Translation from Arabic

Sixth of October for Development and Investment Company "SODIC"

(An Egyptian Joint Stock Company)

Separate Financial Statements

For The Financial Period Ended March 31, 2011

And Review Report

<u>*Translation from Arabic*</u>

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KPMG

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Translation from Arabic

Report on Limited Review of Interim Financial Statements

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

Introduction

We have performed a limited review for the accompanying separate financial statements of Sixth of October for Development and Investment Company "SODIC" which comprise the separate balance sheet as of March 31, 2011 and the related separate statements of income, cash flows and changes in equity for the three-month then ended, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and fair presentation of these interim financial statements in accordance with Egyptian Accounting Standards. Our responsibility is to express a conclusion on these interim financial statements based on our limited review.

Scope of Limited Review

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

Conclusion

Based on our limited review, nothing has come to our attention that causes us to believe that the accompanying interim separate financial statements do not present fairly, in all material respects, the unconsolidated financial position of the Company as at March 31, 2011, and of its financial performance and its un consolidated cash flows for the three-month then ended in accordance with Egyptian Accounting Standards.

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KPMG Hazem Hassan

KPMG Hazem Hassan
Public Accountants and Consultants
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Cairo, May 24, 2011

Sixth of October for Development and Investment Company "SODIC"
(An Egyptian Joint Stock Company)
Separate Balance Sheet
As at March 31, 2011

	Note No.	31/3/2011 L.E	31/12/2010 L.E
Long - term assets			
Fixed assets	(6)	14 093 455	13 294 888
Projects under construction	(7)	49 906 196	40 997 024
Investments in subsidiaries	(8)	525 070 648	525 070 648
Available -for- sale investments	(9)	4 251 250	4 251 250
Investment properties	(10)	1 399 574	1 407 230
Payments on account of acquisition of investment properties	(11)	71 445 078	68 303 756
Long - term trade & notes receivable	(12)	952 226 998	1 173 415 237
Total long - term assets		1 618 393 199	1 826 740 033
Current assets			
Completed commercial units ready for sale	(13)	4 262 805	3 997 225
Works in process	(14)	1 679 706 596	1 564 744 930
Trade & notes receivable	(15)	842 192 888	829 042 389
Due from related parties	(16)	1 202 954 565	1 133 800 297
Debtors & other debit balances	(17)	357 987 718	384 555 797
Held for trading investments	(18)	60 280 721	59 230 831
Cash at banks & on hand	(19)	630 952 063	660 350 370
Total current assets		4 778 337 356	4 635 721 839
Current liabilities			
Provisions	(20)	133 083 131	132 976 333
Bank - credit facilities	(21)	-	85 951 368
Customers - deposits	(22)	3 036 658 511	3 123 356 342
Contractors, suppliers & notes payable	(23)	115 115 634	115 169 486
Due to related parties	(24)	3 697 116	12 143 730
Creditors & other credit balances	(25)	232 083 939	227 894 753
Total current liabilities		3 520 638 331	3 697 492 012
Working capital		1 257 699 025	938 229 827
Total investments		2 876 092 224	2 764 969 860
These investments are financed as follows:-			
Shareholders' equity			
Authorized capital	(26)	2 800 000 000	2 800 000 000
Issued & fully paid in capital	(26)	362 705 390	362 705 390
Legal Reserve	(27)	181 352 695	181 352 695
Special reserve - share premium	(28)	1 316 921 569	1 316 921 569
Retained earnings		443 629 159	443 629 159
Treasury shares	(29)	(80 000 000)	(80 000 000)
Set aside amount for bonus & incentive plan	(30)	20 000 000	18 750 000
Net profit for year 2010	(50)	357 355 751	357 355 751
Net profit for the period		1 194 031	-
Total shareholders' equity		2 603 158 595	2 600 714 564
Long-term liabilities			
Long-term loans	(31)	90 217 451	-
Notes payable	(32)	182 223 410	163 703 410
Deffered tax liabilities	(33)	492 768	551 886
Total long-term liabilities		272 933 629	164 255 296
Total shareholders 'equity & long - term liabilities		2 876 092 224	2 764 969 860

*** The accompanying notes on pages from (7) to (46) are an integral part of these separate financial statements and to be read therewith.**

Financial & Administrative Manager	Board Director	Deputy Chairman & Managing Director
Hany Henry		
Hany Henry	Ahmed Badrawy	Maher Maksoud

* Review Report " attached "
KPMG Hazem Hassan

Sixth of October for Development and Investment Company "SODIC"

(An Egyptian Joint Stock Company)

Separate Income Statement

For The Financial Period Ended March 31, 2011

	Note No.	The three-month ended 31/3/2011 L.E	The three-month ended 31/3/2010 L.E
Sales (Net)	(34)	37 090 234	236 244 885
Cost of sales	(35)	(33 935 924)	(8 685 752)
Gross profit		**3 154 310**	**227 559 133**
Other operating revenues	(36)	19 125 394	9 789 261
Selling & marketing expenses	(37)	(11 251 432)	(8 290 253)
General & administrative expenses	(38)	(23 334 003)	(15 456 302)
Other operating expenses	(39)	(204 086)	(2 568 179)
Operating profit (loss)		**(12 509 817)**	**211 033 660**
Finance income	(40)	22 538 340	18 045 958
Finance expenses	(41)	(6 698 213)	(6 700 081)
Net finance income		**15 840 127**	**11 345 877**
Net profit for the period before income tax		**3 330 310**	**222 379 537**
Income tax expense	(42)	(2 136 279)	(44 906 496)
Net profit for the period		**1 194 031**	**177 473 041**
Earnings per share (L.E / Share)	(43)	0.03	5.77

* **The accompanying notes on pages from (7) to (46) are an integral part of these separate financial statements and to be read therewith.**

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

Separate Statement of Changes in Equity
For The Financial Period Ended March 31, 2011

	Note No.	Issued & paid in capital L.E	Amount paid on account of issued share capital increase & share premuim L.E	Legal reserve L.E	Special reserve-share premium L.E	Treasury shares L.E	Set aside amount for bonus & incentive plan L.E	Retained earnings L.E	Net profit for 2010 L.E	Net profit for the period L.E	Total L.E
Balance as at January 1, 2010		284 133 960	83 070 956	141 906 330	912 439 354	(80 000 000)	13 750 000	552 914 271	(109 285 112)	-	1 798 929 759
Share capital increase and share premuim		-	466 929 054	-	-	-	-	-	-	-	466 929 054
Amount transferred to retained earnings		-	-	-	-	-	-	(109 285 112)	109 285 112	-	-
Issued share capital increase		78 571 430	(78 571 430)	-	-	-	-	-	-	-	-
Amount transferred to special reserve-share premium		-	(431 982 215)	-	404 482 215	-	-	-	-	-	(27 500 000)
Amount transferred to legal reserve		-	(39 446 365)	39 446 365	-	-	-	-	-	-	-
Set aside amount for bonus & incintives plan during the period		-	-	-	-	-	1 250 000	-	-	-	1 250 000
Net profit for the period		-	-	-	-	-	-	-	177 473 041	-	177 473 041
Balance as at March 31, 2010		362 705 390	-	181 352 695	1 316 921 569	(80 000 000)	15 000 000	443 629 159	177 473 041	-	2 417 081 854
Balance as at January 1, 2011		362 705 390	-	181 352 695	1 316 921 569	(80 000 000)	18 750 000	443 629 159	357 355 751	-	2 600 714 564
Set aside amount for bonus & incintives plan during the period	(30)	-	-	-	-	-	1 250 000	-	-	-	1 250 000
Net profit for the period		-	-	-	-	-	-	-	-	1 194 031	1 194 031
Balance as at March 31, 2011		362 705 390	-	181 352 695	1 316 921 569	(80 000 000)	20 000 000	443 629 159	357 355 751	1 194 031	2 603 158 595

* The accompanying notes on pages from (7) to (46) are an integral part of these separate financial statements and to be read therewith.

Sixth of October for Development and Investment Company "SODIC"
(An Egyptian Joint Stock Company)
Separate Statement of Cash Flows
For The Financial Period Ended March 31, 2011

	Note No.	The three-month ended 31/3/2011 L.E	The three-month ended 31/3/2010 L.E
Cash flows from operating activities			
Net profit for the period before income tax		3 330 310	222 379 537
Adjustments for :			
Depreciation of fixed assets & rented units		945 826	747 895
Gain on sale of fixed assets		(103)	(38 048)
Unrealized gain on held for trading investments		(1 049 890)	(1 394 550)
Provisions formed	(20)	3 060 336	7 922 678
Equity - setteled share based payment transactions	(30),(49)	1 250 000	1 250 000
Operating profit before changes in working capital items		7 536 479	230 867 512
Changes in working capital items			
Change in residential units ready for sale		(265 580)	-
Change in work in process		(114 961 665)	(156 823 435)
Change in trade & notes receivables		208 037 740	(38 667 557)
Change in debtors & other debit balances		24 297 614	(58 656 640)
Provisions - used	(20)	(2 953 538)	(41 855)
Change in customers deposits		(86 697 831)	261 873 351
Change in contractors, suppliers & notes payable		18 466 148	22 170 018
Change in due to related parties		(77 600 882)	-
Change in creditors & other credit balances		1 766 533	12 241 987
Net cash provided from (used in) operating activities		(22 374 982)	272 963 381
Cash flows from investing activities			
Payments for purchase of fixed assets & projects under construction		(8 154 628)	(567 670)
Payments for purchase of investmments in subsidiaries & associates		-	(13 000 003)
Payments for acquisition of investment properties	(11)	(3 141 322)	-
Proceed from sale of held for trading investments		-	98 973 039
Proceeds from sale of fixed assets		6 542	40 200
Net cash provided from (used in) investing activities		(11 289 408)	85 445 566
Cash flows from financing activities			
Bank facilities	(21),(31)	4 266 083	(8 566 807)
Proceeds on account of share capital increase		-	78 571 430
Proceeds from share premium of share capital increase		-	471 428 580
Payments for issuance expenses of share capital increase		-	(27 500 000)
Net cash provided from financing activities		4 266 083	513 933 203
Net movement in cash & cash equivalents during the period		(29 398 307)	872 342 150
Cash & cash equivalents as at January 1, 2011		660 350 370	344 900 527
Cash & cash equivalents as at March 31, 2011	(19)	630 952 063	1 217 242 677

* The accompanying notes on pages from (7) to (46) are an integral part of these separate financial statements and to be read therewith.

