KPMG

Hazem Hassan
Public Accountants & Consultants

Sixth of October for Development and Investment Company "SODIC"

(An Egyptian Joint Stock Company)

Consolidated Financial Statements

For The Financial Year Ended December 31, 2012

And Auditor's Report

Translation from Arabic

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

Consolidated Financial Statements
For The Financial Year Ended December 31, 2012

And Auditor's Report

KPMG Hazem Hassan
Public Accountants & Consultants

Translation from Arabic

Contents **Page**

KPMG

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

Translation from Arabic

Auditor's Report

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

Report on the consolidated financial statements

We have audited the accompanying consolidated financial statements of Sixth of October for Development and Investment Company "SODIC" S.A.E, which comprise the consolidated balance sheet as at December 31, 2012, and the consolidated statements of income, changes in equity and cash flows for the financial year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

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

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

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

Translation from Arabic

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Sixth of October for Development and Investment Company "SODIC" as of December 31, 2012, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the Egyptian Accounting Standards and the Egyptian laws and regulations relating to the preparation of these consolidated financial statements.

Emphasis of matter

Without qualifying our opinion

- As mentioned in details in Note No.(48) regarding the parent Company's share (Sixth of October for Development and Investment Company "SODIC") in the total assets of the joint venture on The Arab Republic of Syria in addition to the balance of the loans granted to this joint venture amounting to L.E 370 million with the total of approximately as at December 31, 2012. The Company was unable to obtain the appropriate data, which could enable it to disclose the effect of the current events on The Arab Republic of Syria on the values of the assets, liabilities and the results of operations in the foreseeable future. Since these amounts and results may differ significantly in the foreseeable future had reliable indicators and signs became available, that can had 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 consolidated financial statements.
- The management of the Company believes that its assets and investments with the joint venture entities and the companies in Syria are guaranteed and fully recoverable, as the fair values of the assets and the properties of the projects in Syria are higher than its book values.

- As mentioned in details in Note No.(55-1), On March 29, 2012 Sixth of October for Development and 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 on January 18, 2012 has decided to cancel the allocation of land plot No. 16 in the investees north extent area which is allocated to the company and revocation of the contract dated March 13, 2005 and appendix dated September 3, 2006 and this is due to the allegations that the Company has not committed to execute the project till to date. As shown in note no. (15) the total value of land in addition to the related expenses and costs amounts to EGP 634 K as at December 31, 2012.

Translation from Arabic

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.

As mentioned in details in note (55-2) 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.

KPMG Hazem Hassan

KPMG Hazem Hassan
Public Accountants and Consultants
4

Cairo, February 28, 2013

Translation from Arabic

Sixth of October for Development and Investment Company "SODIC"
(An Egyptian Joint Stock Company)
Consolidated Balance Sheet
As at December 31, 2012

	Note No.	31/12/2012 L.E	31/12/2011 L.E
Long - term assets			
Fixed assets (Net)	(6)	212 879 307	233 396 288
Projects under construction	(7)	9 090 827	5 593 101
Biological Assets		2 419 959	1 347 969
Investments in associates	(8)	-	-
Investments - available for sale	(9)	4 250 000	4 350 000
Amounts paid on account for investments		-	250 000
Investment properties (Net)	(10)	390 938 481	413 521 494
Advance payment for investment properties		9 351 065	12 428 754
Trade, notes receivables and debtors (Net)	(11)	1 549 006 869	923 397 293
Total long - term assets		2 177 936 508	1 594 284 899
Current assets			
Non-current assets held for sale		-	849 861
Other assets	(13)	4 962 175	3 479 269
Completed units ready for sale	(14)	47 277 755	47 277 755
Constructions in process		3 677 787	-
Works in process	(15)	2 845 423 337	2 886 321 290
Trade and notes receivable (Net)	(16)	1 011 631 836	801 927 695
Debtors and other debit balances (Net)	(17)	408 400 721	411 509 752
Loans to Joint Ventures	(18)	85 010 928	80 708 548
Investments in treasury bills	(19)	11 905 376	33 437 200
Cash at banks and on hand	(20)	319 968 597	505 650 445
Total current assets		4 738 258 512	4 771 161 815
Current liabilities			
Provision for completion	(21)	131 248 082	141 728 770
Provisions	(22)	23 078 752	6 935 396
Bank - lenders		11 524	-
Bank - credit facilities	(23)	35 651 373	51 256 820
Loans - Short term	(35)	142 732 070	5 076 688
Customers advances	(24)	3 527 871 427	3 332 044 458
Due to customers - condtructions		1 153 201	-
Contractors, suppliers and notes payable	(25)	141 465 239	110 680 729
Creditors and other credit balances	(26)	416 053 868	311 182 507
Total current liabilities		4 419 265 536	3 958 905 368
Working capital		318 992 976	812 256 447
Total investments		2 496 929 484	2 406 541 346
These investments are financed as follows:			
Equity			
Issued & fully paid in capital	(28)	362 705 392	362 705 392
Legal reserve	(29)	181 352 693	181 352 693
Special reserve - share premium	(30)	1 316 921 569	1 316 921 569
Retained earnings		159 240 396	347 956 204
Treasury shares	(32)	-	(18 018 000)
Profit from sale of treasury shares		3 692 867	-
Shares kept for incentive & bonus plan	(33)	(80 007 242)	(80 007 242)
Amount set aside for incentive & bonus plan	(34)	25 323 711	25 267 256
Net profit/(loss) for the year		250 045 549	(188 715 808)
Cumulative translation adjustments of foreign operations	(31)	(106 071 083)	(34 125 123)
Total equity attributable to the Company		2 113 203 852	1 913 336 941
Non controlling interest	(27)	51 706 038	43 047 944
Total equity		2 164 909 890	1 956 384 885
Long-term liabilities			
Loans - long term	(35)	256 381 985	335 331 037
Creditors - long term	(36)	-	15 000 000
Notes payable	(37)	73 924 905	97 224 471
Deferred tax liabilities	(12)	1 712 704	2 600 953
Total long-term liabilities		332 019 594	450 156 461
Total equity and long - term liabilities		2 496 929 484	2 406 541 346

* The accompanying notes from (1) to (55) are an integral part of these consolidated financial statements and to be red therewith.

Financial & Administrative E. Director	Chief Financial Officer	Deputy Chairman and Managing Director
Mr. Hany Henry	Mr. Salah Shafei	Mr. Maher Maksoud

Hany Henry

* Audit Report "attached"

Translation from Arabic

Sixth of October for Development and Investment Company "SODIC"

(An Egyptian Joint Stock Company)

Consolidated Income Statement

For The Financial Year Ended December 31, 2012

	Note No.	2012 L.E	2011 L.E
Real estate and land sales	(38)	1 401 701 170	516 419 091
Executed construction contracts revenues		-	4 816 385
Service revenues of Beverly Hills City		15 056 459	13 028 262
Service revenues of Allegria project		3 789 179	3 982 745
Revenues from golf course		5 419 579	4 029 069
Total revenues		**1425 966 387**	**542 275 552**
Sales cost of real estate and land	(39)	(871 567 332)	(506 249 344)
Executed construction contracts cost		-	(6 538 212)
Service costs of Beverly Hills City		(28 645 498)	(25 350 218)
Service costs of Allegria project		(14 201 920)	(8 393 402)
Cost of golf course		(14 371 714)	(14 854 918)
Total costs		**(928 786 464)**	**(561 386 094)**
Gross profit/ (loss)		**497 179 923**	**(19 110 542)**
Other operating revenues	(40)	58 846 785	65 779 046
Golf course - impairement		-	(24 313 504)
Selling and marketing expenses	(41)	(90 998 970)	(70 655 152)
General and administrative expenses	(42)	(124 768 524)	(131 578 960)
Other operating expenses	(43)	(52 500 615)	(9 399 241)
Operating profit / (loss)		**287 758 599**	**(189 278 353)**
Finance income	(44)	40 253 340	45 979 227
Finance cost	(45)	(59 972 899)	(42 816 581)
Net finance (cost) / income		**(19 719 559)**	**3 162 646**
Net profit / (loss) for the year before income tax		**268 039 040**	**(186 115 707)**
Income tax expense	(46)	(10 646 556)	(7 037 014)
Net profit / (loss) for the year		**257 392 484**	**(193 152 721)**
Share of the holding Company		250 045 549	(188 715 808)
Non controlling interest share in profits and losses of subsidiaries		7 346 935	(4 436 913)
Net profit / (loss) for the year		**257 392 484**	**(193 152 721)**
Earnings / (Losses) per share (L.E / Share)	(47)	**2.78**	**(2.09)**

The accompanying notes from (1) to (55) are an integral part of these consolidated financial statements and to be red therewith.

Sixth of October for Development and Investment Company "SODIC"
(An Egyptian Joint Stock Company)
Consolidated Statement of Changes in Equity
For The Financial Year Ended December 31, 2012

	Note No.	Issued and paid in capital L.E	Legal reserve L.E	Special reserve-share premium L.E	Treasury shares L.E	Profit from selling of treasury shae L.E	Shares kept for bonus and incentive plan L.E	Set aside amount for bonus and incentive plan L.E	Cumulative translation Adjustments of foreign operations L.E	Retained earnings L.E	Net (loss) / profit for the year L.E	Equity attributable to the Company L.E	Non-controlling interest L.E	Total equity L.E
Balance as at January 1, 2011		362 705 390	181 352 695	1 316 921 569	-	-	(80 007 242)	18 750 000	(483 446)	377 624 935	134 561 956	2 311 425 857	96 048 697	2 407 474 554
Share capital increase	(28)	2	(2)	-	-	-	-	-	-	-	-	-	-	-
Amount transferred to retained earnings		-	-	-	-	-	-	-	-	(30 520 200)	30 520 200	-	-	-
Amount set aside for incentive & bonus plan during the year	(34)	-	-	-	-	-	-	1 250 000	-	-	-	1 250 000	-	1 250 000
Dividends to employees and shareholders		-	-	-	-	-	-	-	-	-	(159 882 156)	(159 882 156)	-	(159 882 156)
Dividends of the shares of the bonus and invective plan for employees & managers	(34)	-	-	-	-	-	-	5 267 256	-	-	(5 200 000)	67 256	-	67 256
Purchase of treasury shares		-	-	-	(18 018 000)	-	-	-	-	-	-	(18 018 000)	(47 499 707)	(65 517 707)
Gain on acquisition of non-controlling interest		-	-	-	-	-	-	-	-	851 469	-	851 469	(1 064 133)	(212 664)
Cumulative translation adjustments of foreign operations	(31)	-	-	-	-	-	-	-	(33 641 677)	-	-	(33 641 677)	-	(33 641 677)
Net loss for the year		-	-	-	-	-	-	-	-	-	(188 715 808)	(188 715 808)	(4 436 913)	(193 152 721)
Balance as at December 31, 2011		362 705 392	181 352 693	1 316 921 569	(18 018 000)	-	(80 007 242)	25 267 256	(34 125 123)	347 956 204	(188 715 808)	1 913 336 941	43 047 944	1 956 384 885
Amount transferred to retained earnings		-	-	-	-	-	-	-	-	(188 715 808)	188 715 808	-	-	-
Cumulative translation adjustments of foreign operations		-	-	-	-	-	-	-	(71 945 960)	-	-	(71 945 960)	-	(71 945 960)
Dividends income of shares of the bonus and invective plan for employees & managers		-	-	-	-	-	-	56 455	-	-	-	56 455	-	56 455
Disposal of non controlling interests of unconsolidated subsidiaries		-	-	-	-	-	-	-	-	-	-	-	1 311 159	1 311 159
Treasury shares - sold		-	-	-	18 018 000	-	-	-	-	-	-	18 018 000	-	18 018 000
Profit from selling of treasury shares		-	-	-	-	3 692 867	-	-	-	-	-	3 692 867	-	3 692 867
Net profit for the year		-	-	-	-	-	-	-	-	-	250 045 549	250 045 549	7 346 935	257 392 484
Balance as at December 31, 2012		362 705 392	181 352 693	1 316 921 569	-	3 692 867	(80 007 242)	25 323 711	(106 071 083)	159 240 396	250 045 549	2 113 203 852	51 706 038	2 164 909 890

* The accompanying notes from (1) to (55) are an integral part of these consolidated financial statements and to be red therewith.

