

2013 ANNUAL REPORT

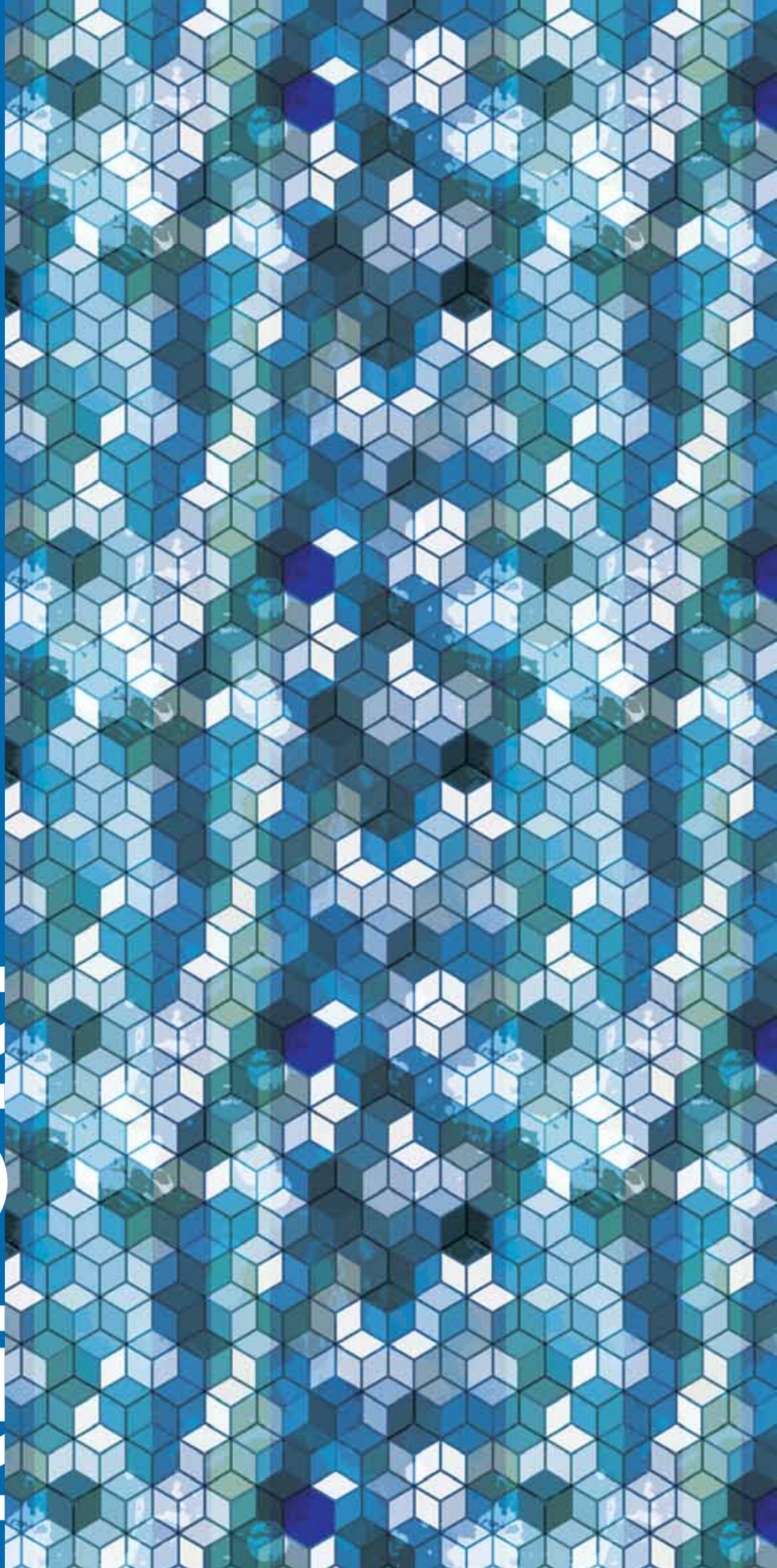


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INTRODUCTION

"THE PAST THREE YEARS HAVE CHALLENGED EVERY EGYPTIAN COMPANY. IT IS ONLY WITH AGILITY, COMMITMENT TO PRINCIPLES AND TEAMWORK THAT SODIC HAS BEEN ABLE TO OVERCOME THE GREAT TURBULENCE IN THE MARKET AND IS ABLE TODAY TO STAND AT THE FOREFRONT OF THE EGYPTIAN REAL ESTATE MARKET."

Ahmed D. Badrawi
Managing Director



LETTER TO SHAREHOLDERS



Dear SODIC Family and Friends,

I am proud of the great strides SODIC has made in the past year and even more of our clients' faith in our ability to deliver to the highest standards and in many cases ahead of schedule. It is a testament to the team spirit at SODIC and the incredible efforts of multiple departments.

Our commitment to transparency and fostering win-win relationships with our stakeholders is a value we take seriously, and one that has helped us secure EGP 2.5 Billion in new contracted sales in a time where trust in corporations in general and off-plan real estate in specific is very scarce.

The consequence of record-breaking sales and continued timely execution is that we are rapidly using up our land banks in both East and West Cairo. Accordingly, we are actively seeking new opportunities that will expand the SODIC land bank and create new developments and projects that will hopefully meet and exceed market demand. We look forward to providing you with more details on our expansion efforts during the course of 2014 and to continue to serve our clients over the course of SODIC's exciting next chapter of growth.

We recognise that this has been a difficult year for Egypt generally and for many of our partners and clients. As we move forward, we hope for a brighter and better one for our country. For our part, we will continue carrying out our best efforts to overcome all challenges, to invest in our projects and our people and to support the wider community with our CSR efforts. We are confident that with your continued support and faith, SODIC will continue its strong performance in 2014 and play its part in getting Egypt back on its feet.

Ahmed D. Badrawi
Managing Director

Ahmed Badrawi

A. 2013 At a Glance

2013 did indeed materialise to be a record year, surpassing all previous years across a number of different metrics: highest level of sales, highest number of unit sales, highest number of unit deliveries, highest level of revenues and one of the highest levels of annual collections ever. At the same time, we have continued to improve our efficiencies, protecting our construction costs in an inflationary environment and extracting more value from our projects whilst reducing the average price per unit. All this in an extremely hostile political and economic backdrop with direct and targeted attacks against SODIC by successive administrations.

B. Operational Highlights

1. Sales

Performance:

We consider new contracted sales, cash flows and project profitability as the more accurate measure of actual performance for the year in question. Due to Egyptian Accounting Standards and the revenue recognition upon delivery model, virtually all other metrics are linked to events of previous years: deliveries for example are directly related to sales of the period three years earlier. Gross margins reflect the technical cost of the years of construction rather than the current year. Net profit, on the other hand, takes into account the current year's overheads.

Net contracted sales are a more pure reflection of the company's performance and are simple to measure against both budget and peers and SODIC has over-performed on this front - by over 50% against budget and more than 50% over its previous best ever year (including pre-2011 Revolution).

This affirms our temporary shift in strategy from the higher risk and more volatile income earning products to the faster-moving home-building/residential model. And in this residential zone, we have identified and capitalised on a segment that we have been able to penetrate through 2012 and 2013. Our belief is that there is still adequate space in this segment and beyond.

Note that of the 2013 sales figure of EGP 2.5 billion, over 85% is related to units under EGP 2 million with over 1,300 units sold with an average price of EGP 1.8 million per unit.

Our market share against our peers continues to improve year on year.

Analysis:

Across the board, every project exceeded budget. Even The Strip exceeded budget by 60% if the two big cancellations of the first quarter are excluded. Some highlights from this year's performance:

- Allegria: EGP 260 million, 63% above budget. Remaining inventory of 21 units consist of large, high value units with a total value in excess of EGP 300 million.
- Forty West: 140 % above budget. Only 36 of the 133 units remaining.
- The Polygon: 43% above budget. Virtually no existing inventory remaining resulting in bringing forward of the construction of three remaining buildings.
- Kattameya Plaza: 26% above budget. The project is sold out.
- Westown Residences: 143% above budget.
- Eastown Residences: EGP 1.2 billion, 25% above budget since the launch in May this year. The recent launch was interrupted by the contract termination notice received from NUCA on 1st of November. No cancellations have been suffered since latest legal action against the land.
- The Strip: EGP 107 million of new sales have helped to reduce the effect of mega cancellations worth EGP 64 million.
- The Hub: Food and entertainment project for leasing only in Westown. A number of anchors signed up.

2. Deliveries Status

Performance:

683 units delivered across six different projects, marginally below budgeted target despite market imbalances.

Analysis:

683 units delivered across six different projects represents an impressive achievement: it is significantly higher than our previous best year of 427 units.

Deliveries were the only side of our operation that were affected by the political and economic turmoil over the summer. In addition to having to vacate our sites of all the workers and the resultant delays in re-mobilising (particularly in the larger projects), some of our customers of the larger Allegria units faced payment difficulties and we were unable to deliver to them. Some cash flow management also resulted in deliberate slowdown.

In spite of all this, we achieved record deliveries, met all our contractual obligations to our customers and in the case of Westown Residences Phase I, actually delivered a full year ahead of schedule.

3. Cash Flows

We are pleased to close out the year with an improvement in our cash flow position. With EGP 1.3 billion in project receivables collected, stable delinquencies, small reductions in capital spent and overheads, we were able to achieve positive cash flows without even drawing down on available loans.

We are progressing positively with an EGP 900 million syndicated loan. Our finance team is also working on a groundbreaking non-recourse securitisation of our Kattameya Plaza receivables and also on debt on Eastown once the legal issues are resolved.

For the first time in our history, and due to the strength of our balance sheet and receivables, the banks are clamouring to work with us.

4. Year End Financials

The normalised financial statements reflect the positive performance of the year with record revenues and operational efficiencies resulting in good margins. The 2013 financial year numbers are distorted by this being our first taxable year in addition to two exceptional one-off items: the reversals related to the Solidere settlement (see below) and the Syria write off. The combined impact of these two reversals is negative (EGP 260 million) in the net profit before tax, bringing the net profit before tax down from EGP 300 million to (EGP 40 million). Whilst not ideal, we believe that the market and professional analysts will acknowledge the positive side of cleaning up and writing off exceptional items on our financial statements.

Significantly, but for these exceptional items, we would have exceeded the budgeted net profit figure.

5. Legal Update

Eastown

A politically motivated criminal case was launched in September against the Housing Minister and four officials and our Government Relations Officer.

In November, Al Masry Al Youm newspaper article appeared in which the interviewed NUCA official claimed that actions had been taken at NUCA to terminate the Eastown land contract. At a subsequent meeting with the MOH, this was confirmed and the official notice was received on the 5th of November.

On 7th of November, SODIC filed an application for a summary judgment suspending the NUCA termination and this application

was accepted by the State Council on 9th of November.

The Eastown land is effectively back in our possession and we are free to continue works and launch sales in the usual way.

Management is confident of reaching a negotiated settlement with the authorities to resolve this dispute.

Solidere

Management is in advanced stages of negotiating a settlement and its dispute with Solidere that entails the return of 250,000 sqm of prime land in Westown at its market price.

C. Conclusion

We believe that operationally SODIC is ideally poised for growth. The setting over the last few months with the discussions on the constitution, presidential and parliamentary elections as well as the serious legal challenge on Eastown, do not provide the ideal back drop.

SODIC continues to perform strongly and ahead of its peers as reflected in the comparative share price performance in 2012 and 2013. Every time we begin to think that we have turned a corner and have fought off the legal challenges, something unexpected arises. We do feel, however, that we are nearly there and if left to focus on our core business that SODIC will thrive. Our internal operations are running with increasing efficiency, more opportunities are being presented, more finance appears to be available, demand from customers appears to be strong and we believe there is no better company placed to take advantage of an improvement in the business environment.

2013 HIGHLIGHTS

EGP **2.5** BN **Over 1,300**
Net Contracted Sales Units Sold

683
Units Delivered Across Six Different Projects

Over 4,000
Units Under Development

1,475 **8,000**
Direct Employees Indirect Employees

Over 3,000
Children Secured a Better Education by SODIC CSR

Over 500
Jobs Created for Women by SODIC CSR

SINCE INCEPTION

EGP **8.3** BN **over 3,800**
Net Contracted Sales Units Sold

1,496
Units Delivered Across Seven Different Projects

Over 5,000,000 sqm
Total Land Area Developed

More Than EGP **5,500,000,000**
Invested On Land and Development

EGP **4,200,000**
Spent on CSR

Over 20,000
Families Impacted by SODIC CSR

ABOUT SODIC



"THE KEY IS TO LISTEN TO OUR CLIENTS AND UNDERSTAND WHAT THEY ARE LOOKING FOR. THROUGHOUT THE YEARS EGYPTIANS' ASPIRATIONS AND EXPECTATIONS HAVE CHANGED DRAMATICALLY - WE MAKE SURE WE UNDERSTAND THEIR NEEDS AND PROVIDE THEM WITH DEVELOPMENTS THAT WILL SURPASS WHAT THEY BELIEVE TO BE POSSIBLE."

Ahmed Labib
Chief Commercial Officer

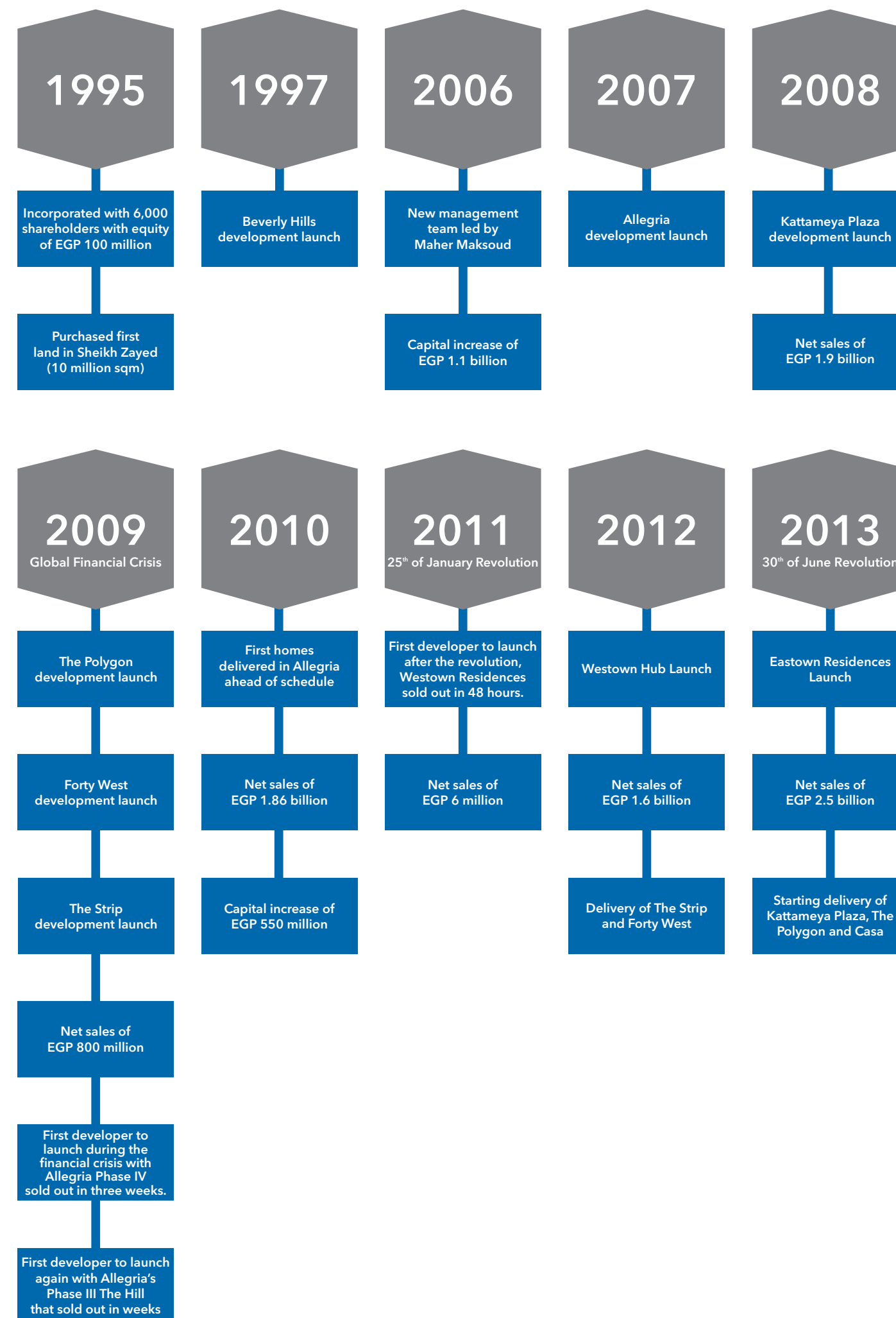


HISTORY

Egyptian modern history has been filled with big challenges and reversals, and has seen the rise and fall of several businesses in many sectors. Such uncertainty and fleeting change in a nation causes corporations to make decisions that will influence their performance for years to come. At SODIC, we continually strive to uphold our values and make decisions that confirm our commitment to our clients and stakeholders.

In 2009 during the global financial crisis, SODIC was the first to launch and successfully sell a residential phase while the market was stagnant. We were only able to do so due to our constant discussions and feedback from our clients and prospects that helped us create the product, the price bracket and payment terms. Allegria phase IV was launched in January 2009 and was sold out in three weeks – an achievement we are proud of. SODIC disrupted the market silence again by launching Allegria's Phase III The Hill in May 2009, introducing for the first time standalone units at an affordable price. These successes encouraged other real estate players to begin launching similar products of their own and benefited the real estate sector at large. Once more after the Egyptian Revolution in 2011, SODIC led the market in December 2011 by launching a new concept of largely functional homes, Westown Residences Phase I in Westown. Westown Residences Phase I was sold out in 48 hours amidst the peak of uncertainty in the Egyptian real estate market.

Our passion for excellence and our commitment to fostering long term relationships with our clients, shareholders, business partners, and employees is what has helped us grow to the corporation we are today and will continue to be the core of our driving forces. We believe every challenge we have overcome as a real estate developer has made our foundations stronger, and will help us build a better future for those who have invested in our vision.



CORPORATE VALUES

SODIC's vision is to transform the way people live and work through encouraging innovation and challenging convention. SODIC's mission is to endeavor to create meticulously planned and designed human developments that redefine the real estate market by constantly pushing the envelope with regards to quality of life, customer satisfaction and return on investment. The SODIC experience, whether at our sales centres, exhibitions, events, investor conferences, financial



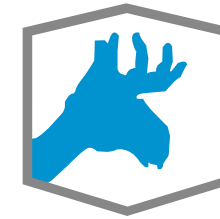
Achievement

We are results oriented and are committed to creating value and return on investment for our shareholders and clients. We do not compromise on quality and do our due diligence in all processes in every level of the organisation to ensure excellence in the end result. **WE DELIVER**



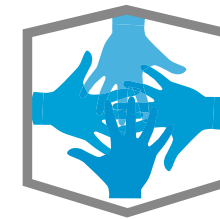
Pro-activity

We are forward thinking and initiate change in the market instead of reacting to changing market conditions after they have become a reality. We are committed to initiate new ideas and projects to help contribute to our own and the company's success. We lead and inspire others to perform and encourage working outside our defined scope. **WE LEAD**



Creativity

We believe in structure but insist on free-thinking and entrepreneurship. We encourage new ideas and out-of-the-box thinkers. **WE DO THINGS DIFFERENTLY**



Teamwork

We believe that every team member contributes with their skills, strengths, perspective and hard work. We encourage a culture of inclusion built on respect, trust and diversity. **WE WORK TOGETHER**



Integrity

We display honesty in all our working relationships, with our colleagues, customers and all stakeholders. We communicate with integrity, and strive to demonstrate transparency in our actions. We are open, honest and accountable. **WE ARE HONEST**

AWARD-WINNING DEVELOPER

At SODIC, we spend a lot of time and effort in ensuring that every detail of our developments is up to the highest standard. We invest heavily in the local market to raise the bar on design, quality and implementation. Where it is difficult to ensure the highest quality locally, we turn to experts abroad to ensure our communities are world-class down to every minor detail. Through the years we have teamed up with global, regional and local experts in architecture, landscaping, construction, design and management in their respective fields to ensure SODIC developments provide their residents with communities where they can reach their full potential.



