2012</u> <u>L.E</u>
Fixed assets	1 545 539	1 456 619
Deferred tax liability	<u>1 545 539</u>	<u>1 456 619</u>

35- Sales (net)

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

	<u>Three-months</u> <u>ended in</u> <u>31/3/2013</u> <u>L.E</u>	<u>Three-months</u> <u>ended in</u> <u>31/3/2012</u> <u>L.E</u>
Sale of villas in Allegria project	110 286 633	264 555 175
Sale of lands	808 010	1 990 182
	<u>111 094 643</u>	<u>266 545 357</u>
Sales returns – Allegria project	(3 000 002)	-
	<u>108 094 641</u>	<u>226 545 357</u>

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36- Cost of sales

	<u>Three-months</u> <u>ended in</u> <u>31/3/2013</u> <u>L.E</u>	<u>Three-months</u> <u>ended in</u> <u>31/3/2012</u> <u>L.E</u>
Cost of villas sold in Allegria project	65 863 146	193 433 729
Cost of lands sold	388 295	2 433 039
	<u>66 251 441</u>	<u>195 866 768</u>
Cost of sales returns – Allegria project	(2 003 226)	-
	<u>64 248 215</u>	<u>195 866 768</u>

37- Other operating revenues

	<u>Three-months</u> <u>ended in</u> <u>31/3/2013</u> <u>L.E</u>	<u>Three-months</u> <u>ended in</u> <u>31/3/2012</u> <u>L.E</u>
Interest income realized from installments during the period	8 222 382	7 715 395
Assignment, cancellation dues and delay penalties	11 167 208	7 463 328
Sundry income	730 214	1 958 761
Management fees (37-1)	2 125 000	1 891 250
Income from management & operation of the golf course	300 000	300 000
Buildings rental income	79 415	3 600
Capital income	408	-
	<u>22 624 627</u>	<u>19 332 334</u>

37-1 This amount represents the management fees due to the Group for management works of Palmyra SODIC for Real Estate Development Company - a Syrian limited liability Company according to the Partners Agreement concluded with Palmyra – SODIC for Real Estate Development Company LTD dated June 16, 2010.

38- Selling and marketing expenses

	<u>Three-months</u> <u>ended in</u> <u>31/3/2013</u> <u>L.E</u>	<u>Three-months</u> <u>ended in</u> <u>31/3/2012</u> <u>L.E</u>
Salaries and wages	4 563 065	4 615 327
Sales commissions	3 322 871	8 191 978
Advertising expenses	2 047 800	2 541 576
Conferences and exhibitions	1 432 140	46 013
Rent	840 065	771 716
Travelling, transportation and vehicles	185 542	107 169
Others	2 432 598	3 727 081
	<u>14 824 081</u>	<u>20 000 860</u>

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39- General and administrative expenses

	<u>Three-months ended in 31/3/2013 L.E</u>	<u>Three-months ended in 31/3/2012 L.E</u>
Salaries, wages and bonuses	14 274 092	18 775 638
Board of directors' remunerations and allowances	480 000	400 000
Professional and consultancy fees	364 851	701 224
Advertising	355 131	89 606
Donations	732 958	684 783
Maintenance, cleaning, agriculture and security	7 481 698	6 190 371
Administrative depreciation of fixed assets and Rented units	4 154 930	4 040 910
Subscriptions and governmental dues	63 365	115 640
Travelling and transportation	356 130	420 967
Communication and electricity	403 279	523 325
Computer supplies	463 004	1 193 251
Others	2 595 482	2 993 079
	<u>31 724 920</u>	<u>36 128 794</u>

This item includes salaries for the executive board of directors as follows:

	<u>Three-months ended in 31/3/2013 L.E</u>	<u>Three-months ended in 31/3/2012 L.E</u>
Salaries & bonuses	8 354 931	1 871 934
Cash settled share-based payments (a)	665 079	824 205
	<u>9 020 010</u>	<u>2 696 139</u>

- (a) On May 16, 2006, the Company's board of directors decided to grant share appreciation rights to some executive board members that entitle them to future cash payments as part of their salaries and bonuses packages. The amount of the cash payment is determined based on the increase in the share price of the Company from grant date until vesting date.