Sixth of October for Development and Investment Company "SODIC"
(An Egyptian Joint Stock Company)
Consolidated Statement of Cash Flows
For The Financial Year Ended December 31, 2012

	Note No.	2012 L.E	2011 L.E
Cash flows from operating activities			
Net profit / (loss) for the year before income tax		268 039 040	(186 115 707)
Adjustments for:-			
Depreciation of fixed assets and rented units		26 259 363	22 876 071
Capital gains		(104 201)	(104 566)
Capital losses		496 129	324 643
Gain on sale of held for trading investments		-	(369 659)
Revaluation of held for trading investments		-	(1 494 573)
Foreign exchange differences		(399 327)	(9 750 072)
Provisions formed		96 618 457	46 967 926
Provisions no-longer required		(24 462 778)	(14 060 529)
Investments - impairment		-	250 000
Golf course - impairment		-	24 313 504
Equity - settled share - based payment transactions		56 455	1 250 000
Operating profit / (loss) before changes in working capital items		**366 503 138**	**(115 912 962)**
Changes in working capital items			
Change in non current assets held for sale		849 861	(849 861)
Change in other assets		(1 482 906)	11 240 457
Change in works in process		40 897 953	(274 214 281)
Change in investment properties		22 376 024	6 291 191
Change in advance payment to acquire investment properties		3 077 689	1 762 589
Change in constructions under process		(3 677 787)	-
Change in trade and notes receivables		(835 313 717)	350 540 180
Change in debtors and other debit balances		3 109 031	59 539 757
Provisions used		(66 093 684)	(19 120 097)
Change in advances from customers		195 826 969	(321 249 496)
Amount due to customers-construction		1 153 201	(1 683 528)
Change in contractors, suppliers and notes payable		7 484 944	(29 951 274)
Change in creditors and other credit balances		78 336 556	(9 300 869)
Restricted cash		4 198 000	(54 198 000)
Change in saving certificates (due within three years)		-	6 782 877
Dividends for shares of incentive & bonus plan - Collected		-	5 200 000
Dividends for employees - Paid		-	(20 000 000)
Net cash (used in) operating activities		**(182 754 728)**	**(405 123 317)**
Cash flows from investing activities			
Payments for purchase of fixed assets, projects under construction and biological assets		(16 719 804)	(65 361 179)
Translation adjustments of fixed assets		5 122 915	-
Payments for investments in subsidiaries and under construction		-	(250 000)
Proceeds from sale of held for trading investments		-	88 853 147
Investments in treasury bills		-	(28 309 208)
Proceeds from investments in treasury bills		21 531 824	-
Proceeds from sale of available for sale investments		100 000	-
Proceeds from sale of long term investments		250 000	-
Proceeds from sale of fixed assets		1 099 852	1 151 247
Net cash (used in)/ provided from investing activities		**11 384 787**	**(3 915 993)**
Cash flows from financing activities			
Bank - lenders		11524	-
Bank - credit facilities		(15 605 447)	(35 646 812)
Banks - long-term loans		58 706 330	295 288 510
Payments for Islamic finance		-	(1 379 736)
Loans for joint ventures		(4 302 380)	-
Non-controlling interest		1 311 159	(47 499 707)
Payments for purchasing treasury shares		-	(18 018 000)
Proceeds from selling treasury shares		21 710 867	-
Dividends paid		-	(145 082 156)
Net cash (used in)/providing from financing activities		**61 832 053**	**47 662 099**
Cumulative translation adjustments		(71 945 960)	(33 641 677)
Net change in cash and cash equivalents during the year		**(181 483 848)**	**(395 018 888)**
Cash and cash equivalents as at the beginning of the year		451 452 445	846 471 333
Cash and cash equivalents as at the end of the year	(20)	**269 968 597**	**451 452 445**

The accompanying notes from (1) to (55) are an integral part of these consolidated financial statements and to be red therewith.

Translation from Arabic

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

Notes to the consolidated financial statements
For the financial year ended December 31, 2012

1. Background and activities

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

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

- Working in the field of purchasing of 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 Parent Company is listed in the formal listing in Cairo and Alexandria Stock Exchange.

1-5 The consolidated financial statements of Sixth of October for Development Investment Company "SODIC" (the Parent Company) for the financial year ended December 31, 2012 comprise the financial statements of the Company and its subsidiaries (together referred to as the "Group") and the Group's interest in the profit and loss of associates.

The registered office of the Parent Company is located at Km. 38 Cairo / Alexandria Desert Road, Sheikh Zayed City. Mr. Maher Rafeek Maksoud is the Deputy Chairman, and Managing Director of the Parent Company.

2. Basis of preparation of the consolidated financial statements

2-1 Statement of compliance

- These consolidated 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 at February 27, 2013.

2-2 Basis of measurement

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

- Financial assets and liabilities recognized at fair values through profits and losses measured at fair value.
- Held for trading investments measured at fair value.
- Available for sale investments which have market value measured at fair value.
- Liabilities for cash settled share - based payments transactions measured at fair value.
- Assets and liabilities for Subsidiaries under liquidation measured at fair value.

2-3 Functional and presentation currency

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

2-4 Use of estimates and judgments

- The preparation of the consolidated 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, 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 period or in the period of the revision and future periods if the revision affects both current and future periods.

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

- Provisions for expected claims
- Useful lives for fixed assets
- Deferred taxes
- Accruals
- Provision for completion
- Valuation of investment properties
- Impairment of fixed assets.
- Impairment of inventory
- Impairment of debtors and other debit balances

3. Significant accounting policies

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

3.1 Basis of consolidation

3.1.1 Subsidiaries

- The consolidated financial statements include all subsidiaries that are controlled by the parent company and which the management intends to continue to control. Control exists when the Group has the power to control the financial and operating policies of an entity so as to obtain benefits from its activities. Such control exists by owning more than 50% of the investees' voting rights. In assessing control, potential voting rights that presently are exercisable are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.
- Intragroup balances and transactions, including income, expenses and dividends, are eliminated in full. Profits and losses resulting from intragroup transactions that are recognized in assets, such as inventory and fixed assets, are eliminated in full. Intragroup losses may indicate an impairment that requires recognition in the consolidated financial statements. EAS 24 Income Taxes applies to temporary differences that arise from the elimination of profits and losses resulting from intragroup transactions.
- Non-controlling interests shall be presented in the consolidated balance sheet within equity, separately from the parent shareholder's equity. Non-controlling interests in the profit or loss of the group is also be separately disclosed.

Subsidiaries are represented in the following:-

Subsidiary name	Country of Incorporation	Ownership As at 31/12/2012 %	Ownership As at 31/12/2011 %
1- SODIC Property Services Co. - S.A.E	Egypt	100	100
2- Sixth of October for Development and Real Estate Projects Company "SOREAL" - S.A.E	Egypt	99.99	99.99
3- Beverly Hills for Management of Cities and Resorts Co. - S.A.E (A)	Egypt	58.59	58.59
4- SODIC Garden City for Development and Investment Co. S.A.E (B)	Egypt	50	50
5- Move-In for Advanced Contracting Co. - S.A.E	Egypt	85	85
6- El Yosr for Projects and Agriculture Development Co. - S.A.E	Egypt	99.99	99.99
7- SODIC for Development and Real Estate Investment Co. – S.A.E	Egypt	99.99	99.99
8- SODIC SIAC for Real Estate Investment Co. - S.A.E	Egypt	86.67	86.67
9- SODIC for Golf and Tourist Development Co. - S.A.E	Egypt	100	100
10- Fourteen for Real Estate Investment Co. - S.A.E	Egypt	99.99	99.99
11- La Maison for Real Estate Investment Co. - S.A.E	Egypt	99.99	99.99
12- Tegara for Trading Centers Co. S.A.E	Egypt	97.50	97.50
13- Edara for Services of Cities and Resorts Co. –S.A.E	Egypt	99.97	99.97
14- SODIC Syria L.L.C (C)	Syria	100	100
15- Greenscape for Agriculture and Reclamation Co. - S.A.E (Under liquidation)	Egypt	51	51
16- Ceremony for Real Estate Investment Co. S.A.E (Under liquidation)	Egypt	99.99	99.99
17- SODIC Allegria for Real Estate Investment Co. S.A.E (Under liquidation)	Egypt	99.99	99.99

A. The legal participation in Beverly Hills for Management of Cities and Resorts Co. amounts to 63.56%, which includes 4.97%, represents transitory shares, which are currently in the name of the Company, and the title of these shares will be transferred to the real shareholders (Owners of the units).
B. The Company participates in the share capital of SODIC Garden City for Development and Investment Co. in conjunction with some board members and their owned companies.
C. On June 15, 2010, SODIC Syria Co. a Syrian limited liability Co. was established for acquiring a stake of 50 % in the share capital of Palmyra - SODIC for Real Estate Development L.L.C, a limited liability company that is registered and operating in Syria.

3.1.2 Associates

Associates are those entities in which the Group has significant influence, but not a control, over the financial and operating policies. It's supposed to have such influence by owning from 20% and less than 50% of voting rights of the investee.

Investments in associates are recorded using equity method. Under the equity method the investment in associates is initially recognize at cost and the carrying amount is increased or decreased to recognize the investor's share of the profit or loss of the associates after the date of acquisition. Dividends received from associates reduce the carrying amount of the investment.

Losses of an associate in excess of the Company's interest in that associate (are not recognized, unless the Company has incurred legal or constructive obligations or made payments on behalf of the associate.