Sixth of October for Development and Investment Company "SODIC"
(An Egyptian Joint Stock Company)
Notes to the separate financial statements
For the financial period ended March 31, 2011

1- Background and activities

- Sixth of October for Development and Investment Company "SODIC" – An Egyptian Joint Stock Co. – was incorporated in accordance with the provisions of Law No. 159 of 1981 and its Executive Regulations and considering the provisions of Law No. 95 Of 1992 and its Executive Regulations and by virtue of the decree of the Minister of Economy & 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.
- The Company's purpose is represented in the following:

• Working in the field of purchasing lands for the purpose of providing utilities for them and making them ready for building, dividing these lands and selling or leasing them.
• Working in the field of construction, integrated construction and supplementary works for it.
• Planning, dividing and preparing lands for building according to modern building techniques.
• Building, selling and leasing all various kinds of real estate.
• Developing and reclaiming lands in the urban communities.
• Working in the field of tourist development and in all tourist establishments field including, building , managing , selling or utilizing hotels, motels and tourist villages in accordance with applicable Egyptian laws & regulations.
• Building, managing, selling and leasing – out of the residential, service, commercial, industrial and tourist projects.
• Importing and working as trade agents for that is permitted within the limits of the Company's purpose.
• Financing lease in accordance with Law No. 95 of 1995.
• Working in all fields of information technology and systems, hardware and software (computer software & services).
• Working in all fields of services of communication systems, internet, space stations and transmission except for the field of satellites.
• Investing in the various activities related to petroleum, gas and petrochemicals.
• Working in the field of coordinating and planting the gardens, roads and squares and also providing security, steward - ship, maintenance and cleaning services.
• Working in the field of ownership and management of sporting, entertainment, medical, educational buildings and also ownership, management and operating of restaurants (not leasing them).

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.

- The Company's duration is 50 years starting from the date of registration in the Commercial Registry
- The Company is listed in the formal listing in Cairo & Alexandria Stock Exchanges.
- The registered office of the Company is located at Km. 38 Cairo / Alexandria Deseret Road, Sheikh Zayed City. Mr. Maher Rafeek Maksoud is the deputy chairman & managing director of the Company.

2- Basis of preparation of the financial statements

a) Statement of compliance

These financial statements have been prepared in accordance with Egyptian Accounting Standards and relevant Egyptian laws and regulations.

b) Basis of measurement

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

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

c) Functional currency and presentation currency

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

d) Use of estimates and judgments

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

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

3- Significant accounting policies

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

3-1 Foreign currency transactions

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

3- 2 Fixed assets & depreciation

a) Recognition and measurement

Fixed assets are stated at cost less accumulated depreciation (note No. 3-2-c) and impairment losses (note No. 3-10).

Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labor, any other costs directly attributable to bringing the asset to a working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located.

Where parts of an item of fixed assets have different useful lives, they are accounted for as separate items of fixed assets.

b) **Subsequent costs**

The Company recognizes in the carrying amount of an item of property, plant and equipment the cost of replacing 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 Property, plant and equipment. The estimated useful lives are as follows:

Asset	Years
Buildings of the Company's premises	10
Vehicles	5
Furniture & office equipment	10
Office equipment & communications	5
Leasehold improvements	5
Generators, machinery & equipment	5

3-3 **Projects under construction**

Projects under construction are recognized initially at cost. Cost includes all expenditures directly attributable to bringing the asset to a working condition for its intended use. Projects under construction are transferred to property, plant and equipment caption when they are completed and are ready for their intended use.

3-4 **Investment properties**

This item includes lands held and not allocated for a specific purpose, or lands held for sale for long years as well as the lands and buildings leased to others (by virtue of operating leases). The long term real estate investments are valued at cost less the accumulated depreciation and the value of any increase in the net book value of these investments over their recoverable amount "impairment". The fair value of these investments shall be 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 disclosure shall be made to this effect.

3-5 Investments

a) Investments in subsidiaries and associates

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

b) Available -for- sale investments

Financial instruments held by the Company are classified as being available-for-sale and are initially stated at cost and subsequently measured at fair value, unless this cannot be reliably measured. Changes in fair value are reported as a separate component in equity. When these investments are derecognized, the cumulative gain or loss previously recognized in equity is recognized in income statement except for impairment losses. Investments in unquoted equity securities are stated at cost less impairment losses (note No. 3-10).

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

c) Held for trading investments

Held for trading investments are classified as current assets and are stated at fair value, with any resultant gain or loss recognized in the income statement.

3-6 Residential units ready for sale

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

3-7 Works in process

All expenditures directly attributable to works in process are included in work in process account till the completion of these works. They are transferred to completed residential units ready for sale caption when they are completed. Works in process are stated at the balance sheet date at lower of cost and net realizable value.

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

Trade & notes receivables and debtors are recognized and carried at original invoice amount less an allowance for any uncollectible amounts. An estimate of doubtful debts is made when collections of the full amount is no longer probable. Bad debts are written off when identified. Other debit balances are stated at cost less impairment losses (note No. 3-10). Long term trade and notes receivables are initially recognized at fair value and subsequently re-measured at amortized cost using effective interest rate method.

3-9 Cash and cash equivalents

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

3-10 Impairment of assets

a) Financial assets

- A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.
- An impairment loss in respect of an available-for-sale financial asset is calculated by reference to its current fair value.
- Individually significant financial assets are tested for impairment on an individual basis.
- The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.
- All impairment losses are recognized in income statement. Any cumulative loss in respect of an available-for-sale financial asset recognized previously in equity is transferred to income statement.
- An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognized for financial assets measured at amortized cost and available-for-sale financial assets that are debt securities, the reversal is recognized in income statement. For available-for-sale financial assets that are equity securities, the reversal is recognized directly in equity.

b) Non-financial assets

The carrying amounts of the Company's non-financial assets, other than, residential 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.

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 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, if no impairment loss had been recognized.

3-11 Provisions

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

Provision for completion of works

A provision for completion of works is formed at the estimated value of the completion of the projects' utility works (pertaining 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 engineering department .The necessary provision is reviewed at the end of each reporting year till finalization of all the project works.

3-12 Borrowing costs

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

3-13 Suppliers, contractors and other credit balances

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

3-14 Share capital

a) Ordinary shares

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

b) Repurchase of share capital

When share capital recognized as equity is repurchased, the amount of consideration paid, including directly attributable costs, is recognized as a change in equity.

c) Dividends

Dividends are recognized as a liability in the year 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 & managers which are financed by the Company and are kept in a bank as a custody of a trustee (agent) are presented as treasury shares until the terms of granting the shares to the beneficiaries are realized. The resulting outcome from sale of these shares is recognized in equity.

3-15 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 & managers bonus & incentive plan is recognized in the income statement over the year that the beneficiaries become unconditionally entitled to these shares. The expected number of beneficiaries from the plan and the extent of their benefit are reviewed at the financial statements date. Necessary changes are made for the expense to reflect the best estimate and the corresponding amount is included in equity under "set aside amount for the bonus & incentive plan" caption.

b) Cash settled share - based payments

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

3-16 Notes payable

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

3-17 Revenue recognition

a) Sales revenue

Revenue from sale of residential units, offices, commercial shops, service and villas for which contracts was made 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 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).

b) Rental income

Rental income is recognized in the income statement on a straight-line basis over the terms of the lease.

c) Interest income

Interest income is recognized in the income statement, using the accrual basis of accounting.

d) Dividends

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

3-18 Cost of sold lands

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

3-19 Expenses

a) Lease payments

Payments under leases are recognized in the income statement on a straight-line basis over the terms of the lease.

b) Interest expense

Interest expense on interest-bearing borrowings is recognized in the income statement using the effective interest rate method.

c) Employees' pension

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

d) Income tax

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognized in the income statement except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.
Current tax is the expected tax payable on the net taxable income for the year, using tax rates enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.
Deferred tax is provided using the financial position liability 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 provided is measured using tax rates enacted or substantively enacted at the balance sheet date.
A deferred tax asset is 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.

3-20 Earnings (losses) per share

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

3-21 Segment reporting

A segment is a distinguishable component of the Company that is engaged either in providing related products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

4- Determination of fair values

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

4-1 Investments in equity instruments

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

4-2 Trade, note receivables & other debtors

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

4-3 Investment property

The present 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 market wherein the parties had each acted knowledgeably , prudently and without compulsion.