SODIC is a multi-award-winning developer, just recently winning best built residential development for Alegria, its flagship project, and best future commercial project for The Polygon, Westtown's Business Park in Cityscape 2013. SODIC has also been recognised by Euromoney as best residential, mixed-use developer in the Mena region and overall developer in Egypt in 2011. At the 2011 BT 100 Crystal Awards, SODIC was awarded Best Company and received the Enterprise Innovation Award in 2010. We are thankful for the appreciation we have received from the below international and local institutions and hope to continue raising the bar in our industry and delivering unmatched quality to our clients.

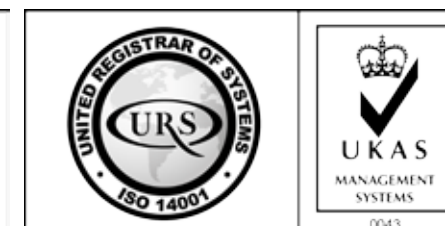
bt 100
Crystal Awards

Best Company
BT100 Rank Change

EIA-2010
Enterprise Innovation Award



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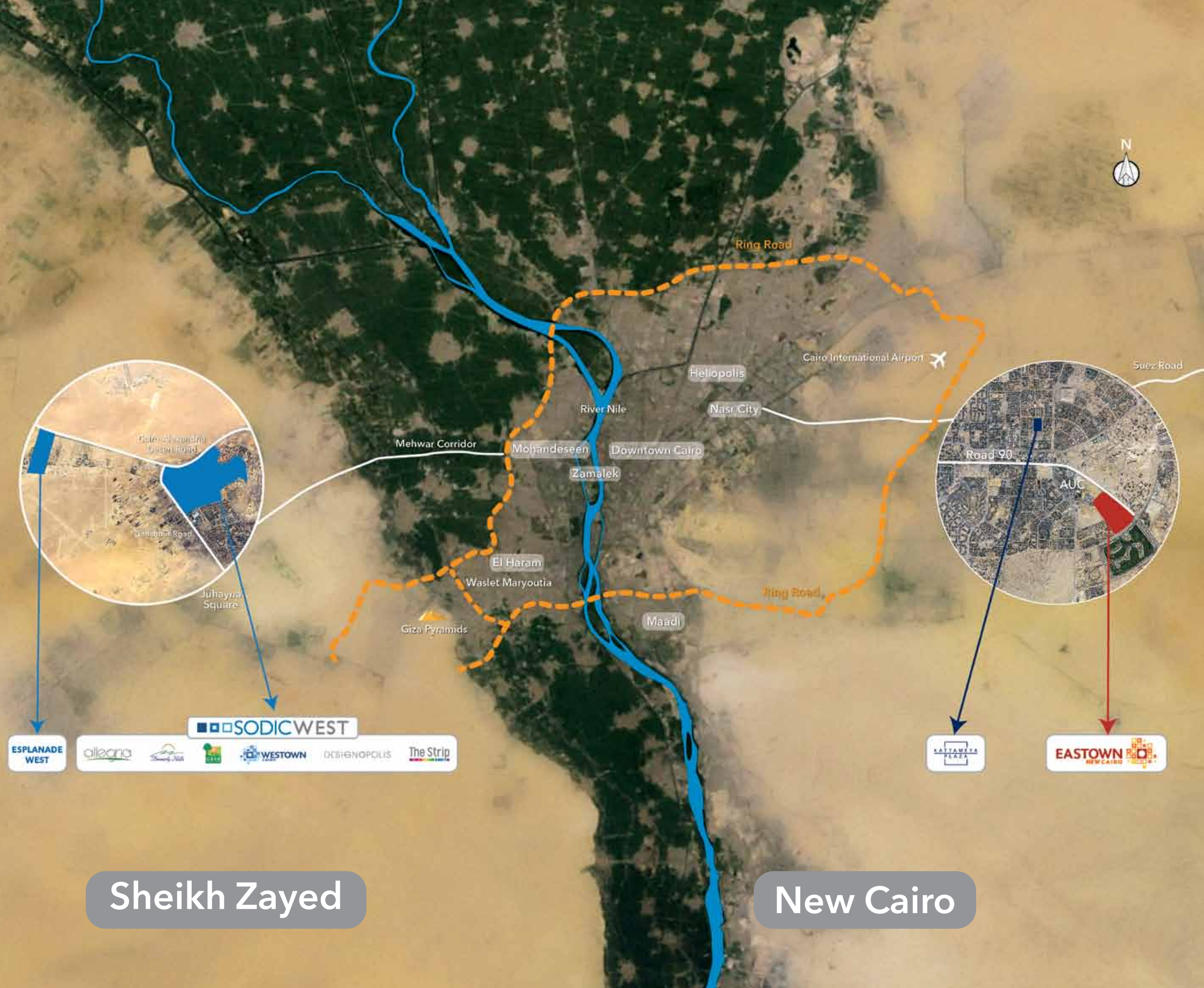


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MAP OF CURRENT PROJECTS



OPERATIONAL OVERVIEW

"THROUGHOUT THE YEARS WE HAVE LEARNED TO STRENGTHEN INTERNAL SYNERGIES AND BUILD ON OUR TEAM'S CAPABILITIES. WE CURRENTLY DESIGN AND MANAGE OUR PROJECTS FROM INCEPTION TO POST-DELIVERY. THE BENEFITS OF BEING ABLE TO RELY ON OUR IN-HOUSE TEAMS TO PROVIDE SUPERIOR PRODUCTS AND SERVICES ACROSS THE LINE IS ENDLESS."

Frank Konings
Chief Technical Officer



1998

The company faces tough macro-economic and operating conditions challenging its ability to meet obligations towards clients, creditors, and the government

- An unutilised prime land bank: 5.2 million sqm
- Undefined brand image and reputation due to late deliveries to clients
- Low receivables
- Inherited client liabilities
- One launched project named Beverly Hills

2006

New management, new vision

Mandate was to:

- Launch cash generating projects, utilising the prime land bank
- Build a strong brand and improve reputation
- Diversify into commercial and retail segments
- Create recurring revenues from leasable assets
- Deliver on old client obligations
- Invest in facility management to offer a wide range of services

2011-2013

Adapting to new market conditions while protecting the core of the business

Strategy was to:

- Commit to customer delivery dates
- Deliver projects to the highest specifications
- Penetrate the upper-middle income market
- Launch new project concepts with higher efficiencies and lower price brackets

Present Day

Building on solid foundations

Focusing on core strengths and recognised sweet spots

Proven launched product-concept:

- Affordable, functional and community-centric
- Efficient structural design and construction
- Unique features catering to Egyptian taste
- Diversified product offering capturing a larger client segment

Leveraging existing platform

- Robust sales ability
- Dynamic development strategies
- Efficient construction management cycle
- Strategically-located sales centres

In-house capabilities

- Continuing to adopt and create new product solutions to fill market gaps
- Evolving and optimising to further enhance returns
- In-house design and construction management to aid in lowering construction costs
- Responsive and solution-driven legal team

Mitigating inflationary pressures

- Increasing selling prices and higher downpayments
- Shortening development cycle by pressuring the period between sales launch and commencement of construction
- Forge strategic alliances with industry leaders in volatile raw materials
- Design efficiencies

ORGANISATIONAL STRENGTHS

BUILDING ON THE POSITIVES AND TACKLING THE CHALLENGES

Fully Integrated Developer

- **Ability to take a project from concept to delivery**
- **Depth of in-house capabilities including:**
 - Market research
 - Product development and design
 - Finance
 - Licensing and permitting
 - Procurement and construction management
 - Sales
 - Delivery and operation

Process-Driven Development

- Proprietary, honed process
- Efficient management of input from all stakeholders achieving optimal business cases
- Emphasising on coordination between project development and sales team
- Efficiencies and capabilities to standardise processes, evolve and optimise products

Full Cycle Experience

- Successful navigation through different market conditions including:**
- Egyptian Economic Boom (2006-2008)
 - Global Financial Crisis (2009)
 - Egyptian Revolution 25th of January (2011)
 - Political and Economic Unease (2012)
 - Second Egyptian Revolution 30th of June (2013)

Post-revolution strategy shift of launching market-relevant projects

Assessments

New market needs

- Extensive interviews and focus groups with potential customers
- Competitive research and sales analysis
- Review of SODIC's experience during the 2009 Global Financial Crisis

Outcomes

4 key elements to target Upper-Middle Income Class

- Security
- Affordability
- Functionality
- Exclusivity

Actions

New products with ticket price of EGP 0.8 million - 2.0 million

- Efficient structural design and construction
- Higher densities
- Smart design with unique features

Results

Unparalleled success of Westown Residences Phases I - IX

- Some 1,000 units sold worth over EGP 1.6 billion
- Products yielding higher margins
- Internal synergies leading to a quicker process

PROJECT DEVELOPMENT THROUGH THE YEARS



2005



2013



PROJECT HIGHLIGHTS



"HOW A COMPANY REACTS AT A TIME OF UNCERTAINTY IS WHAT DETERMINES ITS FATE. WE HAVE ALWAYS CHOSEN TO PRIORITISE KEEPING OUR WORD TO OUR CLIENTS, BUILDING WHAT WE PROMISE, AND DELIVERING ON TIME."

Basil Ramzy
Chief Development Officer



WEST CAIRO

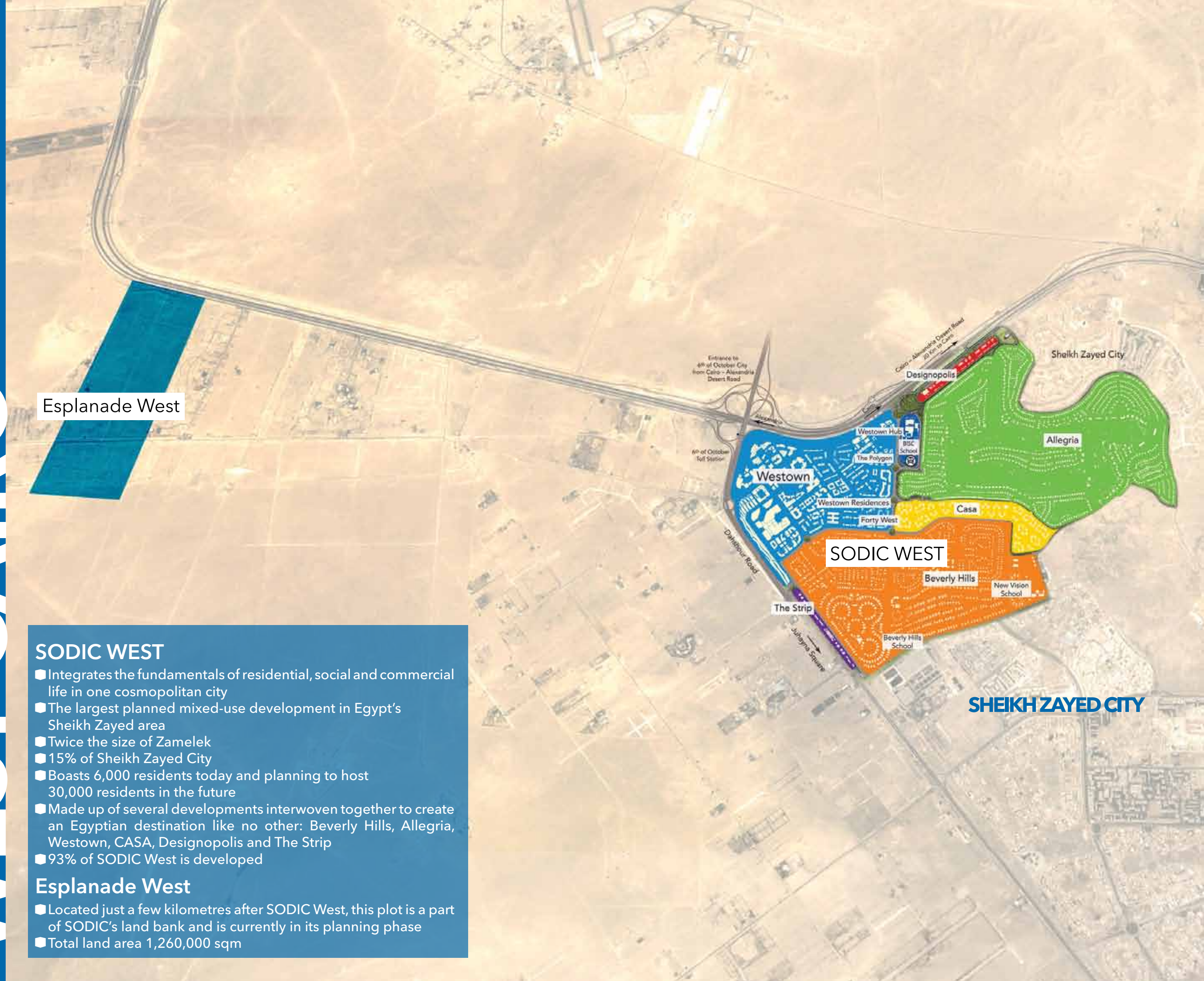
Esplanade West

SODIC WEST

- Integrates the fundamentals of residential, social and commercial life in one cosmopolitan city
- The largest planned mixed-use development in Egypt's Sheikh Zayed area
- Twice the size of Zamelek
- 15% of Sheikh Zayed City
- Boasts 6,000 residents today and planning to host 30,000 residents in the future
- Made up of several developments interwoven together to create an Egyptian destination like no other: Beverly Hills, Allegria, Westown, CASA, Designopolis and The Strip
- 93% of SODIC West is developed

Esplanade West

- Located just a few kilometres after SODIC West, this plot is a part of SODIC's land bank and is currently in its planning phase
- Total land area 1,260,000 sqm



SHEIKH ZAYED CITY



SODIC West's Vibrant Community

Beverly Hills was one of the first ever large scale residential compounds to be developed in Sheikh Zayed City, off the Cairo-Alexandria Desert Road. Beverly Hills has developed into a cosy yet vibrant community, and has become a sought out address in West Cairo. Beverly Hills, SODIC's first venture, is a 1.75 million sqm mixed-use residential and commercial development that generated over EGP 1 billion in revenue for the company.

Delivery of Beverly Hills started in 2001 with over 3,000 luxurious villas, townhouses and apartments surrounded by a spacious landscaped area and gardens with wide streets and vast cycling lanes. Residents enjoy social and commercial services all in one compound, including a sports club, two international schools, a medical centre, pharmacies, as well as other retail outlets.



FACTS & FIGURES

- Land area 1.74 million sqm
- Total BUA 924,000 sqm
- Number of units 3,000
- Project 100% complete
- Home to over 3,000 families



An Award-Winning Residential Development

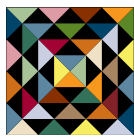
SODIC's flagship project, Allegria, is an award-winning residential development designed by local and international architects. Allegria covers 2.4 million sqm of land, including beautifully landscaped green areas surrounding an 18-hole Greg Norman Signature Golf Course. The development is characterised by its emphasis on community, family life and outdoor living. The project contains over 1,250 villas and townhouses in addition to a clubhouse plot covering 32,000 sqm.

In 2008, The British International School in Cairo (BISC) relocated from Zamalek and is now open right next door to Allegria in SODIC West. Allegria's residential units are designed by several distinguished local and international architectural firms including: Michael Graves, Arquitectonica, Mark Mack, Kamel Consultants and Research Group, Shahira Fahmy, Tamer Anani and Laithy Mekawy. The delivery of Allegria began in 2010 and is nearly completed today.



FACTS & FIGURES

- Total land area 2.5 million sqm
- Total BUA 566,446 sqm
- Total number of units 1,255
- Over 1,000 homes delivered
- % Completion (Including infrastructure works)
 - Phase I, II & III: 96%
 - Phase IV: 100%
 - Phase V: 26%
 - Golf: 100%



FORTY WEST

Forty West is an exclusive development with a Mediterranean spirit and cutting-edge design. It is the coming together of a vibrant community with spectacular fully-finished apartments, offices, boutiques, world-class restaurants, open spaces and a luxurious hotel. Designed by internationally acclaimed Boston-based Machado and Silvetti Architects, Forty West's residences comprise of about 130 fully-finished apartments, each with a unique floor plan incorporating the latest building technologies. The spacious interiors are designed by

Westown's Mixed-Use Neighbourhood

award-winning interior design house Eklego and finished to the highest international specifications, such as double glazed windows, luxurious floorings, indoor fireplaces, and spacious terraces. At the heart of Forty West is the 2,500 sqm stunning Piazza, inspired by Barcelona's Plaza Real. Here residents and visitors can indulge in fashion, gourmet restaurants or simply enjoy West Cairo's pleasant climate in an outdoor setting. Forty West was awarded the Zimmer+Rohde Interior Contract Award in 2013.



FACTS & FIGURES

- Total land area 24,000 sqm
- Total BUA 58,000 sqm
- Total number of units 131
- 11 homes delivered
- 76% of project is completed

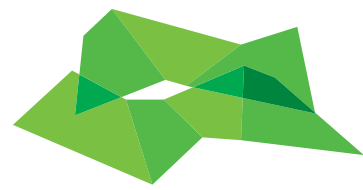
Westown Residences is Westown's first residential neighbourhood, offering townhouses, twin-houses, city villas, signature lofts, duplexes and apartments with stunning architectural designs that harness the beauty of their surroundings, while reflecting the overall sense of community suited for people with different needs, tastes and lifestyles. This is where the vibrancy of city life meets the calm retreat of suburban living, bringing together themed gardens, parks, and open green spaces, set in a secure, gated community designed around the Pedestrian Green Spine, which acts as a recreational

facility and a gateway to the rest of Westown. Westown Residences is also just a short walk away from Allegria, The British International School, Forty West, The Polygon and the restaurants and cafés of Westown Hub and The Strip. Nine phases launched to date have been sold out, with more phases planned in the near future. Westown Residences has already started delivery in 2013, and, upon completion, will provide an unsurpassed living experience amidst West Cairo's new urban hub.



FACTS & FIGURES

- Total launched land area 320,000 sqm
- Total launched number of units 974
- Phase I delivered 34 homes



The Polygon

Westtown's Business Park

The Polygon is Westtown's first business park and is designed to meet the increasing demand for purpose-built office space in Cairo. Designed by multiple-award-winning UK-based architects Wilkinson-Eyre, The Polygon consists of nine 'Class A' office buildings. In the middle of this bustling business park will be The Central Building, also called the Mountain. The Polygon offers over 70,000 sqm of state-of-the-art office space, designed to accommodate both smaller and larger

businesses. Companies have the flexibility of buying or renting from 67 sqm modules to full 9,000 sqm buildings. Situated on Km. 38 of the Cairo-Alexandria Desert Road, a short drive away from Sheikh Zayed, 6th of October Industrial Zone, and Abou Rawash, The Polygon enjoys a prime location in the heart of West Cairo. It is within walking distance from Allegria, Forty West, BISC and Beverly Hills, and is close to the new Rod El Farag Mehwar, which will directly link Westtown to Central Cairo.



FACTS & FIGURES

- Total land area 28,000 sqm
- Total BUA 69,000 sqm
- Phase I
 - BUA 49,000 sqm
 - Number of units 222
 - 62 offices delivered
 - 84% of project is completed
- Phase II
 - Sales and construction start Q1 2014

Whether relaxing, shopping or socialising, Westtown Hub helps you make the most of life. Westtown Hub is home to some of Cairo's finest restaurants and cafés. Set among pedestrian-friendly, landscaped squares and embellished with serene fountains and beautiful greenery, it is the perfect destination for a small family retreat or a friendly gathering. Top brands and small boutiques are here too, as are vibrant nightspots and relaxing, shaded courtyards. Designed by leading Egyptian architectural firm

Hassan Abu Seda, the arrangement of five multi-leveled buildings around one central piazza creates a truly unique retail space. Tiers, terraces, arcades, landscape and even lighting have been designed to perfection, offering something different around every corner whilst creating a unique experience.