Any excess of the cost of the acquisition over the Company's share of the net faire value of the identifiable assets, liabilities and contingent liabilities of the associate recognized at the date of acquisition is recognized as goodwill. The goodwill is included within the carrying amount of the investment and is assessed for impairment as part of the investment.

3.1.3 Jointly controlled entities

Joint ventures are those entities over whose activities the Group has joint control, established by contractual agreement and requiring unanimous consent for strategic financial and operating decisions. Jointly controlled entities are accounted for using the proportionate consolidation. The consolidated financial statements include the Group's share jointly controlled entities from the date that joint control commences until the date that joint control ceases.

3.2 Foreign currency transactions

Transactions in foreign currencies are translated at the foreign exchange rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the consolidated 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 consolidated 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.

Financial statements of foreign operations

Foreign operation's financial statements maintained in foreign currencies are translated to Egyptian pound. Assets and liabilities of those operations are translated at foreign exchange rates prevailing at the consolidated balance sheet date. Revenues and expenses are translated at the average exchange rate used during the period/year. Equity items are translated using the historical exchange rate at the date of acquisition or incorporating the foreign operations. Foreign exchange differences arising on translation are recognized directly in a separate component of equity in the consolidated balance sheet in an item "Accumulated differences from Foreign currency transactions"

3. 3 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 cumulative impairment losses resulted from impairment in the values of fixed assets (3-15) 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.

When parts of an item of fixed assets have different useful lives, they are accounted for as separate items (major components) of fixed assets.

Assets are stated in the construction phase for production or for rent or for administrative purposes at cost less cumulative impairment losses. Cost includes professional fees and all direct costs related to the asset. Deprecation of these assets starts when they are completed and prepared for use in a specific purpose, following the same practice with the rest of the foundations assets.

The cost of self-constructed assets includes the cost of materials, direct labor and any other costs directly attributable to bringing the asset to a working condition for its intended use.

b. Subsequent costs

The Company recognizes in the carrying amount of an item of Property, plant and equipment the cost of replacing part, after derecognized the replaced part, of such an item when that cost is incurred if it is probable that future economic benefits embodied with the item will flow to the Company 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 fixed assets (except Land is not depreciated). The estimated useful lives are as follows:

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

3.4 Intangible assets- Goodwill

Goodwill (positive and/or negative) represents amounts arising on acquisition of subsidiaries or joint ventures. As it represents the difference between the cost of the acquisition and the fair value of the net identifiable assets acquired at acquisition date.

Positive goodwill is stated at cost less impairment losses. While negative goodwill will be recognized directly in the income statement. Goodwill resulting from further acquisitions after control is obtained is determined on the basis of the cost of the additional investment and the carrying amount of net assets at the date of acquisition.

Goodwill is tested for impairment periodically and whenever there are events or changes in circumstances indicate the existence of goodwill impairment. Impairment loss of goodwill cannot be reversed subsequently.

3.5 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.

3.6 Biological assets under construction

Biological assets under construction are measures at fair value less costs to sell, any change in costs will be recognized in profit or loss, costs to sell includes any costs incurred to sell the biological asset.

3.7 Investment properties

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 (note No. 3-14). 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.

3.8 Investments

a. Available for sale investments

Financial instruments held by the Company and classified as available-for-sale investment are stated at cost and subsequently measured at fair value, unless this cannot be reliably measured. Changes in fair value are reported as a separate component in equity. When these investments are derecognized, the cumulative gain or loss previously recognized in equity is recognized in consolidated income statement. Except the impairment loss, Investments in unlisted securities or where the fair value of investment cannot be determined in a reliable manner such investments are stated at cost less impairment losses (note No. 3-14). Impairment loss is recognized directly in the consolidated 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.

b. 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 are stated at their net cost after deducting the amortized interest and the Impairment losses (note No. 3-14).

3.9 Units ready for sale

Units ready for sale are stated at the consolidated balance sheet date at lower of cost or net releasable 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 consolidated balance sheet date by the average meter cost of these units (represents the cost of meter of land, utilities, building and other indirect expenses). Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and selling expenses.

3.10 Work in process

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

3.11 (Due from/Due to customers) Construction work

Construction work in progress represents the gross unbilled amount expected to be collected from customers according to contracts concluded to date.

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

3.12 Construction contracts cost

Construction contract costs include all direct costs such as material cost, supplies, equipment depreciation and labor cost also includes indirect costs incurred by company such as indirect labor and maintenance. Also the cost includes general and administrative expense directly attributable to suck work.

Provisions for estimated losses relating to uncompleted contracts are formed in the year in which such losses are determined.

3.13 Trade, notes receivable and debtors

Trade and notes receivables, debtors and other debit balances, that do not carry an interest are stated at their nominal value and are reduced by impairment losses note No. (3-15), impairment losses are formed when there is objective evidence that the Company is not able to collect the due amounts according to the original terms of contracts, impairment represents the difference between book value and net recoverable amount which is represented in the future cash flows that the Company expects. Long-term trade and notes receivables are initially recognized at fair value and subsequently re-measured at amortized cost using effective interest rate method.

3.14 Cash and cash equivalents

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

3.15 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 original 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 consolidated income statement. Any cumulative loss in respect of an available-for-sale financial asset recognized previously in equity is transferred to consolidated 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 consolidated 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 properties, 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.

3.16 Provisions

Provisions are recognized when the Company has a legal or constructive obligation as a result of a past event and it's probable that a flow 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 amended (when necessary) to reflect the best current estimate.

Provision for completion

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

3.17 Borrowing costs

Borrowing costs are recognized in the income statement as an expense when incurred.

Borrowing costs related directly to acquire or constructing qualified assets, are capitalized until the date of having these assets available for use, capitalization is temporarily suspended during the periods in which construction of assets is temporarily suspended. Capitalization is permanently stopped when all essential activities to have the asset ready for use are completed according to the alternative accounting treatment stated in the Egyptian Accounting Standard no. (14).

3.18 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.

3.19 Trade, contractors and other credit balances

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

3.20 Share capital

Common shares are classified in the owners' equity.

a. Issuance of share capital

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 holding Company and 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.

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.

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

3.21 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 period 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 consolidated financial statements date. Necessary changes are made for the expense to reflect the best estimate and the corresponding amount is included in equity.

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 period 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 the consolidated financial statements date and at settlement date and takes into account any changes in the recognized fair value of the liability in the income statement.

3.22 Notes payable – Long-term

Long-term notes payable are stated at amortized cost using the effective interest rate method.

3.23 Revenue recognition

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

a. Real estate and land sales

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

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

b. Construction contracts

Contract revenue includes the initial amount agreed in the contract plus any variations in contract work, claims and incentive payments to the extent that is probable that they will result in revenue and can be measured reliably. As soon as the outcome of a construction contract can be estimated reliably, contract revenue and expenses is recognized according to the stage of completion of the contract.

The stage of completion is assessed by reference to surveys of work performed. When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognized only to the extent of contract costs incurred that are likely to be recoverable. For construction contracts under process a provision for expected losses, if any, is immediately recognized whenever such losses are determined

In the case of a cost plus contract, the outcome of a construction contract can be estimated reliably when all the following conditions are satisfied:

- It is probable that the economic benefits associated with the contract will flow to the entity.
- The contract costs attributable to the contract, whether or not specifically reimbursable, can be clearly identified and measured reliably.

c. Service revenues

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

d. Rental income

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

e. Interest income

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

f. Commission revenue

Commission revenue is recognized in consolidated income statement according to the accrual basis of accounting.

g. Dividends

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

3.24 Cost of sold lands

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

3.25 Expenses

a. Lease payments

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

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 and its amendment. 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 consolidated 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 by the Company's board of directors and after the approval of General Assembly Meeting which should not exceed the total employees' annual salaries.

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

c. Income tax

Income tax on the profit or loss for the period / year comprises current and deferred tax. Income tax is recognized in the consolidated 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 consolidated 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 consolidated balance sheet date.

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.

3.26 Earnings / (losses) per share

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

4. Determination of fair values

A number of the Group'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 Fixed assets

The fair value of fixed assets recognized as a result of a business combination is based on market values. The fair value of fixed assets is the estimated amount for which a 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 where in the parties had each acted knowledgeably, prudently and without compulsion.

4.2 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 consolidated financial statement date.

4.3 Trade, note receivables and other debtors

The fair value of trade, note receivables and other debtors is estimated as the present value of future cash flows, discounted at the market rate of interest at the consolidated financial statement date.

4.4 Investment properties

The fair value are 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 without compulsion.

4.5 Share – based payment transactions

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

4.6 Assets and liabilities of subsidiaries under liquidation

Assets and liabilities of subsidiaries under liquidation is recorded with fair values and are included in current assets and/or current liabilities.

5. Financial risk management

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

- credit risk
- liquidity risk
- Market risk

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

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

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

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

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 Group's customer base, including the default risk of the industry which has less influence on credit risk.

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

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

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

Investments

The Company manages the risk via conducting 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 Group'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 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 Group will not be able to meet its financial obligations as they fall due.

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

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

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

- 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.
- L.E 1.5 million as short-term bank facilities guaranteed treasury bills which are kept with the bank with an interest rate of 13.03%.
- A facility amounting to L.E 45.5 million covered by a guarantee of deposits amounting to L.E 50 million with an interest rate of 1.75%.
- 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 Group's income 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 Group is exposed to currency risk on sales and financial assets that are denominated in foreign currencies. Such risk is primarily represented in US$ and Syrian lira.

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

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

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

5.5 Interest rate risk

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

5.6 Other market price risk

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

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

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

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

5.7 Capital management

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

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

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

6- Fixed assets

This item is represented as follows:-

	Golf course	Land (A)	Building and constructions	Vehicles	Furniture and fixtures	Office equipment and communications	Generators, machinery and equipment	Leasehold improvements	Total
	L.E	L.E	L.E	L.E	L.E	L.E	L.E	L.E	L.E
Cost as at January 1, 2012	93 628 961	61 696 754	55 942 929	13 779 430	17 405 118	16 190 786	25 046 298	15 698 281	299 388 557
Additions	-	2 463 916	235 469	906 374	2 384 010	2 057 715	4 102 604	-	12 150 088
Disposals	-	-	(381 488)	(271 400)	(625 239)	(824 946)	(1 618 509)	-	(3 721 582)
Translation adjustments	-	(4 646 775)	-	(205 942)	(311 053)	(27 630)	-	(343 094)	(5 534 494)
Cost as at December 31, 2012	93 628 961	59 513 895	55 796 910	14 208 462	18 852 836	17 395 925	27 530 393	15 355 187	302 282 569
Accumulated depreciation & impairment loss as at January 1, 2012	27 315 862	-	6 256 647	7 952 878	5 225 551	6 269 269	10 587 964	2 384 098	65 992 269
Depreciation	1 823 246	-	6 749 149	2 228 358	2 658 022	3 835 776	4 716 278	4 041 545	26 052 374
Accumulated depreciation of disposals	-	-	(106 692)	(165 393)	(401 343)	(773 953)	(782 421)	-	(2 229 802)
Translation adjustments	-	-	-	(171 738)	(60 063)	(24 927)	-	(154 851)	(411 579)
Accumulated depreciation and impairment loss as at December 31, 2012	29 139 108	-	12 899 104	9 844 105	7 422 167	9 306 165	14 521 821	6 270 792	89 403 262
Net book value as at December 31, 2012	64 489 853	59 513 895	42 897 806	4 364 357	11 430 669	8 089 760	13 008 572	9 084 395	212 879 307
Net book value as at December 31, 2011	66 313 099	61 696 754	49 686 282	5 826 552	12 179 567	9 921 517	14 458 334	13 314 183	233 396 288

(A) Land caption includes an amount of L.E 6 603 397 represents land pledged as a guarantee for the islamic finance (Murabaha) granted to the company from Syrian International Islamic Bank. The company has benefited from the granted facilities then paid all of it at April 11, 2011. The pledge have not been cancelled till the issuing date of financial statements. There is a blocking for two plots of land which amounted to L.E 7 059 241 for the benefit of one of the clients. The company's management believes that, that blocking which is mentioned in the real-estate journal doesn't affect the activity of the joint venture and its continuity and its not probable that the joint venture may incure any expenses related to this blocking, as this client has a credit balance amounted to L.E 313 499 which is included in receivables balances - advance payments and the joint venture in a process to settle this balance.

