

Consolidated Financial Statements for the 6 months ending 30th of June, 2013

SODIC: An Operationally & Commercially Solid Quarter

Cairo, Egypt

September 3rd 2013, SODIC ("Sixth of October Development & Investment Company") has released its consolidated financial results for the 6 months ending 30th of June 2013.

Consolidated Figures for H1-2013:

- **Revenues:** EGP 456 million
- **Gross Profit:** EGP 147 million
- **Net Income:** EGP 49 million

Consolidated Figures as at 30-Jun-2013:

- **Accounts Receivables:** EGP 3,297 mln
- **Work in Process:** EGP 2,951 mln
- **Cash Balance:** EGP 370 mln

SODIC concluded an operationally and commercially sound second quarter with **a) Eastown Residences "ETR" sales launch:** record sales launch with more than 600 units sold-out in 2 weeks with a value of EGP 870 mln, **b) Robust sales across the board:** with record new contracted 6 months gross sales of EGP 1.81 bln, **c) On track delivery & execution:** 212 units delivered in first half of 2013 worth EGP 437 mln, **d) Timely cash collection:** a smooth collection cycle bringing in EGP 648 mln during the course of H1-2013 and **e) Ease in governmental regulatory environment:** successfully secured through NUCA an extension for SODIC West development schedule & issued Master-plan Approvals & Building Permits for Eastown Residences.

- a) ETR sales launch:** After obtaining full legal and physical possession of Eastown land in April 2013, SODIC launched ETR Phases I to III comprising 640 units worth EGP 923 mln. The launch witnessed huge demand, contributing 77% of Q2-2013 gross new contracted sales of EGP 1.13 bln (some EGP 870 mln). *YTD, 633 units worth EGP 913 mln have been contracted.* Construction contracts have been awarded and works have commenced on the site.
- b) Robust sales across the board:** SODIC ends record first-half sales with gross new contracted sales of EGP 1.81 bln. Cancellations in H1-2013 of EGP 173 mln led to net contracted sales of EGP 1.64 bln, surpassing Full Year 2012 sales of EGP 1.61 bln. H1-2013 new contracted sales was divided as follows:
- Existing inventory in SODIC West: EGP 433 mln of contracted sales (Westown Residences "WTR" & CASA selling out). In SODIC East: Kattameya Plaza achieving EGP 130 mln, project fully sold out.
 - New Launches in SODIC West: WTR phase 7 fully sold out achieving EGP 128 mln. In SODIC East: ETR phases I to III with 95% of its launched inventory sold, achieving some EGP 870 mln in the first half of 2013.
- c) On track delivery & execution:** Kattameya Plaza deliveries ramped-up significantly by delivering 100 units during Q2 (Vs. 10 units in Q1) and Allegría deliveries almost doubled qoq with 64 units delivered in Q2 (Vs. 37 units in Q1). That brings Q2-2013 deliveries to 164 units worth EGP 315 mln. In addition, SODIC spent EGP 423 mln on execution across projects in the East & West of Cairo.
- d) Timely cash collection:** SODIC's tightly managed cash collection process led to collecting more than 90% of Q2 2013 project accounts receivables, taking H1-2013 total *project* cash collections to EGP 648 mln.

Market Data

Index Inclusion:

EGX 30
EGX 100
MSCI IMI

Symbol:

EGX: OCDI.CA
Reuters: OCDI CA
Bloomberg: OCDI EY

Share Price at 2nd Sep. 2013 (EGP): 21.86
52 Weeks High/Low (EGP): 26.60/13.81
Current Shares Outstanding (mln): 90.68
Market Cap (EGP mln): 1,982
Market Cap (USD mln): 283

*Market Cap figures as at 2nd Sep. 2013
*FX Rate: 1.00 USD = 7.00 EGP

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- e) **Ease in governmental regulatory environment:** 1. NUCA approved an extension for SODIC West development schedule to compensate for the delays in issuing necessary approvals. 2. All submitted Eastown Residences' Detailed Master-plan Approvals and Building Permits have been issued.

Profitability:

SODIC reported Q2-2013 net consolidated revenues of **EGP 327 mln** showing an increase of **152% qoq**. The growth in revenues is attributable to the boost in KP deliveries during the quarter which reached 100 units in Q2, leading to a total of 110 units in H1-2013. Allegría deliveries during Q2 came in 64 units leading to a total of 101 units for the first half of 2013 and more than 880 units since deliveries started in 2010.

