

Translation from Arabic

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

Separate Financial Statements
For The Financial Year Ended December 31, 2013

And Auditor's Report

 Hazem Hassan
Public Accountants & Consultants

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Translation of financial statements

originally issued in Arabic

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Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of Sixth of October for Development and Investment Company "SODIC", which comprise the separate balance sheet as at December 31, 2013, and the separate 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 Financial Statements

These separate financial statements are the responsibility of Company's management. Management is responsible for the preparation and fair presentation of these separate 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 separate 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 separate 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 separate financial statements.

Opinion

In our opinion, the separate financial statements referred to above present fairly, in all material respects, the separate financial position of Sixth of October for Development and Investment Company "SODIC" as of December 31, 2013, and of its separate financial performance and its separate 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 separate financial statements.

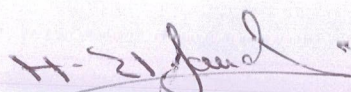
Emphasis of matter***Without qualifying our opinion***

Regarding to what has been mentioned in details in Note No.(16-1), (17-3) related to total investment that had been injected for the Company's projects in Syria through the related parties accounts amounting to approximately L.E 518 million and approximately L.E 4 million at debtors and other debit balances has been impaired as of December 31, 2013.

Report on Other Legal and Regulatory Requirements

The company maintains proper books of accounts, which include all that is required by law and by the statutes of the Company; the financial statements are in agreement thereto.

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

**KPMG Hazem Hassan**

KPMG Hazem Hassan
Public Accountants and Consultants

④

Cairo, April 23, 2014

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

Separate Balance Sheet

As at December 31, 2013

| | Note No. | 31/12/2013 L.E | 31/12/2012 L.E |
|---|-------------|----------------------|----------------------|
| Long - term assets | | | |
| Fixed assets (net) | (6) | 20 470 778 | 86 634 951 |
| Projects under construction | (7) | - | 1 095 633 |
| Investments in subsidiaries | (8) | 520 844 496 | 520 844 496 |
| Investments - available for sale | (9) | 4 276 152 | 4 277 402 |
| Investment properties (net) | (10) | 80 158 600 | 65 835 835 |
| Investment property advances | (11) | 131 952 429 | 105 523 260 |
| Trade and notes receivable (net) | (12) | 1 484 343 651 | 1 242 642 280 |
| Total long - term assets | | 2 242 046 106 | 2 026 853 857 |
| Current assets | | | |
| Inventory - Materials | | 204 205 | 204 205 |
| Completed units ready for sale | (13) | 31 478 756 | 47 277 755 |
| Works in process | (14) | 1 277 213 613 | 1 310 797 731 |
| Trade & notes receivable (net) | (15) | 953 211 044 | 1 038 848 412 |
| Due from related parties | (16) | 1 072 881 475 | 1 508 336 395 |
| Debtors & other debit balances | (17) | 228 372 105 | 260 983 369 |
| Cash at banks & on hand | (18) | 285 965 532 | 268 773 453 |
| Total current assets | | 3 849 326 730 | 4 435 221 320 |
| Current liabilities | | | |
| Provision for completion | (19) | 86 894 388 | 127 166 085 |
| Provisions | (20) | 9 365 212 | 22 451 188 |
| Bank - Lenders | | - | 11 524 |
| Bank - credit facilities | (21) | 31 411 767 | 34 916 404 |
| loans - Short term | (32) | 223 397 759 | 107 144 710 |
| Advances from customers | (22) | 2 582 221 757 | 2 707 590 184 |
| Contractors, suppliers & notes payable | (23) | 122 642 765 | 127 594 264 |
| Due to related parties | (24) | 198 093 013 | 105 896 427 |
| Creditors & other credit balances | (25) | 605 637 075 | 278 731 081 |
| Total current liabilities | | 3 859 663 736 | 3 511 501 867 |
| (Excess of current liabilities over current assets)/ Working capital | | (10 337 006) | 923 719 453 |
| Total investments | | 2 231 709 100 | 2 950 573 310 |
| These investments are financed as follows:- | | | |
| Shareholders' equity | | | |
| Issued & fully paid in capital | (26) | 362 705 392 | 362 705 392 |
| Legal reserve | (27) | 181 352 693 | 181 352 693 |
| Special reserve - share premium | (28) | 1 316 921 569 | 1 316 921 569 |
| Retained earnings | | 802 786 772 | 512 544 421 |
| Profit from sale of treasury shares | (29) | 3 692 867 | 3 692 867 |
| Shares kept for bonus & incentive plan | (30) | (80 000 000) | (80 000 000) |
| Set aside amount for bonus & incentive plan | (31) | 25 323 711 | 25 323 711 |
| Net (Loss) profit for the year | | (520 468 847) | 290 242 351 |
| Total shareholders' equity | | 2 092 314 157 | 2 612 783 004 |
| Long-term liabilities | | | |
| loans - long term | (32) | 88 011 726 | 256 381 985 |
| Notes payable | (33) | 48 612 236 | 79 951 702 |
| Deferred tax liabilities | (34) | 2 770 981 | 1 456 619 |
| Total long-term liabilities | | 139 394 943 | 337 790 306 |
| Total shareholders' equity & long - term liabilities | | 2 231 709 100 | 2 950 573 310 |

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

Financial & Administration

Executive Director

Hany Henry
Hany Henry

Chief Financial Officer

Omar Elhamawy
Omar Elhamawy

Managing Director

Ahmed Demerdash Badrawi
Ahmed Demerdash Badrawi

Chairman

Hani Sarie El Din
Hani Sarie El Din

* Auditor's Report "attached"

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

| | Note No. | 2013 L.E | 2012 L.E |
|---|---------------------|----------------------|---------------------|
| Sales (net) | (35) | 816 686 392 | 1 369 825 357 |
| Cost of sales | (36) | (562 947 372) | (863 821 118) |
| Gross profit | | 253 739 020 | 506 004 239 |
| Other operating revenues | (37) | 85 324 298 | 68 905 601 |
| Selling and marketing expenses | (38) | (84 112 579) | (86 132 136) |
| General and administrative expenses | (39) | (127 613 203) | (125 884 800) |
| Other operating expenses | (40) | (574 538 819) | (50 336 136) |
| Operating (loss) / profit | | (447 201 283) | 312 556 768 |
| Finance income | (41) | 66 176 700 | 38 165 318 |
| Finance cost | (42) | (138 129 902) | (55 652 678) |
| Net finance (cost) | | (71 953 202) | (17 487 360) |
| Net (Loss) profit for the year - before income tax | | (519 154 485) | 295 069 408 |
| Income tax (expense) | (43) | (1 314 362) | (4 827 057) |
| Net (Loss) profit for the year | | (520 468 847) | 290 242 351 |
| Earnings per share (L.E / Share) | (44) | (5.74) | 3.22 |

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

*Translation of financial statements
originally issued in Arabic*

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

| | Issued & paid in capital <u>L.E</u> | Legal reserve <u>L.E</u> | Special reserve- share premium <u>L.E</u> | Treasury shares <u>L.E</u> | Profit from sale of treasury shares <u>L.E</u> | Shares kept for bonus & incentive plan <u>L.E</u> | Set aside amount for bonus & incentive plan <u>L.E</u> | Retained earnings <u>L.E</u> | Net profit (Loss) for the year <u>L.E</u> | Total <u>L.E</u> |
|--|---|--------------------------------|---|----------------------------------|--|---|--|------------------------------------|---|----------------------|
| Balance as at January 1, 2012 | 362 705 392 | 181 352 693 | 1 316 921 569 | (18 018 000) | - | (80 000 000) | 25 267 256 | 635 902 754 | (123 358 333) | 2 300 773 331 |
| transfer to retained earnings | - | - | - | - | - | - | - | (123 358 333) | 123 358 333 | - |
| Return of stock dividends of bonus & incentives plan for employees and managers | - | - | - | - | - | - | 56 455 | - | - | 56 455 |
| Sold treasury shares | - | - | - | 18 018 000 | - | - | - | - | - | 18 018 000 |
| Profit from sale of treasury shares | - | - | - | - | 3 692 867 | - | - | - | - | 3 692 867 |
| Net profit for the year | - | - | - | - | - | - | - | - | 290 242 351 | 290 242 351 |
| Balance as at December 31, 2012 | <u>362 705 392</u> | <u>181 352 693</u> | <u>1 316 921 569</u> | <u>-</u> | <u>3 692 867</u> | <u>(80 000 000)</u> | <u>25 323 711</u> | <u>512 544 421</u> | <u>290 242 351</u> | <u>2 612 783 004</u> |
| transfer to retained earnings | - | - | - | - | - | - | - | 290 242 351 | (290 242 351) | - |
| Net (Loss) for the year | - | - | - | - | - | - | - | - | (520 468 847) | (520 468 847) |
| Balance as at December 31, 2013 | <u>362 705 392</u> | <u>181 352 693</u> | <u>1 316 921 569</u> | <u>-</u> | <u>3 692 867</u> | <u>(80 000 000)</u> | <u>25 323 711</u> | <u>802 786 772</u> | <u>(520 468 847)</u> | <u>2 092 314 157</u> |