- Fixed assets include fully depreciated assets with an amount of L.E 8 516 802 as at December 31, 2012.

7. Projects under construction

This item is represented as follows:

	31/12/2012 L.E	31/12/2011 L.E
Advance payments -fixtures and purchasing of fixed assets	2 005 850	1 298 469
Advance payments – Consultancies and Designs	531 052	-
Advance payment on account of the construction of electricity station	100 800	100 800
Buildings and constructions	6 453 125	4 193 832
	9 090 827	**5 593 101**

8. Investments in associates

The Group has the following investments in associates:

	Legal Form	Ownership percentage		Carrying amount	
		31/12/2012 %	31/12/2011 %	31/12/2012 L.E	31/12/2011 L.E
Royal Gardens for Investment Property Co. (A)	SAE	20	20	-	-
Green Point for Importing and Trading of Garden Supplies Co.	SAE	-	25.5	-	250 000
Impairment of investment value in Green Point for Importing and Trading of Garden Supplies Co.				-	(250 000)
				-	-

Summary of financial information of associates:-

	Assets L.E	Liabilities L.E	Equity L.E	Revenues L.E	Expenses L.E
December 31, 2012					
Royal Gardens for Real Estate Investments Co. (A)	**Last financial statements available to the Company at 31/12/2011**				
December 31, 2011					
Royal Gardens for Real Estate Investments Co. (A)	783 479 060	(759 426 308)	24 052 752	17 757 733	(20 960 118)
Green Point for Importing and Trading of Garden Supplies Co.	676 036	(176 036)	500 000	27 788	(106 258)

(A) Royal Gardens for Investment Property Co. was established during the year 2006 in conjunction with Palm Hills and other shareholders. The cost of investment amounted to L.E 3 million represents 50 % of the Company's participation in the share capital of Royal Gardens Co. The Company share in the unrealized gain resulted from the sale of land made by the Company to its associate during 2007 amounting to L.E 32 298 112 out of which only L.E 3 million was eliminated to the extent of the Company's interest in the associate when preparing the consolidated financial statements. Nonetheless, the Company's share in the associate's cumulative gain was not charged to the consolidated income statement with an amount of L.E 1 810 550 till December 31, 2011 as the carrying amount of the investment balance is nil in the consolidated financial statement as at December 31, 2011.

9. Available -for- sale investments

This item is represented as follows:

	Legal Form	Ownership %	Paid amount of Participation %	Carrying amount as at 31/12/2012 L.E	Carrying amount as at 31/12/2011 L.E
United Company for Real Estate Services	S.A.E	10	100	-	100 000
Egyptian Company for Development and Management of Smart Villages	S.A.E	1.8	100	4 250 000	4 250 000
				4 250 000	**4 350 000**

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

10. Investment properties

The net carrying amount of the investment properties as at December 31, 2012 amounting to L.E 390 938 481 and they are represented in commercial and residential units leased out to others and agricultural lands that its use has not been determined yet. Movement on the investment properties and its depreciation during the year are as follows:-

Description	Leased out units (a)	Agricultural lands (b)	Lands (c)	Land and buildings	Total
Cost	**L.E**	**L.E**	**L.E**	**L.E**	**L.E**
At 1/1/2012	10 349 431	326 247 579	73 590 761	4 135 000	414 322 771
Additions during the year	-	1 482 000	-	-	1 482 000
Disposals during the year	-	(1 500 000)	-	(4 135 000)	(5 635 000)
Translation adjustments	-	-	(18 223 024)	-	(18 223 024)
Total cost of investment properties as at December 31,2012	**10 349 431**	**326 229 579**	**55 376 737**	-	**391 946 747**
Accumulated depreciation					
At 1/1/2012	801 277	-	-	-	801 277
Depreciation for the year	(206 989)	-	-	-	(206 989)
At 31/12/2012	**(1 (008 266)**	-	-	-	**(1 (008 266)**
Net carrying amount as at December 31, 2012	**9 341 165**	**326 229 579**	**55 367 737**	-	**390 938 481**
Net carrying amount as at December 31, 2011	**9 548 154**	**326 247 579**	**73 590 761**	**4 135 000**	**413 521 494**

(a) The fair value of completed residential units leased out to others amounts to L.E 25 278 520 as at December 31, 2012.

(b) This item includes an amount of L.E 29 982 000 representing the cost related to the approval of increasing the building percentage up to 7% out of the land area owned by one of the subsidiaries as detailed in note No. (36).

(c) This item includes land pledged as a guarantee for the Islamic finance with an amount of L.E 5 224 501 equivalent to SYP 64 251 250. The company has benefited from the granted facilities then paid all of it at April 11, 2011. The pledge have not been cancelled till the issuing date of financial statements.

There is a blocking for a one plot of land which amounted to L.E 13 070 349 as at December 31, 2012 according to the execution of a finance minister's decision of The Arab Republic of Syria. The company's management believes that, that blocking is related to the partner of the joint venture and not related to the corporate body of the company therefore, the company's management and its legal consultant believes that, that blocking which is executed on that partner and which is mentioned in the real-estate journal doesn't affect the activity of the joint venture and its continuity and it's not probable that a company may incure any expenses related to this blocking.

Furthermore, There is a blocking for some plots of land which amounted to L.E 4 399 099 as at December 31, 2012 for the benefit of one of the clients of a joint venture. The company's management believes that, that blocking which is mentioned in the real-estate journal doesn't affect the activity of the joint venture and its going on and it's not probable that a company may incure any expenses related to this blocking, as this client has a credit balance amounted to L.E 313 499 which is included in receivables balances - advance payments and the joint venture in a process to settle this balance.

11. Trade, notes receivables and debtors – Long-term

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

	31/12/2012	31/12/2011
	L.E	L.E
Trade receivable	22 257 094	31 179 934
Sundry debtors (11-1)	9 844 400	9 844 400
Notes receivable	1 564 923 047	917 222 527
	1 597 024 541	958 246 861
Deduct: Unamortized interest	(48 017 672)	34 849 568
	1 549 006 869	**923 397 293**

11-1. This balance represents the remaining amount from the sale value of the Group's quotes in the capital of El Sheikh Zaid for Real Estate Development Co. during year 2010. According to the sale agreement, this debit balance will be collected at any period after September 15, 2016

- The Group's exposure to credit, currency risks and impairment losses related to trade and notes receivable is disclosed in note no. (49).

12. Deferred tax assets and liabilities

	31/12/2012		31/12/2011	
	Assets	Liabilities	Assets	Liabilities
	L.E	L.E	L.E	L.E
Fixed assets	-	1 895 461	-	2 268 451
Provisions	89 884	-	-	-
Construction contracts	92 873	-	-	332 502
Total deferred tax (asset)/ liability	**182 757**	**1 895 461**	-	**2 600 953**
Net deferred tax (asset)/liability	**-**	**1 712 704**	-	**2 600 953**

13. Other assets

	31/12/2012	31/12/2011
	L.E	L.E
Assets – Companies under liquidation (net)	3 726 036	690 000
Inventories and letters of credit	1 236 139	2 078 517
Amounts due from customers – constructions	-	710 752
	4 962 175	**3 479 269**

14. Completed units ready for sale

	31/12/2012	31/12/2011
	L.E	L.E
Cost of completed commercial units	4 262 805	4 262 805
Cost of units purchased for resale (14-1)	43 014 950	43 014 950
	47 277 755	**47 277 755**

14-1. This item is represented in the purchasing cost of 63 units in Casa project (Semi Finished) that were purchased from Royal Gardens Co. for Real Estate Investment – an associate for the purpose of resale to others.

15. Work in process

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

	Note No.	31/12/2012 L.E	31/12/2011 L.E
Allegria project costs			
Cost of the Company's land intended for use		121 718 560	221 334 355
Planning , survey , supervision and soil		199 871 306	205 726 600
Building and utilities		470 842 415	745 438 233
Other costs		44 726 837	40 027 265
Price differences of repurchased units (A)		18 150 728	32 549 110
		855 309 846	**1 245 075 563**
WESTOWN project costs			
Cost of the Company's land intended for use		88 450 122	77 749 912
Planning , survey , supervision and soil		76 517 910	77 715 637
Building and utilities		493 597 995	233 950 841
Other costs		24 196 274	29 873 263
		682 762 301	**419 289 653**
Cost of the fourth phase (4A and 4B), showrooms and others			
Cost of land		57 728 176	66 562 140
Planning , survey , supervision and soil researches		11 726 187	9 836 459
Building and utilities		255 595 799	119 081 749
Cost of land of Dahshor' showrooms		25 313 372	25 313 372
A plot of land in the Fifth Community (plot No. 1) (B)		75 770 894	75 770 894
Expenses related to plot of land No. 1		58 374 205	40 063 028
A plot of land in the Fifth Community (plot No. 2) (C)	(55)	519 494 158	519 494 158
Expenses related to plot of land No. 2	(55)	114 404 202	114 843 602
		1 118 406 993	**970 965 402**
Cost of projects in Syria (D)		**188 944 197**	**250 990 672**
		2 845 423 337	**2 886 321 290**

(A) This item with the balance of L.E 18 150 728 (2011: L.E 32 549 110) represents the value of the additional cost for repurchasing some units of Allegria project.

(B) Plot No. (1)

The fair value of the vacant plot of land owned by Sixth of October for Development and Real Estate Projects Company "SOREAL", subsidiary Company in the Investors Zone, with an area of 30 Fadden according to the handover minute, dated November 9, 2006 located at the communities east to the Ring Road, (New Cairo City), the land ownership was transferred to the Company by virtue of the assignment given by Picorp Holding (the main shareholder), and a decision was issued by the Main Real Estate Committee in its session No.37 dated August 13, 2006 concerning the approval of the said assignment.