The terms and conditions of the grants which are settled in cash to beneficiaries are as follows:

Parties entitled	Grant date	Number of shares in thousands	Fair value of share at grant date (before splitting) L.E	Market value of share at 31/3/2013 L.E	Conditions
Some executive board members	1/4/2006	-	75	18.89	Vested after 6 months from grant date

The amount of expense charged to the income statement during the period is amounted to L.E 665 079 and the liability balance is amounted to L.E 1 277 540 as at March 31, 2013 was included under creditors and other credit balances caption in the separate balance sheet.

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- (b) This item is represented in the difference between the grant date fair value of the shares granted to the executive directors and the agreed upon share price in accordance with the bonus and incentive plan as shown in Note No.(50) as follows:
- On May 16, 2006, the Company's board of directors approved some other benefits to the Company's managing director which are represented in granting him share appreciation rights for a number of 750 thousand of the Company's shares with exercise price of L.E 75 per share (before split) effective from 1/4/2006 and for five years provided that achieving certain terms and conditions.
 - On March 28, 2007, the board of directors agreed on the monthly salary and the additional benefits granted to the managing director within the employees' incentive and bonus plan (note No. 50) starting from 1/4/2006.
 - On September 23, 2007, the Supervisory Committee of the bonus and incentive plan of employees and executive board members agreed on the allocation of these shares and 75 thousand shares to board members and executive board members as detailed in note No. (50) below. Accordingly, total shares allocated to the board members and executive directors from the bonus and incentive plan reached 1 000 000 shares on that date.

40- Other operating expenses

	<u>Three-months ended in 31/3/2013 L.E</u>	<u>Three-months ended in 31/3/2012 L.E</u>
Discount for early payment	3 216 262	4 478 420
Provision for claims	22 662	77 895
Loss on sale of fixed assets	-	24 205
	<u>3 238 924</u>	<u>4 580 520</u>

41- Finance income

	<u>Three-months ended in 31/3/2013 L.E</u>	<u>Three-months ended in 31/3/2012 L.E</u>
Interest income	4 436 999	3 051 637
Income from treasury bills	-	1 304 275
Resulted from valuation of held for trading investments	-	69 264
Net foreign exchange differences	41 531 301	932 934
	<u>45 968 300</u>	<u>5 358 110</u>

42- Finance cost

	<u>Three-months ended in 31/3/2013 L.E</u>	<u>Three-months ended in 31/3/2012 L.E</u>
Interest expense	13 583 845	11 537 889
Interests of installments of Sheikh Zayed land	2 174 152	2 747 886
	<u>15 757 997</u>	<u>14 285 775</u>

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43- Income tax expense

	<u>31/3/2013</u> <u>L.E</u>	<u>31/3/2012</u> <u>L.E</u>
Current income tax expense	(7 762 583)	-
Deferred income tax (benefit) / expense	(88 920)	123 906
	<u>(7 851 503)</u>	<u>123 906</u>

Reconciliation of effective tax rate

	<u>Tax rates</u>	<u>31/3/2013</u> <u>L.E</u>	<u>31/3/2012</u> <u>L.E</u>
Net profit before income tax	20-25%	46 893 431	20 373 084
Expected tax income on accounting profit		<u>(11 223 358)</u>	-
Effect of provisions		3 973 428	123 906
Tax as shown in the income statement	16,7%	<u>(7 762 583)</u>	<u>(123 906)</u>

44- Earnings per share

Earnings per share are calculated on the basis of net profits of the period and also the weighted average number of shares outstanding during the Period as follows:

	<u>31/3/2013</u> <u>L.E</u>	<u>31/3/2012</u> <u>L.E</u>
Net profit for the period	39 041 928	20 496 990
Shareholders' profit share for the period	<u>39 041 928</u>	<u>20 496 990</u>