FACTS & FIGURES

- Total land area 50,000 sqm
- Total BUA 16,000 sqm
- Leasable area 11,000 sqm
- Total number of units 47
- Delivery will start in Q3 2014
- 98% is completed

The Strip introduces a whole new shopping concept that is the first of its kind in Egypt. Modern, streamlined, and easily accessible with shops arranged side by side and linked by a walkway as well as ample parking for 700 vehicles. The strip mall concept has been the popular answer to shopping congestion abroad, and now The Strip brings that concept to one of Egypt's most vibrant and fastest growing suburbs.

The Strip offers multiple shops, banks, and eateries in a relaxed and contemporary environment: mixed retail shops and personal services, restaurants and cafés, a supermarket, financial and courier services, and automotive showrooms and services.



FACTS & FIGURES

- Total land area 106,000 sqm
- Total BUA 27,000 sqm
- Total number of units 77
- Phase I
 - Land area 56,000 sqm
 - BUA 13,000
 - Number of units 28
 - 20 retail units delivered
 - 98% of project is completed
- Phase II
 - Land area 50,000 sqm
 - BUA 14,000
 - Number of units 49
 - 100% of skeleton is completed
 - Finishing, landscape and hardscape will start in Q4 2014

EAST CAIRO

KATTAMEYA PLAZA

ROAD 90

NEW CAIRO

AUC

Kattameya Plaza

- Total land area 126,000 sqm
- Total BUA 101,000 sqm
- Total number of units 474
- Over 280 homes delivered
- 97% of project is completed

EASTOWN

- Integrates the fundamentals of residential, social and commercial life in one cosmopolitan city
- Total launched land area 149,356 sqm
- Total launched BUA 185,005 sqm
- Total launched units 808
- Delivery starts 2016

Eastown Residences
Phase I

Eastown Residences
Phase II

EASTOWN

Eastown Residences
Phase IV

Eastown Residences
Phase I

Eastown Residences
Phase IV

Eastown Residences
Phase III

Kattameya Dunes

Five minutes away from the American University in Cairo and Future University, Kattameya Plaza marks a new standard in contemporary apartment living. Kattameya Plaza is designed and master-planned by ArchGroup the distinguished firm that designed the Grosvenor House in Dubai, and landscaped by Evergreen. With delivery well underway, Kattameya Plaza marks a new standard in contemporary apartment living. It offers the perfect solution for those seeking to combine a healthy lifestyle with the comfort and security of a gated residential community and the amenities of

a flourishing suburb. Designed by world-class architects, landscape architects and interior designers, Kattameya Plaza provides a whole new meaning to contemporary apartment living. Amenities include twenty-four-hour seven-days-a-week Property Management and security, a convenience quarter featuring a supermarket, nursery, restaurants and cafés, a gym, laundry services and pharmacy, three swimming pools, with one specifically for children, secure children's play areas, jogging paths, multi-purpose sports field, and community areas.



FACTS & FIGURES

- Total land area 126,000 sqm
- Total BUA 101,000 sqm
- Total number of units 474
- Over 280 homes delivered
- 97% of project is completed

To the east of Cairo lies Eastown, the upcoming vibrant hub of the New Cairo district strategically located on Road 90, adjacent to the American University in Cairo and just a short drive from Cairo International Airport. Built on 860,000 sqm, Eastown will provide premium residential, retail and office space all set in a secure, gated community. Meticulously planned as a mixed-use city centre, Eastown is structured around two axes; the Green Spine running through the heart of its residential area and linking its residential and commercial neighbourhoods, and the Commercial Spine to its

East with shops, cafés, restaurants and entertainment venues clustered around it. Eastown will also host health clubs, spas, a jogging path and acres of green spaces in addition to art and cultural centres. With its strategic location, meticulous planning and product offering, Eastown is set to become New Cairo's neighbourhood of choice providing the best elements of city living without the downsides of urban congestion.



FACTS & FIGURES

- Total launched land area 149,356 sqm
- Total launched BUA 185,005 sqm
- Total launched units 808
- Delivery starts 2016

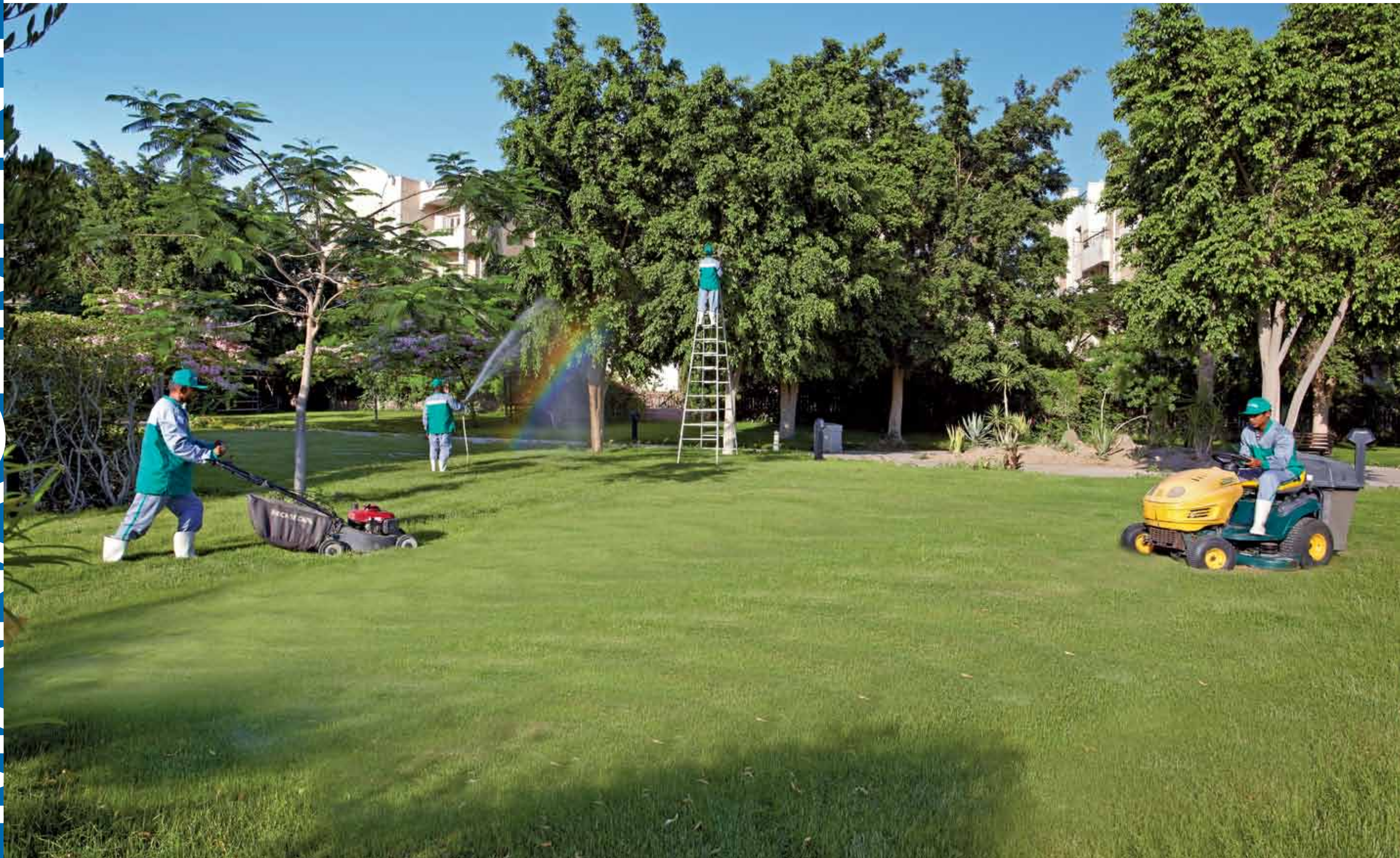
FACILITY MANAGEMENT



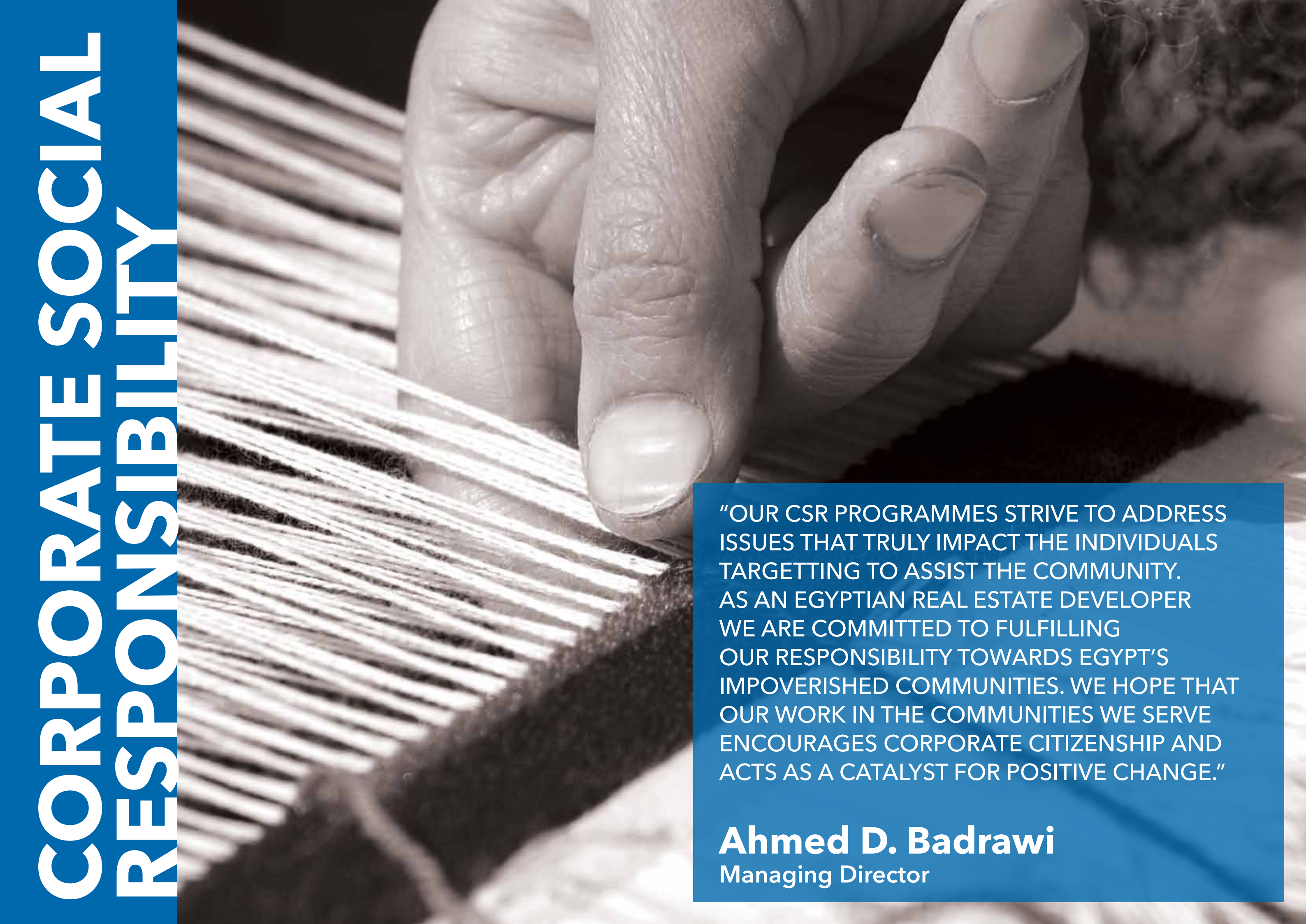
SODIC believes that property management is not only about managing assets but also about serving people. EDARA, SODIC's property management company and the first company in Egypt to offer facility and property management services combined has much to offer SODIC project residents. EDARA focuses heavily on the safety of residents, offering twenty-four-hour seven-days-a-week services such as monitoring gates, fixed and mobilised security points, private and fully equipped ambulances, private fire control trucks, waste control, street lighting, electricity network maintenance, environment friendly pest and rodents control and much more.

In addition, EDARA offers private services upon clients' requests that include full domestic maintenance services, plumbing, air-conditioning, carpentering, full agricultural services, irrigation, landscaping, removal of construction debris and many more. In its continuous efforts to deliver high quality services that meet international standards, EDARA is the only property management company in Egypt today that has been awarded three International ISO Certificates. The awards for Property management are as follows:

1. Quality Management Systems: ISO 9001:2008
2. Health and Safety Management Systems: OHSAS 18001:2007
3. Environmental Management Systems: ISO 14001:2004



CORPORATE SOCIAL RESPONSIBILITY



"OUR CSR PROGRAMMES STRIVE TO ADDRESS ISSUES THAT TRULY IMPACT THE INDIVIDUALS TARGETTING TO ASSIST THE COMMUNITY. AS AN EGYPTIAN REAL ESTATE DEVELOPER WE ARE COMMITTED TO FULFILLING OUR RESPONSIBILITY TOWARDS EGYPT'S IMPOVERISHED COMMUNITIES. WE HOPE THAT OUR WORK IN THE COMMUNITIES WE SERVE ENCOURAGES CORPORATE CITIZENSHIP AND ACTS AS A CATALYST FOR POSITIVE CHANGE."

Ahmed D. Badrawi
Managing Director

DEVELOPING ISTABL ANTAR

Tawasol has been operating in Istabl Antar in old Cairo since 2008 when they bought and renovated a small building and turned it into a community school. The school provides children who have escaped schooling with both regular schooling and vocational training including carpentry, carpet hand-weaving, embroidery and crochet, in addition to access to a library, computer lab, art, choir and theatre classes. It also offers the children nutritious meals, uniforms, trips, extra-curricular activities and works on raising hygiene awareness.

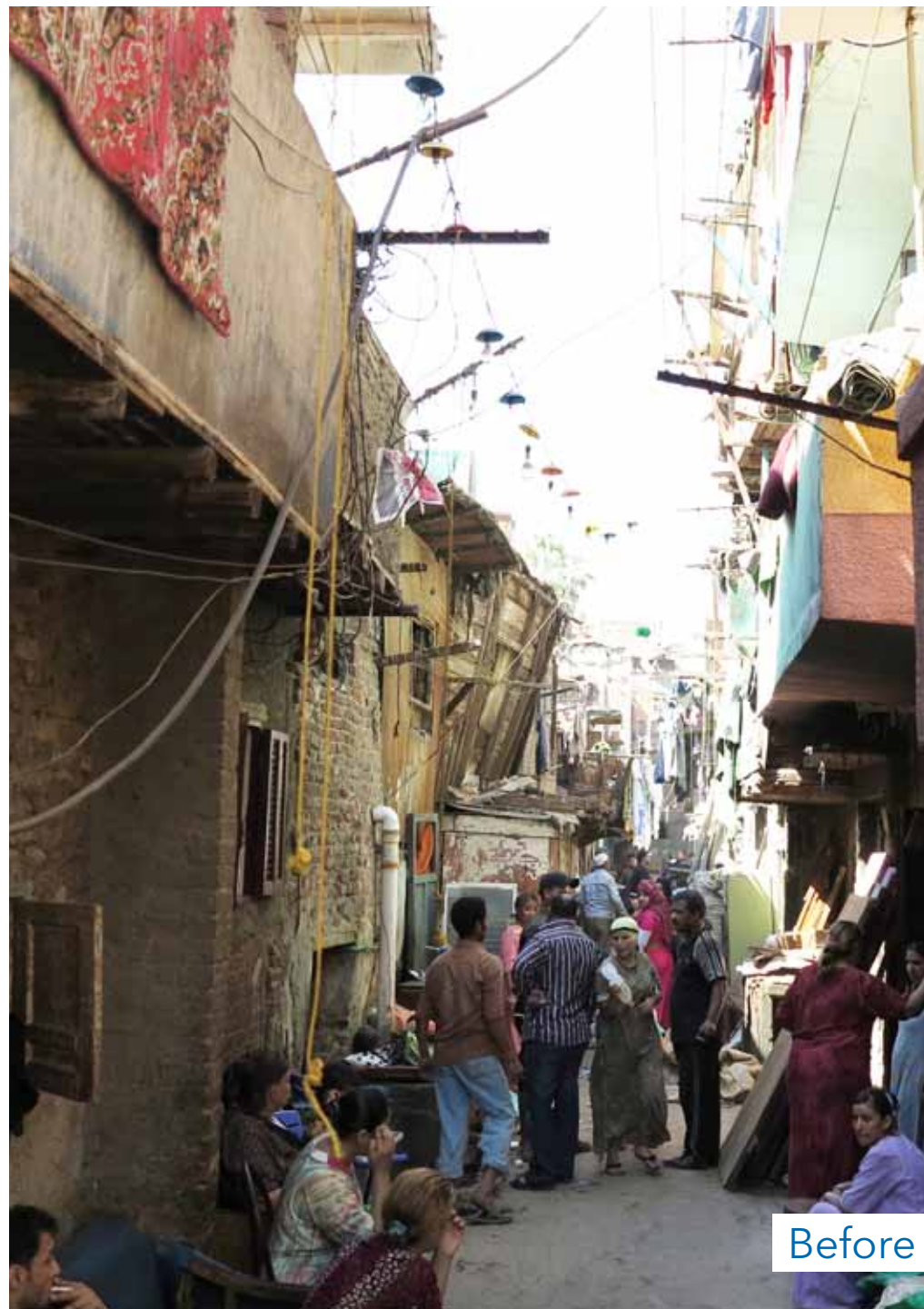
The school - which started with 20 students - has today grown to be home to around 140 boys and girls aged 8 to 15, reaching its full capacity. SODIC has contributed to the purchase of a 1,000 sqm plot of land in Ezbet Khairallah, a few minutes walk from the original community school. The land will be used to build a new school, a bigger and better place to serve the children of the community. The school is planned to operate a programme "Building a Good Citizen" that will focus on developing a sense of pride, work ethics and communication skills over and above regular and vocational schooling for the children. SODIC is contributing to the building of the new school as well as helping Tawasol fundraise the seven million Egyptian pounds needed to build and operate it.



Urban Upgrading in Egypt

Statistics estimate that there are between 16 and 36 million people inhabiting over 1,200 slums in Egypt. Slum inhabitants are subject to the many hazards of living in unsanitary living conditions such as increases in disease, domestic violence and school escapism, all contributing to even more poverty.

The permanent removal of slums and the relocation of inhabitants would strain the public budget and proves difficult while dealing with the complexities of displacing people attached to their homes and in proximity to their jobs. Slums that are not in danger of collapse are now thought to rather go through a process of development than replacement. As a real estate developer, SODIC is taking part in this development process.



The Integrated Development of Ezbet El Assaal

Ezbet El Assaal is located in East Cairo in the heart of Shubra, and is one of Cairo's oldest slums. Stretched over 41 acres, El Assaal like many of Egypt's slums, suffers from poor living conditions, unemployment and insufficient health and education systems. In May 2012 SODIC signed a three-way cooperation protocol with the Cairo Governorate and Dr. Mona Zakaria, a rehabilitative and development expert, for the integrated development of Ezbet El Assaal. In May 2013, the project witnessed the completion of its first phase with 15 buildings completely renovated, rebuilt or refurbished in Abdel Dayem Street, home to 78 families. The sewage network of Abdel Dayem Street was also completely renovated and connections were made to all houses.

In November 2013 SODIC handed over the project to the National Fund 306306 to continue works on ground. The organisation gives the project access to diverse funding and donations, fast tracking progress and expansion into other areas in Egypt. The second phase of the project is also led by development guru Dr. Mona Zakaria who has already overseen the completion of the first phases of the project and continues to be supported by SODIC as one of its CSR projects.



AlFonar is the first Arab venture philanthropy organisation - founded by the late Tarek Ben Halim. Working in Egypt since 2004, AlFonar seeks to improve lives in disadvantaged communities by investing in the growth of innovative, self-reliant, social purpose organisations that effectively respond to community needs.

SODIC has partnered with AlFonar to develop women and children through education, cultural activities and vocational training with the objective of leading these entities to sustainability and independence.