4-4 Share – based payment transactions

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

5- Financial risk management

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

- credit risk
- liquidity risk
- market risk .

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

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The 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 Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Board of Directors of the Company is assisted in its oversight role by the Audit Committee and Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the result of which are reported to the Board of Directors.

5-1 Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's customers and other receivables.

Trade & other receivables

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

All the Company's revenues are attributable to sales transactions with a large group of customers. Therefore, geographically, there is no concentration of credit risk.

The Company's management has established a credit policy under which each customer is analyzed individually for credit worthiness before the Company's standard payment and delivery terms and conditions are offered. The Company gets advance payments and chequs for the full sales in advance and before the delivery of units to customers. No previous losses were observed from transactions with customers. Sales of residential 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 limits its exposure to credit risk by only investing in liquid securities and the Company's management does not expect any counterparties to fail to meet its obligations.

Guarantees

The Company's policy is to provide financial guarantees only to wholly-owned subsidiaries. At March 31, 2011, no guarantees were outstanding.

5-2 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due.
The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due , under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

Typically the Company ensures that it has sufficient cash on demand to meet expected operational expenses for appropriate period of time including the servicing of 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.

5-3 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holding of financial instruments.
The objective of market risk management is to manage and control market risk exposure within acceptable parameters, while optimizing the return.

5-4 Currency risk

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

In respect of other monetary assets and liabilities denominated in foreign currencies, the Company ensures that its net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates when necessary to address short- term imbalances.
The Company's investments in its subsidiaries are not hedged as those currency positions are considered to be long-term in nature.

5-5 Interest rate risk

The Company adopts a policy of ensuring that there is no exposure to changes in interest rates on borrowings on a fixed rate basis. Therefore, the Company does not enter into interest rate swaps.

5-6 Other market price risk

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

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

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

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

5-7 Capital management

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

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

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

6- Fixed assets

This item is represented as follows:

	Buildings of the Company's premises	Vehicles	Furniture & office equipment	Office equipment & communications	Generators, machinery & equipment	Leasehold improvements	Total
	L.E	L.E	L.E	L.E	L.E	L.E	L.E
Cost							
As at January 1, 2011	3 151 049	7 054 738	4 915 288	6 681 389	1 149 403	1 655 894	24 607 761
Additions during the period	-	500 000	899 552	343 625	-	-	1 743 177
Disposals during the period	-	-	-	(7 850)	-	-	(7 850)
As at March 31, 2011	3 151 049	7 554 738	5 814 840	7 017 164	1 149 403	1 655 894	26 343 088
Accumulated depreciation							
As at January 1, 2011	1 623 742	3 726 953	1 249 370	3 133 269	1 043 931	535 608	11 312 873
Depreciation for the period	52 138	363 243	129 362	295 486	16 280	81 662	938 171
Disposals	-	-	-	(1 411)	-	-	(1 411)
As at March 31, 2011	1 675 880	4 090 196	1 378 732	3 427 344	1 060 211	617 270	12 249 633
Carrying amount at March 31, 2011	1 475 169	3 464 542	4 436 108	3 589 820	89 192	1 038 624	14 093 455
Carrying amount at December 31, 2010	1 527 307	3 327 785	3 665 918	3 548 120	105 472	1 120 286	13 294 888

- Fixed assets include fully depreciated assets costing L.E 3 304 765 as at March 2011.

7- Projects under construction

	31/3/2011 L.E	31/12/2010 L.E
Lands *	7 266 748	7 266 748
Constructions of the new premises of the Company	26 388 759	20 003 759
Advance payments for purchasing of house building for employees **	4 135 000	4 100 000
Advance payments for purchasing of fixed assets	2 497 721	2 401 983
Advance payments – fixtures and finishing of new sales buildings	9 617 968	7 224 534
	49 906 196	40 997 024

* This item represents the acquisition cost of a vacant plot of land with an area of 2 363.17 square meter for the purpose of the construction of administrative offices for the Company.

** This item represents the value of purchasing a building of an area of 1 121.70 square meter for the purpose of using it as a house building for the Company's employees.

8- Investments in subsidiaries

	Legal form	Ownership %	Paid amount of Participation %	Carrying amount as at 31/3/2011 L.E	Carrying amount as at 31/12/2010 L.E
SODIC Property Services Co.	S.A.E	51	100	510 000	510 000
Sixth of October for Development and Real Estate Projects Co. (SOREAL)	S.A.E	99.99	100	517 334 516	517 334 516
Beverly Hills Co. for Management of Cities & Resorts *	S.A.E	13.25	100	4 226 152	4 226 152
SODIC for Development & Real Estate Investment Co.	S.A.E	99.99	100	2 999 980	2 999 980
Balance as at March 31, 2011				525 070 648	525 070 648

* The Company's contribution in Beverly Hills Co. for Management of Cities & Resorts has been classified as a subsidiary since the Company's contribution in its share capital is 13.25% and the Company has indirect contribution of 45.34% approximately through its subsidiaries. Accordingly, the consolidated participation is 58.59% approximately.

9- Available-for- sale investments

	Legal form	Ownership %	Paid amount of participation %	Carrying amount as at 31/3/2011 L.E	Carrying amount as at 31/12/2010 L.E
Egyptian Company for Development & Management of Smart Villages	S.A.E	1.01	100	4 250 000	4 250 000
SODIC for Golf and Tourist Development Co.	S.A.E	0.0025	25	1 250	1 250
Balance as at March 31.2011				4 251 250	4 251 250

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

10- Investment properties

The net carrying amount of the investment properties (units leased out to others) as at March 31, 2011 amounted to L.E 1 399 574 Movement on the investment property item and its depreciation during the period were as follows:-

Description	L.E
Cost	
At January 1 , 2011	1 531 214
At March 31, 2011	1 531 214
Accumulated depreciation	
At January 1 , 2011	123 984
Depreciation for the period	7 656
At March 31, 2011	131 640
Carrying amount as at March 31, 2011	1 399 574
Carrying amount as at December 31, 2010	1 407 230

- The fair value of investment property amounts to L.E 7 531 300 as at March 31, 2011.

11- Payments on account of acquisition of investment properties

This item amounting to L.E 71 445 078 as at March 31 ,2011 is represented in the amounts paid to SODIC SIAC for Real Estate Investment Co. –a subsidiary- on account of the acquisition of building No. (1) of the Polygon project with total value of L.E 131 704 850 according to the contract concluded between the Company and SODIC SIAC for Real Estate Investment Co. dated January 5, 2010 for the purpose of leasing it out to others. The building will be received during a maximum year of three years from the contract date. This item includes an amount of L.E 5 295 462 representing the amount paid under maintenance, management & operation expenses of the project's public utilities related to the building for three years.

12- Long - term trade & notes receivable

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

	31/3/2011 L.E	31/12/2010 L.E
Trade receivables	135 968 034	165 475 185
Notes receivable	893 701 539	1 104 286 254
	1 029 669 573	1 269 761 439
Deduct: unamortized discount	77 442 575	96 346 202
	952 226 998	1 173 415 237

- The Company's exposure to credit, currency risks & impairment losses related to trade & notes receivable are disclosed in note No. (44).

13- Completed commercial units ready for sale

This item represents the cost of the completed residential units ready for sale in the first phase of the project and is represented as follows:

	31/3/2011	31/12/2010
	L.E	L.E
Cost of completed commercial units in 3/B area	759 490	493 910
Cost of commercial units in 3/B area	3 503 315	3 503 315
	4 262 805	3 997 225

14- Works in process

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

	31/3/2011	31/12/2010
	L.E	L.E
Allegria project		
Cost of the Company's land intended for use	245 689 079	247 910 689
Planning , survey , supervision, soil researches & others	204 844 696	170 205 285
Buildings & traffics	779 736 714	731 134 254
Other costs	36 622 286	29 536 991
	1 266 892 775	1 178 787 219
WESTOWN project		
Cost of the Company's land intended for use	67 516 366	67 516 366
Planning , survey , supervision, soil researches & others	68 140 066	59 408 330
Buildings & traffics	37 962 674	23 572 413
Other costs	18 813 739	15 533 161
	192 432 845	166 030 270
Golf course & club Project *		
Cost of the Company's land intended for use	29 468 923	29 468 923
Planning , survey , supervision & soil researches & others	16 446 306	16 446 306
Building & utilities	90 753 901	90 300 366
Other Costs	4 944 907	4 944 907
	141 614 037	141 160 502
Fourth phase costs (4A, 4B), showrooms & others		
Cost of land	74 359 718	74 359 718
Planning , survey , supervision & soil researches & others	1 042 709	1 042 709
Building & utilities	2 990 166	2 990 166
Other costs	374 346	374 346
	78 766 939	78 766 939
	1 679 706 596	1 564 744 930

* A contract with SODIC for Golf and Tourist Development Co. (a subsidiary) is currently being concluded for leasing the golf course & club as from the beginning of April 2011 after completing all delivery minutes.

15- Trade & notes receivable

	31/3/2011	31/12/2010
	L.E	L.E
Trade receivables	186 657 065	224 064 024
Notes receivable	670 052 940	613 522 568
	856 710 005	837 586 592
Deduct: Unamortized discount	14 317 117	8 344 203
	842 392 888	829 242 389
Impairment loss on trade & notes receivables	(200 000)	(200 000)
	842 192 888	829 042 389

- The Company's exposure to credit & currency risks related to trade & notes receivable is disclosed in note No. (44).