Divided by:

Weighted average number of shares outstanding during the period	90 676 348	89 676 348
Earnings per share (L.E/share)	<u>0.43</u>	<u>0.23</u>

45- Financial instruments

45-1 Credit risk

Exposure to credit risk

The carrying amount of financial assets represented in the balances of trade and notes receivables, debtors and cash and cash equivalent represent the maximum credit exposure. These balances amounting to L.E 2 661 429 962 as at March 31, 2013 (December 31, 2012: L.E 2 568 384 387).

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45-2 Liquidity risk

This note represents the contractual maturities of financial liabilities:

March 31, 2013

	Carrying amount <u>L.E</u>	Less than 1 year <u>L.E</u>	1-2 years <u>L.E</u>	2-5 years <u>L.E</u>
Banks – credit facility	51 883 327	51 883 327	-	-
Banks-lenders	7 359 228	7 359 228	-	-
Short-term loans	122 451 097	122 451 097	-	-
Long-term loans	214 289 420	-	107 144 710	107 144 710
Contractors and suppliers	77 900 254	77 900 254	-	-
Other creditors	270 637 690	179 876 025	90 761 665	-
Notes payable – short term	39 383 828	39 383 828	-	-
Notes payable – long term	74 242 219	-	49 936 101	24 306 118
Total	858 147 063	478 853 759	247 842 476	131 450 828

December 31, 2012

	Carrying amount <u>L.E</u>	Less than 1 year <u>L.E</u>	1-2 years <u>L.E</u>	2-5 years <u>L.E</u>
Banks – credit facility	34 916 404	34 916 404	-	-
Banks-lenders	11 524	11 524	-	-
Short-term loans	107 144 710	107 144 710	-	-
Long-term loans	256 381 985	-	-	256 381 985
Contractors and suppliers	87 750 491	87 750 491	-	-
Other creditors	278 731 081	193 262 996	85 468 085	-
Notes payable – short term	39 843 773	39 843 773	-	-
Notes payable – long term	79 951 702	-	55 645 584	24 306 118
Total	884 731 670	462 929 898	141 113 669	280 688 103

45-3 Currency risk

Exposure to currency risk

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

Description	31/3/2013	31/12/2012
	<u>USD</u>	<u>USD</u>
Cash at banks	6 847 459	9 881 816
Other debtors	937 500	625 000
Due from related parties	72 765 315	72 701 028
Banks – credit facility	(18 597)	-
Surplus of foreign currencies	80 531 677	83 207 844

45-4 Interest rate risk

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

	Carrying amount	
	31/3/2013	31/12/2012
	<u>L.E</u>	<u>L.E</u>
<u>Fixed rate instruments</u>		
Financial assets	2 352 170 764	2 281 490 692
Financial liabilities	(113 626 047)	(119 795 475)
	2 238 544 717	2 161 695 217
<u>Variable rate instruments</u>		
Financial liabilities	(395 983 072)	(398 454 623)
	(395 983 072)	(395 454 623)

The Company 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 financial statements date would not affect the income statement.

45-5 Fair values

Fair values versus carrying amounts

The main financial instruments for the Company represents in the balances of cash at banks, investments, trade and notes receivables, its associates and Subsidiaries, suppliers, contractors, notes payables, creditors and other credit balances and the monetary items included in debtors and creditors. The main purpose of these instruments is to finance the Company's activities.

According to the followed evaluation basis in evaluating the Company's assets and liabilities the carrying amounts for these financial instruments shows reasonable evaluation for their fair values.

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46- Transactions with related parties

Related parties are represented in the Company' shareholders, board of directors, executive directors and companies in which they own directly or indirectly shares giving them significant influence or controls over the Group. The Company made several transactions during the Period with related parties and these transactions have been done in accordance with the terms determined by the board of directors of the Company and were approved by the Company's Ordinary General Assembly.