(C) Plot No. (2)

The fair value of the vacant plot of land owned by Sixth of October for Development and Real Estate Projects Company "SOREAL" a subsidiary Company with an area of 204.277 Fadden that is equivalent to 857 963.40 square meter, according to the handover minute dated November 7, 2006 located in the Future Extension of New Cairo City, the ownership of the land was transferred to the Company by virtue of the assignment given by Picorp Holding Company (the main shareholder) to the subsidiary Company, the Main Real Estate Committee issued its decision concerning the approval of the said assignment in its session No. 37 dated August 13, 2006.

- On February 16, 2010, a subsidiary of the Group concluded a sub-development agreement with El Sheikh Zaid for Real Estate Development Co. for the development of Block No. (8) of Eastown project measuring 7439 square meter, According to this agreement:-
- The subsidiary undertakes to sell the project to El Sheikh Zaid for Real Estate Development Co upon fulfillment of the conditions listed in this agreement.
- El Sheikh Zaid for Real Estate Development Co. is authorized to develop the project as an independent sub-developer and not as an agent in accordance with the master plan of the project.
- The subsidiary warrants that El Sheikh Zaid for Real Estate Development Co. is entitled as an independent sub-developer and not as an agent to develop and invest in the project in accordance with the conditions listed in this agreement. In addition, the subsidiary shall take all the necessary measures to allow and facilitate the development of the project by El Sheikh Zaid for Real Estate Development Co. in accordance with this agreement.
- The subsidiary undertakes to take all procedures to allow the transfer of ownership of the project to El Sheikh Zaid for Real Estate Development Co. upon the fulfillment of the conditions of the agreement.
- The sub-development price amounts to L.E 3 371 387 which was collected during year 2010 in full in accordance with the conditions of the agreement and this amount will be recorded as revenue upon the fulfillment of the conditions of the sub-development agreement.
- And as it is shown in details in note no. (55), as at January 18, 2012 the main Real Estate Committee has decided in its session no. (9) to cancel the allocation of plot no. (16) at the investees east extension area, which is allocated to the subsidiary, and revocation of the agreement dated at March 13, 2005 and its appendix dated at September 3, 2006.

- On February 14, 2013 the subsidiary 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 subsidiary 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 subsidiary's incurred expenses.

(D) This item represents 50% of the investment properties under development acquired through the proportionate consolidation of the Joint Venture (Palmyra – SODIC for Real Estate Development LLC) as at December 31, 2012. Details are as follow:-

Project name	Carrying amount of the project L.E
Telal Al Yasameen project	102 536 318
Telal Al Zumorod project	19 920 614
The project of real estate # 70	60 989 814
Other projects	5 497 451
Total	**188 944 197**

- Land which Telal Al Yasameen project is being constructed on is mortgaged as guarantee for the loan granted to the Joint Venture by Syrian Real Estate Bank to finance the construction of Telal Al Yasameen project.
- There is a blocking for two plots of land which amounted to L.E 94 114 907 as at December 31, 2012 for the benefit of one of the clients of a joint venture. The company's management believes that, that blocking which is mentioned in the real-estate journal doesn't affect the activity of the joint venture and its going on and it's not probable that the joint venture may incure any expenses related to this blocking, as this client has a credit balance amounted to L.E 313 499 which is included in receivables balances - advance payments and the joint venture in a process to settle this balance.

16. Trade and notes receivable - current

	31/12/2012 L.E	31/12/2011 L.E
Trade receivable	130 943 141	34 831 206
Notes receivable	886 592 399	776 080 983
	1 017 535 540	**810 912 189**
Deduct : unamortized interest – notes receivable	5 610 516	8 754 591
	1 011 925 024	**802 157 598**
Impairment losses of trade and notes receivable	(293 188)	(229 903)
	1 011 631 836	**801 927 695**

- The Group's exposure to credit, currency risks and impairment losses related to trade and notes receivable is disclosed in note no. (49).

17. Debtors and other debit balances

	Not No.	31/12/2012 L.E	31/12/2011 L.E
Contractors and suppliers – advance payments		234 424 715	261 433 014
Due from Mr. Firas Tlaas (a partner in the Joint Venture)		14 947 085	19 866 576
Corporate profit tax paid in excess		-	227 256
Due from related parties – Joint Venture		10 038 452	5 841 340
Interests receivable		20 125 875	10 759 848
Due from related parties		4 839 580	74 681
Prepaid expenses		98 990 393	97 486 134
Deposits with others		2 854 811	1 228 209
Tax Authority		879 899	529 160
L / G 's margins		3 150 000	3 150 000
Accrued management fees		1 966 781	1 881 875
Due from the bonus and incentives plan to employees and managers fund (17-a)		5 323 710	5 267 256
Other debit balances		11 308 131	4 318 222
		408 849 432	**412 063 571**
Impairment loss on debtors and other debit balances		(448 711)	(553 819)
		408 400 721	**411 509 752**

(17-a) 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 the same as for the interest due for these dividends.

- The Group's exposure to credit and currency risks related to other debtors is disclosed in note no. (49).

18. Loans to Joint Ventures

	31/12/2012	31/12/2011
	L.E	L.E
This item represents 50% of the loan granted to the Joint Venture project by the Group with total amount of USD 19.5 million on August 16, 2010. The interest rate is equal to 8.5% per annum. The principal together with interest should be paid before March 31, 2011. A renewal of the loan term was made till December 31, 2013 with an interest rate of 12.5% per annum.	61 363 313	58 714 513
This item represents 50% of the amount paid from the **bridge loan** granted to the Joint Venture project with total amount of USD 7 514 694 on October 28, 2010. The interest rate is equal to 8.5% per annum. The principal together with interest should be paid before December 31, 2013.	23 647 615	21 994 035
	85 010 928	**80 708 548**

19. Investments in treasury bills

	31/12/2012	31/12/2011
	L.E	L.E
Treasury bills from (328)day to (358) day	13 075 000	34 368 907
Unearned return on treasury bills	(1 169 624)	(931 707)
	11 905 376	**33 437 200**

- The Group's exposure to market risk related to the held for trading investments is disclosed in note No. (49).

20. Cash at banks and on hand

	31/12/2012	31/12/2011
	L.E	L.E
Bank - time deposits (20-1)	126 149 613	390 934 663
Bank - current accounts	161 268 141	94 905 250
Checks under collection	31 305 975	18 431 372
Cash on hand	1 244 868	1 379 160
	319 968 597	**505 650 445**

(20-1) Deposits include an amount of L.E 50 million restricted as a guarantee for the credit facilities granted to the parent company from some commercial banks.

- The Group's exposure to interest rate risk for financial assets is disclosed in note No. (49).
- For the purpose of preparing the consolidated statement of cash flows, cash and cash equivalents item is represented as follows:

	31/12/2012	31/12/2011
	LE	L.E
Cash at banks and on hand	319 968 597	505 650 445
Less:		
Blocked accounts	50 000 000	54 198 000
Cash and cash equivalents in the consolidated statement of cash flows	**269 968 597**	**451 452 445**

- The Group's exposure to interest rate risk for financial assets is disclosed in note No. (49).

21. Provision for completion

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

	Balance as at 1/1/2012	formed during the year	used during the year	Provisions no longer required	Balance as at 31/12/2012
	L.E	L.E	L.E	L.E	L.E
Provision for completion of works (21-1)	141 728 770	80 057 818	(66 075 728)	(24 462 778)	131 248 082
	141 728 770	**80 057 818**	**(66 075 728)**	**(24 462 778)**	**131 248 082**

(21-1) This provision is formed against the estimated costs to complete the execution of the delivered works and expected to be incurred and finalize its expenditures in the future.

22. Provisions

	Balance as at 1/1/2012	formed during the year	used during the year	Translation differences	Balance as at 31/12/2012
	L.E	L.E	L.E	L.E	L.E
Provision for expected claims	6 935 396	16 560 639	(17 956)	(399 327)	23 078 752
	6 935 396	**16 650 639**	**(17 956)**	**(399 327)**	**23 078 752**

- The provision is represented in some probable claims related to the company's activities from other parties, and The Company's management annually reviews the provisions and makes any amendments if needed according to the latest agreements and negotiations with these parties.
- The company has not disclosed all of the information required by the Egyptian accounting standards with those parties as the management assumes that the disclosure of such information shall seriously affect the company`s negotiations with those parties.

23. Bank - credit facilities

	31/12/2012 L.E	31/12/2011 L.E
The amount used from the credit facility granted to the Company from Audi Bank totaled 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.	15 916 404	-
The amount used from the credit facility granted to the parent 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%	19 000 000	-
The amount used from the credit facility granted to one of the subsidiaries from the Arab African Bank with an amount of L.E 1.5 million and bears interest rate of 13.02% per annum. This facility is guaranteed by treasury bills kept with the bank.	734 969	-
The amount used from the bank facility granted to the Company from Alexandria Bank according to the signed facility contract during the third quarter of the year 2011 with a total amount of $ 8.5 million. The facility is subject to an interest rate of 3.25% per annum. The interest and all expenses are added monthly to the debit balance. This facility is secured by Dollar deposits amounting to US $ 9 million and the facility has been closed as at July 19, 2012	-	51 256 820
	35 651 373	**51 256 820**

24. Advances from customers

This item is represented in the advance payments and contracting for units and land as follows:

	31/12/2012 L.E	31/12/2011 L.E
Advances – lands	1 462 403	30 399 099
Advances for booking , contracting and installments of residential units– **Kattameya**	421 100 031	312 119 325
Advances – commercial units - **Auto Ville project**	149 912 422	124 925 817
Advances – **Allegria project**	1 421 463 826	2 185 423 276
Advances – **Forty West project**	212 056 792	222 267 679
Advances – **West town Residences**	1 025 219 278	290 496 633
Advances – **Telal Al Yasameen project**	23 807 651	31 643 395
Advances – **Casa**	47 387 885	20 009 038
Advances – **Polygon project**	225 461 139	114 760 196
	3 527 871 427	**3 332 044 458**

25. Contractors, suppliers and notes payable

	31/12/2012	31/12/2011
	L.E	L.E
Contractors	98 785 554	72 480 964
Suppliers	11 931 164	6 068 529
Notes payable	33 695 840	35 845 413
	144 412 558	**114 394 906**
Deduct: Unamortized interest	2 947 319	3 714 177
	141 465 239	**110 680 729**

- The Group's exposure to currency and liquidity risks related to suppliers, contractors and notes payable is disclosed in note no. (49).