16- Due from related parties

	31/3/2011	31/12/2010
	L.E	L.E
SODIC Property Services Co. – a subsidiary	19 423 314	19 074 105
Sixth of October for Development & Real Estate Projects (SOREAL) – a subsidiary	542 444 371	506 591 738
SODIC Garden City for Development & Investment Co. – a subsidiary	88 439	518 294
Greenscape for Agriculture & Reclamation Co. – a subsidiary	2 691 148	2 983 373
Move-In for Advanced Contracting Co. – a subsidiary	547 900	6 938
El Yosr for Projects and Agriculture Development Co. – a subsidiary	9 143 350	1 641 633
SODIC for Development and Real Estate Investment Co. – a subsidiary	192 577 934	192 184 052
SODIC SIAC for Real Estate Investment Co. – a subsidiary	756 811	7 204 487
SODIC Syria Co. – a subsidiary *	370 724 820	360 916 472
Fourteen for Real Estate Investment Co. – a subsidiary **	29 888 653	29 090 493
Ceremony for Real Estate Investment Co. – a subsidiary	12 485	11 485
La maison for Real Estate Investment Co. – a subsidiary	19 948 483	11 483
Edara for Services of Cities and Resorts Co. – a subsidiary	2 275 065	2 138 033
SODIC Co. for Management of Cities and Resorts	-	3 455
SODIC Allegria for Real Estate Investment– a subsidiary	11 583	10 520
Royal Gardens Co. for Real Estate Investment – an associate	10 000	-
Palmyra Real Estate Development Co. – a subsidiary	983 274	947 527
Tegara for Trading Centers Co. – a subsidiary	1 490 107	574 400
SODIC for Golf & Tourist Development Co. – a subsidiary	9 743 828	9 728 436
Beverly Hills Co. for Management of Cities & Resorts – a subsidiary	193 000	163 373
	1 202 954 565	1 133 800 297

* On June 15, 2010, SODIC Syria Co. –a Syrian limited liability Company- a 99% owned by Fourteen for Real Estate Investment Co. which is a wholly owned by a subsidiary was incorporated for the purpose of acquiring a stake of 50% of the share capital of Palmyra Real Estate Development Company. The balance due from SODIC Syria Co. includes an amount of L.E 116 025 000 equivalent to USD 19.5 million transferred to SODIC Syria Co. on September 15, 2010 according to the resolution of the Company's board of directors on September 5 , 2010.

** The balance due from Fourteen for Real Estate Investment Co. includes an amount of L.E 29 750 000 equivalent to USD 5 million transferred to SODIC Syria Co. as a down payment from the bridge loan totaled USD 25 million which shall be paid in full in a maximum period ending on December 2011 according to the resolution of the Company's board of directors on October 27, 2010.

17- Debtors & other debit balances

	31/3/2011	31/12/2010
	L.E	L.E
Contractors & suppliers – advance payments	212 178 015	249 338 390
Corporate profit tax paid in excess *	227 256	227 256
Interest receivable	1 088 311	1 970 608
Accrued management fees **	8 925 000	5 792 500
Prepaid expenses ***	134 034 784	125 582 856
Deposits with others	942 301	942 301
Other debit balances	947 208	1 057 043
	358 342 875	384 910 954
Impairment loss on debtors & other debit balances	(355 157)	(355 157)
	357 987 718	384 555 797

* This item is represented in the amount due from the Tax Authority – Corporate Profit Tax which represents the tax paid in excess according to the amended tax return for year 2008 of L.E 12 973 398 after deducting the income tax payable for the financial period ended March 31, 2010 of L.E 12 746 142 as detailed in note No. (47) below.

** This amount is represented in the management fees due to the Company for management works of SODIC - Palmyra Real Estate Development Company - a Syrian limited liability Company which SODIC Syria Co. – a subsidiary has a participation of 50% according to the Partners Agreement concluded between this subsidiary and SODIC - Palmyra Real Estate Development Company LTD dated June 16, 2010.

*** This item includes an amount of L.E 34 463 760 (2010: an amount of L.E 28 930 419) representing the capitalized amount for the amounts paid to some customers who booked residential units in Allegria project and assigned their contracts to the Company. The balance will be capitalized till the resale and the recognition of revenues related to these units.

- The Company's exposure to credit & currency risks related to other debtors is disclosed in note No. (44).

18- Held for trading investments

This item is represented in the following:

	31/3/2011 L.E	31/12/2010 L.E
Investment instruments -Alexandria Bank Fund	60 280 721	59 230 831
	60 280 721	59 230 831

- The Company's exposure to market risk related to trading investments is disclosed in note No. (44).

19- Cash at banks & on hand

	31/3/2011 L.E	31/12/2010 L.E
Bank – time deposits	498 000 000	546 094 016
Bank – current accounts	124 950 891	107 077 543
Checks under collection	7 037 662	6 370 245
Cash on hand	963 510	808 566
	630 952 063	660 350 370

- The Company's exposure to interest rate risk & sensitivity analysis for financial assets is disclosed in note No. (44).

20- Provisions

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

	Balance as at 1/1/2011 L.E	Provision formed during the period L.E	Provision used during the period L.E	Balance as at 31/3/2011 L.E
Provision for completion of works *	126 906 439	3 021 024	(2 953 538)	126 973 925
Provision for claims **	6 069 894	39 312	-	6 109 206
	132 976 333	3 060 336	(2 953 538)	133 083 131

* This provision is formed for the estimated costs to complete the execution of the delivered works and expected to be incurred and finalized during the following years.

** This provision is formed for probable taxes, lawsuits and some other expected liabilities.

21- Bank – credit facilities

	31/3/2011 L.E	31/12/2010 L.E
The amount used from the credit facility granted to the Company from Alexandria Bank during the year 2009 with total amount of L.E 85 million and bears interest rate of 2% per annum over borrowing and discount rate declared by the Central Bank of Egypt. This facility is guaranteed by a promissory note amounting to L.E 85 million. At the end of 2010, the Company agreed with the bank to restructure this facility and agreed to consider the balance of this facility amounted to L.E 85 951 368 as part of the medium –term loan totaled L.E 435 million as detailed in note No. (31) below.	-	85 951 368
Balance as at March 31, 2011	-	85 951 368

22- Customers – deposits

This item is represented in the deposits for booking and contracting of units & lands not ready for handing over yet as follows:

	31/3/2011	31/12/2010
	L.E	L.E
Land deposits – (Fourth area)	676 599	676 599
Deposits for booking , contracting & installments of residential units (Fourth area)	785 804	785 804
Deposits – Allegria project	2 782 490 492	2 846 593 355
Deposits – Forty West project	252 705 616	275 300 584
	3 036 658 511	3 123 356 342

23- Contractors, suppliers & notes payable

	31/3/2011	31/12/2010
	L.E	L.E
Contractors	60 671 044	58 317 463
Suppliers	4 436 034	6 033 796
Notes payable	51 184 208	55 300 402
	116 291 286	119 651 661
Deduct: Discount on notes payable	1 175 652	4 482 175
	115 115 634	115 169 486

- The Company's exposure to currency & liquidity risks related to contractors & suppliers is disclosed in note no. (44).

24- Due to related parties

	31/3/2011	31/12/2010
	L.E	L.E
Move - In for Advanced Contracting Co. – a subsidiary	126 574	126 574
Greenscape for Agriculture & Reclamation Co. – a subsidiary.	877 328	1 203 622
WESTOWN for Real Estate Co.– a subsidiary	241 727	242 727
Polygon for Tourist Development Co.– a subsidiary	242 759	243 759
WESTOWN for Real Estate Development Co. – a subsidiary	241 747	242 747
SODIC SIAC Co. for Real Estate Investment – a subsidiary	-	9 183 922
Edara for Services of Cities and Resorts Co. – a subsidiary	1 350 966	900 379
Beverly Hills Co. for Management of Cities & Resorts – a subsidiary	616 015	-
	3 697 116	12 143 730

25- Creditors & other credit balances

	31/3/2011 L.E	31/12/2010 L.E
Accrued expenses	132 814 481	127 537 957
Amounts collected on account of management, operation & maintenance of Allegria project	56 330 690	57 156 117
Customers of Beverly Hills Co. & Resorts – capital contributions	4 107 322	4 334 493
Amounts collected on account of management, operation & maintenance of Forty West project	5 412 917	6 030 077
Deposits collected from customers	8 706 034	8 001 034
Customers-credit balances of Polygon project	8 159 920	10 350 706
Liability for cash settled share-based payments transactions – Executive directors *	1 496 847	1 237 181
Customers – credit balances	5 140 250	6 749 909
Dividends payable	91 643	91 643
Tax Authority	4 038 237	3 042 177
Income tax expected for the period	2 195 397	-
Accrued compensated absence	1 032 574	1 165 820
Sundry creditors	2 557 627	2 197 639
	232 083 939	227 894 753

* This item represents the amount due to some executive directors as detailed in note No. (38).

- The Company's exposure to currency & liquidity risks related to creditors is disclosed in note No. (44).