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

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

| | Note No. | 2013 L.E | 2012 L.E |
|---|-------------|---------------------|----------------------|
| <u>Cash flows from operating activities</u> | | | |
| Net (Loss) profit for the year - before income tax | | (519 154 485) | 295 069 408 |
| <u>Adjustments for :</u> | | | |
| Depreciation of fixed assets and rented units | | 13 683 690 | 17 149 321 |
| Capital gains/(losses) | | (1 251 708) | 15 068 |
| Provisions no longer required | | (12 127 822) | (24 462 778) |
| Provision for completion - formed | (19) | 45 733 895 | 16 290 647 |
| Provisions formed | (20) | 90 647 | 75 975 822 |
| Impairment of available for sale | | 1 250 | - |
| Impairment of due from related parties | | 545 961 473 | - |
| Impairment of debtors and other debit balances | | 4 342 500 | - |
| share-based payments | (31) , (50) | - | 56 455 |
| Operating profit before changes in working capital items | | 77 279 440 | 380 093 943 |
| <u>Changes in working capital items</u> | | | |
| Change in completed units ready for sale | | 15 798 999 | (204 205) |
| Change in Works in process | | 33 584 118 | 273 766 559 |
| Change in investment properties | | (16 311 499) | 4 135 000 |
| Change in trade & notes receivables | | (156 064 003) | (696 792 116) |
| Change in due from related parties | | (110 506 553) | (191 982 663) |
| Change in debtors & other debit balances | | 28 268 764 | 28 203 139 |
| Provision for completion - used | (19) | (73 877 770) | (65 775 727) |
| Provisions - used | (20) | (13 176 623) | - |
| Change in advances from customers | | (125 368 427) | (12 068 845) |
| Change in contractors, suppliers & notes payable | | (36 290 965) | (31 046 221) |
| Change in due to related parties | | 92 196 586 | 82 282 113 |
| Change in creditors & other credit balances | | 323 367 322 | 51 340 075 |
| Income tax paid | | (5 260 259) | - |
| Restricted cash | | - | 4 198 000 |
| Net cash flow provided from / (used in) operating activities | | 33 639 130 | (173 850 948) |
| <u>Cash flows from investing activities</u> | | | |
| Payments for purchase of fixed assets & projects under construction | | (1 214 229) | (6 318 128) |
| Payments for acquisition of investment properties | (11) | (26 429 169) | (19 710 965) |
| Proceeds from sale of fixed assets | | 66 829 718 | 323 705 |
| Net cash flow provided from / (used in) investing activities | | 39 186 320 | (25 705 388) |
| <u>Cash flows from financing activities</u> | | | |
| Banks - credit facilities and long term loans | (32) , (21) | (55 633 371) | 45 649 178 |
| Proceeds from sale of treasury shares | | - | 21 710 867 |
| Net cash (used in) / provided from financing activities | | (55 633 371) | 67 360 045 |
| Net change in cash & cash equivalents during the year | | 17 192 079 | (132 196 291) |
| Cash & cash equivalents at the beginning of the year | | 218 773 453 | 350 969 744 |
| Cash & cash equivalents at the end of the year | (18) | 235 965 532 | 218 773 453 |

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

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

1- Background and activities

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

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

- Operating in the field of acquiring land for the purpose of supplying it utilities and preparing it for building and dividing for the purpose of sale or lease.
- Operating in the field of construction, integrated construction and supplementary works.
- Planning, dividing and preparing lands for building according to modern building techniques.
- Building, selling and leasing all various types of real estate.
- Developing and reclaiming land in the new urban communities.
- Operating in the field of tourism development and tourism related establishments 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 –residential, service, commercial, industrial and tourism projects.
- Importing and operating as trade agents within the allowable limits of the Company's purpose. (not with the purpose of trading)
- Financial leasing in accordance with Law No. 95 of 1995.
- Working in all fields of information technology and systems, hardware and software (computer software and services).
- Operating in fields of 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.
- Operating in the field of coordinating and planting gardens, roads and squares and also providing security, steward - ship, maintenance and cleaning services.
- Operating in the field of ownership and management of sporting, entertainment, medical, educational buildings and also ownership, management and operating of restaurants.
- In addition, the Company may have interest or participate in any manner 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.

- 2** The Company's duration is 50 years starting from the date of registration in the Commercial Registry.
- 3** The Company is officially listed in the Egyptian Stock Exchanges.
- 4** The registered office of the Company is located at Km. 38 Cairo / Alexandria Deseret Road, Sheikh Zayed City. Mr. Hany Sariy El-Deen is the Chairman of the Board and Mr. Ahmed Demerdash Badrawy is the Member of the Board of Directors

2- Basis of preparation of the financial statements

2-1 Statement of compliance

- These separate financial statements have been prepared in accordance with Egyptian Accounting Standards and relevant Egyptian laws and regulations.
- The financial statements have been authorized by Company's board of directors as April 22, 2014

2-2 Basis of measurement

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

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

2-3 Functional currency and presentation currency

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

2-4 Use of estimates and judgments

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

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

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

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

2-5 Consolidated financial statement

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

3- Significant accounting policies

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

3-1 Foreign currency transactions

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

3-2 Fixed assets and depreciation

a) Recognition and measurement

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

b) Subsequent costs

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

c) Depreciation

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

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

3-3 Operating Lease

Payments made under Operating Lease (net of any incentives obtained from the lessor are charged to the income statement based on accrual basis.

3-4 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.

3-5 Investment properties

a) Initial recognition and measurement

This item includes lands held and not allocated for a specific purpose, or lands held for sale on long term as well as the lands and buildings leased to others (by virtue of operating leases). Real estate investments are valued at cost less the accumulated depreciation and "impairment"(3-11). The fair value of these investments are disclosed at the balance sheet date unless if there are cases where the fair value of these investments are difficult to be determined in a reliable manner. In this case such fact shall be disclosed.

b) Depreciation

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

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

3-6 Investments

a) Investments in subsidiaries

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

Investments in subsidiaries are stated – when acquired – at its acquisition cost. If a decline in the recoverable amount exists for any investment below the carrying amount "Impairment" (note No. 3-11), the carrying amount of the investment will be adjusted by the amount of such impairment and will be charged to the income statement for each investment.

b) Available -for- sale investments

Financial instruments held by the Company and classified as available-for-sale investment are initially stated at cost and subsequently measured at fair value (unless this cannot be reliably measured). Changes in fair value are reported as a separate component in equity. When these investments are derecognized, the cumulative gain or loss previously recognized in equity is recognized in income statement except impairment losses. 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. 3-11). Impairment loss is recognized directly in the income statement.

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

c) **Held for trading investments**

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

Treasury bills is recognized by the net value less amortization and impairment losses (note No. 3-11).

3-7 **Units ready for sale**

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

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

3-8 **Work in process**

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

3-9 **Trade and notes receivables, debtors and other debit balances**

Trade and notes receivables are non- interest bearing and are stated at their nominal value and reduced by impairment losses note (3-11). Impairment is recognized when there is objective evidence that the Company is not able to collect the due amounts according to the original terms of contracts. Impairment is the difference between the book value and the recoverable amount which represents the expected cash in flow for the Company.

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

3-10 **Cash and cash equivalents**

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

3-11 **Impairment of assets**

a) **Financial assets**

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

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

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

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

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

b) Non-financial assets

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

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

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

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognized in prior years are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

3-12 Provisions

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

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

a- Provision for completion

A provision for completion of work is formed at the estimated value of the completion of the projects (relating to the units delivered to customers and the completed units according to the contractual terms and conditions and the completed units for which contracts were not concluded) this is based on technical studies and measurement to estimate the cost, which are prepared by the Company's technical departments .The necessary provision is reviewed at the end of each reporting period till finalization of all the project works.

3-13 Borrowing costs

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

3-14 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.