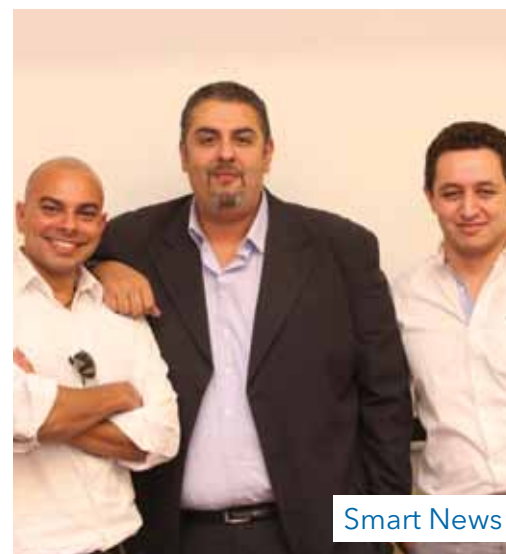
SODIC funds different projects through AlFonar and provides the programmes with diverse technical assistance. Through these projects SODIC has impacted 8,537 families since 2009.



AUC VENTURE LAB

June 2013 marked the launch of AUC's Venture Lab, the first university incubator in Egypt. The Venture Lab enables high potential start-ups to capitalise on AUC's world-class facilities, limitless capabilities and networks. At SODIC, we understand that entrepreneurship plays a vital role in driving the Egyptian economy in today's business landscape. This is why we have partnered with the AUC Venture Lab and have

sponsored its first ever Cycle starting September 2013. The SODIC Cycle accepted candidate teams that went through the AUC Venture Challenge Competition in April 2013. Over 160 teams competed in the Venture Challenge Competition, of which a number of teams were selected. The first of three Cycles SODIC is sponsoring over three years will graduate in March 2014.



BUSINESS DEVELOPMENT AND CORPORATE AFFAIRS

"PURSUING NEW OPPORTUNITIES DOES NOT INTERFERE WITH IMPLEMENTING THE STRICTEST CORPORATE GOVERNANCE POLICIES BOTH INTERNALLY AND EXTERNALLY, WHICH WE BELIEVE IS AN ESSENTIAL PILLAR TO THE HEALTH OF OUR COMPANY AND ITS SUCCESS.

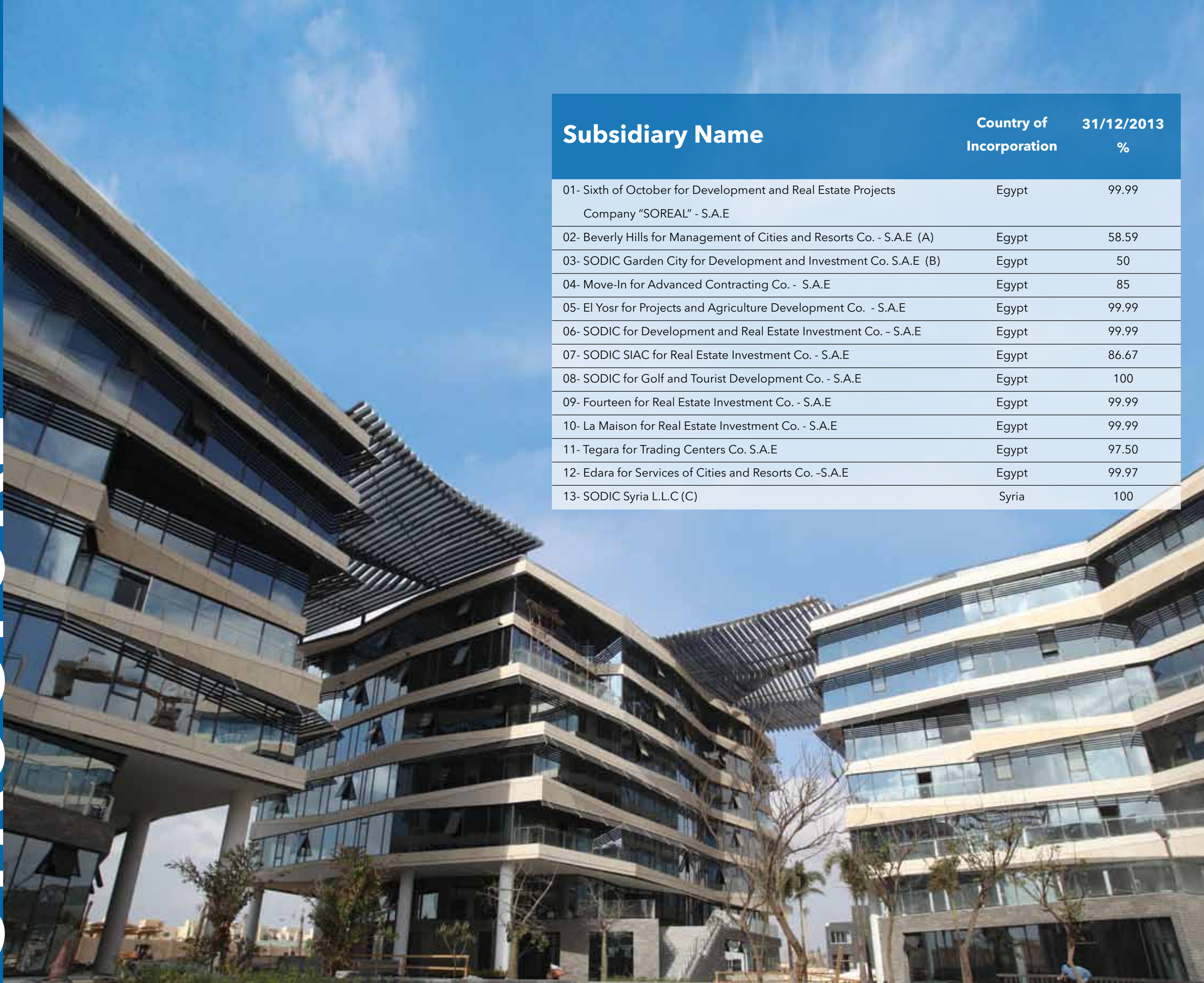
AS A PUBLICLY LISTED COMPANY, WE TAKE OUR RESPONSIBILITY TOWARDS OUR SHAREHOLDERS SERIOUSLY AND COMMIT TO TRANSPARENCY ON EVERY LEVEL OF THE ORGANISATION."

Ashraf Farid

Chief Business Development Officer



CORPORATE STRUCTURE



Subsidiary Name

Country of
Incorporation

31/12/2013
%

01- Sixth of October for Development and Real Estate Projects Company "SOREAL" - S.A.E	Egypt	99.99
02- Beverly Hills for Management of Cities and Resorts Co. - S.A.E (A)	Egypt	58.59
03- SODIC Garden City for Development and Investment Co. S.A.E (B)	Egypt	50
04- Move-In for Advanced Contracting Co. - S.A.E	Egypt	85
05- El Yosr for Projects and Agriculture Development Co. - S.A.E	Egypt	99.99
06- SODIC for Development and Real Estate Investment Co. - S.A.E	Egypt	99.99
07- SODIC SIAC for Real Estate Investment Co. - S.A.E	Egypt	86.67
08- SODIC for Golf and Tourist Development Co. - S.A.E	Egypt	100
09- Fourteen for Real Estate Investment Co. - S.A.E	Egypt	99.99
10- La Maison for Real Estate Investment Co. - S.A.E	Egypt	99.99
11- Tegara for Trading Centers Co. S.A.E	Egypt	97.50
12- Edara for Services of Cities and Resorts Co. -S.A.E	Egypt	99.97
13- SODIC Syria L.L.C (C)	Syria	100

Elections and Terms of Office

The Board of Directors is elected by the general meeting of shareholders. In accordance with the Articles of Incorporation, the Board is composed of a minimum of seven and a maximum of 15 members, whose term of office shall not exceed three years (a year for that purpose meaning the period between two ordinary general meetings of shareholders). Each member's term of office is determined upon his or her election, and there are no limits on re-election.

Internal Organisational Structure

Board

The Board of Directors governs the Company and is ultimately responsible for the Company's business strategy and management. It has the authority to decide on all corporate matters reserved by law or by the Articles of Incorporation to the general meeting of shareholders or to another body.

Subject to its inalienable duties pursuant to the law and to a number of additional matters, the Board has delegated the management of the Company's business to the CEO. The Board appoints the CEO and the CEO appoints other members of the Executive Management.

The Board of Directors constitutes itself autonomously and appoints its Chairman, who does not have to be a member of the Board. Decisions are taken by the majority of votes cast. In case of a deadlock, the Chairman has a casting vote. A Board member shall abstain from voting if he or she has a personal interest in a matter other than an interest in his or her capacity as shareholder of the Company.

Committees

Three permanent committees have been formed to support the Board of Directors; these are the Audit Committee and the Nomination & Compensation Committee. The duties and competences of either committee are defined as below.

Audit Committee

The Audit Committee consists of three members: two non-executive members of the Board of Directors and an independent member (not a member of the Board of Directors) as determined by the Board. The Chairman is a member of the Audit Committee. The three Audit Committee members currently appointed have broad experience in finance and accounting on the basis of their professional backgrounds. The mission of the Audit Committee is to assist the Board of Directors in the discharge of its responsibilities with respect to financial reporting and audit. The committee reports and issues recommendations to the Board regarding yearly and interim financial statements, the auditing process, the internal control system, the integrity and effectiveness of the Company's external and internal auditors and other topics submitted to it by the Board from time to time. The Audit Committee has no decision-making power.

Compensation Committee

The Compensation Committee consists of three non-executive members of the Board of Directors as determined by the Board. The mission of the Compensation Committee is to assist the Board of Directors in the discharge of its responsibilities and to discharge certain responsibilities of the Board relating to compensation and nomination of members of the Board Executive Management and SODIC's employees.

The Compensation Committee has no decision-making power regarding matters of the compensation of Executive Members of the Board of Directors and members of Executive Management. The Compensation Committee issues recommendations to the Board without having decision-making power regarding other matters of compensation, the nomination of Board Members and Members of Executive Management, and other topics submitted to the Board for the committee's consideration.

ESOP Committee

The ESOP Committee includes the Chairman, three board members, and a non-executive member and manages the activity of the already approved ESOP plan which is in place for the Corporate Executive Management. The ESOP Committee is there to ensure Management's loyalty to shareholders so that their interests are aligned. This plan will expire by mid- 2015.



Hani Sarie El Din

Chairman (Non-Executive)



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

Ahmed D. Badrawi

Managing Director



At the beginning of 2013, Ahmed D. Badrawi was appointed Managing Director of SODIC. Badrawi joined SODIC in 2006 in a business development role and was one of the core members of the new management team responsible for its remarkable turnaround. Prior to joining SODIC in 2006, Badrawi launched The Daily Star Egypt, Egypt's first independent English-language newspaper bundled with the International Herald Tribune. In 2000, he founded Egypt's first records management business, InfoFort Egypt LLC, which he sold in 2005 to Aramex. Prior to moving to Egypt, he was a practicing solicitor with Clifford Chance in the UK and the UAE and held a management post with the Albert Abela Corporation in London. Badrawi graduated with a

Law degree from Queen Mary & Westfield College, University of London and passed the Law Society Solicitors' Finals from The College of Law, Guildford.

Safwan Thabet

Board Member (Independent)



Safwan Thabet has been Chairman of the Board of Directors and Chief Executive Officer of Juhayna since founding the Group in 1983. Mr. Thabet has left a distinctive mark on the investment map in Egypt and played a central role in the development of the food sector for more than 30 years through various appointments and positions including: Member of the Board of the Federation of Egyptian Industries (FEI), Board Member of the Chamber of Food Industries, Chairman of the Board of the Sixth of October Investors Association, and Member of the Board of Sixth of October for Development and Investment (SODIC). Safwan Thabet holds a Bachelor's degree in Mechanical Engineering.

Shafik El Baghdady

Board Member (Independent)



Shafik El Baghdady is a co-founder and a major shareholder of a group of investment organisations where he performs different roles. These include: Chairman and Managing Director of Nile Valley Group, and Board Member of Sixth of October For Development & Investment (SODIC).

Baghdady acts as a B.O.D member of:

- General Assembly of Real Estate Investment
- The Export Council for Real Estate Industry
- The Food Industries Chamber
- The Egyptian Center for Economics Studies (ECES)

Walid Abanumay

Board Member (Independent)



Dr. Walid Sulaiman Abanumay has been the Managing Director of Al-Mareefa Al -Saudia Company since 1997. In addition to this, he has been actively managing his family investments in both developed and emerging markets for more than a decade. Prior to this, he served in Treasury and Corporate Banking Departments of SAMBA Financial Group. Dr. Abanumay has been serving the Board of Directors of several listed companies, private equity and equity funds spread across a wide spectrum of industries, to name a few; Jousour, Beltone Financial, UGIC, Mena Capital Fund, GB Auto and Solidere International. He also served in the Boards of SAFCO, Nasr City, Al-Inmaia, Al Raya Holdings and Al Masafi. Dr. Abanumay holds a B.Sc. degree in Computer Science (1988) from Southern Illinois University and a Masters degree in Management Information Systems (1990) from University of Illinois. He obtained a Ph.D in Business Administration majoring in Finance from Southern Illinois University in 1997.

Sabah Barakat

Board Member (Olayan Group)



Sabah Taysir Barakat is the Vice President of Olayan Financing Company, based in Riyadh, and is responsible for overseeing a portfolio of wholly owned and joint venture companies in the field of energy, construction, and real estate development sectors. From 2003-2008, Sabah was Vice President of Bechtel Group and was responsible for developing and overseeing a number of major infrastructure opportunities and projects for Bechtel in the Gulf region. From 1998-2003, Sabah was the Regional Vice President of National Grid Plc. and was responsible for setting up and managing a new regional office in Dubai. From 1986-1998, Sabah worked for the Costain Group Plc. a leading international contracting firm specialising in infrastructure, energy, and building construction. He was recruited directly from university as a graduate Engineer and he progressed over time to a Senior Project Manager working on some of the UK's most challenging projects. Sabah graduated in 1986 with an Engineering degree from London University as a Chartered Engineer, a member of the UK's Institute of Civil Engineers and holds an MBA in Engineering Management and is a member of the UK's Chartered Institute of Management.

Samer Yassa

Board Member (October Property Ltd)



Samer Yassa is a Managing Director in Private Equity at EFG Hermes, with more than 15 years experience in investment banking and Private Equity in Cairo and London. Yassa started his investment banking career in Fleming - ClIC in Cairo, working on landmark Egyptian capital markets and M&A transactions. Yassa was previously an Associate in JPMorgan London focusing on healthcare M&A. In Private Equity, Yassa has led a team of investment professionals in sourcing, structuring, managing, and exiting Private Equity investments across different industries in Egypt. Yassa holds a BA in Economics and an MA in Public Administration from the American University in Cairo and an MBA from Edinburgh University.

Haytham Sabry

Board Member (October Property Ltd)



Haytham Sabry is a Director in Private Equity at EFG Hermes focusing on analysing and originating opportunities across industries and monitoring portfolio companies. Previously, Sabry was a Senior Banker with Beltone Investment Banking where he was closely involved in both M&A and Capital Markets transactions across numerous sectors. Prior to joining Beltone, Sabry was a manager in Citigroup's Corporate Finance and Investment Banking division with thorough experience in debt financing and executed transactions in excess of USD 3.5 billion. Sabry holds an MBA degree from Edinburgh Business School and a Bachelor degree in Construction Engineering from the American University in Cairo.

Omar El Hamawy

Board Member



Omar El Hamawy is the Chief Financial Officer of SODIC. El Hamawy joined SODIC in May 2013 after more than eight years as an Investment Banking Division Director within Beltone. El Hamawy has been very focused on the real estate sector through his close involvement in both M&A and Capital Market transactions. His most notable transactions include advising Mena for Touristic and Real Estate Investments on a capital increase, advising Beltone Private Equity on the tender offer and acquisition of Nasr City Housing and Development, and advising Amer Group on its IPO among many others. El Hamawy holds a Bachelor's degree of Business Administration from the American University in Cairo and is a CFA Charterholder.

Frank Konings

Board Member



Frank Konings graduated from the Technisch Hoge School in Amsterdam with an Engineering degree in Architecture en organisatiekunde followed by ten years with PRC Management Consultancy on large scale infrastructure and airport expansion projects like Schiphol Amsterdam Airport, Dutch Railway Company and Kuala Lumpur International Airport. Konings worked in Malaysia as CEO of KLIA Strategic Planning on various projects like Bangkok International Airport, Teaching Hospital and Transportation Terminals. Konings also worked in Dubai as Development Director for Al Nakheel Waterfront City.

Basil Ramzy

Board Member



Basil Ramzy is SODIC's Chief Development Officer, tasked with bringing profitable, market-relevant, SODIC-standard developments to reality. Ramzy holds a Masters degree in building construction and facility management from the Georgia Institute of Technology as well as an undergraduate degree in Mechanical Engineering from Carnegie Mellon University. Since joining SODIC's development team in 2010, Ramzy has played an instrumental role in SODIC's much lauded shift to higher density residential products, conceptualising and bringing Westown Residences and Eastown Residences to life. Before joining SODIC, Ramzy was a managing partner of Delta Enterprises, an award-winning, real estate development firm in the United States. Prior to his real estate career, Ramzy was co-founder and CEO of Sarmady Communications, one of Egypt's premier digital media companies which was purchased by Vodafone Egypt.

Ahmed D. Badrawi

Managing Director



At the beginning of 2013, Ahmed (Dasha) Badrawi was appointed Managing Director of SODIC. Badrawi joined SODIC in 2006 in a business development role and was one of the core members of the new management team responsible for its remarkable turnaround. Prior to joining SODIC in 2006, Badrawi launched The Daily Star Egypt, Egypt's first independent English-language newspaper bundled with the International Herald Tribune. In 2000, he founded Egypt's first records management business, InfoFort Egypt LLC, which he sold in 2005 to Aramex.

Prior to moving to Egypt, he was a practicing solicitor with Clifford Chance in the UK and the UAE and held a management post with the Albert Abela Corporation in London. Badrawi graduated with a law degree from Queen Mary & Westfield College, University of London and passed the Law Society Solicitors' Finals from The College of Law, Guildford.

Hatem El Halwagy

Chief Projects Officer



Hatem Halwagy holds a Masters degree in Finance from the University of Reading, UK, to compliment a Bachelor degree in Construction Engineering from The American University in Cairo. His previous experience includes being Director of Development of Orascom Tourism (Egypt) and Cairo Financial Center (Egypt). Halwagy established and implemented the necessary systems for the development success of the SODIC projects.

Omar El Hamawy

Chief Financial Officer



Omar El Hamawy is the Chief Financial Officer of SODIC. El Hamawy joined SODIC in May 2013 after more than eight years as an Investment Banking Division Director within Beltone. El Hamawy has been very focused on the real estate sector through his close involvement in both M&A and Capital Market transactions. His most notable transactions include advising Mena for Touristic and Real Estate Investments on a capital increase, advising Beltone Private Equity on the tender offer and acquisition of Nasr City Housing and

Development, and advising Amer Group on its IPO among many others. El Hamawy holds a Bachelor's degree of Business Administration from the American University in Cairo and is a CFA Charterholder.

Frank Konings

Chief Technical Officer



Frank Konings graduated from the Technisch Hoge School in Amsterdam with Engineering Degree in Architecture en organisatiekunde followed by ten years with PRC Management Consultancy on large scale infrastructure and airport expansion projects like Schiphol Amsterdam Airport, Dutch Railway Company and Kuala Lumpur Int. Airport. Konings worked in Malaysia as CEO of KLIA Strategic Planning on various projects like Bangkok Int. Airport, Teaching Hospital and Transportation Terminals. Konings also worked in Dubai as Development Director for Al Nakheel Waterfront City.

Ahmed Labib

Chief Commercial Officer



Ahmed Labib spent his high school years in the U.S. then later returned to Egypt to graduate from the American University in Cairo majoring in Psychology with a minor in Mass Communication. His previous experience includes working in the Marketing Department at McDonalds and spending seven years in the Marketing and Consumer Relations Platform at British American Tobacco (BAT). Labib joined SODIC in 2007 as a Sales Manager whose success quickly earned him the title of Executive Sales Director and later Chief Commercial Officer.