26- Share capital

- The Company's authorized capital before increase was determined at L.E 500 million (five hundred million Egyptian pounds).
- The Company's issued share capital before the increase amounted to L.E 167 981 070 (only hundred sixty seven million nine hundred eighty one thousand and seventy Egyptian Pounds) distributed over 16 798 107 shares at a par value of L.E 10 per share fully paid, and annotation was made in the Company's Commercial Registry to this effect.
- On July 10, 2003, the Company's Extraordinary General Assembly Meeting decided to reduce the Company's issued capital with an amount of L.E 8 134 750 (eight million hundred thirty four thousand seven hundred and fifty Egyptian Pounds) representing the par value of the treasury shares – according to article 48 of law No. 159 of 1981 to L.E 159 846 320 (hundred fifty nine million eight hundred forty six thousand and three hundred and twenty Egyptian Pounds) distributed over 15 984 632 shares (fifteen million nine hundred eighty four thousand six hundred and thirty two shares). Capital Market Authority issued its letter No. 6610 on October 9, 2003 approving the reduction of the Company's issued capital, and annotation was made in the Company's Commercial Registry to this effect.

- On October 16, 2006, the Company's Extraordinary General Assembly Meeting has unanimously decided to:

• Approve the Company's board of directors resolution made on 10/9/2006 regarding the increase in the issued capital through offering 9 million shares to new shareholders in a private placement and increasing the shares offered in the private placement with 2 million to be allocated to the original shareholders with the same conditions and terms .Accordingly , the increase in the issued capital from L.E 159 846 320 to L.E 269 846 320 shall be within the limits of the authorized share capital amounting to L.E 500 million by issuing 11 million ordinary shares at a fair value of L.E 100 per share (representing a par value of L.E 10 in addition to a share premium of L.E 90) as determined by the Company's and prepared according to the average share price at Cairo & Alex Stock Exchange prevailing during the two years (a week and two months, average share price for a week and two months) prior to the date of publishing the approval of the Company's board of directors on the capital increase made on 11/9/2006 .Subscription in the increase introduced to the new shareholders in a private offering shall be made as a deduction from the credit balances of these new shareholders directly paid to the Company before the date of the shareholders' meeting , and the credit balances set aside in the escrow account in favor of the Company as well as the credit balances that shall be transferred to the Company's account within three weeks from holding the shareholders' meeting on condition that the total of those credit balances should be added to the capital participation provided that the original shareholders shall be allowed to make subscriptions in the private offering of 2 million additional shares at the same terms and conditions (2 million shares of the increase shares) within a week after the lapse of 15 days from publishing the invitations of original shareholders to make the subscriptions.

  In addition to the above , the shareholders meeting approved the board of directors resolution regarding the increase in the issued capital with one million shares where the board of directors shall be authorized to issue these shares at the same value in order to finance the employees and managers incentive and bonus plan.

• Approve assigning the preemption right of the original shareholders to subscribe in the issued capital increase by issuing 9 million shares to be allocated to the new shareholders, and authorize the board of directors to issue one million shares allocated for the employees and managers incentive and bonus plan at a fair value of L.E 100 per share , without applying the preemption right of the original shareholders stated in the Company's Articles of Association, and in light of using the credit balances to finance the purchase of 99.99 % of the Capital of Sixth of October Company for Real Estate Development and the reasons of limiting the private placement to new shareholders, as well as the Company's expansion plan explained in detail at the shareholders meeting.

- An amount equivalent to L.E 900 million was collected from the new shareholders of which L.E 90 million represents the par value of the increase shares 9 million shares, and the remaining L.E 810 million represent share premium of these shares as shown in note No. (29). Annotation was made in the Company's Commercial Registry on 18/12/2006.

- On 24/10/2006, convocation was made for the original shareholders to subscribe to 2 million shares at a fair value of L.E 100 per share. The amount subscribed to and paid till 20/11/2006 (the date of closing the subscription) is L.E 192 876 400 for 1 928 764 shares of which L.E 19 287 640 represents the par value of the shares subscribed to and L.E 173 588 760 represents share premium as stated in the Egyptian Gulf Bank certificate dated 26 / 11 / 2006.

- Accordingly, the Company's issued capital after the increase shall become L.E 269 133 960 (only two hundred sixty nine million, hundred thirty three thousand and nine hundred sixty Egyptian Pounds) distributed over a number of 26 913 396 shares at par value of L.E 10 per share fully paid, and annotation was made in the Company's Commercial Registry on 18/12/2006.

- On May 16, 2007, The Company's board of directors decided to approve the increase of the issued capital through the issuance of one million ordinary shares in favor of and under the account of incentive & bonus thus, in line with implementing the Extraordinary General Assembly decision dated on October 16, 2006. Capital Market Authority made its decision on June 28, 2007 regarding the approval of issuing the shares of the capital increase in the amount of one million ordinary nominal share with nominal value of L.E 10 for each share, and the total amount of the issuance is L.E 10 million that is fully paid in cash and equivalent to 100 % of the increase amount in addition to L.E 90 million as share premium to be transferred to the reserves, according to the certificate of Arab African International Bank's Head office as at June 5, 2007. Annotation was made in the Company's Commercial Registry on 5/7/2007.

  Accordingly, the issued capital after the increase is amounting to L.E 279 133 960 (only two hundred seventy nine million one hundred thirty three thousands, and nine hundred and sixty Egyptian Pound) distributed over 27 913 396 cash share with nominal value of L.E 10 per share fully paid.

- On April 6, 2008, the Extra-ordinary General Assembly Meeting agreed the approval of the Company's board of director's decision issued on August 6, 2007 regarding the increase of the Company's capital with additional 500 000 shares (only five hundred thousand shares) of the Company's shares to be issued on nominal value and to be allocated for the incentive and bonus plan of the Company's employees, directors and executive board members. Accordingly, the Company's share capital will amount L.E 284 133 960 (only two hundred eighty four million one hundred thirty three thousand, and nine hundred and sixty Egyptian Pound) distributed over 28 413 396 shares (twenty eight million four hundred thirteen thousand and three hundred and ninety six shares) instead of L.E 279 133 960 (only two hundred seventy nine million and one hundred thirty three thousand and nine hundred and sixty Egyptian Pound) provided that the finance of such increase will be made by utilizing the reserves with the assignment of the preemptive right of the old shareholders to subscribe in the said increase. Accordingly, the allocated shares for this plan will become 1.5 million shares instead of one million only.

- On June 11, 2008, Capital Market Authority approved the issuance of the shares of the share capital increase of 500 000 ordinary nominal share with nominal value of L.E 10 per share with total amount of the issuance of L.E 5 million as additional shares to be allocated for the incentive and bonus plan of the Company's employees, directors and executive board members and fully paid from the special reserve according to the financial position as at December 31, 2007. Accordingly, the Company's total issued share capital become L.E 284 133 960 (only two hundred eighty four million one hundred thirty three thousand and nine hundred and sixty Egyptian Pound) distributed over 28 413 396 shares (twenty eight million four hundred thirteen thousand and three hundred and ninety six shares) with a nominal value of L.E 10 per share which are fully paid. Annotation was made in the Company's Commercial Registry on June 18, 2008.

- On December 7, 2009, the Company's Extraordinary General Assembly Meeting agreed to increase the authorized capital to become L.E 2 800 000 000 (Two billion and eight hundred Egyptian Pound). Annotation was made in the Company's Commercial Registry to reflect such increase on March 4, 2010.

- On November 4, 2009, the Board of Directors discussed increasing the issued capital of the Company within the limit of the authorized capital and determining the offering price of the capital increase shares as proposed in the report of the independent financial advisor who was appointed pursuant to the resolution issued by the Board of Directors in its meeting held on October 12th, 2009 which resolved that the fair value of the Company's share shall be EGP 153.50 per share, and recommended in its report that the increase price shall range between EGP 65 and 75 per share, accordingly, the Board of Directors approved that the offering price shall be EGP 70 per share that is in agreement with the average share price during the last six months and applying a discount rate at 54.4 % of the fair value per share as determined in the report of the fair value in order to encourage the Company's old shareholders to subscribe in the Company's shares.

Based on the aforementioned, the Board of Directors approved the increase of the Company's issued capital within the limits of the Company's authorized capital with an increase amounted from EGP 284 133 960 to EGP 362 705 390 that represents a nominal increase of EGP 78 571 430 through the issuance of 7 857 143 shares in which subscription is made at the value approved by the Board of Directors amounting to EGP 70 per share, accordingly, the total value of the increase in the Company's issued capital according to the value approved by the Company's Board of Directors shall become EGP 550 000 010 including the share premium, provided that the difference between the par value and the issuance price of the increase shares shall be transferred to a reserve account pursuant to article (17) or the Executive Regulations of the Capital Market Law No. (95) of the year 1992. This increase shall be fully allocated to the benefit of the Company's old shareholders and the purchaser of the share till the date specified in the prospectus. An amount EGP 83 070 956 was paid under the account of the increase in the Company's issued capital till December 31st, 2009. Subscription was made in these shares in full and the value of the increase was deposited at the bank based on the certificate of deposit of Bank of Alexandria – Cairo Branch, dated January 24th, 2010. On March 4th, 2010 annotation was made in the Company's Commercial Registry to the effect of the increase, accordingly, the Company's issued capital amounting to EGP 362 705 390 was paid in full.

On January 27, 2011, the Extra-ordinary General Assembly meeting of the Company agreed on the proposition of the Company's board of directors meeting held on December 15, 2010 with respect to the stock split of the par value of the Company' share of L.E 10 to become L.E 4 per share in the light of the consent of the Egyptian Financial Supervisory Authority issued on December 14, 2010.The necessary procedures regarding the amendment of the Articles of Association and annotation in the Company's Commercial Registry in this regard are currently undertaken.