3-15 Suppliers, contractors and other credit balances

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

3-16 Share capital

Common shares are classified in the owners' equity.

a) Issuance of ordinary shares

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

b) Treasury shares

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

c) Dividends

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

d) Finance of the incentive and bonus plan

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

e) Reserves

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

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

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

3-17 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 as an expense over the year that the beneficiaries become unconditionally entitled to these shares. The expected number of beneficiaries from the plan and the extent of their benefit are reviewed at the financial statements date. Necessary changes are made for the expense to reflect the best estimate and the corresponding amount is included in equity under "set aside amount for the bonus and incentive plan" caption.

b) Cash settled share - based payments

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

3-18 Notes payable

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

3-19 Revenue recognition

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

a) Sales revenue

Revenue from sale of residential units, offices, commercial, service units and villas for which contracts were concluded is recorded when all the ownership risks and rewards are transferred to customers upon the actual delivery of these villas and units whether the said villas and units have been completed or semi – completed. Revenue from sale of lands is recorded upon the delivery of the sold land to customers and the transfer of all the ownership rewards and risks to buyer. Net revenue from sales are recorded after deducting discounts and sales returns. Net sales are represented in the selling value of units and lands delivered to customers after excluding the future interests that have not been realized till the balance sheet date and after deducting the value of sales returns (represented in the saleable value of the sales returns less unrealized interests that have been previously excluded from the saleable value), and also, after excluding the value of any given discounts to the customers. The discounts are recognized as other operating expenses.

b) Rental income

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

c) Construction contracts revenue:

It includes revenue from construction contracts initial value of each contract as well as contract change orders, incentives or subsequent claims subject to the availability of predicted values. When the outcome of a contract can be estimated reliably revenue is recognized according to parentage of completion method, and the percentage of completion is determined through actual performance of the contract. In case of inability to determine the exact result of the contract, revenue will be recognized up to cost incurred and expected to be recovered. Expected losses provision is formed during the financial period those losses are estimated.

Cost-plus revenues are recognized when the final outcome can be estimated and includes the following criteria :

Its possible for the entity to achieve economic benefits resulting from that contract.

All the costs relating to the contract whether recoverable or non- recoverable can be identified and measured.

d) Interest income

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

e) Dividends

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

3-20 Cost of sold lands

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

3-21 Expenses

a) Lease payments

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

b) Employees' pension

1. Pension obligations

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

2. Employees' profit sharing

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

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

3-22 Income tax

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

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

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

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.

3-23 Earnings / (losses) per share

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

4- Determination of fair values

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

4-1 Investments in equity instruments

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

4-2 Trade, note receivables and other debtors

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

4-3 Investment property

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

4-4 Share – based payment transactions

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

5- Financial risk management

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

- Credit risk
- Liquidity risk
- Market risk

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

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

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

5-1 Credit risk

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

Trade and other receivables

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

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

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

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

Investments

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

Guarantees

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

5-2 Liquidity risk

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

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

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

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

- L.E 435 million as long-term loans guaranteed by a promissory note amounting to the whole amount of the loan. Interest would be payable at the rate of 2.85 % per annum above the CORRIDOR of borrowing rate declared by the Central Bank of Egypt.
- A facility amounting to L.E 45.5 million covered by a guarantee of time deposits amounting to L.E 50 million.
- A facility amounting to L.E 50 million. Interest would be payable at the rate of 2.75 % per annum above the CORRIDOR average and a minimum rate of 12.5%.
- A facility amounting to L.E 150 million. Interest would be payable at the rate of 3 % per annum above the CORRIDOR average and 0.75% commitment fees from the total facility amount.

5-3 Market risk

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

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

5-4 Currency risk

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

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

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

5-5 Interest rate risk

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

5-6 Other market price risk

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

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

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

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

5-7 Capital management

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

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

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

Sixth of October for Development and Investment Company "SODIC"

"An Egyptian Joint Stock Company"

Notes to the separate financial statements (Cont.)

For The Financial Year Ended December 31, 2013

Translation of financial statements
originally issued in Arabic

6- Fixed assets

This item is represented as follows:

| | Land | Buildings of the Company's premises | Vehicles | Furniture and office fixtures | Office equipments and communication | Generators, machinery and equipment | Leasehold improvements | Total |
|---|--------------|--|------------|----------------------------------|--|--|---------------------------|--------------|
| | <u>L.E</u> | <u>L.E</u> | <u>L.E</u> | <u>L.E</u> | <u>L.E</u> | <u>L.E</u> | <u>L.E</u> | <u>L.E</u> |
| Cost as at 1/1/2013 | 24 210 813 | 46 799 300 | 7 724 706 | 8 854 229 | 15 556 411 | 3 625 013 | 13 509 497 | 120 279 969 |
| Additions during the year | - | - | - | 150 599 | 1 576 103 | 9 900 | 573 260 | 2 309 862 |
| Disposals during the year | (24 210 813) | (45 664 014) | (80 000) | (5 308) | (203 020) | - | (1 655 894) | (71 819 049) |
| Cost as at 31/12/2013 | | 1 135 286 | 7 644 706 | 8 999 520 | 16 929 494 | 3 634 913 | 12 426 863 | 50 770 782 |
| Accumulated depreciation as at 1/1/2013 | - | 10 876 870 | 6 256 361 | 2 381 943 | 8 144 110 | 1 597 624 | 4 388 110 | 33 645 018 |
| Depreciation during the year | - | 3 041 918 | 925 109 | 885 687 | 3 465 811 | 671 940 | 2 704 491 | 11 694 956 |
| Accumulated depreciation for disposals | - | (13 334 330) | (77 808) | (1 801) | (179 455) | - | (1 446 576) | (15 039 970) |
| Accumulated depreciation as at 31/12/2013 | - | 584 458 | 7 103 662 | 3 265 829 | 11 430 466 | 2 269 564 | 5 646 025 | 30 300 004 |
| Net book value as at December 31, 2013 | - | 550 828 | 541 044 | 5 733 691 | 5 499 028 | 1 365 349 | 6 780 838 | 20 470 778 |
| Net book value as at December 31, 2012 | 24 210 813 | 35 922 430 | 1 468 345 | 6 472 286 | 7 412 301 | 2 027 389 | 9 121 387 | 86 634 951 |

- Fixed assets include fully depreciated assets costing L.E 6 466 400 as at December 31, 2013 (2012: L.E 5 363 326)

7- Projects under construction

| | 31/12/2013 | 31/12/2012 |
|------------------------|-------------------|-------------------|
| | <u>L.E</u> | <u>L.E</u> |
| Company's new premises | - | 1 095 633 |
| | - | 1 095 633 |

8- Investments in subsidiaries

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

9- Investments – available for sale

| | Legal Form | Ownership % | Paid amount of Participation % | Carrying amount as at 31/12/2013 <u>L.E</u> | Carrying amount as at 31/12/2012 <u>L.E</u> |
|---|-------------------|--------------------|---------------------------------------|--|--|
| Egyptian Company for Development and Management of Smart Villages | S.A.E | 1.01 | 100 | 4 250 000 | 4 250 000 |
| SODIC for Golf and Tourist Development Co. | S.A.E | 0.0025 | 25 | 1 250 | 1 250 |
| Beverly Hills Co. for Management of Cities and Resorts | S.A.E | 0.06 | 100 | 26 152 | 26 152 |
| | | | | 4 277 402 | 4 277 402 |
| Impairment of available for sale investments | | | | (1 250) | - |
| | | | | 4 276 152 | 4 277 402 |

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

10- Investment properties

The net carrying amount of the investment properties as at December 31, 2013 amounted to L.E 80 158 600. Following is the movement on the investment properties account and its associated depreciation during the year:-

| Description | Units leased out to others | Golf course | Total |
|--|-------------------------------|-------------------|--------------------|
| <u>Cost</u> | <u>L.E</u> | <u>L.E</u> | <u>L.E</u> |
| At January 1, 2013 | 1 531 214 | 99 377 533 | 100 908 747 |
| Addition during the year | 16 311 499 | - | 16 311 499 |
| At December 31, 2013 | 17 842 713 | 99 377 533 | 117 220 246 |
| <u>Accumulated depreciation</u> | | | |
| At January 1, 2013 | 185 232 | 3 190 680 | 3 375 912 |
| Depreciation for the year | 165 487 | 1 823 247 | 1 988 734 |
| At December 31, 2013 | 350 719 | 5 013 927 | 5 364 646 |
| <u>Deduct:</u> | | | |
| Impairment of investment properties (a) | - | 31 697 000 | 31 697 000 |
| Net value as at December 31, 2013 | 17 491 994 | 62 666 606 | 80 158 600 |
| Net value as at December 31, 2012 | 1 345 982 | 64 489 853 | 65 835 835 |

- (a) This item represents the impairment of the golf course by L.E 31 697 000 which shows the increase in its book value over its recoverable amount which have been measured by the value in use.
- There is a difficulty in determining the fair value of the investment properties of the golf course reliably for the purpose of disclosure because of the rarity of such business in Egypt and due to the unavailability of an active market.
 - The fair value of units leased out to others amounts to L.E 31 914 500 as at December 31, 2013.