Basil Ramzy

Chief Development Officer, SODIC



Basil Ramzy is SODIC's Chief Development Officer, tasked with bringing profitable, market-relevant, SODIC-standard developments to reality. Ramzy holds a Masters degree in building construction and facility management from the Georgia Institute of Technology as well as an undergraduate degree in Mechanical Engineering from Carnegie Mellon University. Since joining SODIC's development team in 2010, Ramzy has played an instrumental role in SODIC's much lauded shift to higher density residential products, conceptualising and bringing Westown Residences and Eastown Residences to life. Before joining SODIC, Ramzy was a managing partner of Delta Enterprises, an award-winning, real estate development firm in the United States. Prior to his real estate career, Ramzy was co-founder and CEO of Sarmady Communications, one of Egypt's premier digital media companies which was purchased by Vodafone Egypt.

Hazem El Tawil

Chief Planning and Compliance Officer



Hazem Tawil holds a Bachelor of Architectural Engineering degree from Cairo University (1985) as well as a Masters of Architecture in Urban Design degree from North Carolina State University (1989). Tawil joined the SODIC team in the capacity of Director of Design and Technical Affairs; he oversaw a number of projects including Beverly Hills and Allegria. Prior to joining SODIC, Hazem worked for the Architecture and Engineering firms of Skidmore, Owings and Merrill in Chicago and Dar Al Handasah in Cairo.

Ashraf Farid

Executive Director of Operations



Ashraf Farid holds a Bachelors Degree in Economics and Financial Management from Cairo University in addition to being Associate of the Chartered Insurance Institute in London (ACII) - (UK) and a certified Sales Trainer. Ashraf joined the SODIC family after 18 years of sales operations and business development experience working for Allianz Group, where he assisted in establishing their first Life Agency in Egypt and Al-Futtaim Group as their Business Development Manager, where he was responsible for one of the Group's company's business portfolios.

INVESTOR INFORMATION

"WE HAVE TO ACT WITH COURAGE AND TAKE CALCULATED RISKS. WE WERE THE FIRST TO LAUNCH PROJECTS AFTER THE GLOBAL FINANCIAL CRISIS IN 2009, THE FIRST TO LAUNCH AFTER THE EGYPTIAN REVOLUTION, AND THE ONLY REAL ESTATE COMPANY TO PRIORITISE BUILDING AND DELIVERING ON TIME WHEN THE REST OF THE MARKET FROZE CONSTRUCTION PROGRESS DUE TO MARKET TURBULENCE. THESE DECISIONS HAVE MADE US A STRONG COMPANY TODAY. "

Omar El Hamawy
Chief Financial Officer

LETTER FROM THE CFO



Letter from the CFO Financial Results for 2013

2013 was an extremely challenging year for SODIC yet a very positive one operationally, with record-breaking results in terms of sales, collections, deliveries, and new project launches. We sold more than 1,300 units, delivered 683 units to clients and collected EGP 1.2 billion in cash, all record figures for SODIC.

Despite such a strong year, SODIC reported a significant accounting loss on its consolidated income statement for 2013. Management decided to review its position on all material financial risks and to adopt a more cautious approach to substantially reduce the possibility of any negative surprises in the future. As a result, the following treatments have taken place:

- The amicable settlement with Solidere involves the cancellation of Solidere's sub-development rights awarded in 2009. The cancellation results in the reversal of its revenue previously booked by SODIC in 2009. As a result, an amount of EGP 111 million is deducted from SODIC's gross profit. From SODIC's perspective, the settlement returns 250,000 sqm of land within Westtown, which is expected to yield some EGP 1.3 billion of new contracted sales.
- The second reversal relates to a transaction that took place in July 2010. As the buyer failed to meet his contractual obligations over an extended period of time, SODIC's management decided to cancel the contract and retrieve the land. Consequently, the transaction was reversed and SODIC's gross profit was reduced by EGP 69 million. However, from SODIC's perspective the cancellation returns 16,860 sqm of land.
- Since 2011, the political turmoil in Syria has hampered SODIC's ability to monetise the 3.2 million sqm land bank owned by Palmyra SODIC, its 50% owned JV in Syria. SODIC's management witnessed increasing difficulty in managing the Syrian joint venture as the political events in Syria unfolded. Recent events have caused management to review and revise the accounting treatment of its investment in Syria with a decision to impair all of SODIC Group's financial exposure to the Syrian investment. The total financial exposure amounts to EGP 478 million. Whilst management has decided to take a more conservative approach for the short term, this does not in any way affect its legal position at the subsidiary level, nor the fact that it believes the land has considerable value and the subsidiary continues to have legal title. Management has, however, taken the view it will not realistically be possible to realise that value in the short term.

Despite the impact on the financial statements, the above accounting measures do not have a negative effect on SODIC's cash flows nor do they jeopardise its legal rights in any way. However, they ensure a very conservative approach to the financial statements and the avoidance of any negative surprises in the future.

We are very excited about the coming few years and we are looking forward to unleash SODIC's full potential.

Omar El Hamawy
Chief Financial Officer

Investor Information

Introduction

Transparency is integral to our corporate culture, we always make sure to be in-line with our shareholders that consist of a diverse group of local, regional and international investors. SODIC is listed on the Egyptian Stock Exchange (OCDI.CA) and is a constituent of the EGX 30, EGX 100 Indexes and MSCI IMI.

Overview

Share Information		
Share listing	Cairo, Egypt	
ISIN code	EGS65851C015	
Currency	EGP	
Ticker code (EGX)	OCDI.CA	
Ticker code (Reuters)	OCDI CA	
Ticker code (Bloomberg)	OCDI EY	

Per Share Data	2012	2013
Share price at year end (in EGP)	20.33	22.61
Highest share price during the year (in EGP)	26.71	24.79
Lowest share price during the year (in EGP)	7.44	13.85
Number of traded shares (in EGP millions)	89.83	53.48
Value of traded shares (in EGP millions)	1,622	1,133
Average number of traded shares per day	366,659	217,037
Average traded value per day (in EGP)	6,538,348	4,660,894

Market Data		
Number of shares outstanding	90,676,348	
Market capitalisation (in EGP millions)	2,050	
Market capitalisation (in USD millions)	295	

Shareholding structure

A- Shareholders by Country

Country	Number of shareholders	Number of shares
Egypt	3,270	33,968,033
Saudi Arabia	65	33,094,470
United Kingdom	31	19,480,252
United States of America	31	2,018,825
Kuwait	12	909,187
United Arab Emirates	6	198,086
Palestine	6	92,790
Qatar	5	53,744
Lebanon	5	49,580
Jordan	7	36,629
Bahrain	2	43,089
Oman	3	20,249
Yemen	3	7,025
Libya	4	11,976
Tunisia	1	1,750
Sudan	1	330
Iraq	1	313
Syria	3	1,956
Ireland	3	416,533
Luxembourg	2	133,278
Total	3,478	90,676,348

Shareholding structure

A- Shareholders by Country

Country	Number of shareholders	Number of shares
Cayman Islands	4	56,748
Canada	3	22,588
Malaysia	1	18,750
Switzerland	2	17,306
Germany	2	11,340
France	1	6,383
Holland	1	900
Australia	1	985
Italy	1	753
Morocco	1	2,500
Total	3,478	90,676,348

B- Shareholders by type

Country	Number of shareholders	Number of shares
Banks	15	1,362,159
Equity Portfolios	39	6,928,713
Local Mutual Funds	38	3,699,765
Foreign Mutual Funds	47	5,939,563
Local Institutions	5	5,515,781
Foreign Institutions	7	1,462,984
Local Private Companies	55	6,290,335
Foreign Companies	35	31,766,307
Local Individuals	3,112	7,184,605
Foreign Individuals	110	17,276,136
ESOP	15	3,250,000
Total	3,478	90,676,348

Significant shareholders

Name of major shareholders	Number of shares issued	Percentage of ownership
October Property Development Limited	14,136,228	15.59%
EFG - Hermes Holding Company SAE	4,041,223	4.46%
Sulaiman Abanumay	11,486,231	12.67%
The Olayan Group	11,237,896	12.39%
Rashed Abdulrahman Al Rashed & Sons Co.	6,783,163	7.48%
Others	42,991,607	47.41%
Total	90,676,348	100%

Research Coverage

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CONSOLIDATED FINANCIAL STATEMENTS

*Translation of financial statements
Originally issued in Arabic*

*Translation of financial statements
Originally issued in Arabic*

Sixth of October for Development and Investment Company "SODIC"
(An Egyptian Joint Stock Company)
Consolidated Financial Statements
For The Financial Year Ended December 31, 2013
And Auditor's Report

 Hazem Hassan
Public Accountants & Consultants

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Hazem Hassan

Public Accountants & Consultants

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Translation of audit report
originally issued in Arabic

Auditor's Report

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

Report on the consolidated financial statements

We have audited the accompanying consolidated financial statements of Sixth of October for Development and Investment Company "SODIC" S.A.E, which comprise the consolidated balance sheet as at December 31, 2013, and the consolidated statements of income, changes in equity and cash flows for the financial year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

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

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

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



Hazem Hassan

Translation of audit report
originally issued in Arabic

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Sixth of October for Development and Investment Company "SODIC" as of December 31, 2013, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the Egyptian Accounting Standards and the Egyptian laws and regulations relating to the preparation of these consolidated financial statements.

Emphasis of matter

Without qualifying our opinion

We would like to highlight details mentioned in Note No. (46). Impairment loss has been recognized in the holding company for its investments in Syrian Arab Republic amounting to 289 million Egyptian pounds approximately represented in impairment of debtors and loans to joint ventures that has been charged to consolidated income statement also charged with approximately 189 million Egyptian pounds represented in cumulative translation adjustments from translating foreign operation that has been classified in consolidated share holders equity.

Report of other legal and organizing requirements:

The financial information in the board of directors' report which is prepared according to the requirements of law no. 159 for the year 1981 and its implementing regulation agrees with the company's books according to the limits of this information in books.


KPMG Hazem Hassan



Cairo, April 2, 2014

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

	Note	31/12/2013	Restated 31/12/2012
	No.	L.E	L.E
Long - term assets			
Fixed assets (Net)	(6)	125 473 817	197 732 094
Projects under construction	(7)	9 559 123	9 090 827
Biological Assets		3 532 996	2 419 959
Investments in associates and joint ventures	(8)	-	102 705 427
Investments - available for sale	(9)	4 250 000	4 250 000
Investment properties (Net)	(10)	17 491 994	9 341 165
Trade, notes receivables and debtors (Net)	(11)	2 487 049 139	1 549 006 869
Total long - term assets		2 647 357 069	1 874 546 341
Current assets			
Other assets	(13)	4 143 163	4 962 175
Completed units ready for sale	(14)	31 478 756	47 277 755
Constructions in process		973 274	3 677 787
Works in process	(15)	2 965 096 541	2 982 708 719
Trade and notes receivable (Net)	(16)	1 116 476 739	1 011 631 836
Due from customers - constructions		1 069 820	-
Debtors and other debit balances (Net)	(17)	342 493 795	424 676 979
Loans to Joint Ventures	(18)	-	170 021 856
Investments in treasury bills	(19)	23 949 736	11 905 376
Cash at banks and on hand	(20)	453 132 517	319 955 412
Total current assets		4 938 814 341	4 976 817 895
Current liabilities			
Provision for completion	(21)	87 391 032	131 248 082
Provisions	(22)	9 874 847	22 981 750
Bank - lenders		-	11 524
Bank - credit facilities	(23)	107 118 313	35 651 373
Loans - Short term	(35)	223 397 759	107 144 710
Advances - customers	(24)	4 294 255 681	3 504 063 776
Due to customers - constructions		2 729 533	1 153 201
Contractors, suppliers and notes payable	(25)	140 968 249	141 316 251
Creditors and other credit balances	(26)	730 246 010	410 864 085
Total current liabilities		5 595 981 424	4 354 434 752
(Excess of current liabilities over current assets)/ Working capital		(657 167 083)	622 383 143
Total investments		1 990 189 986	2 496 929 484
These investments are financed as follows:			
Equity			
Issued & paid in capital	(28)	362 705 392	362 705 392
Legal reserve	(29)	181 352 693	181 352 693
Special reserve - share premium	(30)	1 316 921 569	1 316 921 569
Retained earnings		407 765 882	159 240 396
Profit from sale of treasury shares		3 692 867	3 692 867
Shares kept for incentive & bonus plan	(33)	(80 007 242)	(80 007 242)
Amount set aside for incentive & bonus plan	(34)	25 323 711	25 323 711
Net profit for the year		(447 138 141)	250 045 549
Cumulative translation adjustments of foreign operations	(31)	-	(106 071 083)
Total equity attributable to the Company		1 770 616 731	2 113 203 852
Non controlling interest	(27)	80 030 306	51 706 038
Total equity		1 850 647 037	2 164 909 890
Long-term liabilities			
Loans - long term	(35)	88 011 726	256 381 985
Notes payable	(36)	48 695 896	73 924 905
Deferred tax liabilities	(12)	2 835 327	1 712 704
Total long-term liabilities		139 542 949	332 019 594
Total equity and long - term liabilities		1 990 189 986	2 496 929 484

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

Financial & Administration
Executive Director
Harry Henry
Harry 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)
Consolidated Income Statement
For The Financial Year Ended December 31, 2013

	Note	2013	Restated 2012
	No.	L.E	L.E
Sales of real estate and lands	(37)	1 284 485 000	1 401 701 170
Executed construction contracts revenues		12 864 835	-
Service revenues of Beverly Hills City		17 652 681	15 056 459
Service revenues of Allegria project		2 381 198	3 789 179
Revenues from golf course		7 056 378	5 419 579
Total operation revenues		1 324 440 092	1 425 966 387
Cost of sales of real estate and lands	(38)	(915 926 848)	(871 567 332)
Executed construction contracts cost		(17 004 749)	-
Service costs of Beverly Hills City		(20 749 709)	(21 521 134)
Service costs of Allegria project		(2 231 610)	(1 101 205)
Cost of golf course		(13 263 187)	(14 371 714)
Total operation costs		(969 176 103)	(908 561 385)
Gross profit		355 263 989	517 405 002
Other operating revenues	(39)	84 739 489	58 846 128
Selling and marketing expenses	(40)	(101 523 573)	(90 998 555)
General and administrative expenses	(41)	(149 601 029)	(141 340 866)
Other operating expenses	(42)	(331 163 010)	(52 356 901)
Operating (loss) profit		(142 284 134)	291 554 808
Finance income	(43)	34 861 108	40 253 340
Finance cost	(44)	(310 304 472)	(55 806 060)
Net finance (cost)		(275 443 364)	(15 552 720)
Company's share in losses of the joint project		(4 873 967)	(7 963 048)
Net (loss) profit for the year before income tax		(422 601 465)	268 039 040
Income tax expense	(45)	(24 527 970)	(10 646 556)
Net (loss) profit for the year		(447 129 435)	257 392 484
Share of the holding Company		(447 138 141)	250 045 549
Non controlling interest share in profits and losses of subsidiaries		8 706	7 346 935
Net (loss) profit for the year		(447 129 435)	257 392 484
(Loss) earnings per share (L.E / Share)	(46)	(4.93)	2.78

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

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

	Issued and paid in capital L.E.	Legal reserve L.E.	Special reserve- share premium L.E.	Treasury shares L.E.	Profit from selling of treasury share L.E.	Shares kept for bonus and incentive plan L.E.	Set aside amount for bonus and incentive plan L.E.	Cumulative translation Adjustments of foreign operations L.E.	Retained earnings L.E.	Net profit for the year L.E.	Equity attributable to the Company L.E.	Non-controlling interest L.E.	Total equity L.E.
Balance as at December 31, 2011	362 705 392	181 352 693	1 316 921 569	(18 018 000)	-	(80 007 342)	25 267 256	(34 125 123)	347 956 204	(188 715 808)	1 912 326 941	43 047 944	1 956 384 885
Amount transferred to retained earnings	-	-	-	-	-	-	-	-	-	188 715 808	-	-	-
Cumulative translation adjustments of foreign operations	-	-	-	-	-	-	-	(71 945 960)	-	-	(71 945 960)	-	(71 945 960)
Returns of incentive and bonus plan of employee and managers dividends	-	-	-	-	-	-	56 455	-	-	-	56 455	-	56 455
Disposal of non controlling interests of unconsolidated subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	-
Treasury shares sold	-	-	-	-	-	-	-	-	-	-	-	-	-
Profit from sale of treasury shares	-	-	-	-	3 692 867	-	-	-	-	-	3 692 867	-	3 692 867
Net profit for the year	-	-	-	-	-	-	-	-	-	250 045 549	250 045 549	7 346 935	257 392 484
Balance as at December 31, 2012	362 705 392	181 352 693	1 316 921 569	-	3 692 867	(80 007 342)	25 323 711	(106 071 083)	359 240 396	250 045 549	2 113 203 852	51 706 038	2 164 909 890
Amount transferred to retained earnings	-	-	-	-	-	-	-	-	250 045 549	(250 045 549)	-	-	-
Cumulative translation adjustments of foreign operations	-	-	-	-	-	-	-	106 071 083	-	-	106 071 083	-	106 071 083
Increase in non controlling interest	-	-	-	-	-	-	-	-	(1 520 063)	-	(1 520 063)	28 315 562	26 795 499
Net profit for the year	-	-	-	-	-	-	-	-	-	(447 138 141)	(447 138 141)	8 706	(447 129 435)
Balance as at December 31, 2013	362 705 392	181 352 693	1 316 921 569	-	3 692 867	(80 007 342)	25 323 711	-	407 745 882	(447 138 141)	1 770 616 731	80 020 306	1 850 647 037

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

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

Translation of financial statements
Originally issued in Arabic

	Note No.	31/12/2013 L.E.	31/12/2012 L.E.
Cash flows from operating activities			
Net (loss) profit for the year before income tax		(422 601 465)	268 039 040
Adjustments :-			
Depreciation of fixed assets and rented units		22 052 474	25 582 545
Capital gains	(39)	(1 663 950)	(104 201)
Capital losses		-	352 415
Deferred capital gains	(26)	(8 798 931)	-
Impairment of debtors and other debit balances and loans for joint ventures	(42)	293 223 056	-
Impairment reversal for trade receivables	(39)	(41 394)	-
Investments in associates and entites under joint control		102 705 427	100 941 948
Provisions formed	(21) (22)	46 738 781	96 696 903
Provisions no-longer required	(21) (22)	(12 421 567)	(24 462 778)
Equity settled share – based payments	(53) (41)	-	56 455
Operating profit before changes in working capital items		19 192 431	467 102 327
Changes in working capital items			
Change in other assets		819 012	(1 312 205)
Change in finished units available for sale		15 798 999	-
Change in works in process		17 612 178	(21 130 522)
Change in investment properties		(8 316 316)	4 135 000
Change in constructions under process		2 704 513	(3 677 787)
Change in trade and notes receivables		(1 042 915 291)	(835 313 717)
Amount due from customers-construction		(1 069 820)	-
Change in debtors and other debit balances		(22 269 492)	(17 309 275)
Provisions used	(21) (22)	(91 281 167)	(66 493 011)
Change in advances from customers		790 191 905	203 662 714
Change Due from customers - constructions		1 576 332	1 153 201
Change in contractors, suppliers and notes payable		(25 577 011)	7 519 672
Change in creditors and other credit balances		295 976 577	80 780 581
Restricted cash		-	4 198 000
Net cash (used in) operating activities		(47 557 150)	(176 685 022)
Cash flows from investing activities			
Payments for purchase of fixed assets, projects under construction and biological assets		(9 610 919)	(16 718 242)
Translation adjustments of fixed assets		-	21 531 824
Payments for Investments in treasury bills		(12 044 360)	100 000
Proceeds from Investments in treasury shares		-	250 000
Proceeds from sale of long term investments		-	1 243 563
Proceeds from sale of fixed assets		68 863 757	6 407 145
Net cash provided from investing activities		47 208 478	6 407 145
Cash flows from financing activities			
Bank - lenders		(11 524)	11 524
Bank - credit facilities		71 466 940	(15 605 447)
Banks - long-term loans		(52 117 210)	61 978 070
Loans for joint ventures		(18 679 012)	(8 604 760)
proceeds from sale of treasury bills		-	21 710 867
Non-controlling interest		26 795 500	1 311 159
Net cash provided from financing activities		27 454 694	60 801 413
Cumulative translation adjustments		106 071 083	(71 945 960)
Net change in cash and cash equivalents during the year		133 177 105	(181 422 424)
Cash and cash equivalents as at the beginning of the year		269 955 412	451 377 836
Cash and cash equivalents as at the end of the year	(20)	403 132 517	269 955 412

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

Sixth of October for Development and Investment Company "SODIC"

(An Egyptian Joint Stock Company)

Notes to the consolidated financial statements

For the financial year ended December 31, 2013

1. Background and activities

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

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

- 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.