27- Legal reserve

According to the Company' statutes, the Company is required to set aside 5 % of annual net profit to form a legal reserve. The reserve balance as at March 31, 2011 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. 28).	123 409 151
Increase of the legal reserve with part of capital increase share premium during 2007 with limits of half of the Company's issued share capital. (Note No. 28).	5 000 000
Increase of legal reserve with a 5% of the net profit for year 2008.	2 339 350
Increase in legal reserve with a part of the capital share premium during 2010 with limits of half of the Company's issued share capital (Note No. 28)	39 446 365
Balance as at March 31, 2011	181 352 695

28- Special reserve – share premium

The balance is represented in the remaining amount of capital increase share premium for a number of 11 million shares during 2006 and share premium increase of one million share for the incentive and bonus plan during 2007 share premium increase of 7 857 143 shares during 2011 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	983 588 760
Deduct:	
Amounts credited to the legal reserve during 2006 according to the provision of Article No. (94) Of the executive regulations of law No. 159 of 1981 related to the addition of the share premium to the legal reserve until equal to half of the issued capital.	123 409 151
Total issuance expenses attributable to the issuance of the capital increase shares during 2006.	27 740 255
Add:	
Share premium of the employees' incentive & bonus plan issued during 2007	90 000 000
Deduct:	
Amounts credited to the legal reserve during 2007 according to the provision of Article No. (94) of the executive regulations of law No. 159 of 1981 related to the addition of the share premium to the legal reserve until equal to half of the issued capital.	5 000 000
Deduct:	
Amounts credited to the share capital during 2008 according to the Extra Ordinary General Assembly Meeting held on 6/4/2008 (note No. 26).	5 000 000
Add:	
Total share premium of the increase in share capital collected during 2010	471 428 580
Deduct:	
Amounts credited to the legal reserve during 2010 according to the provision of Article No. (94) of the executive regulations of law No. 159 of 1981 related to the addition of the share premium to the legal reserve until equal to half of the issued capital.	39 446 365
Deduct:	
Total issuance expenses attributable to the issuance of the capital increase shares during 2010.	27 500 000
Balance as at March 31, 2011.	1 316 921 569

29- Treasury shares

This item is represented in the remainder of the amount paid by the Company in return for issuing one million ordinary share with a fair value of L.E 100 per share under account and in favor of the Incentive and bonus plan of the Company's employees and managers which are kept in Arab African International Bank as detailed in note No. (26) as follows:-

Description	L.E
For financing of one million shares from the bonus& incentive plan with a fair value of L.E 100 per share during 2007.	100 000 000
Deduct:	
The value of 200 000 shares sold by the beneficiaries from the bonus & incentive plan during December 2007 out of which an amount of L.E 15 million was paid to the Company of L.E 75 per share.	20 000 000
Balance as at March 31, 2011	80 000 000

30- Set aside amount for bonus & incentive plan

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

Description	L.E
Represents the difference between the fair value of the shares granted to the beneficiaries from the bonus & incentive plan for one million share (allocated over 5 years) for 60 months and the agreed upon share price in accordance with the bonus & incentive plan as at March 31, 2011.	25 000 000
Deduct:	
The difference between the grant date fair value of the shares and the agreed upon share price in accordance with the bonus & incentive plan for 200 000 share that were sold in favor of the beneficiaries during December 2007.	5 000 000
Balance as at March 31, 2011	20 000 000

31- Long-term loans

	31/3/2011 L.E	31/12/2010 L.E
At the end of year 2010, the 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 building of Allegria project and its infrastructure. By virtue of this agreement , the bank grants a new financing 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 (note No. 21) according to the following conditions and guarantees :-	90 217 451	-

Loan term: - 3 years and half effective from the signing date on the loan agreement.

Withdrawal period: - one year starting from the signing date on the loan agreement.

Grace period:- 6 months starting from the end of the withdrawal period.

Method of payment: - the loan is repayable on (8) equal quarterly installments after the end of the withdrawal period.

Interest rate: - CORRIDOR rate for lending declared by Central Bank plus 2.85%.

Guarantees:-

a) Signing on a promissory note of the total amounting to L.E 435 million.

b) The pledge of the shares of El Yosr for Projects and Agriculture Development Co. (a subsidiary).

c) The bank maintains the account of the revenue of 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.

	31/3/2011 L.E	31/12/2010 L.E
Balance as at March 31, 2011	90 217 451	-

32- Long-term notes payable

This item is represented in the following:

	31/3/2011 L.E	31/12/2010 L.E
Total nominal value of the checks issued to New Urban Communities Authority which are payable during the period from May 2, 2012 till May 2, 2016.	154 595 816	154 595 816
Total nominal value of the checks issued to SODIC SIAC for Real Estate Investment Co. which are payable during the period from 2012 till 2015 *	42 172 820	42 172 820
Total nominal value of the checks issued by the Company on behalf of La Maison for Real Estate Investment Co. (a subsidiary) on account of the acquisition of all shares of a company which are payable during the years from 2012 till 2014.	18 520 000	-
	215 288 636	196 768 636
Discount on notes payable	(33 065 226)	(33 065 226)
	182 223 410	163 703 410

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

- The Company's exposure to credit risk related to long-term notes payable is disclosed in note No. (44).

33- Deferred tax liabilities

	31/3/2011 L.E	31/12/2010 L.E
Fixed assets	492 768	551 886
Deferred tax liability	492 768	551 886

34- Sales (net)

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

	The three-month ended 31/3/2011 L.E	The three-month ended 31/3/2010 L.E
Sales of villas in Allegria project	51 727 728	-
Sale of land to SODIC SIAC for Real Estate Investment Co.	-	236 244 885
Sales returns of villas in Allegria project	(14 637 494)	-
	37 090 234	236 244 885

35- Cost of sales

	The three-month ended 31/3/2011 L.E	The three-month ended 31/3/2010 L.E
Cost of sales of villas in Allegria project	40 874 460	-
Cost of land sold to SODIC SIAC for Real Estate Investment Co.	-	8 685 752
Cost of sales returns of villas in Allegria project	(6 938 536)	-
	33 935 924	8 685 752

36- Other operating revenues

	The three-month ended 31/3/2011 L.E	The three-month ended 31/3/2010 L.E
Interest income realized from installments during the period	11 842 119	6 921 169
Assignment & cancellation dues	2 229 034	1 595 170
Sundry income	1 874 248	780 480
Management fees	3 132 500	-
Rental income	47 390	92 090
Gain on sale of fixed assets	103	38 048
Commission on marketing and promotion of Auto Ville project	-	362 304
	19 125 394	9 789 261

37- Selling & marketing expenses

	The three-month ended 31/3/2011 L.E	The three-month ended 31/3/2010 L.E
Salaries & wages	5 180 522	2 984 019
Sales commissions	1 417 996	125 356
Customer deposits – Contact	-	47 531
Collection fees for Contact checks	-	3 808
Advertising expenses	2 248 703	3 829 380
Printouts & photocopy	21 382	46 751
Conferences & exhibitions	75 462	216 325
Rent	608 382	447 991
Entertainment	23 721	40 348
Travelling and transportation	719 930	17 797
Others	955 334	530 947
	11 251 432	8 290 253

38- General & administrative expenses

	The three-month ended 31/3/2011 L.E	The three-month ended 31/3/2010 L.E
Salaries & bonuses *	5 797 911	3 124 353
Board of directors' remunerations & allowances **	3 701 474	4 217 886
Training	1 070	247 847
Professional & consultancy fees	2 042 128	689 980
Advertising	703 632	505 503
Donations	335 716	1 000 000
Maintenance, cleaning, agriculture & security	6 310 814	1 869 787
Administrative depreciation of fixed assets & leased out units	945 826	747 894
Subscriptions & governmental dues	99 500	330 820
Rent	156 034	97 071
Travelling and transportation	342 100	182 909
Communication and electricity	355 649	212 414
Others	2 542 149	2 229 838
	23 334 003	15 456 302

* This item includes salaries for the executive board members as follows :

	The three-month ended 31/3/2011 L.E	The three-month ended 31/3/2011 L.E
Salaries	2 030 334	1 736 249
Cash settled share-based payments (a)	259 665	1 052 842
Equity settled share - based payments (b)	1 250 000	1 250 000
	3 539 999	4 039 091

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

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

Employees entitled	Grant date	Number of shares in thousands	Fair value of share at grant date L.E	Market value of share at 31/3/2011 L.E	Conditions
Some executive board members	1/4/2006	-	75	63.41	Vested after 6 months from grant date (salaries)

The amount of expense charged to the income statement during the period amounted to L.E 259 665 and the liability balance amounted to L.E 1 496 847 as at March 31, 2011 was included under creditors & other credit balances caption in the separate balance sheet.

(b) This item is represented in the difference between the grant date fair value of the shares granted to the executive directors and the agreed upon share price in accordance with the bonus & incentive plan as shown in note No.(49) as follows:

- On May 16, 2006, the Company's board of directors approved some other benefits to the Company's managing director which are represented in granting him share appreciation rights for a number of 750 thousand of the Company's shares with exercise price of L.E 75 per share effective from 1/4/2006 and for five years year provided that achieving certain terms and conditions.
- On March 28, 2007, the board of directors agreed on the monthly salary and the additional benefits granted to the managing director within the employees' incentive and bonus plan (note No. 49) starting from 1/4/2006.
- On September 23, 2007, the Supervisory Committee of the bonus & incentive plan of employees & executive board members agreed on the allocation of 75 thousand shares to board members as detailed in note No. (49) below. Accordingly, total shares allocated to the board members & executive directors from the bonus & incentive plan reached 1 000 000 shares as at December 31, 2010.