Summary of significant transactions concluded during the period at the separate balance sheet date were as follows:-

			31/3/2013
Party	Nature of relationship	Nature of transaction	Amount of Transaction <u>L.E</u>
Beverly Hills Co. for Management of Cities and Resorts	A subsidiary	Works of agriculture, maintenance and security services for Beverly Hills City.	982 291
Sixth of October for Development and Real Estate Projects (SOREAL)	A subsidiary	Payments on behalf of the Company	104 044 282
Garden City for development and investment	A subsidiary	Purchase of Fixed Assets	100 000
Move-In for Advanced Contracting Co.	A subsidiary	Payments on behalf of the Company	1 570 368
Edara for Services of Cities and Resorts Co.	A subsidiary	Completion and furnishing works	6 058 623
		Rent of managerial Units	84 000
		Works of agriculture, maintenance and security services for Allegria City.	7 024 273
SODIC for Golf and Tourist Development Co.	A subsidiary	Payments on behalf of the Company.	62 758
		Revenue from management and operation of the golf course and club	300 000
Sodic SIAC for Real estate investment	A subsidiary	Works of SODIC SIAC building No.(1)	7 427 178
		Payments on behalf of the Company.	15 624 118

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<u>Party</u>	<u>Nature of relationship</u>	<u>Nature of transaction</u>	<u>31/3/2013 Amount of Transaction L.E</u>
Green scape for Agriculture and Reclamation Co.	A subsidiary	Rent of managerial units	17 400
		Payment on behalf of the company	37 433
Tegara CO. for trading centers	A subsidiary	Expenses on behalf of the company	340 195
El Yosr for Projects and Agriculture Development Co.	A subsidiary	Payment on behalf of the company	3 339 699
Fourteen Co. for Real estate investment	A subsidiary	Payments on behalf of the company	329 762
La maison Co. for Real estate investment	A subsidiary	Payments on behalf of the Company	8 931 304
Sodic for development and Real estate investment	A subsidiary	Payments on behalf of the Company	2 145 025
Executive board members	Board of directors and executive directors		(Note No. 39)

47- Legal status

There is a dispute between the Company and a third 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 Company and the management of the third party. During 2009, this party raised a court case No. 3 of 2009 Civil 6th of October against the 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 and the last one will be held on May 27, 2013. The Company's legal counselor is of the opinion that the 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 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.

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48- Tax status

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

Corporate tax

- A ten – year corporate tax exemption year starting from the year following the date of the activity inception as of 1/1/1998 until 31/12/2007 has been previously granted according to Law No. 59 of 1979 concerning the New Urban Communalities.
- During January 2011, the Company submitted a request to the Tax Authority demanding the amendment of the tax exemption year to start from the date of the actual handing over of the units in the year 2002.
- On January 18th, 2011, the Disputes Dispersal Committee of the Tax Authority considered and studied the Company's request in the light of the date of the actual handing over of the units and the regulations applicable to similar companies. Accordingly, the said committee decided to approve the Company's request thus considering the date of the actual business activity of the Company to be the year 2002, hence, the Company shall be entitled to tax exemption from 1/1/2003 to 31/12/2012, and the amendment was annotated in the Company's tax card.
- The amended tax return for year 2008 was submitted to the Tax Authority.
- The Tax Authority assessed corporate profit tax and moveable income tax for the years from 1996 till 2000 on deemed basis. The Company was notified by the tax forms and the Company has objected on such assessment and the dispute is still regarded on the Internal Committee. During 2010, the inspection was made for the said years and the Company has not received any tax claims till authorizing these financial statements for issuance.
- No tax inspection has been carried out for year from 2001 to 2004 till authorizing these financial statements for issuance.
- Inspection was notified for the year from 2006 till 2008 and was notified by form (19) on 29 April 2012 for the year 2006 approximately and was appealed on May 3, 2012 and a request was submitted for re-inspection in 2006 and re-inspection is being carried on.
- The Company submits its annual tax return on due dates in accordance with Law No. 91 of 2005.