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

1-4 The Parent Company is officially listed in the Egyptian Stock Exchange.

1-5 The consolidated financial statements of Sixth of October for Development Investment Company "SODIC" (the Parent Company) for the financial period ended September 30, 2013 comprise the financial statements of the Company and its subsidiaries (together referred to as the "Group") and the Group's interest in the profit and loss of associates.

The registered office of the Parent Company is located at Km. 38 Cairo / Alexandria Desert Road, Sheikh Zayed City. Mr. Hany Sarey Eldeen is the Chairman for the Parent company and Mr. Ahmed Demerdash Badrawy is the Board Member and managing director of the Parent Company.

2. 2.Basis of preparation of the consolidated financial statements

2-1 Statement of compliance

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

2-2 Basis of measurement

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

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

2-3 Functional and presentation currency

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

2-4 Use of estimates and judgments

- The preparation of the consolidated financial statements in conformity with Egyptian Accounting Standards requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about the carrying values of assets and liabilities that are readily apparent from other sources. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

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

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

3. Significant accounting policies

The accounting policies set out below have been applied consistently to all years presented in these consolidated financial statements, except for investments policy applied for joint ventures as its described in details in jointly controlled entities in Note No. (3.1.3)

3.1 Basis of consolidation

3.1.1 Subsidiaries

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

Subsidiaries are represented in the following:-

Subsidiary name	Country of Incorporation	Ownership	
		As at 31/12/2013	As at 31/12/2012
		%	%
1- SODIC Property Services Co. - S.A.E "under liquidation"	Egypt	100	100
2- Sixth of October for Development and Real Estate Projects Company "SOREAL" - S.A.E	Egypt	99.99	99.99
3- Beverly Hills for Management of Cities and Resorts Co. - S.A.E (A)	Egypt	46.75	58.59
4- SODIC Garden City for Development and Investment Co. S.A.E (B)	Egypt	50	50
5- Move-In for Advanced Contracting Co. - S.A.E	Egypt	85	85
6- El Yosr for Projects and Agriculture Development Co. - S.A.E	Egypt	99.99	99.99
7- SODIC for Development and Real Estate Investment Co. - S.A.E	Egypt	99.99	99.99
8- SODIC SIAC for Real Estate Investment Co. - S.A.E	Egypt	86.67	86.67
9- SODIC for Golf and Tourist Development Co. - S.A.E	Egypt	100	100
10- Fourteen for Real Estate Investment Co. - S.A.E	Egypt	99.99	99.99
11- La Maison for Real Estate Investment Co. - S.A.E	Egypt	99.99	99.99
12- Tegara for Trading Centers Co. S.A.E	Egypt	97.50	97.50
13- Edara for Services of Cities and Resorts Co. -S.A.E	Egypt	99.97	99.97
14- SODIC Syria L.L.C (C)	Syria	100	100

- A. The legal participation in Beverly Hills for Management of Cities and Resorts Co. amounts to 70.92%, which includes 24.17%, represents transitory shares, which are currently in the name of the Company, and the title of these shares will be transferred to the real shareholders (Owners of the units).
- B. The Company participates in the share capital of SODIC Garden City for Development and Investment Co. in conjunction with some board members and their owned companies.

- C. On June 15, 2010, SODIC Syria Co. a Syrian limited liability Co. was established for acquiring a stake of 50 % in the share capital of Palmyra - SODIC for Real Estate Development L.L.C, a limited liability company that is registered and operating in Syria.
- D. At January 12, 2014 The extraordinary general assembly decided to liquidate the company on December 31, 2013, in which the liquidation ends within 3 years from the date of permission in the commercial register to put the company into liquidation.

3.1.2 Associates

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

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

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

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

3.1.3 Jointly controlled entities

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

Given the political conditions experienced by the Syrian Arab Republic the company's board adopted a resolution in its meeting held on April 16, 2014 to change the accounting policy for investments in jointly controlled from the proportionate consolidation method to the equity method in accordance with the allowed alternative treatment according to EAS (27) to allow the users of the financial statements to compare the financial statements of a number of periods of the entity and to identify the trends of its financial position and its financial performance and its cash flows. Accordingly, the management of the company calculates and record the impact of the change in accounting policy for these investments through alternative treatment (equity method) in place since the beginning of the investment in those entities and show comparative figures for the periods presented in these financial statements in accordance with that policy. The investment is recognized using the equity method with the same fundamentals described in item 3.1.2 of accounting policies.

3.2 Foreign currency transactions

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

Financial statements of foreign operations

Foreign operation's financial statements maintained in foreign currencies are translated to Egyptian pound. Assets and liabilities of those operations are translated at foreign exchange rates prevailing at the consolidated

balance sheet date. Revenues and expenses are translated at the average exchange rate used during the period/year. Equity items are translated using the historical exchange rate at the date of acquisition or incorporating the foreign operations. Foreign exchange differences arising on translation are recognized directly in a separate component of equity in the consolidated balance sheet in an item "Accumulated differences from Foreign currency transactions".

3.3 Fixed assets and depreciation

a. Recognition and measurement

Fixed assets that are used in production, providing goods and services or for administrative purposes are stated at historical cost less accumulated depreciation and cumulative impairment losses resulted from impairment in the values of fixed assets (3-16) Cost includes expenditures that are directly attributable to the acquisition of the asset and necessary to have the asset ready for use in the purpose for which the asset was acquired.

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

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

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

b. Subsequent costs

The Company recognizes in the carrying amount of an item of Property, plant and equipment the cost of replacing part, after derecognized the replaced part, of such an item when that cost is incurred if it is probable that future economic benefits embodied with the item will flow to the Company and the cost can be measured reliably. All other costs are recognized in the income statement as an expense as incurred.

c. Depreciation

Depreciation is charged to the income statement on a straight-line basis over the estimated useful lives of each part of fixed assets (except Land is not depreciated). The estimated useful lives are as follows:

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

3.4 Intangible assets- Goodwill

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

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

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

3.5 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.

3.6 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.

3.7 Biological assets under construction

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

3.8 Investment properties

This item includes lands held and not allocated for a specific purpose, or lands held for sale on long term as well as the lands and buildings leased to others (by virtue of operating leases). Real estate investments are valued at cost less the accumulated depreciation and impairment (note No. 3-16). The fair value of these investments are disclosed at the balance sheet date unless if there are cases where the fair value of these investments are difficult to be determined in a reliable manner. In this case such fact shall be disclosed.

3.9 Investments

a. Available for sale investments

Financial instruments held by the Company and classified as available-for-sale investment are stated at cost and subsequently measured at fair value, unless this cannot be reliably measured. Changes in fair value are reported as a separate component in equity. When these investments are derecognized, the cumulative gain or loss previously recognized in equity is recognized in consolidated income statement. Except the impairment loss, Investments in unlisted securities or where the fair value of investment cannot be determined in a reliable manner such investments are stated at cost less impairment losses (note No. 3-16). Impairment loss is recognized directly in the consolidated income statement.

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

b. Held for trading investments

Held for trading investments are classified as current assets and are stated at fair value. Any gain or loss resulted from the change in fair value or sale of such investment is recognized in the income statement. Treasury bills are stated at their net cost after deducting the amortized interest and the Impairment losses (note No. 3-16).

3.10 Units ready for sale

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

3.11 Work in process

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

3.12 (Due from/Due to customers) Construction work

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

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

3.13 Construction contracts cost

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

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

3.14 Trade, notes receivable and debtors

Trade and notes receivables, debtors and other debit balances, that do not carry an interest are stated at their nominal value and are reduced by impairment losses note No. (3-16), impairment losses are formed when there is objective evidence that the Company is not able to collect the due amounts according to the original terms of contracts, impairment represents the difference between book value and net recoverable amount which is represented in the future cash flows that the Company expects. Long-term trade and notes receivables are initially recognized at fair value and subsequently re-measured at amortized cost using effective interest rate method.

3.15 Cash and cash equivalents

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

3.16 Impairment of assets

a. Financial assets

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

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

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

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

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

b. Non-financial assets

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

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

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

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

3.17 Provisions

Provisions are recognized when the Company has a legal or constructive obligation as a result of a past event and it's probable that a flow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessment of the time value of money and, where appropriate, the risks specific to the liability. Provisions are reviewed at the balance sheet date and amended (when necessary) to reflect the best current estimate.

Provision for completion

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

3.18 Borrowing costs

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

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

3.19 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.

3.20 Trade, contractors and other credit balances

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

3.21 Share capital

Common shares are classified in the owners' equity.

a. Issuance of share capital

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

b. Treasury shares

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

c. Dividends

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

d. Finance of the incentive and bonus plan

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

e. Reserves

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

Transfer to the legal reserve may be suspended once the reserve reaches 50% of the Company's issued capital. However, if the reserve balance falls below 50% of the Company's issued capital then transfers to the legal reserve become required to be resumed.

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

3.22 Share – based payments transactions

a. Equity settled share – based payments

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

b. Cash settled share - based payments

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

3.23 Notes payable – Long-term

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

3.24 Revenue recognition

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

a. Real estate and land sales

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

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

b. Construction contracts

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

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

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

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

c. Service revenues

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

d. Rental income

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

e. Interest income

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

f. Commission revenue

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

g. Dividends

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

3.25 Cost of sold lands

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

3.26 Expenses

a. Lease payments

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

b. Employees' pension

1. Pension obligations

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

2. Employees' profit sharing

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

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

c. Income tax

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

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

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

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

3.27 Earnings / (losses) per share

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

4. Determination of fair values

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

4.1 Fixed assets

The fair value of fixed assets recognized as a result of a business combination is based on market values. The fair value of fixed assets is the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing where in the parties had each acted knowledgeably, prudently and without compulsion.

4.2 Investments in equity instruments

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

4.3 Trade, note receivables and other debtors

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

4.4 Investment properties

The fair value are based on market values, being the estimated amount for which property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

4.5 Share – based payment transactions

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

4.6 Assets and liabilities of subsidiaries under liquidation

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

5. Financial risk management

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

- credit risk
- liquidity risk
- Market risk

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

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

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

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

5.1 Credit risk

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

Trade and other receivables

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

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

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

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

Investments

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

Guarantees

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

5.2 Liquidity risk

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

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

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

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

- L.E 435 million as long-term loans guaranteed by a promissory note amounting to the whole amount of the loan. Interest would be payable at the rate of 2.85 % per annum above the CORRIDOR of borrowing rate declared by the Central Bank of Egypt.
- L.E 1.5 million as short-term bank facilities guaranteed treasury bills, which are kept with the bank with an interest rate of 13.03%.
- A facility amounting to L.E 45.5 million covered by a guarantee of deposits amounting to L.E 50 million with an interest rate of 1.75%.
- A facility amounting to L.E 50 million. Interest would be payable at the rate of 2.75 % per annum above the CORRIDOR average and a minimum rate of 12.5%.
- A facility amounting to L.E 120 million. With interest rate of 1% less than the bank lending rate. Granted by Promissory note with full amount of the credit facility and joint guarantee from Sixth of October for Development and Investment Company "SODIC" to guarantee the debt due to the bank from the subsidiary and its related interest.
- 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 Group's income or the value of its holding of financial instruments.

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

5.4 Currency risk

The Group is exposed to currency risk on sales and financial assets that are denominated in foreign currencies. Such risk is primarily represented in US\$ and Syrian lira.

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

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

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

5.5 Interest rate risk

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

5.6 Other market price risk

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

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

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

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

5.7 Capital management

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

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

There were no changes in the Company's approach to capital management during the 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 consolidated financial statements (Cont.)
For the financial year ended December 31, 2013

6- Fixed assets

This item is represented as follows:-

	Golf course	Land (A)	Building and constructions	Vehicles	Furniture and fixtures	Office equipment and communications	Generators, machinery and equipment	Leasehold improvements	Total
	L.E	L.E	L.E	L.E	L.E	L.E	L.E	L.E	L.E
Cost as at January 1, 2013 (Restated)	93 628 961	45 395 413	55 796 910	13 582 740	17 907 750	17 311 431	27 530 393	14 312 752	285 466 350
Additions during the year	-	2 515 659	102 720	649 202	1 347 868	1 742 997	870 660	800 480	8 029 586
Disposals during the year	-	(24 210 813)	(45 816 189)	(1 153 498)	(224 714)	(394 206)	(6 460 860)	(1 712 977)	(78 973 257)
Cost as at December 31, 2013	93 628 961	23 700 259	10 083 441	14 078 444	19 030 904	18 660 222	21 940 193	13 400 255	214 522 679
Accumulated depreciation & impairment loss as at January 1, 2013 (Restated)	29 139 108	-	12 899 104	9 260 723	7 175 006	9 226 894	14 521 821	5 511 600	87 734 256
Depreciation of the year	1 823 247	-	3 529 132	2 048 217	2 693 077	3 951 562	4 221 739	3 618 013	21 886 987
Accumulated depreciation of disposals	-	-	(13 386 130)	(1 110 569)	(70 212)	(361 242)	(5 140 569)	(1 503 659)	(20 572 381)
Accumulated depreciation and impairment loss as at December 31, 2013	30 962 355	-	3 042 106	11 198 371	9 799 871	12 817 214	13 602 991	7 625 954	89 048 862
Net book value as at December 31, 2013	62 666 606	23 700 259	7 041 335	2 880 073	9 231 033	5 843 008	8 337 202	5 774 301	125 473 817
Net book value as at December 31, 2012 (Restated)	64 489 853	45 395 413	42 897 806	4 322 017	10 732 744	8 084 537	13 008 572	8 801 152	197 732 094

- Fixed assets include fully depreciated assets with an amount of L.E 12 093 939 as at December 31, 2013.

7. Projects under construction

This item is represented as follows:

	31/12/2013	31/12/2012
	<u>L.E</u>	<u>L.E</u>
Advance payments -fixtures and purchasing of fixed assets	3 884 072	2 005 850
Advance payments – Consultancies and Designs	-	531 052
Advance payment on account of the construction of electricity station	-	100 800
Buildings and constructions	5 675 051	6 453 125
	<u>9 559 123</u>	<u>9 090 827</u>

8. Investments in associates and joint ventures

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

	Legal Form	Ownership percentage		Carrying amount	
		31/12/2013	31/12/2012	31/12/2013	31/12/2012
		<u>%</u>	<u>%</u>	<u>L.E</u>	<u>L.E</u>
Royal Gardens for Investment Property Co. (A)	SAE	20	20	-	-
Palmyra Sodic Real Estate Development (B)	Syrian Ltd.	50	50	-	102 705 427
				<u>-</u>	<u>102 705 427</u>

Summary of financial information of associates:-

	Assets	Liabilities	Equity	Revenues	Expenses
	<u>L.E</u>	<u>L.E</u>	<u>L.E</u>	<u>L.E</u>	<u>L.E</u>
December 31, 2013					
Royal Gardens for Real Estate Investments Co. (A)	741 244 705	(708 489 631)	32 755 074	139 571 794	(141 605 047)
December 31, 2012					
Royal Gardens for Real Estate Investments Co. (A)	841 813 153	(807 024 826)	34 788 327	14 082 265	(3 346 690)
	Assets	Liabilities	Equity	Revenues	Expenses
	<u>L.E</u>	<u>L.E</u>	<u>L.E</u>	<u>L.E</u>	<u>L.E</u>
December 31, 2013					
Palmyra Sodic Real Estate Development (B)	338 126 168	(379 476 638)	(41 350 470)	-	(173 175 402)
December 31, 2012					
Palmyra Sodic Real Estate Development (B)	569 265 452	(363 854 598)	205 410 854	1 314	(111 527 608)

- (A) Royal Gardens for Investment Property Co. was established during the year 2006 in association with Palm Hills and other shareholders. The cost of investment amounted to L.E 3 million which represents 50 % of the Holding Company's participation in the share capital of Royal Gardens Co. The Holding Company's share in the unrealized gain resulting from the sale of land by the Holding Company to its associate during 2007 amounted to L.E 32 298 112 out of which only L.E 3 million has been eliminated to the extent of the Company's interest in the associate when preparing the consolidated financial statements. Nonetheless, the Company's share in the associate's cumulative gain amounting to L.E 3 551 015 as at the end of December 2013 has not been charged to the consolidated income statement.
- (B) On June 15, 2010 Sodic Syria was established - a limited liability company - with the aim of the acquisition of 50% stake in the capital of Palmyra - Sodic Real Estate Development Co., Ltd. - a limited liability company - registered and operating in the Syrian Arab Republic. to the direct investment cost amounts to 243 million LE.

9. Available for sale investments

This item is represented as follows:

	Legal Form	Ownership %	Paid amount of Participation %	Carrying amount as at 31/12/2013	Carrying amount as at 31/12/2012
		<u>%</u>	<u>%</u>	<u>L.E</u>	<u>L.E</u>
Egyptian Company for Development and Management of Smart Villages	S.A.E	1.8	100	4 250 000	4 250 000
				<u>4 250 000</u>	<u>4 250 000</u>

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

10. Investment properties

The net carrying amount of the investment properties as at December 31, 2013 amounted to L.E 17 491 994. in The amount represents commercial and residential units leased out to others and agricultural lands that its use has not been determined yet. Following is the movement on the investment properties account and its associated depreciation during the period:-

Description	Leased out units (a)
Cost	<u>L.E</u>
As at 1/1/2013	10 349 431
Additions during the year	16 311 499
Disposals during the year	(8 818 217)
Total cost of investment properties as at December 31,2013	17 842 713
Accumulated depreciation	
As at 1/1/2013	(1 008 266)
Depreciation for the year	(165 487)
Accumulated depreciation for disposals	823 034
Accumulated depreciation as at 31/12/2013	(350 719)
Net carrying amount as at December 31, 2013	17 491 994
Net carrying amount as at December 31, 2012	9 341 165

- (a) The fair value of completed residential units leased out to others amounts to L.E 31 914 500 as at December 31, 2013.

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

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

	31/12/2013	31/12/2012
	<u>L.E</u>	<u>L.E</u>
Trade receivable	13 015 238	22 257 094
Sundry debtors (11-1)	14 766 600	9 844 400
Notes receivable	2 549 470 654	1 564 923 047
	2 577 252 492	1 597 024 541
Deduct: Unamortized interest	(90 203 353)	(48 017 672)
	2 487 049 139	1 549 006 869

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

- The Group's exposure to credit, and currency risks related to trade and notes receivable is disclosed in note no. (48).

12. Deferred tax assets and liabilities

	31/12/2013		31/12/2012	
	Assets	Liabilities	Assets	Liabilities
	<u>L.E</u>	<u>L.E</u>	<u>L.E</u>	<u>L.E</u>
Fixed assets	-	(2 889 302)	-	(1 895 461)
Provisions	53 975	-	89 884	-
Construction contracts	-	-	92 873	-
Total deferred tax asset/(liability)	53 975	(2 889 302)	182 757	(1 895 461)
Net deferred tax (liability)	-	(2 835 327)	-	(1 712 704)

13. Other assets

	31/12/2013	31/12/2012
	<u>L.E</u>	<u>L.E</u>
Assets – Companies under liquidation (net)	2 638 414	3 726 036
Inventories and letters of credit	1 504 749	1 236 139
	4 143 163	4 962 175

14. Completed units ready for sale

	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 (14-1)	27 215 951	43 014 950
	31 478 756	47 277 755

14-1. 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.