** This item includes an amount of L.E 150 000 representing the salary of the chairman.

39- Other operating expenses

	The three-month ended 31/3/2011 L.E	The three-month ended 31/3/2010 L.E
Discount on early payment	164 773	1 450 694
Provision for claims	39 313	1 117 485
	204 086	2 568 179

40- Finance income

	The three-month ended 31/3/2011 L.E	The three-month ended 31/3/2010 L.E
Interest income	8 249 461	16 643 700
Unrealized gain on held for trading investments	1 049 890	1 394 550
Net foreign exchange differences	13 238 989	7 708
	22 538 340	18 045 958

41- Finance expenses

	The three-month ended 31/3/2011 L.E	The three-month ended 31/3/2010 L.E
Interest charges	3 391 691	2 842 471
Interests expense of installments of Sheikh Zayed land	3 306 522	3 857 610
	6 698 213	6 700 081

42- Income tax expense

	The three-month ended 31/3/2011 L.E	The three-month ended 31/3/2010 L.E
Current income tax expense	2 195 397	20 250 232
Deferred income tax expense (benefit)	(59 118)	24 656 264
	2 136 279	44 906 496

Reconciliation of effective tax rate

	The three-month ended 31/3/2011 LE	The three-month ended 31/3/2010 L.E
Net profit before income tax	3 330 310	222 379 538
Tax rate	20%	20%
Expected income tax	-	44 475 908
Effect of depreciation	(59 118)	7 613
Effect of provisions	-	223 497
Effect of separate tax brackets	2 195 397	-
Other	-	199 478
Tax as shown in the income statement *	2 136 279	44 906 496
Effective tax rate	64.15%	20.19%

* Income tax expense of the three- month ended March 31, 2010 was recognized during this period based on the estimated tax without the effect of what has been stated in note no. (47) below as this amount represented the estimate made by management according to the circumstances available on that date.

43- Earnings per share

Earnings per share are calculated using weighted average method to number of shares outstanding during the period as follows:

	The three-month ended 31/3/2011 L.E	The three-month ended 31/3/2010 L.E
Net profit for the period	1 194 031	177 473 040
Divided by:		
Weighted average number of shares outstanding during the period *	36 270 539	30 770 539
Earnings per share (L.E/share)	0.03	5.77

* The weighted average number of shares during the period was calculated as follows:-

	The three-month ended 31/3/2011 L.E	The three-month ended 31/3/2010 L.E
Issued share capital before increase	36 270 539	28 413 396
Effect of share capital increase during the period	-	2 357 143
Weighted average number of shares outstanding during the period	36 270 539	30 770 539

44- Financial instruments

44-1 Credit risk

Exposed to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the separate financial statements date was:

	Note No.	31/3/2011 L.E	31/12/2010 L.E
Long-term trade & notes receivable	(12)	952 226 998	1 173 415 237
Short-term trade & notes receivable	(15)	842 192 888	829 042 389
Other debtors	(17)	11 774 919	9 634 551
Held for trading investments	(18)	60 280 721	59 230 831
Cash & cash equivalents	(19)	629 988 553	659 541 804
		2 496 464 079	2 730 864 812

44-2 Liquidity risk

The following are the contractual maturities of financial liabilities:

March 31, 2011

	Carrying amount L.E	6 months Or less L.E	6-12 months L.E	1-2 years L.E	2-5 years L.E	More than 5 years L.E
Long-term loans	90 217 451	-	-	90 217 451	-	-
Contractors & suppliers	65 107 078	17 244 560	47 862 518	-	-	-
Other creditors	232 083 939	141 100 968	30 102 172	52 736 757	8 144 042	-
Notes payable – short term	50 008 556	50 008 556	-	-	-	-
Notes payable – long term	182 223 410	-	-	59 561 724	98 355 568	24 306 118
Total	619 640 434	208 354 084	77 964 690	202 515 932	106 499 610	24 306 118

December 31, 2010

	Carrying amount L.E	6 months or less L.E	6-12 months L.E	1-2 years L.E	2-5 years L.E	More than 5 years L.E
Bank – credit facilities	85 951 368	85 951 368	-	-	-	-
Contractors & suppliers	64 351 259	17 391 679	46 959 580	-	-	-
Other creditors	227 894 753	88 816 746	79 513 938	50 069 611	9 494 458	-
Notes payable – short term	50 818 227	50 818 227	-	-	-	-
Notes payable – long term	163 703 410	-	-	49 778 145	89 619 147	24 306 118
Total	592 719 017	242 978 020	126 473 518	99 847 756	99 113 605	24 306 118

44-3 Currency risk

Exposure to currency risk

The Company's exposure to foreign currency risk was as follows based on notional amounts:

	31/3/2011		31/12/2010	
Description	**L.E**	**USD**	**L.E**	**USD**
Cash at banks	369 668 928	43 913 132	591 321 050	11 917 017
Other creditors	(222 871 161)	(1 548 367)	(221 972 848)	(1 022 340)
Net exposure	146 797 767	42 364 765	369 348 202	10 894 677

The following significant exchange average rates applied during the period:

L.E	Average rate		Reporting date spot rate	
	31/3/2011	31/3/2010	31/3/2011	31/12/2010
USD	5.87	5.47	5.95	5.79

44-4 Sensitivity analysis

A 10 percent strengthening of the USD against the following currencies at March 31, 2011 would have increased (decreased) profit & loss by the amounts shown below.

This analysis assumes that all other variables, in particular interest rates. The analysis is performed on the same basis for year 2009.

	Profit & loss
	L.E
March 31, 2011	
USD	25 207 035
December 31, 2010	
USD	6 310 741

A 10 percent weakening of the USD against the above currencies at March 31, 2011 would have had the equal but the opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

44-5 Interest rate risk

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

	Carrying amount	
	31/3/2011	31/12/2010
	L.E	L.E
Fixed rate instruments		
Financial assets	1 794 419 886	2 002 457 626
Financial liabilities	(322 449 417)	(195 261 635)
	1 471 970 469	1 807 195 991
Variable rate instruments		
Financial liabilities	-	(85 951 368)
	-	(85 951 368)

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

44-6 Fair values

Fair values versus carrying amounts

The fair values of financial assets and liabilities, together with the carrying amounts in the unconsolidated balance sheet are as follows:

	31/3/2011		31/12/2010	
	Carrying amount	Fair value	Carrying amount	Fair value
	L.E	L.E	L.E	L.E
Trade & notes receivable	1 794 419 886	1 794 419 886	2 002 457 626	2 002 457 626
Held for trading investments	60 280 721	60 280 721	59 230 831	59 230 831
Cash and cash equivalents	630 952 063	630 952 063	660 350 370	660 350 370
Contractors, suppliers & notes payable	(115 115 634)	(115 115 634)	(115 169 486)	(115 169 486)
Other creditors	(232 083 939)	(232 083 939)	(227 894 753)	(227 894 753)
Notes payable	(182 223 410)	(182 223 410)	(163 703 410)	(163 703 410)
	1 956 229 687	1 956 229 687	2 215 271 178	2 215 271 178

The basis for determining fair values is disclosed in note No. (4) above.

45- Transactions with related parties

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

Party	Relationship	Nature of transaction	The three-month ended 31/3/2011 Amount of Transaction L.E	The three-month ended 31/3/2010 Amount of transaction L.E
Beverly Hills Co. for Management of Cities & Resorts	An associate	Works of agriculture, maintenance & security services for Beverly Hills City.	1 506 863	2 882 136
SODIC Property Services Co.	A subsidiary	Advance payments under the account of sales commissions	-	4 925 580
		Fixed assets transferred to the Company	-	546 231
		Rent of administrative units	-	-
Sixth of October for Development & Real Estate Projects (SOREAL)	A subsidiary	Payments on behalf of the Company	36 875 082	27 141 724
		Cash proceeds	1 022 449	18 924 810
SODIC Garden City for Development & Investment Co.	A subsidiary	Payments & expenses made on its behalf.	-	12 638
		Commissions of Auto Ville project.	-	398 534
Move-In for Advanced Contracting Co.	A subsidiary	Completion & furnishing works	-	86 195
		Financing	500 000	20 000
		Rent of administrative units	26 667	194 633
		Payments on behalf of the Company.	-	-
Edara for Services of Cities and Resorts Co.	A subsidiary	Works of agriculture, maintenance & security services for Allegria City.	365 852	-
Tegara for Trading Centers Co.	A subsidiary	Payments on behalf of the Company.	1 490 107	-
SODIC for Golf and Tourist Development Co.	A subsidiary	Payments on behalf of the Company.	9 743 829	5 106 653
SODIC SIAC for Real Estate Investment Co.	A subsidiary	Payments on behalf of the Company	16 516	4 922 752
		Sale of lands	-	236 244 885
		Sales commission of Polygon project	-	1 237 217
		Works of SODIC SIAC building No.(1)	3 141 322	906 378