Salary tax

- Tax inspection was carried out until year 2001 and the tax claims were paid according to the assessment of the Internal Committee during September 2004.
- Years from 2002 till 2004 were inspected and the Company has paid the tax differences.
- Years from 2005 till 2010 are under inspection and the Company has not received any tax claims till authorizing these financial statements for issuance.

Withholding tax

Tax inspection was carried out for the previous years and also till the third quarter of 2012 till authorizing these financial statements for issuance.

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Stamp tax

- Tax inspection was carried out for the previous years till 31/7/2006. The tax inspection was carried out and referred to Internal Committee and the resulting differences were paid.
- Inspection for the periods from August 1, 2006 till December .31, 2007 was carried out and the tax differences were paid.
- Tax inspection was carried out for the years from January 1, 2008 till December 31, 2010 and It had been paid completely

Sales tax

- The Company was inspected from inception till August, 2003 and tax differences were paid.
- The Company was inspected from August, 2003 till December, 2010, tax and additional tax were paid.

Real estate property tax

The Company submitted the Real Estate Tax returns for year 2009 on due dates in accordance with Law No. 196 of 2008.

49- Capital commitments

Capital commitment as at March 31, 2013 is represented in contracted and unexecuted works amounting to L.E. 830 601 (2012 : L.E. 749 295)

50- Bonus and incentive plan of the Company's employees and managers

- On 16 October 2006, the Company's Extra - Ordinary General Assembly unanimously agreed to approve the incentive plan of the Company's employees and managers and authorizing the Company's board of directors to issue million share with a fair value of L.E 100 per share (before splitting) and appointing an independent committee for supervising the execution of this plan formed by non – executive members in the board of directors.

The following are the main features of the incentive and bonus plan of employees, managers and executive board directors:

- The bonus and incentive plan works through allocation of shares for the employees, managers and executive board directors.
 - Duration of the plan is four years starting from the date of approval of the plan by the shareholders meeting and each beneficiary is allocated during this year a specified number of shares each year over the plan years according to the allocated shares outlined in the appendix of this plan.
 - The price of share was determined for the beneficiary at L.E 75 per share. (before splitting)
 - The Company shall finance the issuance of the shares of the increase allocated in application of the plan and the value of shares due to the Company will be paid from the proceeds of sale.
- The Company signed a custody agreement with Arab African International Bank on 15 April 2007 to save bonus and incentive shares. The shares of the plan were issued and financed by the Company. Annotation of this increase was registered in the Commercial Registry on July 5, 2007.
 - On September 23, 2007, the Supervisory Committee of the bonus and incentive plan of the Company's employees, executive directors and managers agreed to the selection of the

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beneficiaries and also the number of shares allocated to each one of them. Accordingly, the whole shares of the plan were allocated in full.

- During December 2007, a number of 200 000 shares from the incentive and bonus plan were exercised with average selling price of L.E 226.63 per share. The amounts due to beneficiaries were set aside in special account held by Arab African International Bank until the completion of the prohibition year according to the bonus and incentive plan provisions.
- The number of shares allocated to the plan was increased by 500 000 additional shares.
- On July 3, 2008 the Supervisory Committee of the incentive and bonus plan of the Company's employees, executive directors approved the allocation of 495 000 shares of the total shares to some of the Company's employees and executive directors. Allocation contracts for these shares were signed with the employees and the executive directors during October 2008.
- On December 7, 2009, the Company's Extraordinary General Assembly agreed on the amendment of some articles of the bonus and incentives plan and the allocation contracts of the shares that were approved by the Egyptian Financial Supervisory Authority as follows:
 - Extension of the year of the exercise right stated in the bonus and incentive plan and the allocation contract to be ended on March 2015 instead of March 2011.
 - Amendment of the bonus and incentive plan and the allocation contract to enable the beneficiary from the plan the possibility to transfer the title of the shares allocated to him to be in his name after ending the prohibition year provided the payment of the share price stated in the plan and in this case, the beneficiary is entitled to all rights as determined on the Company' shares.
 - Amendment of article No. (11) of the bonus and incentive plan with respect to the management of the plan to give the board of directors the right – when necessary – of the replacement of a Supervisory Committee member with another one provided that this member to be from non-executive members.
- On April 26, 2010, the Company was notified by the consent of the Egyptian Financial Supervisory Authority on the approval and the amendments made on the bonus and incentive plan.