15. Work in process

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

	Note	31/12/2013	Restated
	<u>No.</u>	<u>L.E</u>	<u>L.E</u>
Allegria project costs			
Cost of the Company's land intended for use		73 300 106	121 718 560
Planning , surveying , supervision and soil teststest		183 115 213	199 871 306
Building and infrastructure		285 924 812	470 842 415
Other costs		31 465 882	44 726 837
Price differences of repurchased units (A)		16 037 713	18 150 728
		589 843 726	855 309 846
WESTOWN project costs			
Cost of the Company's land intended for use (B)		148 224 970	88 450 122
Planning ,surveying, supervision and soil tests		80 417 766	76 517 910
Building and infrastructure		796 888 524	493 597 995
Other costs		92 023 289	24 196 274
		1 117 554 549	682 762 301
Cost of the fourth phase (4A and 4B), showrooms and others			
Cost of land		-	57 728 176
Planning ,surveying, supervision and soil tests		13 732 011	11 726 187
Building and infrastructure		169 712 951	255 595 799
Cost of land of Dahshor' showrooms		18 849 843	25 313 372
A plot of land in the Fifth Community (plot No. 1) (C)		35 939 522	75 770 894
Expenses related to plot of land No. 1		49 315 055	58 374 205
A plot of land in the Fifth Community (plot No. 2) (D)	(54)	519 494 158	519 494 158
Expenses related to plot of land No. 2	(54)	117 872 471	114 404 202
Cost of Elyosr land		332 782 255	326 229 579
		1 257 698 266	1 444 636 572
		2 965 096 541	2 982 708 719

(A) This item with the balance of L.E 16 037 713 (2012: L.E 18 150 728) represents the value of the additional cost for repurchasing some units in Allegria project.

(B) This item includes an amount of L.E 60 million approximately, represents 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.(54) of the notes to the financial statements.

(C) Plot No. (1)

In reference to the handover certificate dated November 9, 2006, the amount represents the fair value of a vacant 30 feddan plot located in the Investors' Zone east of the ring road (New Cairo City). The land is owned by the Group's subsidiary Sixth of October for Development and Real Estate Projects Company "SOREAL." The ownership of the land has been transferred to the company from Bicorp Holding (the main shareholder), which was approved by the Main Real Estate Committee during its meeting number 37 dated August 13, 2006.

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

(D) Plot No. (2)

The amount represents the fair value of the vacant plot of land owned by Sixth of October for Development and Real Estate Projects Company "SOREAL" a subsidiary Company with an area of 204.277 Fadden that is equivalent to 857 963.40 square meters, in reference to the handover certificate dated November 7, 2006 located in the Future Extension of New Cairo City. The ownership of the land was transferred to the Company by virtue of the assignment given by Bicorp Holding Company (the main shareholder) to the subsidiary Company. The transfer was approved by the decree issued by the Main Real Estate Committee during its meeting No. 37 dated August 13, 2006.

- On February 16, 2010, a subsidiary of the Group concluded a sub-development agreement with El Sheikh Zaid for Real Estate Development Co. for the development of Block No. (8) of East town project with an area of 7439 square meter. The agreement stipulates that:-
- The subsidiary undertakes to sell the project to El Sheikh Zaid for Real Estate Development Coupon fulfillment of the conditions listed in this agreement.
- El Sheikh Zaid for Real Estate Development Co. is authorized to develop the project as an independent sub-developer and not as an agent in accordance with the master plan of the project.
- The subsidiary warrants that El Sheikh Zaid for Real Estate Development Co. is entitled as an independent sub-developer and not as an agent to develop and invest in the project in accordance with the conditions listed in this agreement. In addition, the subsidiary shall undertake all necessary procedures to allow and facilitate the development of the project by El Sheikh Zaid for Real Estate Development Co. in accordance with this agreement.
- The subsidiary undertakes to undertake all necessary procedures to allow the transfer of ownership of the project to El Sheikh Zaid for Real Estate Development Co. upon the fulfillment of the conditions of the agreement.
- The sub-development price amounts to L.E 3 371 387 which was collected in full during year 2010 in accordance with the conditions of the agreement. This amount will be recorded as revenue upon the fulfillment of the conditions of the sub-development agreement.

16. Trade and notes receivable - current

	31/12/2013	31/12/2012
	<u>L.E</u>	<u>L.E</u>
Trade receivable	95 124 018	130 943 141
Notes receivable	1 029 445 908	886 592 399
	1 124 569 926	1 017 535 540
Deduct : unamortized interest – notes receivable	(7 771 881)	(5 610 516)
	1 116 798 045	1 011 925 024
Impairment losses of trade and notes receivable	(321 306)	(293 188)
	1 116 476 739	1 011 631 836

- The Group's exposure to credit, currency risks related to trade and notes receivable is disclosed in note no. (48).

17. Debtors and other debit balances

	31/12/2013	Restated 31/12/2012
	<u>L.E</u>	<u>L.E</u>
Contractors and suppliers – advance payments	201 399 509	234 273 134
Due from related parties – Joint Venture	30 849 120	20 076 904
Interests receivable	65 792 885	40 083 031
Due from related parties	5 207 658	4 839 409
Prepaid expenses	115 103 464	98 583 825
Deposits with others	2 696 583	2 854 811
Tax Authority	1 600 996	879 899
L / G 's margins	3 150 000	3 150 000
Accrued management fees	4 342 500	3 933 563
Due from the bonus and incentives plan to employees and managers fund (17-A)	5 323 710	5 323 710
Advance- operating lease	3 615 682	-
Other debit balances	8 313 075	11 127 404
	447 395 182	425 125 690
Impairment loss on debtors and other debit balances	(104 901 387)	(448 711)
	342 493 795	424 676 979

- (17-A)** This item represents the amount due from the bonus and incentives plan to employees and managers .
The amount represents the value of dividends of the shares of the bonus and incentives plan for the financial year ended December 31, 2010 as per the resolution of the Ordinary General Assembly Meeting held on April 12, 2011, and the interest due for these dividends.

- The Group's exposure to credit and currency risks related to other debtors is disclosed in note no. (48).

18. Loans to Joint Ventures

	31/12/2013	Restated 31/12/2012
	<u>L.E</u>	<u>L.E</u>
This item represents 100% of the loan granted to the Joint Venture project by the Group on August 16, 2010 for a total amount of USD 19.5 million. The loan carries an interest rate of 8.5% per annum. The principal together with interest were scheduled for payment before June 30, 2011. The loan was renewed till December 31, 2013 with an interest rate of 12.5% per annum.	135 485 960	122 726 626
This item represents 100% of the utilized amount of the bridge loan granted to the Joint Venture project on October 28, 2010 for a total amount of USD 7 612 900. The loan carries an interest rate of 8.5% per annum. The principal together with interest are scheduled for payment before December 31, 2013.	53 214 908	47 295 230
	188 700 868	170 021 856
Impairment for loans of joint ventures	(188 700 868)	-
	<u>-</u>	<u>170 021 856</u>

19. Investments in treasury bills

	31/12/2013	31/12/2012
	<u>L.E</u>	<u>L.E</u>
Treasury bills from (328) day to (358) day	25 925 000	13 075 000
Unearned return on treasury bills	(1 975 264)	(1 169 624)
	<u>23 949 736</u>	<u>11 905 376</u>

- The Group's exposure to market risk related to the trading investments is disclosed in note No. (48).

20. Cash at banks and on hand

	31/12/2013	31/12/2012
	<u>L.E</u>	<u>L.E</u>
Bank - time deposits (20-1)	290 391 381	126 149 613
Bank - current accounts	135 037 318	161 265 020
Checks under collection	26 526 281	31 305 975
Cash on hand	1 177 537	1 234 804
	<u>453 132 517</u>	<u>319 955 412</u>

(20-1) Deposits include an amount of L.E 50 million restricted as a guarantee for the credit facility granted to the parent company from a commercial bank. 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 Group's exposure to interest rate risk for financial assets is disclosed in note No. (48).
- For the purpose of preparing the consolidated statement of cash flows, cash and cash equivalents item is represented as follows:

	31/12/2013	31/12/2012
	<u>L.E</u>	<u>L.E</u>
Cash at banks and on hand	453 132 517	319 955 412
Less:		
Blocked accounts	50 000 000	50 000 000
Cash and cash equivalents in the consolidated statement of cash flows	<u>403 132 517</u>	<u>269 955 412</u>

- The Group's exposure to interest rate risk for financial assets is disclosed in note No. (48).

21. Provision for completion

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

	Balance as at 1/1/2013	formed during the year	used during the year	Provision no longer required	Balance as at 31/12/2013
	<u>L.E</u>	<u>L.E</u>	<u>L.E</u>	<u>L.E</u>	<u>L.E</u>
Provision for completion of works (21-1)	131 248 082	46 230 539	(77 959 767)	(12 127 822)	87 391 032
	<u>131 248 082</u>	<u>46 230 539</u>	<u>(77 959 767)</u>	<u>(12 127 822)</u>	<u>87 391 032</u>

(21-1) This provision is formed against the estimated costs expected to be incurred to complete the execution of the delivered units.

22. Provisions

	Restated Balance as at 1/1/2013	formed during the year	used during the year	Provision no longer required	Balance as at 31/12/2013
	<u>L.E</u>	<u>L.E</u>	<u>L.E</u>	<u>L.E</u>	<u>L.E</u>
Provision for expected claims	22 981 750	508 242	(13 321 400)	(293 745)	9 874 847
	<u>22 981 750</u>	<u>508 242</u>	<u>(13 321 400)</u>	<u>(293 745)</u>	<u>9 874 847</u>

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

23. Bank - credit facilities

This item is represented in the following:

	31/12/2013	31/12/2012
	<u>L.E</u>	<u>L.E</u>
The amount used from the credit facility granted to the Holding Company from Audi Bank totaled L.E 45.5 million and bears interest rate of 1.75% per annum above to the credit interest rate on the guarantying deposit. This facility is guaranteed by deposits amounting to L.E 50 million.	12 697 761	15 916 404
The amount used from the credit facility granted to the Holding company from Audi Bank with a total amount of L.E 50 million and bears interest rate of 2.75% per annum plus CORRIDOR average rate with a floor of 12.5%	18 714 006	19 000 000
The amount used from the credit facility granted to one of the subsidiaries from the Arab African Bank with an amount of L.E 1.5 million and bears interest rate of 13.02% per annum. This facility is guaranteed by treasury bills kept with the bank.	1 201 595	734 969
On October 4, 2012 a subsidiary enters into a credit facility contract - current account with the Arab Investment Bank with the amount of L.E 120 million, with the following conditions and guarantees: -	74 504 951	-
Facility period :		
- from the date of signing of the contract and ends and due at the end of December 2013		
Interest rate :		
- The facility is subject to an interest rate of 1% on the debit balance less than the Bank's lending price. The interest and commission and all expenses are added monthly to the debit balance. The Bank has the right of monthly commission by 0.05% calculated on the maximum debit balance during a month.		
Guarantees :-		
A- Corporate guarantee from Sixth of October for Development and Investment Company "SODIC" to indemnify the subsidiary's Indebtedness due to the Arab Investment Bank and its related interest.		
B- Signing a promissory note with full amount of the credit facility amounted L.E 120 million.		
	<u>107 118 313</u>	<u>35 651 373</u>

24. Advances from customers

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

	31/12/2013	Restated 31/12/2012
	<u>L.E</u>	<u>L.E</u>
Advances – lands	676 599	1 462 403
Advances for booking , contracting and installments of residential units– Kattameya Plaza	222 849 985	421 100 031
Advances for booking , contracting and installments of residential units– Eastwon	1 157 530 237	-
Advances – commercial units - The Strip project	112 995 749	149 912 422
Advances – Allegria project	880 922 502	1 421 463 826
Advances – Forty West project	224 503 266	212 056 792
Advances – WestownResidences	1 436 421 287	1 025 219 278
Advances – Casa	39 698 103	47 387 885
Advances – Polygon project	218 657 953	225 461 139
	<u>4 294 255 681</u>	<u>3 504 063 776</u>

25. Contractors, suppliers and notes payable

	31/12/2013	Restated 31/12/2012
	<u>L.E</u>	<u>L.E</u>
Contractors	91 349 887	98 658 198
Suppliers	20 311 016	11 909 532
Notes payable	31 517 868	33 695 840
	<u>143 178 771</u>	<u>144 263 570</u>
Deduct: Unamortized interest-notes payable	(2 210 522)	(2 947 319)
	<u>140 968 249</u>	<u>141 316 251</u>

- The Group's exposure to currency and liquidity risks related to suppliers, contractors and notes payable is disclosed in note no. (48).

26. Creditors and other credit balances

	31/12/2013 L.E	Restated 31/12/2012 L.E
Amounts collected on account for management, operation and maintenance of projects	184 311 489	113 214 773
Due to related parties	5 899 856	7 321 438
Accrued expenses	135 893 139	159 272 497
Liability for cash settled share-based payments transactions- Executives Managers	-	633 261
Customers - Beverly Hills – capital contributions	549 806	15 675 105
Customers – credit balances (26-1)	261 512 987	28 900 680
Tax Authority	40 730 679	25 824 543
Dividends payable	91 643	91 643
Accrued compensated absence	3 199 165	2 939 074
Deposits collected from customers – Against modifications	169 600	172 600
Social insurance	991 089	2 305 956
Customers –down payments for sub-development (26-2)	3 371 400	3 371 400
Unearned revenue	980 846	964 392
Retentions	14 339 725	12 788 040
Due to Bonyan for development and trading Co.	529 955	3 413 456
Due to SIAC	8 668 210	4 151 880
Deposits from others	9 159 039	6 917 917
Deferred capital gain (26-3)	8 798 931	-
Premiums of Eastown club	28 450 554	-
Sundry creditors	22 597 897	22 905 430
	730 246 010	410 864 085

(26-1) 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.(54) of the notes to the financial statements.

(26-2) Represents the sub-development amount collected from El Sheikh Zaid for Real Estate Development Co.

(26-3) 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. (35-1)

- The Group's exposure to currency and liquidity risks related to creditors is disclosed in note no. (48).

27. Non-controlling interest

Non-controlling interest balance as at December 31, 2013 represents the interest shares in subsidiary's equity as follows:

	Non-controlling interest %	Non-controlling share in profit /(loss) for the year L.E	Non-controlling share in equity excluding profit / (loss) for the year L.E	Non-controlling interest as at 31/12/2013 L.E	Non-controlling interest as at 31/12/2012 L.E
Sixth of October for Development and Real Estate Projects Co. "SOREAL"	0.01	4 702	47 611	52 313	47 612
Beverly Hills for Management of Cities and Resorts Co.	41.41	320 947	28 136 733	28 457 680	18 533 670
SODIC Garden City for Development and Investment Co.	50	6 980 480	29 623 083	36 603 563	10 910 583
Move-In for Advanced Contracting Co.	15	(1 697 100)	(807 588)	(2 504 688)	(807 588)
El Yosr for Projects and Agriculture Development Co.	0.001	(54)	27 098	27 044	27 098
SODIC for Development and Real Estate Investment Co.	0.001	-	20	20	20
SODIC SIAC for Real Estate Development Co.	13.33	(5 568 446)	20 358 450	14 790 004	20 358 450
Tegara for Trading Centers Co.	2.5	(31 905)	2 636 024	2 604 119	2 636 024
Edara for Services of Cities and Resorts Co.	0.003	82	165	247	165
Fourteen for Real Estate Investment Co.	0.004	-	2	2	2
La Maison for Real Estate Investment Co.	0.004	-	2	2	2
		8 706	80 021 600	80 030 306	51 706 038

28. Share capital

- The authorized capital was determined at L.E 2 800 million. The Company's issued capital was determined at L.E 362 705 392 fully paid and distributed on 90 676 348 shares of L.E 4 per share.
 - On January 27, 2011, the Extra-ordinary General Assembly agreed on the stock split of the par value of the Company's share of L.E 10 to become L.E 4 per share.
- On March 3, 2011, the Egyptian Financial Supervisory Authority, approved that the Company's management shall proceed with the procedures of issuing the Company's issued capital of a number of 90 676 348 common cash shares at a par value of L.E 4 each (after splitting) with an increase of L.E 2 to be paid from the legal reserve according to the Company's financial statements as at December 31, 2009. Thus, the issued and fully paid in capital has become L.E 362 705 392 distributed over 90 676 348 shares. Annotation was made to this effect in the Company's Commercial Register on June 16, 2011.

The current capital structure of the holding company is as follows:

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

29. Legal reserve

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

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

30. Special reserve – share premium

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

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

31. Cumulative translation adjustments of foreign operations

The balance shown in the equity section at December 31, 2012 is represented in the cumulative translation adjustments resulting from translating the financial statements of subsidiaries from foreign currencies to Egyptian Pound for consolidating these statements in the consolidated financial statements for the financial period ended December 31, 2012 and also the Group share in cumulative translation adjustments included in the equity section of the Joint Venture. The balance of the cumulative translation adjustments from translating the financial statements of joint ventures has been charged to income statement due to the inability to recover its investments included in net revaluation of foreign currencies Note No. (44) amounting to L.E 189 461 001.

32. Treasury shares

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

33. Shares kept for bonus and incentive plan

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

<u>Description</u>	<u>L.E</u>
For financing of one million shares from the bonus and incentive plan with a fair value of L.E 100 per share (before splitting) during 2007.	100 000 000
<u>Deduct:</u>	
The value of 200 000 shares sold by the beneficiaries from the bonus and incentive plan during December 2007 out of which an amount of L.E 15 million was paid to the Company for L.E 75 per share (before splitting).	20 000 000
<u>Add:</u>	
Treasury shares acquired during 2009 by subsidiaries	7 242
	<u>80 007 242</u>

34. Amount set aside for incentive and bonus plan

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

<u>Description</u>	<u>L.E</u>
Represents the difference between the fair value of the shares granted to the beneficiaries from the incentive and bonus plan for one million share (allocated over 5 years) for 60 months and the agreed upon share price in accordance with the incentive and bonus plan as at December 31, 2012.	25 000 000
<u>Deduct:</u>	
The difference between the grant date fair value of the shares and the agreed upon share price in accordance with the incentive and bonus plan for 200 000 share that were sold in favor of the beneficiaries during December 2007.	5 000 000
	<hr/>
<u>Add:</u>	20 000 000
The value of the share of the shares of the bonus and incentive plan to employees in the dividends declared in accordance with the resolution of the Ordinary General Assembly Meeting of the Parent Company held on April 12, 2011, L.E 4 each. *	5 200 000
Accrued returns amount of shares of bonus and incentive plan to employees in the dividends declared.	123 711
	<hr/>
	25 323 711

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

35. Long-term loans

	31/12/2013	31/12/2012
	<u>L.E</u>	<u>L.E</u>
At the end of year 2010, the holding Company concluded an agreement with Alexandria Bank to obtain a medium-term loan of L.E 435 million for the purpose of financing part of the establishment of Allegria project and its infrastructure. By virtue of this agreement, the bank grants a new finance of L.E 350 million in addition to the amount of L.E 85 million that was previously granted by virtue of the facility agreement dated February 22, 2009 and at the end of year 2012, The medium-term loan agreement was amended according to 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.		
Usage period:- starts at September 27, 2010 and ends at November 30, 2012.		
Grace period:- 30 days starting from the end of the usage period.		
Term of payment: - the loan is repayable on (11) unequal quarterly installments according to the mentioned schedule in the contract.		
Interest rate: - CORRIDOR rate for lending declared by Central Bank plus 2.85%.		
Guarantees:-		
a) Signing on a promissory note with the total amount of the loan which is amounting to L.E 435 million.		
b) Pledge the shares of El Yosr for Projects and Agriculture Development Co. (a subsidiary).		
c) The bank maintains the account of the revenue of Allegria project in name of the Company which is represented in commercial papers representing the incoming cash flows of the project with total amount of L.E 1.32 billion throughout the facility term.		
d) A first class mortgage on a plot of land located at km 43 Cairo – Alexandria desert road which equals 300 Fadden owned by El Yosr for Projects and Agriculture Development Co.		
The Company has concluded an agreement with Arab African International Bank at 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	–
	311 409 485	363 526 695
Less : <u>Current portion</u>		
Loan of Alexandria bank	168 370 259	107 144 710
Loan of Arab African bank	55 027 500	-
	223 397 759	107 144 710
	88 011 726	256 381 985

35-1 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 WestownProject – 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 shall account for the Financial lease assets according to the Egyptian Accounting Standard No.(20) as an operating lease.