11- Investment properties advances

This item amounted to L.E 131 952 429 as at December 31, 2013 (2012: L.E 105 523 260). It shows the amounts paid to SODIC - SIAC for Real Estate Investment Co. (a subsidiary) on account of the acquisition of building No. (1) of the **Polygon project**, to be leased out for others, with total value of L.E 131 704 850 according to the contract concluded between the Company and SODIC SIAC for Real Estate Investment Co. dated January 5, 2010. The building will be received during a maximum period of three years from the contract date. This item includes an amount of L.E 5 295 462 representing the amount paid under maintenance, management and operation expenses of the project's public utilities related to the building for three years.

12- Long - term trade and notes receivable

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

| | 31/12/2013 | 31/12/2012 |
|---|----------------------|----------------------|
| | <u>L.E</u> | <u>L.E</u> |
| Trade receivables | 31 198 796 | 48 789 367 |
| Notes receivable | 1 512 653 263 | 1 240 251 070 |
| | 1 543 852 059 | 1 289 040 437 |
| <u>Deduct:</u> unamortized interest – Notes receivable | 59 508 408 | 46 398 157 |
| | 1 484 343 651 | 1 242 642 280 |

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

13- Completed units ready for sale

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

| | 31/12/2013 | 31/12/2012 |
|---|-------------------|-------------------|
| | <u>L.E</u> | <u>L.E</u> |
| Cost of completed commercial units | 4 262 805 | 4 262 805 |
| Cost of units purchased for resale (13-1) | 27 215 951 | 43 014 950 |
| | <u>31 478 756</u> | <u>47 277 755</u> |

13-1 This item represents the acquisition cost of 39 units in Casa project (Semi Finished) that were purchased from Royal Gardens Co. for Real Estate Investment – an associated company for the purpose of resale to others.

14- Work in process

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

| | 31/12/2013 | 31/12/2012 |
|---|----------------------|----------------------|
| | <u>L.E</u> | <u>L.E</u> |
| <u>Allegria project cost</u> | | |
| Cost of the Company's land intended for use | 73 300 106 | 121 718 560 |
| Planning, surveying, supervision, soil tests | 183 115 213 | 199 871 306 |
| Buildings and infrastructure | 285 030 067 | 420 982 857 |
| Other costs | 31 465 882 | 96 885 280 |
| Price differences for repurchased units (14-1) | 16 037 713 | 18 150 728 |
| | <u>588 948 981</u> | <u>857 608 731</u> |
| <u>WESTOWN project cost</u> | | |
| Cost of the Company's land intended for use (14-2) | 126 965 240 | 65 767 522 |
| Planning , surveying , supervision, soil tests | 76 716 378 | 74 575 173 |
| Buildings and infrastructure | 408 434 022 | 223 040 887 |
| Other costs | 66 351 625 | 20 985 651 |
| | <u>678 467 265</u> | <u>384 369 233</u> |
| <u>Fourth phase costs (4A, 4B), showrooms and others</u> | | |
| Cost of land | 3 635 690 | 64 197 715 |
| Planning , surveying , supervision and soil tests | 977 533 | 1 097 852 |
| Building and infrastructure | 4 809 798 | 3 149 854 |
| Other costs | 374 346 | 374 346 |
| | <u>9 797 367</u> | <u>68 819 767</u> |
| | <u>1 277 213 613</u> | <u>1 310 797 731</u> |

14-1 This item amounted to L.E 16 037 713 in December 31, 2013 (Year 2012: L. E 18 150 728) and represents the additional costs for the re-acquisition of some units in Allegria project.

14-2 This item includes an amount of L.E 60 million approximately, showing the cost of the returned land based on the signature of an agreement to settle the dispute between the Company and Soldiere International Company, as it is shown in details in Note No.(51-2) of the notes to the financial statements.

15- Trade and notes receivable - Current

| | 31/12/2013 | 31/12/2012 |
|---|--------------------|----------------------|
| | <u>L.E</u> | <u>L.E</u> |
| Trade receivables (15-1) | 170 293 267 | 229 409 447 |
| Notes receivable | 789 991 293 | 815 567 518 |
| | 960 284 560 | 1 044 976 965 |
| Deduct: Unamortized interest – notes receivables | 6 873 516 | 5 928 553 |
| | 953 411 044 | 1 039 048 412 |
| Impairment loss of trade and notes receivables | (200 000) | (200 000) |
| | 953 211 044 | 1 038 848 412 |

15-1 This item includes an amount of L.E 67.243 million which represents the amount due from SODIC Garden City for Development and Investment Co. (subsidiary).

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

16- Due from related parties

| | 31/12/2013 | 31/12/2012 |
|---|----------------------|----------------------|
| | <u>L.E</u> | <u>L.E</u> |
| Sixth of October for Development and Real Estate Projects (SOREAL) – a subsidiary | 476 348 788 | 601 584 470 |
| SODIC Garden City for Development and Investment Co. – a subsidiary | 163 570 | 527 023 |
| Greenscape for Agriculture and Reclamation Co. – a subsidiary (under Liquidation) | 4 768 376 | 4 730 436 |
| Move-In for Advanced Contracting Co. – a subsidiary | 16 305 713 | 8 023 491 |
| El Yosr for Projects and Agriculture Development Co. – a subsidiary | 41 612 350 | 20 982 182 |
| SODIC for Development and Real Estate Investment Co. – a subsidiary | 273 163 528 | 253 354 755 |
| SODIC SIAC for Real Estate Investment Co. – a subsidiary | 194 008 012 | 97 234 056 |
| SODIC Syria Co. – a subsidiary | 433 660 458 | 392 709 598 |
| Fourteen for Real Estate Investment Co. – a subsidiary | 54 514 314 | 47 992 028 |
| La Maison for Real Estate Investment Co. - S.A.E | 59 360 964 | 19 529 938 |
| Edara for Services of Cities and Resorts Co. – a subsidiary | 18 186 528 | 24 859 517 |
| Palmyra Real Estate Development Co. – a Joint project | 30 849 120 | 20 076 903 |
| Tegara for Trading Centers Co. – a subsidiary | 3 169 449 | 1 948 829 |
| SODIC for Golf and Tourist Development Co. – a subsidiary | 12 500 305 | 14 647 841 |
| Other related companies | 231 473 | 135 328 |
| | 1 618 842 948 | 1 508 336 395 |
| Impairment of due from related parties (16- 1) | (545 961 473) | - |
| | 1 072 881 475 | 1 508 336 395 |

(16-1) Due to the exposure of the Syrian Arab Republic of events at the moment, which impacted significantly on the economic sectors in general and some of the practices that are carried out by the Government of the Syrian Arab Republic of confiscation of some assets and documents of Palmyra - Sodic Real Estate Development (Syrian limited liability company) the management of Sixth of October Development and Investment "Sodic" address the Embassy of the Syrian Arab Republic in

the Arab Republic of Egypt to save all the rights of those practices and commissioned a law firm to try to recover their rights.

Accordingly the Board of Directors of Sixth of October Development and Investment "Sodic" saw that the assets of the investee company all become contentious with the State Government mentioned, which requires to recognize a loss arising from an inability to recover its investments and therefore the Board of Directors decided on 16 April 2014 reduction due to related parties relating to investments has been injected for projects in the Syrian Arab Republic for L.E 517 724 285 as of December 31, 2013.

17- Debtors and other debit balances

| | 31/12/2013 | 31/12/2012 |
|---|--------------------|--------------------|
| | <u>L.E</u> | <u>L.E</u> |
| Contractors and suppliers – advance payments | 143 466 354 | 163 666 942 |
| Prepaid expenses | 68 537 729 | 77 410 480 |
| Accrued management fees (17-1) | 4 342 500 | 3 933 563 |
| Deposits with others | 2 242 898 | 2 478 482 |
| Due from the bonus and incentive plan to employees and managers fund (17-2) | 5 323 710 | 5 323 710 |
| Advanced Lease rent | 3 615 682 | - |
| Other debit balances | 5 540 889 | 8 525 349 |
| | <u>233 069 762</u> | <u>261 338 526</u> |
| Impairment loss on debtors and other debit Balances (17-3) | (4 697 657) | (355 157) |
| | <u>228 372 105</u> | <u>260 983 369</u> |

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

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

(17-3) This item includes L.E 4 342 500 impairment for the managing fees due from SODIC - Palmyra Real Estate Development Company LTD as its above disclosed in note (16-1).