Green scape for Agriculture & Reclamation Co.	A subsidiary	Rent of administrative units	-	24 090
		Works of roads, utilities, irrigation, co-ordination and agriculture of Allegria project & golf course	1 768 147	5 687 390
SODIC for Development & Real Estate Investment Co.	A subsidiary	Financing of investments in subsidiaries	-	2 199 440
		Payments & expenses made on its behalf.	-	25 500
		Cash receipts	-	-
El Yosr for Projects and Agriculture Development Co.	A subsidiary	25% payment of share capital increase	7 500 000	-
		Payments on behalf of the Company	1 643 350	-
La Maison for Real Estate Investment Co.	A subsidiary	Financing of investments in subsidiaries	19 936 000	-
EFG-Hermes for Promoting & Underwriting	A shareholder	Securing of underwriting of share capital increase.	-	27 500 000
Executive board members	Board of directors & executive directors	(See note No. 38)		

46- Legal position

There is a dispute between the Company and a party regarding the contract concluded between them on 23/2/1999 which is related to delivering this party a plot of land as a usufruct right for indefinite year of time and a return for an annual rental with a minimal amount for a total of 96 faddens approximately and which has not been delivered up till this date as the management of this party did not abide by the detailed conditions of the contract. There are exchanged notifications concerning this land between the management of the Company and the management of this party. During 2009, this party raised a claim No. 3 of 2009 Civil 6th of October against the Company asking it for the delivery of the allocated land. A preliminary award was issued by the court in its session held on January 31, 2011 to refer this matter to Experts and to delegate the Experts Office of the Ministry of Justice to embark this claim and set a session to be held on April 26, 2010 for the expert to present his report. The session was postponed by the court several times and the last one will be held on May 30, 2011. The Company's legal counselor is of the opinion that the Company has the right to maintain and exploit this land under the contract as the said contract has not been affected and no usufruct right has been arisen to this party since its effect was based on conditions that have not been met. In addition, in case of any dispute raised by this party to possess the land, the Company has the actual and physical possession of the land and hence it has the right to continue in possessing the land till settlement of this dispute before court.

47- Tax status

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

Corporate profit tax

- A ten – year corporate tax exemption period starting from the year following the date of the activity inception as of 1/1/1998 until 31/12/2007 has been previously determined according to Law No. 59 of 1979 concerning the New Urban Communalities.

During January 2011, the Company submitted a request to the Tax Authority demanding the amendment of the tax exemption period to start from the date of the actual handing over of the units in the year 2002.

On January 18th, 2011, the Disputes Dispersal Committee of the Tax Authority considered and studied the Company's request in the light of the date of the actual handing over of the units and the regulations applicable to similar companies. Accordingly, the said committee decided to approve the Company's request thus considering the date of the actual business activity of the Company to be the year 2002, hence, the Company shall be entitled to tax exemption from 1/1/2003 to 31/12/2012, and the amendment was annotated in the Company's tax card. The amended tax return for year 2008 was submitted to the Tax Authority.

- The Tax Authority assessed corporate profit tax and moveable income tax for the years from 1996 till 2000 on deemed basis. The Company was notified by the tax forms and the Company has objected on such assessment and the dispute is still regarded on the Internal Committee. During 2010, a 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 year 2001 till authorizing these financial statements for issuance.

- The Company submits its annual tax return on due dates in accordance with Law No. 91 of 2005.

Salary tax

- Tax inspection was carried out until year 2001 and the tax claims was paid according to the assessment of the Internal Committee and the years from 2000: 2001 were inspected and the differences were taken to the Internal Committee. The resulting tax differences were paid according to the assessment of the Internal Committee in September 2004.
- Years from 2002 to 2004 were inspected & the Company has not received any tax claims till authorizing these financial statements for issuance.

Withholding tax

Tax inspection was carried out for the previous years and also till the second quarter of 2007 & the Company has not received any tax claims till authorizing these financial statements for issuance.

Stamp tax

Tax inspection was carried out for the previous years till 31/7/2006. The tax inspection was carried out and referred to Internal Committee and the resulting differences were paid.

Sales tax

- The Company was inspected from inception till August 2003 and tax differences were paid.
- No tax inspection for the following years has been carried out till authorizing these financial statements for issuance.

Real estate property tax

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

48- Capital commitments

Contracts concluded with others with respect to the construction works and furnishings of the administrative building and sale office amounts to L.E 36 721 232 (2010: L.E 28 145 664) and the executed part of these contracts till 31/3/2011 amounted to L.E 33 996 880 (2010: L.E 21 492 519). Contributions of long – term investments that have not been requested till the separate balance sheet date amounted to L.E 3 750.

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

- On 16 October 2006, the Company's Extra - Ordinary General Assembly unanimously agreed to approve the incentive plan of the Company's employees and managers by setting it in the Company's statutes according to the proposal suggested by the board of directors , and authorizing the Company's board of directors to issue million share with a fair value of L.E 100 per share in application the incentive plan of the Company's employees and managers , and appointing an independent committee for supervising the execution of this plan formed by non – executive members in the board of directors, as well as delegating the Company's managing director to amend the provisions of the Company's statutes and which is related to capital's increase and applying the incentive and bonus plan of the Company's employees and managers as what mentioned above.
  The articles pertaining to the Company's statues were amended on 24/10/2006.

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

  - The bonus and incentive plan works through allocation of shares for the employees, managers and executive board directors.
  - Duration of the plan is four years starting from the date of approval of the plan by the shareholders meeting and each beneficiary is allocated during this year a specified number of shares each year over the plan years according to the allocated shares outlined in the appendix of this plan.
  - The price of share was determined for the beneficiary at L.E 75 per share.
  - The Company shall finance the issuance of the shares of the increase allocated in application of the plan and the value of shares due to the Company will be paid from the proceeds of sale.

- On March 28, 2007 the board of directors approved the agreement of marinating the shares of the incentive and bonus plan of employees, managers and executive board directors with Arab African International Bank. The agreement concluded between the Company and Arab African International Bank was signed on 15 April 2007. In accordance with the details in note No. (26). the shares of the plan were issued and financed by the Company. Annotation of this increase was registered in the Commercial Registry on July 5, 2007.
- On September 23, 2007, the Supervisory Committee of the bonus & incentive plan of the Company's employees, executive directors and managers agreed to the selection of the beneficiaries and also the number of shares allocated to each one of them. Accordingly, the whole shares of the plan were allocated in full.
- During December 2007, a number of 200 000 shares from the incentive & bonus plan were exercised with average selling price of L.E 226.63 per share. The amounts due to beneficiaries were set aside in special account held by Arab African International Bank until the completion of the prohibition year according to the bonus & incentive plan provisions.
- The number of shares allocated to the plan was increased by 500 000 additional shares as detailed in note No. (26).
- On July 3, 2008 the Supervisory Committee of the incentive & bonus plan of the Company's employees, executive directors approved the allocation of 495 000 shares of the total shares to some of the Company's employees and executive directors. Allocation contracts for these shares were signed with the employees and the executive directors during October 2008.
- On October 12, 2009, the Company's board of directors decided the following:
  - The extension of the contract of the managing director to be ended on March 31, 2015 instead of March 31, 2011.
  - The recommendation to extend the exercise right in the current bonus & incentive plan to be ended on March 2015 instead of March 2011.

- The recommendation to amend article No. (11) of the bonus & incentive plan with respect to the management of the plan to give the board the right to assign an alternative member in case of death or resignation of any member of the Supervisory Committee.

- The delegation of the chairman to call for an Extraordinary Assembly Meeting to convene to approve the amendment of some articles of the current bonus & incentive plan.

- On December 7, 2009, the Company's Extraordinary General Assembly agreed on the amendment of some articles of the bonus and incentives plan and the allocation contracts of the shares that were approved by the Egyptian Financial Supervisory Authority as follows:

  - Extension of the year of the exercise right stated in the bonus and incentive plan and the allocation contract to be ended on March 2015 instead of March 2011.

  - Amendment of the bonus and incentive plan and the allocation contract to enable the beneficiary from the plan the possibility to transfer the title of the shares allocated to him to be in his name after ending the prohibition year provided the payment of the share price stated in the plan and in this case, the beneficiary is entitled to all rights as determined on the Company' shares.

  - Amendment of article No. (11) of the bonus and incentive plan with respect to the management of the plan to give the board of directors the right – when necessary – of the replacement of a Supervisory Committee member with another one provided that this member to be from non-executive members.

- On April 26, 2010, the Company was notified by the consent of the Egyptian Financial Supervisory Authority on the approval and the amendments made on the bonus and incentive plan.

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

Employees entitled	Grant date	No. of shares in thousands	Fair value of share at grant date	Exercising price	Conditions
			L.E	L.E	
Managing director	28/3/2007	750	100	75	Additional benefits for 5 years working in the Company and exercise year from 31/3/2007 till 31/3/2011 (was extended to 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 consecutive years during the vesting year.
Board of director	23/9/2007	75	100	75	According to performance measure and exercise year from 31/3/2007 till 31/3/2011 (was extended to March 2015).
Some managers	23/9/2007	175	100	75	According to performance measure and exercise year from 31/3/2007 till 31/3/2011 (was extended to March 2015).

Board of director	7/10/2008	25	73.34	75	According to performance measure and exercise year from 31/3/2007 till 31/3/2011 (was extended to March 2015).
Some managers	7/10/2008	470	73.34	75	According to performance measure and exercise year from 31/3/2007 till 31/3/2011 (was extended to March 2015).

50- Subsequent event

The Company's financial statements for the financial year ended December 31, 2010 have been approved by the Company's shareholders General Assembly meeting held on April 12, 2011 and dividends were approved for shareholders and employees as follows:-

	L.E
Cash dividends for shareholders	145 082 156
Dividends for employees	20 000 000