SODIC remains reasonably confident that it will deliver its targeted 600 units for FY 2013 period with deliveries ramping-up during Q4-2013 on the back of multiple projects coming on-stream (Forty West, The Polygon, The Strip, Casa and Westtown Residences).

Q2-2013 gross profit stood at **EGP 99 mln** implying a gross profit margin (GPM) of **30%** in line with the Company's GPM in the same corresponding period last year. On the other hand, Q2-2013 GPM came to be less than Q1 due to the delivery of lower margin units in Kattameya Plaza. SODIC's net margin increased to **13%** in Q2 Vs. 5% in Q1 as revenues and gross profit increased significantly, while overheads remained largely constant.

Strong 2013 YTD performance, along with the legal breakthrough in Eastown, signals 2013 to be a record year in spite of the political situation and macroeconomic challenges on the ground.

Consolidated Income Statement:

<i>EGP million</i>	Q2 2013	Q1 2013	Q2 2012
Total Revenues	327	129	336
Cost of Goods Sold	(228)	(82)	(226)
Gross Profit	99	47	110
GP Margin	30%	36%	30%
Selling , General & Administrative Expenses	(59)	(51)	(36)
Other	5	15	7
Net Finance Cost	17	4	(6)
NPBT	62	15	52
Taxes	(19)	(9)	(3)
Net Profit	43	6	49
NP Margin	13%	5%	15%

New Contracted Sales:

Contracted Sales Breakdown		Q2 2013	Q1 2013	H1 2013	FY 2012	FY 2011
Gross Contracted Sales	EGP mln	1,130	683	1,814	1,819	741
Allegria	EGP mln	74.0	126.42	200.4	568.8	246.4
Kattameya Plaza	EGP mln	4.40	131.54	135.9	152.6	152.2
Forty West	EGP mln	27.90	0.07	28.0	22.9	59.5
The Polygon	EGP mln	13.60	99.58	113.2	58.5	28.5
Westtown Residences	EGP mln	59.38	245.65	305.0	920.8	149.7
Easttown Residences	EGP mln	874.66	0.00	874.7	0.0	0.0
The Strip	EGP mln	28.88	25.24	54.1	70.4	48.6
Casa	EGP mln	8.48	12.43	20.9	24.7	23.6
Other	EGP mln	38.91	42.57	81.5	0.0	32.6
Cancellations and Modifications	EGP mln	(41)	(133)	(173)	(200)	(736)
Allegria	EGP mln	(15.0)	(35.9)	(50.8)	(114.1)	(341.9)
Kattameya Plaza	EGP mln	0.0	(6.3)	(6.3)	(22.3)	(70.9)
Forty West	EGP mln	0.0	(11.1)	(11.1)	(17.7)	(75.7)
The Polygon	EGP mln	0.0	0.0	0.0	(2.2)	(83.5)
Westtown Residences	EGP mln	(17.0)	(14.5)	(31.5)	(39.2)	0.0
Easttown Residences	EGP mln	(5.0)	0.0	(5.0)	0.0	0.0
The Strip	EGP mln	(1.6)	(63.8)	(65.5)	(2.8)	(33.1)
Casa	EGP mln	(2.1)	(1.1)	(3.2)	(1.3)	(1.1)
Other	EGP mln	0.0	0.0	0.0	0.0	(129.3)
Net Sales	EGP mln	1,089	551	1,640	1,619	6
Allegria	EGP mln	59.0	90.5	149.6	454.7	(95.4)
Kattameya Plaza	EGP mln	4.4	125.2	129.6	130.4	81.2
Forty West	EGP mln	27.9	(11.0)	16.9	5.2	(16.2)
The Polygon	EGP mln	13.6	99.6	113.2	56.3	(55.0)
Westtown Residences	EGP mln	42.4	231.1	273.5	881.6	149.7
Easttown Residences	EGP mln	869.6	0.0	869.6	0.0	0.0
The Strip	EGP mln	27.3	(38.6)	(11.4)	67.6	15.5
Casa	EGP mln	6.4	11.4	17.7	23.4	22.6
Other	EGP mln	38.9	42.6	81.5	0.0	(96.7)

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