26. Creditors and other credit balances

	31/12/2012	31/12/2011
	L.E	L.E
Amounts collected on account for management, operation and maintenance of projects	141 814 773	87 549 650
Due to related parties - Joint Venture	7 198 069	137 256
Accrued expenses	134 716 408	112 036 277
Liability for cash settled share-based payments transactions– Executives Managers	633 261	157 390
Customers - Beverly Hills – capital contributions	15 675 105	14 542 701
Customers – credit balances	28 900 680	39 670 523
Tax Authority	25 824 543	8 960 017
Dividends payable	91 643	91 643
Accrued compensated absence	2 939 074	1 599 444
Deposits collected from customers – Against modifications	172 600	9 196 034
Social insurance	2 305 956	1 214 904
Customers –down payments for sub-development **(26-1)**	3 371 400	3 371 400
Unearned revenue	964 392	633 022
Retentions	13 930 915	7 854 750
Due to Bonyan for development and trading Co.	3 413 456	3 413 456
Due to SIAC	4 151 880	8 999 483
Deposits from others	6 917 917	3 228 186
Sundry creditors	23 031 796	8 526 371
	416 053 868	**311 182 507**

(26-1) Represents the sub-development amount collected from El Sheikh Zaid for Real Estate Development Co.

- The Group's exposure to currency and liquidity risks related to creditors is disclosed in note no. (49).

27. Non-controlling interest

Non-controlling interest balance as at December 31, 2012 represents the interest shares in subsidiary's equity as follows:

	Non-controlling interest	Non-controlling share in profit /(loss) for the year	Non-controlling share in equity excluding profit /(loss) for the year	Non-controlling interest as at 31/12/2012	Non-controlling interest as at 31/12/2011
	%	L.E	L.E	L.E	L.E
Sixth of October for Development and Real Estate Projects Co. "SOREAL"	0.01	(122)	47 734	47 612	47 722
Beverly Hills for Management of Cities and Resorts Co.	41.41	866 910	17 666 760	18 533 670	17 666 760
SODIC Garden City for Development and Investment Co.	50	7 463 838	3 446 745	10 910 583	3 446 745
Move-In for Advanced Contracting Co.	15	(1 020 252)	212 664	(807 588)	212 664
Greenscape for Agriculture and Reclamation Co.	49	-	-	-	(1 311 149)
El Yosr for Projects and Agriculture Development Co.	0.001	(25)	27 123	27 098	27 123
SODIC for Development and Real Estate Investment Co.	0.001	-	20	20	20
SODIC SIAC for Real Estate Development Co.	13.33	3 560	20 354 890	20 358 450	20 354 890
Tegara for Trading Centers Co.	2.5	32 979	2 603 045	2 636 024	2 603 045
Edara for Services of Cities and Resorts Co.	0.003	47	118	165	118
Fourteen for Real Estate Investment Co.	0.004	-	2	2	2
La Maison for Real Estate Investment Co.	0.004	-	2	2	2
Ceremony for Real Estate Investment Co.	0.004	-	-	-	2
		7 346 935	**44 359 103**	**51 706 038**	**43 047 944**

28. Share capital

- The authorized capital was determined at L.E 2 800 million. The Company's issued capital was determined at L.E 362 705 392 fully paid and distributed on 90 676 348 shares of L.E 4 per share.

- On January 27, 2011, the Extra-ordinary General Assembly agreed on the stock split of the par value of the Company' share of L.E 10 to become L.E 4 per share.

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 as at December 31, 2009. Thus, the issued and fully paid in 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 current capital structure of the Company is as follows:

Shareholder	**Number of shares**	**Share value**	**Ownership percentage**
		L.E	%
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 the employees and managers	3 250 000	13 000 000	3.58
Other shareholders	62 052 224	248 208 900	68.44
	90 676 348	**362 705 392**	**100**

29. Legal reserve

According to the Parent Company' statutes, the Company are required to set aside 5% of annual net profit to form a legal reserve. This transfer to legal reserve ceases once the reserve reaches 50% of the issued share capital. The reserve balance as at December 31, 2012 is represented as follows:-

	L.E
Legal reserve balance as at 1/1/2003	6 530 455
Add:	
Increase of the legal reserve with the difference between the par value of the treasury shares and its actual cost (according to the Company's Extra-Ordinary General Assembly Meeting held on July	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. 30).	123 409 151
Increase of the legal reserve with part of capital increase share premium during year 2007 with limits of half of the Company's issued share capital. (Note no. 30).	5 000 000
Increase of the legal reserve by 5% of the net profit for year 2008.	2 339 350
Increase of the legal reserve with part of the capital increase share premium with limits of half of the Company's issued share capital during year 2010 (Note No. 30)	39 446 365
Deduct:	
The amount used to increase the issued share capital during the year 2011 (Note No. 28).	(2)
	181 352 693

30. 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 credited 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:-

Description	**L.E**
Total value of the capital increase share premium collected during 2006, 2010	1 455 017 340
Add:	
Share premium of the employees' incentive and bonus plan issued during year 2007	90 000 000
Deduct:	
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)
	1 316 921 569

31. Cumulative translation adjustments of foreign operations

The balance shown in the equity section at December 31, 2012 is represented in the cumulative translation adjustments resulting from translating the financial statements of subsidiaries from foreign currencies to Egyptian Pound for consolidating these statements in the consolidated financial statements for the financial year ended December 31, 2012 and also the Group share in cumulative translation adjustments included in the equity section of the Joint Venture.

32. Treasury shares

On August 14, 2011, the board of directors of the holding Company approved the purchase of one million 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 holding 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

33. Shares kept for bonus and incentive plan

This item is represented in the remainder of the amount paid by the holding 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 holding Company's employees and managers which are kept in Arab African International Bank.

Description	L.E
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
Deduct:	
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
Add:	
Treasury shares acquired during 2009 by subsidiaries	7 242
	80 007 242

34. Amount set aside for incentive and bonus plan

The balance is representing 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 Parent Company's managers and employees for the shares issued during year 2007 in addition to share of the shares of the incentive plan in dividends as follows:-

Description	L.E
Represents the difference between the fair value of the shares granted to the beneficiaries from the incentive and bonus plan for one million share (allocated over 5 years) for 60 months and the agreed upon share price in accordance with the incentive and bonus plan as at December 31, 2012.	25 000 000
Deduct:	
The difference between the grant date fair value of the shares and the agreed upon share price in accordance with the incentive and bonus plan for 200 000 share that were sold in favor of the beneficiaries during December 2007.	5 000 000
	20 000 000
Add:	
The value of the share of the shares of the bonus and incentive plan to employees in the dividends declared in accordance with the resolution of the Ordinary General Assembly Meeting of the Parent Company held on April 12, 2011, L.E 4 each * .	5 267 256
Accrued returns amount of shares of bonus and incentive plan to employees in the dividends declared.	56 455
	25 323 711

*According to the incentive and bonus plan for employees, managers and executive board of directors, the exercise price of the share vested to beneficiary amounting to L.E 75 (before splitting) is reduced by the value of the distributed dividends to shareholders during plan term.

35. Long-term loans

	31/12/2012 L.E	31/12/2011 L.E
At the end of year 2010, the holding Company concluded an agreement with Alexandria Bank to obtain a medium-term loan of L.E 435 million for the purpose of financing part of the establishment of Allegria project and its infrastructure. By virtue of this agreement , the bank grants a new finance of L.E 350 million in addition to the amount of L.E 85 million that was previously granted by virtue of the facility agreement dated February 22, 2009 and at the end of year 2012, The medium-term loan agreement was updated according to the following conditions and guarantees :-	363 526 695	301 548 625

Loan term: - four years and nine months effective from the signing date on the loan agreement till June 30, 2015.
Usage period:- starts at September 27, 2010 and ends at November 30, 2012.
Grace period:- 30 days starting from the end of the usage period.
Term of payment: - the loan is repayable on (11) unequal quarterly installments according to the mentioned schedule in the contract.
Interest rate: - CORRIDOR rate for lending declared by Central Bank plus 2.85%.

Guarantees:-

a) Signing on a promissory note with the total amount of the loan which is amounting to L.E 435 million.
b) Pledge the shares of El Yosr for Projects and Agriculture Development Co. (a subsidiary).
c) The bank maintains the account of the revenue of Allegria project in name of the Company which is represented in commercial papers representing the incoming cash flows of the project with total amount of L.E 1.32 billion throughout the facility term.
d) A first class mortgage on a plot of land located at km 43 Cairo – Alexandria desert road which equals 300 Fadden owned by El Yosr for Projects and Agriculture Development Co.(Subsidiary Company)

	31/12/2012 L.E	31/12/2011 L.E
This balance represents 50% of the used amount from the loan granted to the Joint Venture by Real Estate Bank with total amount of SYP 921 994 643 for the purpose of financing 70% of the project of Telal Al Yassamin in Kafar Kook – Syria . The loan bears a current interest rate of 10 % per annum and should be paid in equal quarterly installments during the period from February 15, 2011 until November 15, 2020. The loan is secured by mortgage of the project's land.	35 587 360	38 859 100
	399 114 055	340 407 725
Deduct :- Short-term portion		
Loan of joint venture	35 587 360	5 076 688
Loan of Alexandria bank	107 144 710	-
	256 381 985	**335 331 037**

36. Creditors – long term

On December 30, 2010, a letter was received from the General Authority for Rehabilitation Projects and Agricultural Development notifying the Company of the resolution made by the Authority's board of directors during its 13th meeting of the year 2010 regarding the approval of paying the amounts due for the value of building's land (increasing the building area to 7%) on installments basis provided that 25% is to be paid as a down payment and the remaining amounts to be paid on Three equal annual installments in addition to their interest rate as declared by the Central Bank, and provided that the paid amounts shall be considered under account of the building's land area until on site inspection is carried out.
The outstanding balance as at December 31, 2012 is represented in the following:-

	31/12/2012	31/12/2011
	L.E	L.E
Total fees due to the Authority for building area of land	-	15 000 000
	-	**15 000 000**

37. Long-term notes payable

This item is represented in the follows:

	31/12/2012	31/12/2011
	L.E	L.E
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.	87 289 101	119 267 955
Unamortized interest - notes payable	(13 364 196)	(22 043 484)
	73 924 905	**97 224 471**

-The Company's exposure to credit risk related to long-term notes payable is disclosed in note no.(49).

38. Real estate and land sales

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

	2012 L.E	2011 L.E
Sales of villas in Allegria project	1 303 817 440	643 643 356
Sales in Fortywest project	21 844 694	-
Sales in Auto ville project	66 349 123	-
Sales of land	9 689 913	32 642 892
	1 401 701 170	**676 286 248**
Sales return of villas in Allegria project	-	(63 618 113)
Sales return of land	-	(96 249 044)
	1 401 701 170	**516 419 091**

39. Cost of real estate and land sold

	2012 L.E	2011 L.E
Cost of sales of villas in Allegria project	838 713 342	536 409 436
Cost of sales in Fortywest project	16 022 319	-
Cost of sales in Auto ville project	30 185 937	-
Cost of sales of land	2 933 390	15 736 898
	887 854 988	**552 146 334**
Adjustments	(16 287 656)	-
Cost of sales return of Allegria project	-	(34 430 800)
Cost of sales return of land	-	(11 466 190)
	871 567 332	**506 249 344**

40. Other operating revenues

	2012 L.E	2011 L.E
Interest income realized from installments during the year	17 501 738	9 658 154
Assignment, cancellation dues and delay penalties	27 618 200	43 760 115
Other income	9 749 784	7 308 345
Management fees – joint venture (40-1)	3 854 906	4 944 623
Capital gains	104 201	104 566
Provisions no longer required	17 956	3 243
	58 846 785	**65 779 046**

(40-1) This amount represents 50% of 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.