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

18- Cash at banks and on hand

| | 31/12/2013 | 31/12/2012 |
|-----------------------------|--------------------|--------------------|
| | <u>L.E</u> | <u>L.E</u> |
| Bank – time deposits (18-1) | 172 370 000 | 103 496 450 |
| Bank – current accounts | 88 174 557 | 137 606 781 |
| Cheques under collection | 24 543 329 | 26 967 784 |
| Cash on hand | 877 646 | 702 438 |
| | <u>285 965 532</u> | <u>268 773 453</u> |

- 18-1 Deposits include L.E 50 million restricted as a guarantee for the credit facility granted to the Company from a commercial banks. In addition, it includes an amount of L.E 70.4 million representing the value of deposits held by customers against the outcome of periodic maintenance expenses
- The Company's exposure to interest rate risk for financial assets is disclosed in note No. (45).
 - For the purpose of preparing the separate statement of cash flows, cash and cash equivalents items is represented as follows:

| | 31/12/2013 <u>L.E</u> | 31/12/2012 <u>L.E</u> |
|--|--------------------------|--------------------------|
| Cash at banks and on hand | 285 965 532 | 268 773 453 |
| <u>Less:</u> | | |
| Restricted cash (facilities guarantee) | 50 000 000 | 50 000 000 |
| Cash and cash equivalent according to separate statement of cash flows | <u>235 965 532</u> | <u>218 773 453</u> |

19- Provision for completion

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

| | Balance as at 1/1/2013 <u>L.E</u> | Provision formed during the year <u>L.E</u> | Provision used during the year <u>L.E</u> | Provision used during the year <u>L.E</u> | Balance as at 31/12/2013 <u>L.E</u> |
|--------------------------|--|---|--|--|--|
| Provision for completion | 127 166 085 | 45 733 895 | (73 877 770) | (12 127 822) | 86 894 388 |
| | <u>127 166 085</u> | <u>45 733 895</u> | <u>(73 877 770)</u> | <u>(12 127 822)</u> | <u>86 894 388</u> |

- 19-1 This provision is formed against the estimated costs expected to be incurred to complete the execution of the delivered units.

20- Provisions

| | Balance as at 1/1/2013 <u>L.E</u> | Provision formed during the year <u>L.E</u> | Provision used during the year <u>L.E</u> | Balance as at 31/12/2013 <u>L.E</u> |
|-------------------------------|--|--|--|--|
| Provision for expected claims | 22 451 188 | 90 647 | (13 176 623) | 9 365 212 |
| | <u>22 451 188</u> | <u>90 647</u> | <u>(13 176 623)</u> | <u>9 365 212</u> |

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

21- Bank – credit facilities

This item represents the following:

| | 31/12/2013 <u>L.E</u> | 31/12/2012 <u>L.E</u> |
|--|--------------------------|--------------------------|
| The amount used from the credit facility granted to the Company from Audi Bank with total amount of L.E 45.5 million and bears interest rate of 1.75% per annum above to the credit interest rate on the guarantying time deposit. This facility is guaranteed by time deposits amounting to L.E 50 million. | 12 697 761 | 15 916 404 |
| The amount used from the credit facility granted to the Company from Audi Bank with total amount of L.E 50 million and bears interest rate of 2.75% per annum above to the CORRIDOR average and a minimum rate of 12.5%. | 18 714 006 | 19 000 000 |
| | <u>31 411 767</u> | <u>34 916 404</u> |

22- Advances from customers

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

| | 31/12/2013 | 31/12/2012 |
|--|-----------------------------|-----------------------------|
| | <u>L.E</u> | <u>L.E</u> |
| Advances for booking , contracting and installments of residential units (Fourth area) | 676 599 | 676 599 |
| Advances - land (Fourth area) | - | 785 804 |
| Advances – Allegría project | 880 922 502 | 1 421 463 826 |
| Advances – Forty West project | 224 503 266 | 212 056 792 |
| Advances – West town Residences project | 1 436 421 287 | 1 025 219 278 |
| Advances – Casa | 39 698 103 | 47 387 885 |
| | <u>2 582 221 757</u> | <u>2 707 590 184</u> |

23- Contractors, suppliers and notes payable

| | 31/12/2013 | 31/12/2012 |
|--|---------------------------|---------------------------|
| | <u>L.E</u> | <u>L.E</u> |
| Contractors | 66 698 202 | 76 550 233 |
| Suppliers | 20 176 063 | 11 200 258 |
| Notes payable (23-1) | 37 978 887 | 42 790 957 |
| | <u>124 853 152</u> | <u>130 541 448</u> |
| <u>Deduct:</u> Unamortized interest - notes payable | 2 210 387 | 2 947 184 |
| | <u>122 642 765</u> | <u>127 594 264</u> |

- 23-1** This item includes an amount of L.E 7.033 million which represents the amount due to Sodic Siac Co. for Real Estate Investment (subsidiary)
- The Company's exposure to currency and liquidity risks related to contractors, suppliers and notes payable is disclosed in note no. (45).

24- Due to related parties

| | 31/12/2013 | 31/12/2012 |
|---|---------------------------|---------------------------|
| | <u>L.E</u> | <u>L.E</u> |
| Sixth of October for Development and Real Estate Projects (SOREAL) | 64 503 879 | - |
| Move - In for Advanced Contracting Co. – a subsidiary | 840 479 | 3 458 842 |
| Green scape for Agriculture and Reclamation Co. – a subsidiary (under Liquidation). | 2 748 260 | 3 038 194 |
| Sodic siac Co. for Real Estate Investment – a subsidiary | 67 840 575 | 39 409 628 |
| Tegara for Trading Centers Co. – a subsidiary | 55 600 000 | 55 600 000 |
| SODIC Property Services Co. – a subsidiary (under Liquidation) | 2 702 660 | 2 712 660 |
| Edara for Services of Cities and Resorts Co. – a subsidiary | 3 172 720 | 117 144 |
| Beverly Hills Co. for Management of Cities and Resorts | 684 440 | 269 541 |
| Other related parties | - | 1 290 418 |
| | <u>198 093 013</u> | <u>105 896 427</u> |

25- Creditors and other credit balances

| | 31/12/2013 | 31/12/2012 |
|--|--------------------|--------------------|
| | <u>L.E</u> | <u>L.E</u> |
| Accrued expenses | 112 428 186 | 133 928 613 |
| Amounts collected on account for management, operation and maintenance | 109 259 917 | 84 159 962 |
| Deposits collected from customers – against improvements | 169 600 | 172 600 |
| Customers-credit balances of Polygon project | 98 209 235 | 9 367 037 |
| Liability for cash settled share-based payments transactions – | - | 633 261 |
| Bonyan for development and trading Co. | 529 955 | 3 413 456 |
| Customers - cancellation (A) | 256 432 179 | 24 666 518 |
| Dividends payable | 91 643 | 91 643 |
| Tax Authority | 9 180 047 | 14 250 786 |
| Accrued compensated absence | 2 865 194 | 2 562 591 |
| Sundry creditors | 7 672 188 | 5 484 614 |
| Capital gain-Deferred (B) | 8 798 931 | - |
| | <u>605 637 075</u> | <u>278 731 081</u> |

- A) The item includes an amount of L.E 237 million, represents the cost of sales returns of Soldiere International land, based on the signature of an agreement to settle the dispute between the Company and Soldiere International Company, as it is shown in details in Note No.(51-2) of the notes to the financial statements.
- B) The amount represents the capital gain resulted from the sale of the land and the buildings of the administrative building, which is deferred and amortized over the lifetime of the financial lease contract as it is shown in details in note No.(32-1)
- The Company's exposure to currency and liquidity risks related to creditors is disclosed in note No. (45).

26- Share capital

- The Company's authorized capital was determined at L.E 2 800 million, and the issued capital is L.E 362 705 392 fully paid and distributed over 90 676 348 shares at a value L.E 4 per share.
- On January 27, 2011, the Extra-ordinary General Assembly meeting of the Company agreed on the stock splitting of the par value of the Company's share of L.E 10 to become L.E 4 per share.

It's worth mentioning that on March 3, 2011, the Egyptian Financial Supervisory Authority, , approved that the Company's management shall proceed with the procedures of issuing the Company's issued capital of a number of 90 676 348 common cash shares at a par value of L.E 4 each (after splitting) with an increase of L.E 2 to be paid from the legal reserve according to the Company's financial statements as at December 31, 2009 . Thus, the issued and fully paid capital has become L.E 362 705 392 distributed over 90 676 348 shares. Annotation was made to this effect in the Company's Commercial Register on June 16, 2011.