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Beneficiaries, extent and vesting conditions of granting of shares in accordance with this plan are as follows:

<u>Employees entitled</u>	<u>Grant date</u>	<u>No. of shares in thousands</u>	<u>Fair value of share at grant date</u> <u>L.E</u>	<u>Exercising price</u> (before split) <u>L.E</u>	<u>Conditions</u>
Managing director	28/3/2007	750	100	75	Working from the Company for five years and exercise period from 31/3/2007 till 31/3/2015 – the beneficiary is not entitled to this right if the performance of the Company's share is below CASE 30 by more than 20% for two consecutive years during the vesting year.
Board of director	23/9/2007	75	100	75	According to performance measure and exercise period from 31/3/2007 till 31/3/2015.
Some managers	23/9/2007	175	100	75	According to performance measure and exercise period from 31/3/2007 till 31/3/2015.
Board of director	7/10/2008	25	73.34	75	According to performance measure and exercise period from 31/3/2007 till 31/3/2015.
Some managers	7/10/2008	470	73.34	75	According to performance measure and exercise period from 31/3/2007 till 31/3/2015.

51- Significant events

51-1 The land belongs to Sixth of October for Development and Real Estate Projects Co. "SOREAL"

- As at December 1, 2011 Sixth of October for Development and Real Estate Projects Co. "SOREAL" (A Subsidiary 99.99% owned by Sixth of October for Development and Investment Company "SODIC", As shown in notes (8),(16) the investments in the subsidiary as at December 31, 2012 amounts to L.E 517 334 516 and the due balance from the subsidiary amounts to 497 440 588 – With a request to the Ministerial Committee for resolving investment disputes relating to the dispute with the Urban Communities (Governance of New Cairo City), as the authority didn't fulfill its contractual and legal obligations and authorize the designs submitted by the Company since a period of time.
- A letter from the General Authority for Investment and free zones has issued as at March 6, 2012 to Vice president of New Urban Communities (Governance of New Cairo City). Stating that:
- "At the light of what has been discussed about the subject in the Ministerial committee for resolving investment disputes as at March 5, 2012 in the presence of representatives of the Urban Communities and the Governance of New Cairo City who stated the issuance of the decision of real estate committee of Urban Committee to withdraw the said land plot and the representatives of the company has asked to cease the execution of the said decision as the subject still under study as a preclusion to be submitted to the Ministerial committee for resolving investment disputes. Kindly, to consider the possibility of freezing any procedures against the mentioned Company from the side of Urban Committees till the ministerial committee for resolving investment disputes takes its decision about the request of the Company".