41. Selling and marketing expenses

	2012 L.E	2011 L.E
Salaries and wages	16 361 908	19 418 818
Sales commissions	42 466 920	26 271 112
Advertising expenses	15 025 801	14 564 498
Conferences and Exhibitions	1 121 288	65 684
Rent	3 040 134	3 072 473
Travelling and transportation	980 920	1 777 239
Others	12 001 999	5 485 328
	90 998 970	**70 655 152**

42. General and administrative expenses

	2012 L.E	2011 L.E
Salaries, wages and bonuses (42-1)	76 955 715	72 154 707
Board of directors' remunerations and allowances	2 033 198	6 393 792
Professional and consultancy fees	7 084 980	5 905 350
Advertising	363 665	5 725 020
Donations	2 093 468	1 530 042
Maintenance, cleaning, agriculture, security and guarding	–	1 916 142
Administrative depreciation of fixed assets and rented units	19 538 042	17 524 531
Subscriptions and governmental dues	2 962 727	4 670 914
Rent	1 245 502	1 981 752
Travelling and transportation	1 895 518	1 920 102
Pre-opening expenses for the Golf course and club	–	1 619 826
Others	10 595 709	10 236 782
	124 768 524	**131 578 960**

42-1 On February 27, 2013, the Parent Company's board of directors approved bonuses for employees and for the executive board members with total amount of L.E 28.6 Million (2011: L.E 25 Million). The board has delegated the incentive & performance committee to distribute the said amount between employees and the executive board members.

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

	2012 L.E	2011 L.E
Salaries	7 515 061	5 724 623
Cash settled share-based payments (a)	2 840 236	924 482
Equity settled share - based payments (b)	–	1 250 000
	10 355 297	**7 899 105**

a- On May 16, 2006, the Parent 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 Parent Company from grant date until vesting date.

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

Party entitled	Grant date	Fair value of share at grant date (before splitting)	Market value of share at 31/12/2012	Conditions
		L.E	L.E	
Some executive board members	1/4/2006	75	20.33	Vested after 6 months from grant date (salaries)

The amount of expense charged to the consolidated income statement during the year is amounts to L.E 2 840 236 and the liability balance amounts to L.E 633 261 as at December 31, 2012 was included under creditors and other credit balances caption in the consolidated balance sheet.

b- This item is represented in the difference between the grant date fair value of the shares granted to the executive directors of the holding Company and the agreed upon share price in accordance with the bonus and incentive plan as shown in note No.(54) as follows:

- On May 16, 2006, the Parent Company's board of directors approved some other benefits to the Parent Company's managing director which are represented in granting him share appreciation rights for a number of 750 thousand of the Parent Company's shares with exercise price of L.E 75 per share effective from 1/4/2006 and for five years provided that achieving certain terms and conditions.
- On March 28, 2007, the board of directors of the Parent Company agreed on the monthly salary and the additional benefits granted to the managing director within the employees' incentive and bonus plan note No. (54) effective 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 directors as detailed in note No. (54) below. Accordingly, total shares allocated to the board members and executive directors of the holding Company from the bonus and incentive plan reached one million shares till that date.

43. Other operating expenses

	2012	2011
	L.E	L.E
Discount for early payment	33 975 186	6 926 152
Depreciation of leased out units	206 600	176 753
Provision of claims	16 694 319	559 524
Loss of investments liquidation and debtors impairment	1 128 381	1 412 169
Capital losses	496 129	324 643
	52 500 615	**9 399 241**

44. Finance income

	2012 L.E	2011 L.E
Interest income	12 549 843	29 318 547
Interest income from loans to Joint Venture	9 283 943	8 083 658
Amortization of discount - deferred interests	3 161 454	3 478 048
Revaluation and sale of investments income	10 540 185	5 098 974
Net foreign exchange differences	4 717 915	-
	40 253 340	**45 979 227**

45. Finance cost

	2012 L.E	2011 L.E
Interest expense	49 613 075	28 899 780
Interest expense of installments of Sheikh Zayed land	10 359 824	11 789 740
Net foreign exchange differences	-	2 127 061
	59 972 899	**42 816 581**

46. Income tax expense

	2012 L.E	2011 L.E
Current income tax expense	11 534 803	2 991 086
Deferred income tax expense /(benefit)	(888 247)	4 045 928
	10 646 556	**7 037 014**

47. Earnings / (Losses) per share

Earnings / (Losses) per share are calculated on December 31, 2012 based on holding Company share in (loses)/earnings per share for the year, and also using weighted average method to number of shares outstanding during the year as follows:

	2012 L.E	2011 L.E
Net profit / (loss) for the year	250 045 549	(188 715 808)
Weighted average number of shares outstanding during the year	90 013 334	90 388 677
Profits /(Losses) per share (L.E / share)	2.78	(2.09)

48. Jointly controlled projects

The consolidated financial statements as at December 31, 2012 include 50% of the net assets of the Joint Venture (Palmyra – SODIC for Real Estate Development LLC.) as it is before adjusting with eliminating entries as follows :

	31/12/2012	31/12/2011
	Balance sheet	**Balance sheet**
Assets	L.E	L.E
Non – current assets		
Properties and equipment	15 147 213	20 945 380
Investment properties	55 367 736	73 590 761
Advance payments for acquisition of investment properties	9 351 065	12 428 754
	79 866 014	**106 964 895**
Current assets		
Works in process	188 944 197	250 990 672
Due from related parties	15 070 455	20 003 833
Other current assets	738 875	2 538 719
Cash on hand and at banks	13 185	74 605
	204 766 712	**273 607 829**
	284 632 726	**380 572 724**
Liabilities		
Long – term loans	-	33 782 412
Due to related parties included (Sodic Syria and Fourteen for Real Estate Investment Co.) loan	120 906 692	86 549 890
Current portions of long –term loans	35 587 361	5 076 688
Suppliers and other current liabilities	1 625 595	19 872 960
Advance payments from customers	23 807 651	31 643 395
	181 927 299	**176 925 345**
Net assets	**102 705 427**	**203 647 379**

	Income statement	**Income statement**
	L.E	L.E
General and administrative expenses	(7 570 290)	(11 252 586)
Other operating income	657	2 350
Finance income	(13 427 421)	(26 350 391)
Foreign currency differences	(34 765 678)	24 222
Marketing expenses	(415)	(782 278)
Net loss for the year	**(55 763 147)**	**(38 358 683)**

As it is detailed above, the parent Company's share in the total assets of the projects under common control on Syria is amounting to L.E 284 632 726 as at December 31, 2012 beside an amount of L.E 85 010 928 classified as "loans for joint projects" in the balance sheet.

Considering the 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 above mentioned 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 of the current situation 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.

Despite the events that The Arab Republic of Syria has encountered, which are mentioned in the previous paragraph, the management of the Company believes that its assets and investments with the projects and the companies in Syria are guaranteed and fully recoverable, as the fair values of the assets and the properties of the projects in Syria are higher than its book value according to reports of valuation from an independent expert during 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 and to cover the investments value and the Company has no information regards any problems related to the custody and ownership of these land.

49. Financial instruments

49.1 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, loans to joint venture and investments in trading securities. The maximum exposure to credit risk as at December 31, 2012 is amounting to L.E 3 060 615 415 (December 31, 2011: L.E 2 375 324 179).

49.2 Liquidity risk

The following are the contractual maturities of financial liabilities:

December 31, 2012	Carrying amount L.E	Less than 1 year L.E	1-2 years L.E	2-5 years L.E
Banks – lenders	11 524	11 524	-	-
Banks – credit facilities	35 651 373	35 651 373	-	-
Short – term loans	142 732 070	142 732 070	-	-
Contractors and suppliers	110 716 718	110 716 718	-	-
Long – term notes payable	73 924 905	-	49 618 787	24 306 118
Other creditors	416 053 868	330 585 783	85 468 085	-
Long – term loans	256 381 985	-	-	256 381 985
Short-term notes payable	30 748 521	30 748 521	-	-
	1 066 220 964	**650 445 989**	**135 086 872**	**280 688 103**

December 31, 2011	Carrying amount L.E	Less than 1 year L.E	1-2 years L.E	2-5 years L.E
Banks – credit facilities	51 256 820	51 256 820	-	-
Contractors and suppliers	78 549 493	78 549 493	-	-
Other creditors	311 182 507	251 186 913	51 530 400	8 465 194
Long – term loans	335 331 037	-	300 349 889	34 981 148
Short-term notes payable	32 131 236	32 131 236	-	-
Long-term notes payable	97 224 471	-	7 408 904	89 815 567
	905 675 564	**413 124 462**	**359 289 193**	**133 261 909**

49.3 Currency risk

Exposure to currency risk

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

December 31, 2012

Description	USD	Syrian lira
Loans to Joint Ventures	13 507 347	-
Other debtors	312 500	-
Cash at banks	9 881 816	-
Long – term loans	-	-
Bank - credit facilities	-	437 655 664
Surplus of foreign currencies	**23 701 663**	**437 655 664**

December 31,2011

Description	USD	Syrian lira
Loans to Joint Ventures	13 403 494	-
Other debtors	625 000	-
Cash at banks	33 417 865	-
Long – term loans	-	(359 553 057)
Bank – credit facilities	(8 511 594)	-
Other creditors	(909 020)	-
Surplus /(Shortage) of foreign currencies	**38 025 745**	**(359 553 057)**

49.4 Interest rate risk

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

	Carrying amount	
	31/12/2012	31/12/2011
Fixed rate instruments	L.E	L.E
Financial assets	2 560 638 705	1 725 324 988
Financial liabilities	(104 673 425)	(129 355 707)
	2 455 965 280	1 595 969 281
Variable rate instruments		
Financial liabilities	**(434 776 952)**	**(391 664 545)**

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

49.5 Fair values

Fair values versus carrying amounts

The main financial instruments for the Company represent in the balances of cash at banks, investments, trade and notes receivables, its associates, 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.