The capital structure is as follows:

| Shareholder | Number of shares | Share value <u>L.E</u> | Ownership percentage <u>%</u> |
|--|---------------------|---------------------------|-------------------------------------|
| October property development limited Co. | 13 307 636 | 53 230 544 | 14.68 |
| Olayan saudian investments limited Co. | 11 237 896 | 44 951 580 | 12.39 |
| Incentive and bonus plan of employees and managers | 3 250 000 | 13 000 000 | 3.58 |
| Other shareholders | 62 880 816 | 251 523 268 | 69.35 |
| | <u>90 676 348</u> | <u>362 705 392</u> | <u>100</u> |

27- Legal reserve

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

| | <u>L.E</u> |
|--|---------------------------|
| 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 10, 2003). | 4 627 374 |
| Increase of the legal reserve with part of capital increase share premium with limits of half of the Company's issued share capital during 2006. (Note No. 28). | 123 409 151 |
| Increase of the legal reserve with part of capital increase share premium during 2007 with limits of half of the Company's issued share capital. (Note No. 28). | 5 000 000 |
| Increase of legal reserve with a 5% of the net profit for year 2008. | 2 339 350 |
| Increase in legal reserve with a part of the capital share premium during 2010 with limits of half of the Company's issued share capital (Note No. 28) | 39 446 365 |
| Deduct: | |
| The amount used to increase the issued share capital during the year 2011 (Note No. 26). | 2 |
| | <u><u>181 352 693</u></u> |

28- Special reserve – share premium

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

| <u>Description</u> | <u>L.E</u> |
|---|-----------------------------|
| Total value of the capital increase share premiums collected during 2006 and 2010 | 1 455 017 340 |
| Add: | |
| Share premium of the employees' incentive and bonus plan issued during 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) |
| | <u><u>1 316 921 569</u></u> |

29- Treasury shares

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

30- Shares kept for bonus and incentive plan

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

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

31- Set aside amount for bonus and incentive plan

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

| <u>Description</u> | <u>L.E</u> |
|---|------------|
| Represents the difference between the fair value of the shares granted to the beneficiaries from the bonus and incentive plan for one million share (allocated over 5 years) for 60 months and the agreed upon share price in accordance with the bonus and incentive plan as at December 31, 2012. | 25 000 000 |
| <u>Deduct:</u> The difference between the grant date fair value of the shares and the agreed upon share price in accordance with the bonus and incentive plan for 200 000 shares that were sold in favor of the beneficiaries during December 2007. | 5 000 000 |
| | 20 000 000 |
| <u>Add:</u> 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 held on April 12, 2011, L.E 4 each * | 5 200 000 |
| Accrued returns amount of shares of bonus and incentive plan to employees in the dividends declared. | 123 711 |
| | 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.

32- Long-term loans

| | <u>31/12/2013</u> | <u>31/12/2012</u> |
|---|--------------------|--------------------|
| At the end of year 2010, the Company concluded an agreement with Alexandria Bank to obtain a medium-term loan amounting to L.E 435 million for the purpose of financing part of the establishment of Allegría 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, A medium-term loan agreement was amended with the following conditions and guarantees :- | 256 381 985 | 363 526 695 |
| Loan term: - four years and nine months effective from the signing date on the loan agreement till June 30, 2015. | | |
| Withdrawal period:- starts at September 27, 2010 and ends at November 30, 2012. | | |
| Grace period:- 30 days starting from the end of the usage period. | | |
| Terms 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 facility which equals to L.E 435 million. | | |
| b) The pledge of the shares of El Yosr for Projects and Agriculture Development Co. (a subsidiary). | | |
| c) The bank maintains the account of the revenue of Allegría project in name of the Company which is represented in commercial notes representing the cash inflows of the project with total amount of L.E 1.32 billion throughout the facility term. | | |
| 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. - a subsidiary. | | |
| The Company has concluded an agreement with Arab African International Bank as of July 4, 2013 to obtain a medium short term facility against check under collection – facility channel to finance the construction cost of Sodic West project with amount L.E. 150 million for 9 month from the first withdrawal date. | 55 027 500 | - |
| | <u>311 409 485</u> | <u>363 526 695</u> |
| Deduct: current portion | | |
| Alex Bank (short term) | 168 370 259 | 107 144 710 |
| Arab African International Bank | 55 027 500 | - |
| | <u>223 397 759</u> | <u>107 144 710</u> |
| | <u>88 011 726</u> | <u>256 381 985</u> |

32-1 The Company has concluded a medium term financing contract (sale and lease back - financial lease) with an amount of L.E 75 132 399 with financing percentage represents %75 out of the value of the assets sold to the financial lease Company, the lease with a total amount of L.E 95 366 168 to be settled over 20 quarterly installment, the contract terms are as follows:

- 1- PIRAEUS Bank Egypt – Lender (first party)
- 2- PIRAEUS Company “for financial lease” – the lessor and attorney of the guarantee (second party)
- 3-Sixth of October for Development and Investment Company “SODIC” (Third party)
 - The purpose of the finance: using that finance to settle the capital expenditures the Company committed with
 - The period of finance: 5 years
 - Interest rate: corridor lending rate announced by the Central Bank plus 2.75%

And the above-mentioned financing operation has proceeded by the sale to PIRAEUS Company “for financial lease”:

- 1- The whole land and buildings of the administrative building existed on plot No.26 in the area 17 at West Town Project – Biverly Hells – El-Sheikh Zayed – 6th of October city – Giza, with a total space of 22 086 m², sold with an amount of L.E 32 178 922.
- 2- The whole land and buildings of the sales building existed on plot Building 1 Block 1 the seventeenth avenue next to the desert road show rooms 38 km Cairo Alex desert road with a space of 4 977 m², sold with an amount of L.E 42 953 477.

The Company is accounting for the Financial lease assets according to the Egyptian Accounting Standard No.(20) as an operating lease.

33- Long-term notes payable

This item is represented in the following:

| | 31/12/2013 | 31/12/2012 |
|--|--------------------------|--------------------------|
| | <u>L.E</u> | <u>L.E</u> |
| Total nominal value of the checks issued to New Urban Communities Authority which are payable during the period from May 2, 2015 till May 2, 2016. | 55 225 281 | 86 144 445 |
| Total nominal value of the checks issued to SODIC SIAC for Real Estate Investment Co. which are payable during the period from 2014 till 2015 (33-1) | - | 7 033 348 |
| | <u>55 225 281</u> | <u>93 177 793</u> |
| Unamortized interest | (6 613 045) | (13 226 091) |
| | <u>48 612 236</u> | <u>79 951 702</u> |

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

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

34- Deferred tax liabilities

| | 31/12/2013 | 31/12/2012 |
|-------------------------|-------------------------|-------------------------|
| | <u>L.E</u> | <u>L.E</u> |
| Fixed assets | 2 770 981 | 1 456 619 |
| Tax raised to liability | <u>2 770 981</u> | <u>1 456 619</u> |

35- Sales (net)

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

| | 2013 | 2012 |
|---|----------------------|----------------------|
| | <u>L.E</u> | <u>L.E</u> |
| Sale of villas in Allegria project | 840 013 522 | 1 303 817 440 |
| Revenue from executed contracts - Allegria project | 3 643 546 | - |
| Sales of Forty West project | 47 916 011 | 21 844 694 |
| Sales of Casa project | 25 259 407 | - |
| Sales of West Town Residence project | 69 698 612 | - |
| Sale of lands | 75 743 328 | 44 163 223 |
| | 1 062 274 426 | 1 369 825 357 |
| Sales returns – lands (35-1) | (242 588 032) | - |
| Sales returns - villas in Allegria project | (3 000 002) | - |
| | 816 686 392 | 1 369 825 357 |

(35-1) This item includes sales returns of Soldiere International land with a space 250 000 m², to Soldiere International Company, which has been returned based on the signature of an agreement to settle the dispute between the Company and Soldiere International Company, as it is shown in details in Note No.(50-2) of the notes to the financial statements.