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- It worth mentioning that the Ministerial committee for resolving investment disputes is formed by the decision 461 for the prime minister which is issued according to article 66 of the Law of investments guarantees and incentives No. 8 for the year 1997 to consider the transfer of claims and disputes of investees with Government administrative bodies and the decisions of that committee are conclusive and obligatory to Government administrative bodies where it is not obligatory to investors in the case that the decision is not satisfactory for the investor where he still has the right to refer the issue to the administrative court of law to preserve all his rights.
- Although, the Company, as at March 29, 2012 has received a letter from the Urban Communities Authority (New Cairo City) dated as March 14, 2012 stating that the main real estate committee in its session No. 9 as at January 18, 2012 has decided to cancel the allocation of land plot No. 16 in the investees east extent area which allocated to the company and revocation of the contract dated as March 13, 2005 and appendix dated as September 3, 2006 and this is because of the fact that the Company has not committed to execute the project till to date, which force the Company to take all the necessary legal procedures regarding that issue, including raising the case No.48136 for the year 66 in front of the Administrative Court in the State Council against the minister of housing and others regarding the land of New Cairo requesting to accept the cause initially, stop and cancel the decision to cancel the allotment because it is against the facts and the law, as it is against the contract which states that supplying the main utilities to the land borders and the authority obligation to authorize the submitted designs which the authority didn't fulfill, beside that there is no justification for the decision from the authority to cancel the allotment especially with adherence of the Company to pay the price of the land in full and its permanent concern about the execution of the project, and subjectively to cancel the appealed decision as well as its consequences and force the administration party to pay the expenses and the attorney fees
- On February 14, 2013 the company received a letter issued by the General Secretariat of the Presidency of the Council of Ministers on February 7, 2013 stating that the ministerial group to resolve investment disputes decided to cancel the decision issued by the Real Estate Committee on January 18, 2012 to cancel the allocation which is referred to above, and give the company a notice period of three years. The company is going to pay a percentage of the difference between the price of the land at time of allocation and current prices and it will be taken into account in determining this ratio the company's incurred expenses.
- The judgment had been issued in the case aforementioned No.48136 for the year 66 in the session of April 6, 2013 from the Court of Administrative Justice of the immediate part which stated to stop the execution of the appealed decision as well as its consequences.
- Regarding the legal status of the company in that dispute the external legal consultant of the subsidiary believes that :
 - 1- The company has the right to reclaim the land according to the judgment which had been already done.
 - 2- According to mentioned judgment the authority has to authorize all the designs and issue all the licenses delivered to it.
 - 3- The company has the right to complete both of its projects on the mentioned land and it is worth mentioning that as long as there is an increase in the percentage of improvements at the level it defines and confirms the seriousness of the company regarding the execution.
 - 4- The authority as well as the City council are committed to execute the mentioned judgment till a judgment is delivered in the previously mentioned cause and it worthy to mentioning that this judgment when issued is expected to be in the company's favor for the above disclosed reasons

51-2 The legal dispute with Solider – Egypt Company

- During the year 2007 an agreement for cooperation had been signed between the Company and the Solider International – Lebanon Company to establish real estate project, the agreement includes an option for purchasing 250 000 m² from the company's land in West Town project in El-Sheikh Zayed.
- In the year 2008, Solider International Company had activated the practice of the purchasing option through Solider – Egypt Company for investment and real estate development "Solider – Egypt" - wholly owned Company to Solider International Company -, and Solider Egypt had paid the option value which amounts to L.E 162 million after early payment discount as a result of early payment.
- Till September 11, 2012, Solider Egypt Company didn't develop the purchased land, accordingly didn't fulfill its contractual obligations, which makes Sodic Company takes the legal procedures as at September 11, 2012 toward Solider International and Solider Egypt Company after the Company submitted a request to Ciaro Regional Center for International Commercial Arbitration under the No. of 849 for the year 2012 requesting a sentence admitting the revocation occurrence of the agreed contracts between the Company, Solider International Company and Solider Egypt Company because they didn't fulfill their contractual obligations beside requesting the necessary compensations because unfulfilled the agreements to perceive the Company's and its shareholders rights.
- As at September 19, 2012 the Company has been notified that Solidier Egypt for investment and real estate development "Slidier Egypt" as at September 16, 2012 has raised arbitration claim under the No. of 852 for the year 2012 following the Company's one for the same subject and the same dispute asking the Company to paid an amount of L.E 237.5 million (before early payment discount) in addition to interests and expenses.
- The management of the Company and its external legal consultant believes that:
The situation of Sodic Company in that dispute is positive beside that, Sodic Company has legal evidences to disproof the evidences and says of Solider Egypt Company according to the common intention within the parties and the concluded contracts, and as both cases still in their early stage, the financial effect which could result from the mentioned legal dispute can't be determined in the current time.