50. Transactions with related parties

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

a) Transactions with related parties

Party / Relationship	Nature of transaction	31/12/2012 Amount of transaction L.E
Executive and board of directors (Parent Company)	Executive and board of directors	(See note No. 42).
Palmyra – SODIC for Real Estate Development	Loan for joint projects	4 302 378
	Management fees	3 854 906

b) Resulted balances from transactions with related parties

Party	Item as shown in the consolidated balance sheet	31/12/2012 L.E	31/12/2011 L.E
Executive and board of directors	Liability for cash settled share – based payments transactions included in creditors and other credit balances caption (note No. 26)	633 261	157 390
Bonyan Development and Trade Co.	Creditors and other credit balances	3 413 456	3 413 456
Mr. Farras Tallas(Partner in joint venture)	Debtors and other debit balances	14 947 085	19 866 576
Palmyra – SODIC for Real Estate Development	Loans to Joint Ventures	85 010 928	80 708 548
	Accrued interest on loan under debtors caption	19 957 157	9 857 599
	Accrued management fees under debtors caption	1 966 781	1 881 875

51. Legal status

There is a dispute between the parent company and a party regarding the contract concluded between them on February 23, 1999 which is related to delivering this party a plot of land as a usufruct right for indefinite year of time and a return for an annual rental with a minimal amount for a total of 96 Fadden approximately and which has not been delivered up till this date as the management of this party did not abide by the detailed conditions of the contract. There are exchanged notifications concerning this land between the management of the parent company and the management of the third party. During 2009, this party raised a court case No. 3 of 2009 Civil 6^{th} of October against the parent company 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 several times and the last one will be held on March 25, 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 effective 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 the court.

52. Tax status

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

Corporate tax

- A ten – year corporate tax exemption period starting from the year following the date of the activity inception as of 1/1/1998 until 31/12/2007 has been previously granted to the Parent Company according to Law No. 59 of 1979 concerning the New Urban Communities.
During the month of January 2011, the Company submitted a request to the Tax Authority demanding the amendment of the tax exemption period to start from the date of the actual handing over of the units in the year 2002.

- On January 18, 2011, the Disputes Dispersal Committee of the Tax Authority considered and studied the Company's request in the light of the date of the actual handing over of the units and the regulations applicable to similar companies. Accordingly, the said committee decided to approve the holding Company's request thus considering the date of the actual business activity of the Company to be the year 2002, hence, the Parent Company shall be entitled to tax exemption from 1/1/2003 to 31/12/2012, and the amendment 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 until 2000 on deemed basis. The Company was notified by the tax forms and has objected. During the year, re-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 years from 2001 till 2004 till authorizing these financial statements for issuance.
- 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 for last years until year 2001, the tax claims was paid according to the assessment of the Internal Committee,The resulting tax was paid according to the assessment of the Internal Committee during September 2004.
- Years from 2002 to 2004 were inspected and the Company 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 until the third quarter of 2012 and the Company did not receive any tax claims until authorizing these financial statements for issuance.

Stamp tax

- Tax inspection was carried out for the previous years till 31/7/2006. The tax inspection was made and was 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 resulting differences were paid.
- Inspection for the years from January 1, 2008 till December 31, 2010 is carrying on; the Company did not receive any tax claim till the date at which the financial statements are authorized to be issued.

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 and tax differences and additional tax were paid.

Real estate property tax

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

53. Capital commitments

Capital commitments as at December 31, 2012 is represented in contracted and unexecuted works amounting to L.E 21 949 817 million (2011 : L.E 1 302 181).

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

On October 16, 2006, the Parent Company's Extra - Ordinary General Assembly unanimously agreed to approve the incentive and bonus plan of the Parent Company, and authorizing the Parent 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 the Parent Company's employees, managers and executive board directors:

- The incentive and bonus plan works through allocation of shares for the Parent Company's employees, managers and executive board directors and to sell these shares in favor of them in preferential conditions.
- Duration of the plan is four years starting from the date of approval of the plan by the Parent Company's 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 Parent 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 Parent Company will be paid from the proceeds of sale.
- The Company signed a custody agreement with Arab African International Bank on April 15, 2007, to save bonus and incentive shares. The shares of the plan were issued and financed by the holding Company. Annotation of this increase in the Commercial Registry was on July 5, 2007.
- On September 23, 2007, the Supervisory Committee of the incentive and bonus plan of the Parent Company's employees, executive directors and managers agreed to the selection of the 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 period according to the incentive and bonus plan.
- 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 Parent Company's employees, executive directors approved the allocation of 495 000 shares of the total shares to some of the Parent 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 Parent 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 to transfer the title of the shares allocated to him to be in his name after ending the prohibition period 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 to give the board of directors the right – when necessary – to replace 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 of the amendments made on the bonus and incentive plan.

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

Party Entitled	**Grant date**	**No. of shares in thousand**	**Fair value of share at grant date (before splitting) L.E**	**Exercising price (before splitting) L.E**	**Conditions**
Managing director	28/3/2007	750	100	75	5 years working in the Company and exercise period from 31/3/2007 March 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 2 consecutive years during the vesting period.
Board of director	23/9/2007	75	100	75	According to performance measure and exercise period from 31/3/2007 till March 2015.
Some managers	23/9/2007	175	100	75	According to performance measure and exercise period from 31/3/2007 till March 2015.
Board of director	7/10/2008	25	73.34	75	According to performance measure and exercise period from 31/3/2007 till March 2015.
Some managers	7/10/2008	470	73.34	75	According to performance measure and exercise period from 31/3/2007 till March 2015.

Significant events

55-1 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", has submitted a request to the Ministerial Committee for resolving investment disputes relating to the dispute with the Urban Communities authority (Governance of New Cairo City) as the authority didn't fulfill its contractual and legal obligations and authorizing the submitted designs 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 prelusion 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".

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, and the Company's request still laid out in the committee based on the Company's request and the approval of the Prime Minister.

However and on March 29, 2012 the Company 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 north extent area which is allocated to the company and revocation of the contract dated as March 13, 2005 and appendix dated September 3, 2006 and this is because of the fact that the Company has not committed to execute the project till to date, which makes the Company has to take all the necessary 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 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 care to execute the project, which is the case to be determined in the case in September 1,2012 in front of the investment court in the State Council and both of the Minister of Housing, Urban committees and the authority of New Cairo City has been notified regarding that case, and it has been postponed for several time, last one was at November 3, 2012 to submit the documents by the authority.

And as at November 3, 2012 the session had been attended and the requests of the Company include:

First: Accepting the case formally

Second: Immediately, stopping executing the appealed decision as it includes cancellation the allotment of the land plot referred to for the Company and defeasance the contract dated as March 13, 2005 and its appendix with the Company as at September 3, 2006 and its consequences

Third: About the subject of cancellation the appealed decision and its consequences and compulsion the Managerial party with the expenses and the lawyers' fees

And the case has been impounded to be judged immediately at December 15, 2012, and the lawsuit was postponed for consideration at the session dated March 2, 2013

As shown in details in note No. 15 work in process, the total cost of land, its relating expenses and expenditures as at December 31, 2012 is amounting to L.E 634 million.

The Company's management has consulted the external legal consultant of the Company who concluded his opinion as follows:

1. The selling contract concluded as March 13, 2005 between the Authority and the Company stated a contractual liabilities between the two parties one of which is the commitment of the authority to deliver the land to the Company immediately upon concluding the contract but the delivery had been at November 14, 2006 which is more than 20 months after the agreement date and the governance of new Cairo city sent a letter dated as August 24, 2006 which stated that the related authorities had agreed to start the execution period from the issuance date of the ministry decision and receiving the project's land by the Company.
2. The assigned date by the Urban Committees to complete the project is at July 17, 2012 according to what is stated in the letter from the governance as at January 18, 2011.
3. The allocated land is not suitable to be used for the project before July 15, 2010 according to what is stated in the letter of armed forces as at February 27, 2012 which stated that an area of 84 Hectare (200 Fadden) has been purified from the previous war disposals as at July 15, 2010 in the location of (Kattameya plaza" behind the future University" – land plot No. 16- East town " behind New Cairo American University").

4. The agreed utilities have not been supplied on the borders of the land which is confirmed by the letter of water and sewage Company as at November 30, 2011 which confirmed that the main water purification station which will supply the extension is uncompleted and it also confirms that the temporary water supply is not suitable with the allocated area and during the summer period starting from the beginning of July till the end of October the water does not reach the extension area where the Company's project land is allocated also this is confirmed by the letter of the Authority as at November 21, 2011, and also the letter of water Company dated June 3, 2012, and it is the same case for electricity and sewage.
5. The Authority did not commit to authorize the detailed designs drawings and the modified general design of the project which is submitted to the Authority since September 6, 2010, November 22, 2010, March1, 2011 which is more than 18 months and till now. It is well known that the Company cannot work in the project before these drawings are authorized despite that the Company submitted it to be authorized during the contract period when the Authority committed to do so.
6. The Authority did not commit to authorize the technical drawings for the internal network of the utilities which was submitted by the Company as at November 10, 2010 when the Authority committed to do so.
7. The subsidiary Company "Soreal", has paid the price of the land in full and prepared the designs of the project which charged it costs
8. The Company got the Contracted plot of land from the authority due to backwardness of the authority of delivering its allocated land in the 6th of October city where the authority failed to deliver it to the Company because of the occupations and adverse possession after more than 7 years from the first contracting.
9. The authority of Urban Committees and the Governance of New Cairo City have issued licenses and accept payments for reviewing the drawings after the date.
10. Also the authority of Urban Committees had cancelled its decision to withdraw the land in similar cases as the purification station, its feeding source, was not ready yet.

- As a result of all what mentioned above, we believes that the decision from the authority to cancel the allocation is against the facts and the law, specially that the land at this condition was not suitable to execute the project before July 15, 2010, according to state council sentences which judged in a similar case that as the governmental bodies did not supply the main utilities to the land according to what is agreed upon in the contract, it means that the actual delivering concept of the land did not really achieved, and this is supported by the opinion of the legal consultant of the Housing Minister, who confirms that the execution periods cannot be applied against the related parties except from the date when all necessarily utilities are completed to be used which is also confirmed by the real estate regulation (amendment article 16 paragraph 4) which states that it is not allowed to cancel allocation before all the necessary utilities are provided to the location which allow it to be used. According to what is mentioned the management of the Company and its legal consultant believe that the cancellation decision was against the law and the possibilities of a judgment in the favor of the Company in this dispute is strong according to the reasons mentioned above. On February 14, 2013 the company received a letter issued by the General Secretariat of the Presidency of the Council of Ministers dated on 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 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 legal dispute with Solidare – Egypt Company

- During the year 2007 an agreement for cooperation had been signed between the Company and the Solidare International – Lebanon to establish properties project, the agreement includes an option for purchasing 250 000 m^2 from the company's land in West Town project in El-Sheikh Zayed.
- In the year 2008, Solidare International Company had activated the practice of the purchasing option through Solidare – Egypt Company for investment and properties development "Solidare – Egypt" - wholly owned Company to Solidare International Company -, and Solidare Egypt had paid the option value which amounts to L.E 162 million after early payment discount as a result of early payment.
- Until September 11, 2012, Solidare 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 Solidare International and Solidare Egypt Company after the Company submitted a request to Cairo 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, Solidare International Company and Solidare 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 Solidare Egypt for investment and properties development "Solidare Egypt" has raised arbitration claim on September 19, 2012 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 Solidare Egypt Company according to the common intention within the parties and the concluded contracts, 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.