36- Cost of sales

| | 2013 | 2012 |
|--|--------------------|--------------------|
| | <u>L.E</u> | <u>L.E</u> |
| Cost of villas sold in Allegria project | 480 243 934 | 846 073 039 |
| Cost of executed contracts - Allegria project | 3 969 361 | - |
| Cost of sales of Forty West project | 40 857 668 | 16 022 319 |
| Cost of sales of Casa project | 15 799 000 | - |
| Cost of sales of West Town Residence project | 39 992 257 | - |
| Cost of lands sold | 58 359 956 | 18 513 416 |
| | 639 222 176 | 880 608 774 |
| Cost of sales returns – lands | (62 143 756) | - |
| Cost of sales returns – Allegria project | (2 003 226) | - |
| Adjustments | (12 127 822) | (16 787 656) |
| | 562 947 372 | 863 821 118 |

37- Other operating revenues

| | 2013 | 2012 |
|--|-------------------|-------------------|
| | <u>L.E</u> | <u>L.E</u> |
| Interest income realized from installments during the year | 11 764 053 | 25 519 250 |
| Assignment, cancellation dues and delay penalties | 57 190 783 | 27 247 091 |
| Sundry income | 4 707 968 | 7 063 417 |
| Management fees (37-1) | 8 622 312 | 7 709 812 |
| Income from management & operation of the golf course | 1 200 000 | 1 200 000 |
| Buildings rental income | 587 474 | 166 031 |
| Capital income | 1 251 708 | - |
| | 85 324 298 | 68 905 601 |

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

38- Selling and marketing expenses

| | 2013 | 2012 |
|---------------------------------------|--------------------------|--------------------------|
| | <u>L.E</u> | <u>L.E</u> |
| Salaries and wages | 19 422 326 | 16 254 527 |
| Sales commissions | 32 708 376 | 37 961 633 |
| Advertising expenses | 12 822 318 | 14 771 636 |
| Conferences and exhibitions | 2 705 454 | 1 121 288 |
| Rent | 6 220 954 | 3 040 133 |
| Travelling and transportation | 795 891 | 980 920 |
| Donation | 2 012 490 | 882 278 |
| Maintenance, Cleaning and Agriculture | 2 789 600 | 2 644 841 |
| Professional fees and consultancy | 1 494 447 | 1 518 379 |
| Gifts | 822 728 | 2 833 842 |
| Others | 2 317 995 | 4 122 659 |
| | <u>84 112 579</u> | <u>86 132 136</u> |

39- General and administrative expenses

| | 2013 | 2012 |
|--|---------------------------|---------------------------|
| | <u>L.E</u> | <u>L.E</u> |
| Salaries, wages and bonuses (39-1) | 51 174 509 | 61 319 566 |
| Board of directors' remunerations and allowances | 4 338 600 | 2 033 198 |
| Consultancy and professional fees | 9 232 786 | 3 863 338 |
| Advertising | 658 431 | 151 643 |
| Donations | 2 164 496 | 2 075 899 |
| Maintenance, Cleaning, Agriculture & Security | 26 161 095 | 25 408 178 |
| Administrative depreciation of fixed assets and Rented units | 13 683 690 | 16 469 366 |
| Subscriptions and governmental dues | - | 2 082 423 |
| Rents | 9 251 002 | 3 407 299 |
| Travelling and transportation | 1 775 635 | 1 832 095 |
| Communication and electricity | 2 369 500 | 1 713 041 |
| Stationary and computer supplies | 2 602 260 | 2 142 864 |
| Hospitality | 1 049 823 | 544 257 |
| Others | 3 151 376 | 2 841 633 |
| | <u>127 613 203</u> | <u>125 884 800</u> |

39-1 This item includes salaries for the executive managers members of the Board as follows:

| | 2013 | 2012 |
|---------------------------------------|--------------------------|--------------------------|
| | <u>L.E</u> | <u>L.E</u> |
| Salaries | 11 503 981 | 7 515 061 |
| Cash settled share-based payments (a) | 665 079 | 2 840 236 |
| | <u>12 169 060</u> | <u>10 355 297</u> |

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

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

| Parties entitled | Grant date | Number of shares in thousands | Fair value of share at grant date (before splitting) <u>L.E</u> | Market value of share at 31/12/2013 <u>L.E</u> | Conditions |
|---------------------------------|------------|-------------------------------------|---|--|--|
| Some executive board members | 1/4/2006 | - | 75 | 22.61 | Vested after 6 months from grant date |

The amount of expense charged to the income statement during the year is amounted to L.E 665 079 and there is no liability due as at December 31, 2013 was included under creditors and other credit balances caption in the separate balance sheet.

- (b) The company has a bonus and incentive plan as shown in Note No.(50) .

40- Other operating expenses

| | 2013 <u>L.E</u> | 2012 <u>L.E</u> |
|---|--------------------|--------------------|
| Discount for early payment | 24 142 949 | 33 975 187 |
| Provision for claims | 90 647 | 16 345 881 |
| Provision for impairment of investments | 1 250 | - |
| Impairment of due from related parties (40-1) | 550 303 973 | - |
| Capital loss | - | 15 068 |
| | <u>574 538 819</u> | <u>50 336 136</u> |

- (40-1) This amount includes L.E 522 066 985 representing the impairment in due from related parties relating to Arab Republic of Syria as its above mentioned at note (16- 1).

41- Finance income

| | 2013 <u>L.E</u> | 2012 <u>L.E</u> |
|--|--------------------|--------------------|
| Interest income | 12 918 819 | 10 341 253 |
| Income from valuation of current investments | - | 162 438 |
| Income from treasury bills | - | 4 989 972 |
| Net foreign exchange differences | 53 257 881 | 22 671 655 |
| | <u>66 176 700</u> | <u>38 165 318</u> |

42- Finance cost

| | 2013 <u>L.E</u> | 2012 <u>L.E</u> |
|--|--------------------|--------------------|
| Interest expense | 52 842 638 | 45 292 854 |
| Financing expense – Solider Land | 74 936 489 | - |
| Interests of installments of Sheikh Zayed land | 10 350 775 | 10 359 824 |
| | <u>138 129 902</u> | <u>55 652 678</u> |

43- Income tax expense

| | 2013 <u>L.E</u> | 2012 <u>L.E</u> |
|---------------------------------------|--------------------|--------------------|
| Current income tax expense | - | 5 260 259 |
| Deferred income tax expense/(benefit) | 1 314 362 | (433 202) |
| | <u>1 314 362</u> | <u>4 827 057</u> |

44- (Losses) / Earnings per share

Earnings per share are calculated on the basis of net (losses) / profits of the year and also the weighted average number of shares outstanding during the year as follows:

| | 2013 <u>L.E</u> | 2012 <u>L.E</u> |
|---|----------------------------------|----------------------------------|
| Net (loss) / profit for the year | (520 468 847) | 290 242 351 |
| <u>Divided by:</u> | | |
| Weighted average number of shares outstanding during the year | 90 676 438 | 90 013 334 |
| (Losses) / earnings per share (L.E/share) | <u>(5.74)</u> | <u>3.22</u> |

45- Financial instruments

45-1 Credit risk

Exposure to credit risk

The carrying amount of financial assets represented in the balances of trade and notes receivables, debtors and cash and cash equivalent represent the maximum credit exposure. These balances amounting to L.E 2 751 193 318 as at December 31, 2013 (December 31, 2012: L.E 2 568 384 387).

45-2 Liquidity risk

This note represents the contractual terms of financial liabilities:

December 31, 2013

| | Carrying amount <u>L.E</u> | Less than 1 year <u>L.E</u> | 1-2 years <u>L.E</u> | 2-5 years <u>L.E</u> |
|----------------------------|---|--|---------------------------------|---------------------------------|
| Banks – credit facility | 31 411 767 | 31 411 767 | - | - |
| Short-term loans | 223 397 759 | 223 397 759 | - | - |
| Long-term loans | 88 011 726 | - | - | 88 011 726 |
| Contractors and suppliers | 86 874 265 | 86 874 265 | - | - |
| Other creditors | 605 637 075 | 404 305 263 | 194 009 497 | 7 322 315 |
| Notes payable – short term | 35 768 500 | 35 768 500 | - | - |
| Notes payable – long term | 48 612 236 | - | 24 306 118 | 24 306 118 |
| Total | <u>1 119 713 328</u> | <u>781 757 554</u> | <u>218 315 615</u> | <u>119 640 159</u> |

December 31, 2012

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

45-3 Currency risk

Exposure to currency risk

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

| Description | 31/12/2013 | 31/12/2012 |
|--------------------------------------|-------------------|-------------------|
| | USD | USD |
| Cash at banks | 2 934 697 | 9 881 816 |
| Other debtors | 625 000 | 625 000 |
| Due from related parties | 74 522 063 | 72 701 028 |
| Surplus of foreign currencies | 78 081 760 | 83 207 844 |

45-4 Interest rate risk

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

| | Carrying amount | |
|---|----------------------|----------------------|
| | 31/12/2013 | 31/12/2012 |
| | L.E | L.E |
| <u>Fixed rate instruments</u> | | |
| Financial assets | 2 437 554 695 | 2 281 490 692 |
| Financial liabilities | (84 380 736) | (119 795 475) |
| | 2 353 173 959 | 2 161 695 217 |
| <u>Variable rate instruments</u> | | |
| Financial liabilities | (342 821 252) | (398 454 623) |
| | (342 821 252) | (398 454 623) |

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

45-5 Fair values

Fair values versus carrying amounts

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

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

46- Transactions with related parties

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

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Notes to the separate financial statements For the financial year ended December 31, 2013 (Cont.)*