36. Long-term notes payable

This item is represented as follows:

	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
Other notes payable	131 040	1 144 656
Unamortized interest - notes payable	(6 660 425)	(13 364 196)
	<u>48 695 896</u>	<u>73 924 905</u>

- The Company's exposure to credit risk related to long-term notes payable is disclosed in note no.(48).

37. Real estate and land sales

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

	2013	2012
	<u>L.E</u>	<u>L.E</u>
Revenues from the sale of units in Sodic West Project	1 079 976 262	1 303 817 440
Revenues from the sale of units in Kattameya Plaza project	332 213 483	21 844 694
Revenues from the sale of units in The Strip project	45 345 081	66 349 123
Revenues from the sales of land	72 538 208	9 689 913
	<u>1 530 073 034</u>	<u>1 401 701 170</u>
Revenue reversal of previously sold plot of lands (37-1)	(242 588 032)	-
Sales return of villas and Units in Sodic West Project	(3 000 002)	-
	<u>1 284 485 000</u>	<u>1 401 701 170</u>

(37-1) 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.(54) of the notes to the financial statements.

38. Cost of real estate and land sold

	2013	2012
	<u>L.E</u>	<u>L.E</u>
Cost of of the units sold in Sodic West Project	665 759 359	838 713 342
Cost of the units sold in Kattameya Plaza project	253 178 817	16 022 319
Cost of the units sold in The Strip project	17 319 179	30 185 937
Cost of land sales	55 944 297	2 933 390
	<u>992 201 652</u>	<u>887 854 988</u>
Adjustments	(12 127 822)	(16 287 656)
Cost reversal of previously sold plot of lands	(62 143 756)	-
Cost of sales return of villas and Units in Sodic West Project	(2 003 226)	-
	<u>915 926 848</u>	<u>871 567 332</u>

39. Other operating revenues

	2013	2012
	<u>L.E</u>	<u>L.E</u>
Interest income realized from installments during the year	16 356 591	17 501 738
Assignment, cancellation dues and delay penalties	52 972 407	27 618 200
Other income	9 349 212	9 749 127
Management fees – joint venture (39-1)	4 311 156	3 854 906
Capital gain	1 663 950	104 201
Provisions no longer required and impairment reversal of trade receivables	86 173	17 956
	84 739 489	58 846 128

(39-1) This amount represents 50% of the management fees due to the Group for management works of Palmyra SODIC for Real Estate Development Company - a Syrian limited liability Company according to the Partners Agreement concluded with Palmyra – SODIC for Real Estate Development Company LTD dated June 16, 2010.

40. Selling and marketing expenses

	2013	Restated 2012
	<u>L.E</u>	<u>L.E</u>
Salaries and wages	19 580 224	16 361 908
Sales commissions	49 413 530	42 466 920
Advertising expenses	13 333 519	15 025 386
Conferences and Exhibitions	2 705 454	1 121 288
Rent	6 220 954	3 040 134
Donations	2 012 490	882 278
Maintenance, cleaning and agriculture	2 789 600	2 644 841
Travelling and transportation	795 891	980 920
Professional and consultants fees	1 494 447	1 518 379
Gifts and Grants	822 728	2 833 842
Others	2 354 736	4 122 659
	101 523 573	90 998 555

41. General and administrative expenses

	2013	Restated 2012
	<u>L.E</u>	<u>L.E</u>
Salaries, wages and bonuses (41-1)	63 973 730	75 044 458
Board of directors' remunerations and allowances	4 338 600	2 033 198
Maintenance, cleaning and agriculture	16 530 051	20 225 079
Professional and consultancy fees	16 444 499	6 873 038
Advertising	658 432	363 665
Donations	3 202 878	2 093 468
Administrative depreciation of fixed assets and rented units	16 910 303	18 861 225
Subscriptions and governmental dues	443 558	2 914 567
Rent	9 656 841	522 525
Travelling and transportation	1 875 640	1 888 189
Communication, Electricity, Phone and water	3 692 180	1 929 809
Office tools and Computer Equipment	3 359 580	2 554 459
Buffet, reception and hospitality	1 193 469	812 140
Others	7 321 268	5 225 046
	149 601 029	141 340 866

41-1 This item includes salaries for the executive board of directors as follows:

	2013	2012
	<u>L.E</u>	<u>L.E</u>
Salaries	13 422 648	8 259 517
Cash settled share-based payments (a)	665 079	2 840 236
	14 087 727	11 099 753

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

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

Party entitled	Grant date	Fair value of share at grant date (before splitting) <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 (salaries)

The amount of expense charged to the consolidated income statement during the year is amounts to L.E 665 079 and the liability balance amounts L.E Zero as at December 31, 2013.

b- The company has bonus and incentive plan for the share settled share based payment. as shown in note No.(53)

42. Other operating expenses

	2013 L.E	2012 L.E
Discount for early payment	37 429 609	33 975 186
Depreciation of leased out units	-	206 600
Provision of claims	214 498	16 694 319
Loss of investments liquidation	295 847	1 128 381
Capital losses	-	352 415
Impairment losses for trade receivables, debtors and loans for joint ventures note No. (47)	293 223 056	-
	331 163 010	52 356 901

43. Finance income

	2013 L.E	2012 L.E
Interest income	19 157 322	12 549 843
Interest income from loans to Joint Venture	10 112 142	9 283 943
Amortization of discount - deferred interests	3 311 386	3 161 454
Revaluation and sale of investments income	2 280 258	10 540 185
Net foreign exchange differences	-	4 717 915
	34 861 108	40 253 340

44. Finance cost

	2013 L.E	2012 L.E
Interest expense	65 930 031	45 446 236
Finance cost- Solidere land	74 936 488	-
Installments interest Sheikh zayed land	10 350 775	10 359 824
Net foregin exchange translation note No. (47)	159 087 178	-
	310 304 472	55 806 060

45. Income tax expense

	2013 L.E	2012 L.E
Current income tax expense	23 405 347	11 534 803
Deferred income tax (benefit)	1 122 623	(888 247)
	24 527 970	10 646 556

46. (Losses) earnings per share

(Losses) earnings per share are calculated on December 31, 2013 based on holding Company share in (losses) earnings per share for the year, and also using weighted average method to number of shares outstanding during the year as follows:

	2013 L.E	2012 L.E
Net (loss) / profit for the year	(447 138 141)	250 045 549
Weighted average number of shares outstanding during the year	90 676 348	90 013 334
(Loss) / profit per share (L.E / share)	(4.93)	2.78

47. Jointly controlled projects

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" addressed the Embassy of the Syrian Arab Republic in the Arab Republic of Egypt to reserve all 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" have the view that the assets of the investee company are under dispute with the State Government mentioned, which entails to recognize a loss arising from the inability to recover its investments.

The value of impairment losses charged to Income Statement for the financial year ended December 31, 2013 amounted to L.E 289 374 617 and presented in Impairment of debtors and other debit balances and loans for joint ventures in note No. (42). In addition to cumulative translation adjustment resulted from foreign operations amounting to 189 461 001 Egyptian pounds included in net foreign exchange translation note No. (44).

48. Financial instruments

48.1 Credit risk

Exposure to credit risk

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

The maximum exposure to credit risk as at December 31, 2013 is amounting to L.E 4 105 421 417 (December 31, 2012: L.E 3 153 106 559).

48.2 Liquidity risk

The following are the contractual maturities of financial liabilities:

<u>December 31, 2013</u>	<u>Carrying amount</u>	<u>Less than 1 year</u>	<u>1-2 years</u>	<u>2-5 years</u>
	<u>L.E</u>	<u>L.E</u>	<u>L.E</u>	<u>L.E</u>
Banks – lenders	-	-	-	-
Banks – credit facilities	107 118 313	107 118 313	-	-
Short – term loans	223 397 759	223 397 759	-	-
Contractors and suppliers	111 660 903	111 660 903	-	-
Long – term notes payable	48 695 896	-	24 767 982	23 927 914
Other creditors	730 246 010	643 420 171	83 668 036	3 157 803
Long – term loans	88 011 726	-	-	88 011 726
Short-term notes payable	29 307 346	29 307 346	-	-
	<u>1 338 437 953</u>	<u>1 114 904 492</u>	<u>108 436 018</u>	<u>115 097 443</u>

<u>December 31, 2012</u>	<u>Carrying amount</u>	<u>Less than 1 year</u>	<u>1-2 years</u>	<u>2-5 years</u>
	<u>L.E</u>	<u>L.E</u>	<u>L.E</u>	<u>L.E</u>
Banks – lenders	11 524	11 524	-	-
Banks – credit facilities	35 651 373	35 651 373	-	-
Short – term loans	107 144 710	107 144 710	-	-
Contractors and suppliers	110 567 730	110 567 730	-	-
Long – term notes payable	73 924 905	-	49 618 787	24 306 118
Other creditors	410 864 085	325 396 000	85 468 085	-
Long – term loans	256 381 985	-	-	256 381 985
Short-term notes payable	30 748 521	30 748 521	-	-
	<u>1 025 294 833</u>	<u>609 519 858</u>	<u>135 086 872</u>	<u>280 688 103</u>

48.3 Currency risk

Exposure to currency risk

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

December 31, 2013

<u>Description</u>	<u>USD</u>
Loans to Joint Ventures	-
Other debtors	-
Cash at banks	2 934 697
Long – term loans	-
Surplus of foreign currencies	<u>2 934 697</u>

December 31, 2012

<u>Description</u>	<u>USD</u>
Loans to Joint Ventures	27 014 694
Other debtors	625 000
Cash at banks	9 881 816
Long – term loans	-
Surplus of foreign currencies	<u>37 521 510</u>

48.4 Interest rate risk

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

	<u>Carrying amount</u>	
	<u>31/12/2013</u>	<u>31/12/2012</u>
	<u>L.E</u>	<u>L.E</u>
Fixed rate instruments		
Financial assets	3 603 525 878	2 560 638 705
Financial liabilities	(78 003 242)	(104 673 425)
	<u>3 525 522 636</u>	<u>2 455 965 280</u>
Variable rate instruments		
Financial liabilities	<u>(418 527 798)</u>	<u>(399 198 592)</u>

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

48.5 Fair values

Fair values versus carrying amounts

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

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

49. Transactions with related parties

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

a) **Transactions with related parties**

31/12/2013

<u>Party / Relationship</u>	<u>Nature of transaction</u>	<u>Amount of transaction</u> <u>L.E</u>
Executive managers and board of directors (Holding Company)	Executive and board of directors	(See note No. 41).
Palmyra – SODIC for Real Estate Development	Loan for joint projects	18 679 012
	Management fees	4 311 156

b) **Balances resulted from transactions with related parties**

<u>Party</u>	<u>Item as shown in the consolidated balance sheet</u>	<u>31/12/2013</u> <u>L.E</u>	<u>31/12/2012</u> <u>L.E</u>
Executive and managers board of directors	Liability for cash settled share – based payments transactions included in creditors and other credit balances caption (note No. 26)	-	633 261
Bonyan Development and Trade Co.	Creditors and other credit balances	529 955	3 413 456
Mr. Firas Tallas (Partner in joint venture)	Loans to Joint Ventures	188 700 868	170 021 856
Palmyra – SODIC for Real Estate Development	Accrued interest on loan under debtors caption	65 482 130	39 914 314
	Accrued management fees under debtor caption	4 342 500	3 933 562

- Impairment in due from Palmyra – SODIC for Real Estate Development has been recorded as its described in note No.(47)

50. **Legal status**

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

51. **Tax status**

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

Corporate tax

- A ten years corporate tax exemption period starting from the year following the date of the activity inception as of 1/1/1998 until 31/12/2007 has been previously granted to the Holding Company according to Law No. 59 of 1979 concerning the New Urban Communities. During the month of January 2011, the Company submitted a request to the Tax Authority demanding the amendment of the tax exemption period to start from the date of the actual handing over of the units in the year 2002.
- On January 18, 2011, the Disputes Dispersal Committee of the Tax Authority considered and studied the Company's request in the light of the date of the actual handing over of the units and the regulations applicable to similar companies. Accordingly, the said committee decided to approve the holding Company's request thus considering the date of the actual business activity of the Company to be the year 2002, hence, the Holding Company shall be entitled to tax exemption from 1/1/2003 to 31/12/2012, and the amendment was annotated in the Company's tax card. The amended tax return for year 2008 was submitted to the Tax Authority.
- The Tax Authority assessed corporate profit tax and moveable income tax for the years from 1996 until 2000 on deemed basis. The Company was notified by the tax forms and has objected. During the year, re-inspection was made for the said years and the Company has not received any tax claims till authorizing these financial statements for issuance.
- No tax inspection has been carried out for years from 2001, 2004 till authorizing these financial statements for issuance.
- The inspection of the period from 2006 till 2008 has been notified, and a notification by the form (19) as at April 29, 2012 for the year 2006 by estimation and has been appealed as at May 3, 2012 and re inspection for the year 2006 has been requested and re inspection is 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 for previous years until year 2001, the tax claims was paid according to the assessment of the Internal Committee, The resulting tax was paid according to the assessment of the Internal Committee during September 2004.
- Years from 2002 to 2004 were inspected and the Company paid the tax differences.
- Years from 2005 till 2010 are under inspection and the Company has not received any tax claims till authorizing these financial statements for issuance.

Withholding tax

Tax inspection was carried out for the previous years until the third quarter of 2013 and the Company did not receive any tax claims until authorizing these financial statements for issuance.

Stamp tax

Tax inspection was carried out for the previous years till 31/12/2010 and. The tax inspection was made and the resulting 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 and tax differences and additional tax were paid.

Real estate property tax

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

52. Capital commitments

Capital commitments as at December 31, 2013 amounted LE 24 676 241 is represented in contracted and unexecuted works (2012 : L.E 21 949 817).

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

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

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

- The incentive and bonus plan works through allocation of shares for the Parent Company's employees, managers and executive board directors and to sell these shares in favor of them in preferential conditions.
- Duration of the plan is four years starting from the date of approval of the plan by the Parent Company's Shareholders meeting and each beneficiary is allocated during this year a specified number of shares each year over the plan years according to the allocated shares outlined in the appendix of this plan.
- The price of share was determined for the beneficiary at L.E 75 per share (before splitting).
- The Parent Company shall finance the issuance of the shares of the increase allocated in application of the plan and the value of shares due to the Parent Company will be paid from the proceeds of sale.
- The Company signed a custody agreement with Arab African International Bank on April 15, 2007, to save bonus and incentive shares. The shares of the plan were issued and financed by the holding Company. Annotation of this increase in the Commercial Registry was on July 5, 2007.
- On September 23, 2007, the Supervisory Committee of the incentive and bonus plan of the Parent Company's employees, executive directors and managers agreed to the selection of the beneficiaries and also the number of shares allocated to each one of them. Accordingly, the whole shares of the plan were allocated in full.
- During December 2007, a number of 200 000 shares from the incentive and bonus plan were exercised with average selling price of L.E 226.63 per share. The amounts due to beneficiaries were set aside in special account held by Arab African International Bank until the completion of the prohibition period according to the incentive and bonus plan.
- The number of shares allocated to the plan was increased by 500 000 additional shares.
- On July 3, 2008 the Supervisory Committee of the incentive and bonus plan of the Parent Company's employees, executive directors approved the allocation of 495 000 shares of the total shares to some of the Parent Company's employees and executive directors. Allocation contracts for these shares were signed with the employees and the executive directors during October 2008.

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

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

Party Entitled	Grant date	No. of shares in thousand	Fair value of share at grant date (before splitting) L.E	Exercising price (before splitting) L.E	Conditions
Managing director	28/3/2007	750	100	75	5 years working in the Company and exercise period from June 30,2007 March 2015 – the beneficiary is not entitled to this right if the performance of the Company's share is below CASE 30 by more than 20% for 2 consecutive years during the vesting period.
Board of director	23/9/2007	75	100	75	According to performance measure and exercise period from June 30,2007 till March 2015.
Some managers	23/9/2007	175	100	75	According to performance measure and exercise period from June 30,2007till March 2015.
Board of director	7/10/2008	25	73.34	75	According to performance measure and exercise period from June 30,2007till March 2015.
Some managers	7/10/2008	470	73.34	75	According to performance measure and exercise period from June 30,2007till March 2015.

54. Significant Events

54-1 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.

54-2 The legal dispute with Solidere – Egypt Company

- During the year 2007 an agreement for cooperation had been signed between the Company and the Solidere International – Lebanon Company to establish real estate project, the agreement includes an option for purchasing 250 000 m² from the company's land in Westownproject in El-Sheikh Zayed.
- In the year 2008, Solidere International Company had exercised the option through Solidere – Egypt Company for investment and real estate development "Solidere – Egypt" - wholly owned Company to Solidere International subsidiary of Solidere Egypt had paid the option value which amounts to L.E 162 million after early payment discount.
- Till September 11, 2012, Solidere 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 Solidere International and Solidere 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 Solidere International Company "an Emirati Limited Liability Company", and Solidere Egypt Company "an Egyptian joint stock Company" regarding the sale of 250 000 m² owned by the Company to be developed by Solidere 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.

55. Comparative Figures

55-1 The comparative figures has been restated because of changing the accounting policy for investments in jointly controlled entities from the proportionate consolidation method to the equity method in based on the allowed alternative treatment according of EAS (27) to allow the users of financial statements to compare the financial statements of periods presented and to identify the trends of its financial position and its financial performance and its cash flows - in accordance with detail in investments in entities under common control (No. 3.1.3) and the following table illustrates the balances of items that have been restated of financial statements and comparative figures prior to and after the policy change :

First: Balance sheet

Description	Balance as it appears in balance sheet before restatement for the financial year ended	Restatement	Balance after restatement as it appears in comparative figures
	31/12/2012		
	LE	LE	LE
	Debit / (Credit)	Debit / (Credit)	Debit / (Credit)
Fixed assets (net)	212 879 307	(15 147 213)	197 732 094
Investments in associates and entities under joint control	-	102 705 427	102 705 427
Investment in properties (net)	64 708 902	(55 367 736)	9 341 166
Advance payment for investment properties	9 351 065	(9 351 065)	-
Projects under construction	3 171 652 916	(188 944 198)	2 982 708 718
Debtors and other debit balances (Net)	408 400 721	16 276 258	424 676 979
Loans to Joint Ventures	85 010 928	85 010 928	170 021 856
Cash at banks and on hand	319 968 597	(13 185)	319 955 412
Provisions	23 078 752	(97 001)	22 981 750
Loans - Short term	142 732 070	(35 587 360)	107 144 710
Advances - customers	3 527 871 427	(23 807 651)	3 504 063 776
Contractors, suppliers and notes payable	141 465 239	(148 988)	141 316 251
Creditors and other credit balances	416 053 868	(5 189 783)	410 864 085

Second: **Income statement**

<u>Description</u>	<u>Amount as it appears in income statement before adjustment for the financial year ended</u>	<u>Restatement</u>	<u>Amount after restatement as it appears in comparative figures</u>
	<u>31/12/2012</u>		
	<u>LE</u>	<u>LE</u>	<u>LE</u>
	<u>Debit / (Credit)</u>	<u>Debit / (Credit)</u>	<u>Debit / (Credit)</u>
Other operating revenues	58 846 785	(657)	58 846 128
Selling and marketing expenses	90 998 970	(415)	90 998 555
General and administrative expenses	144 993 603	(3 652 734)	141 340 869
Other operating expenses	52 500 615	(143 714)	52 356 901
Finance cost	59 972 899	(4 166 839)	55 806 060
Company's share in profit (losses) of the joint project	-	7 963 048	7 963 048

55-2 Some comparative figures has been adjusted to conform with the current financial statement presentation and its represented in :

Balance Sheet

Investment in properties (net)	(326 229 579)
Projects under construction	326 229 579

Income statement

Service costs of Beverly Hills City	(7 124 364)
Service costs of Allegria project	(13 100 715)
General and administrative expenses	20 225 079



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