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

| Party | Nature of relationship | Nature of transaction | 31/12/2013 Amount of Transaction L.E |
|--|--|---|---|
| Beverly Hills Co. for Management of Cities and Resorts | A subsidiary | Works of agriculture, maintenance and security services for Beverly Hills City. | 3 929 165 |
| Sixth of October for Development and Real Estate Projects (SOREAL) | A subsidiary | Cash receivables | 185 308 626 |
| Garden City for development and investment | A subsidiary | Purchase of Fixed Assets | 267 000 |
| Move-In for Advanced Contracting Co. | A subsidiary | Payments on behalf of the Company | 2 337 462 |
| | | Completion and furnishing works | 12 870 331 |
| | | Rent of managerial Units | 336 000 |
| | | Cash payments | 10 293 549 |
| Edara for Services of Cities and Resorts Co. | A subsidiary | Works of agriculture, maintenance and security services for Allegría City. | 25 973 607 |
| | | Sale of land | 3 305 120 |
| SODIC for Golf and Tourist Development Co. | A subsidiary | Payments on behalf of the Company. | 2 402 268 |
| | | Revenue from management and operation of the golf course and club | 1 200 000 |
| | | Expenses recovery | 749 804 |
| | | Cash receivables | 5 000 000 |
| Sodic SIAC for Real estate investment | A subsidiary | Works of SODIC SIAC building No.(1) | 26 429 168 |
| | | Payments on behalf of the Company. | 61 567 079 |
| | | Proceeds of notes receivables – customers | 88 842 198 |
| Green scape for Agriculture and Reclamation Co. | A subsidiary | Rent of managerial units | 69 600 |
| | | Payment on behalf of the company | 314 851 |
| | | Cash receivables | 346 511 |
| Tegara CO. for trading centers | A subsidiary | Expenses on behalf of the company | 1 220 619 |
| El Yosr for Projects and Agriculture Development Co. | A subsidiary | Payment on behalf of the company | 20 630 168 |
| Fourteen Co. for Real estate investment | A subsidiary | Payments on behalf of the company | 1 775 641 |
| Sodic - Syria | A subsidiary | Payments on behalf of the company | 131 765 |
| La maison Co. for Real estate investment | A subsidiary | Payments on behalf of the Company | 39 831 026 |
| Royal Gardens Co. | A subsidiary | Payments on behalf of the company | 39 133 |
| Sodic for development and Real estate investment | A subsidiary | Payments on behalf of the Company | 21 101 427 |
| Executive managers & board members | Board of directors and executive directors | Company Cash receivables | (Note No. 39) |

47- Legal status

There is a dispute between the Company and another party regarding the contract concluded between them on 23/2/1999 which is related to delivering this party a plot of land as a usufruct right for indefinite year of time and a return for an annual rental with a minimal amount for a total of 96 acres approximately and which has not been delivered up till this date as the management of this party did not abide by the detailed conditions of the contract. There are exchanged notifications concerning this land between the management of the Company and the management of the third party. During 2009, this party raised a court case No. 3 of 2009 Civil 6th of October against the Company asking it for the delivery of the allocated land. A preliminary sentence was issued by the court in its session held on February 22, 2010 to refer this matter to Experts and to delegate the Experts Office of the Ministry of Justice to embark this case and set a session to be held on April 26, 2010 for the expert to present his report. The session was postponed by the court several times and the last one will be held on May 12, 2014. The Company's legal counsel or is of the opinion that the Company has the right to maintain and exploit this land under the contract as the said contract has not been affected and no usufruct right has been arisen to this party since its effect was based on conditions that have not been met. In addition, in case of any dispute raised by this party to possess the land, the Company has the actual and physical possession of the land and hence it has the right to continue in possessing the land till settlement of this dispute in front of court.

48- Tax status

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

Corporate tax

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

Salary tax

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

Withholding tax

Tax inspection was carried out for the previous years and also till the third quarter of 2013 till authorizing these financial statements for issuance.

Stamp tax

- Tax inspection was carried out for the previous years till December 31, 2010 and the tax differences were paid.

Sales tax

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

Real estate property tax

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

49- Capital commitments

Capital commitment as at December 31, 2013 is represented in contracted and unexecuted works amounting to L.E. 588 605 (2012 : L.E. 749 295)

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

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

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

- The bonus and incentive plan works through allocation of shares for the employees, managers and executive board directors.
- Duration of the plan is four years starting from the date of approval of the plan by the shareholders meeting and each beneficiary is allocated during this year a specified number of shares each year over the plan years according to the allocated shares outlined in the appendix of this plan.
- The price of share was determined for the beneficiary at L.E 75 per share. (before splitting)
- The Company shall finance the issuance of the shares of the increase allocated in application of the plan and the value of shares due to the Company will be paid from the proceeds of sale.
- The Company signed a custody agreement with Arab African International Bank on 15 April 2007 to save bonus and incentive shares. The shares of the plan were issued and financed by the Company. Annotation of this increase was registered in the Commercial Registry on July 5, 2007.
- On September 23, 2007, the Supervisory Committee of the bonus and incentive plan of the Company's employees, executive directors and managers agreed to the selection of the beneficiaries and also the number of shares allocated to each one of them. Accordingly, the whole shares of the plan were allocated in full.
- During December 2007, a number of 200 000 shares from the incentive and bonus plan were exercised with average selling price of L.E 226.63 per share. The amounts due to beneficiaries were set aside in special account held by Arab African International Bank until the completion of the prohibition year according to the bonus and incentive plan provisions.

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

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

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

51- Significant events

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

- On March 29, 2012 the subsidiary Company had received a letter issued by the New Urban Communities Authority dated on March 14, 2012 stating that the principal Real Estate Committee in session No.(9) on January 8, 2012 had decided to cancel the allocation of plot No. (16) in the southern east extension area for investors which is allocated to the Company and the revocation of the contract dated on March 13, 2005 and the appendix signed on 3 September 2006, due to lack of commitment to execute the project to date, which led to the necessity of taking all the required legal procedures in this regard by the Company.
- On April 14, 2014 the Sixth of October for Development & Real Estate Projects Co. "SOREAL" subsidiary signed a settlement of the dispute between the company (Soreal) and the Ministry of Housing and New Urban Communities Authority on Plot No. (16) New Cairo City on which the project " Eastown " is located. Under this settlement agreement be a timetable for the project execution with a maximum duration of five year is re-established, and the company (Soreal) will pay the amount of 900 million Egyptian pounds (nine hundred million pounds) will be paid in installments for a period of seven years for the New Urban Communities Authority. In that settlement agreement all disputes with the Ministry of Housing and New Urban Communities Authority on this land will be ceased.

51-2 The legal dispute with Solider – Egypt Company

- During the year 2007 an agreement for cooperation had been signed between the Company and the Solider International – Lebanon Company to establish real estate project, the agreement includes an option for purchasing 250 000 m² from the company's land in West Town project in El-Sheikh Zayed.
- In the year 2008, Solider International Company had exercised the option through Solider – Egypt Company for investment and real estate development "Solider – Egypt" - wholly owned Company to Solider International subsidiary of Solider Egypt had paid the option value which amounts to L.E 162 million after early payment discount.
- Till September 11, 2012, Solider Egypt Company have not developed the purchased land, accordingly have not fulfilled its contractual obligations. Consequently, Sodic Company initiated the legal proceeding as at September 11, 2012 towards Solider International and Solider Egypt Company by submitting a request to Cairo Regional Center for International Commercial Arbitration under the No. of 849 for the year 2012.
- As at September 19, 2012 the Company has been notified that Solidier Egypt as at September 16, 2012 has raised arbitration claim No. 852 for the year 2012 following the Company's one for the same subject and the same dispute.
- On February 25, 2014, the Company signed a Settlement contract to settle the dispute arising between the Company and both of Solider International Company "an Emirati Limited Liability Company", and Solider Egypt Company "an Egyptian joint stock Company" regarding the sale of 250 000 m² owned by the Company to be developed by Solider Egypt, and according to the aforementioned agreement:
- All the parties shall waive the arbitration claim filed against each other.
- All development agreements concluded between them are terminated in return for restoring the plot of land that is the subject matter of the dispute back to the Company.
- The Company shall pay an amount of USD 34 086 000 representing the settlement of the amounts due to Soldiere International Company for its exercising of the land purchase option in addition to an amount of USD 3 681 287 represents the interests on the installments till the end of the repayment, as %15 of the above mentioned amount is paid upon signature on the agreement and the rest of the amount over 24 month from the agreement signature date.
- The installments are settled with Egyptian Pound according to the exchange rate declared by the Egyptian Central Bank in the day before the due date.
- The legal procedures are in process to cease the arbitration claims filed against each other.