Translation

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

Separate Financial Statements
For The Financial Period Ended March 31, 2012

And review report

KPMG Hazem Hassan
Public Accountants & Consultants

Translation

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Translation

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 balance sheet of Sixth of October for Development and Investment Company "SODIC", as at 31 March 2012 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 financial statements.

Conclusion

Based on our limited review, nothing has come to our attention that causes us to believe that the accompanying separate interim financial statements do not present fairly, in all material respects, the separate financial position of the Company as at March 31, 2012, and of its separate financial performance and cash flows for the three-month then ended in accordance with Egyptian Accounting Standards.

Emphasis of matter

Without qualifying our opinion

- Regarding to what has been mentioned in details in Note No.(17-c) related to total investment that had been paid for the joint venture in Syria through the related parties accounts amounting to L.E 432.5 million approximately as at March 31, 2012. The Company was unable to obtain the appropriate data, which could enable it to disclose the effect of the current events on The Arab Republic of Syria on the values of the assets, liabilities and the results of operations in the foreseeable future, since these amounts and results may differ significantly in the foreseeable future when reliable indicators and signs become available, which enable the use of those indicators and signs in determining the extent and the impact of the current events on the carrying value of the assets and liabilities included in the financial statements. The Company's management believes that its investments in Syria are totally covered by the net value of the assets and properties of the joint venture projects in Syria, and the Company's management has no reason to make it believe that these related parties debit balances need to be impaired despite the events that Syria encountering currently.

- On March 29, 2012 Sixth of October for Development & Real Estate Projects Co. "SOREAL" (Subsidiary 99.99% owned to Sixth of October for Development and Investment Company "SODIC") and related to what has been mentioned in details in Note No.(8) investments in the Subsidiary Company amounted to L.E 517 334 516 as at March 31, 2012, has received a letter from the Urban Communities Authority (New Cairo City) dated as march 14, 2012 stating that the main real estate committee in its session No. 9 as at January 18, 2012 has decided to cancel the allocation of land plot No. 16 in the investees north extent area which is allocated to the company and revocation of the contract dated March 13, 2005 and appendix dated September 3, 2006 and this is because of the fact that the Company has not committed to execute the project till to date. The Company's management and its external legal consultant believe that the cancellation of allocation decision is against the provisions of law. Specially that the land at this condition cannot be considered actually handed over to the Company, according to sentence of state council which judged in a similar case that as the government agencies did not provide the main utilities to the land according to what is agreed upon in the contract, it means that the actual delivering concept of the land did not really achieved. Accordingly, the Company's management and its legal consultant believe that the cancellation decision is against the provisions of law.

- As a result of what have been mentioned above, no impairment loss relating to investment in Sixth of October for Development & Real Estate Projects Co. "SOREAL" was recognized in March 31, 2012.

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KPMG Hazem Hassan

Cairo, May 29, 2012

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

Separate Balance Sheet

As at March 31, 2012

	Note No.	31/3/2012 L.E	31/12/2011 L.E
Long - term assets			
Fixed assets (net)	(6)	96 799 780	96 825 604
Projects under construction	(7)	642 496	221 076
Investments in subsidiaries	(8)	520 844 496	520 844 496
Investments - available for sale	(9)	4 277 402	4 277 402
Investment properties (net)	(10)	71 361 237	71 824 705
Advance payments for investment properties acquisition	(11)	89 336 042	85 812 295
Trade and notes receivable (net)	(12)	841 720 176	710 347 913
Total long - term assets		**1 624 981 629**	**1 490 153 491**
Current assets			
Completed units ready for sale	(14)	47 277 755	47 277 755
Works in process	(15)	1 555 684 031	1 584 564 290
Trade & notes receivable (net)	(16)	1 055 998 535	874 350 663
Due from related parties	(17)	1 330 852 092	1 316 353 732
Debtors & other debit balances	(18)	315 381 693	289 186 508
Investments - treasury bills	(19)	51 888 503	-
Investments - held for trading		10 071 385	-
Cash at banks & on hand	(20)	339 182 773	405 167 744
Total current assets		**4 706 336 767**	**4 516 900 692**
Current liabilities			
Provision for completion	(21)	147 323 521	141 428 768
Provisions	(22)	6 183 203	6 160 541
Bank - credit facilities	(23)	84 879 521	51 256 820
Customers advances	(24)	2 921 217 531	2 719 659 029
Contractors, suppliers & notes payable	(25)	130 339 507	124 666 917
Due to related parties	(26)	59 101 898	23 614 314
Creditors & other credit balances	(27)	252 106 667	222 130 746
Total current liabilities		**3 601 151 848**	**3 288 917 135**
Working capital		**1 105 184 919**	**1 227 983 557**
Total investments		**2 730 166 548**	**2 718 137 048**
These investments are financed as follows:-			
Shareholders' equity			
Issued & fully paid in capital	(28)	362 705 392	362 705 392
Legal reserve	(29)	181 352 693	181 352 693
Special reserve - share premium	(30)	1 316 921 569	1 316 921 569
Retained earnings		512 544 421	635 902 754
Treasury shares	(31)	(18 018 000)	(18 018 000)
Shares kept for bonus & incentive plan	(32)	(80 000 000)	(80 000 000)
Set aside amount for bonus & incentive plan	(33)	25 267 256	25 267 256
Net profit for the period/(loss) for the year		20 496 990	(123 358 333)
Total shareholders' equity		**2 321 270 321**	**2 300 773 331**
Long-term liabilities			
loans - long term	(34)	301 548 625	301 548 625
Notes payable	(35)	105 581 686	113 925 270
Deferred tax liabilities	(36)	1 765 916	1 889 822
Total long-term liabilities		**408 896 227**	**417 363 717**
Total shareholders' equity & long - term liabilities		**2 730 166 548**	**2 718 137 048**

* The accompanying notes from (1) to (54) are an integral part of these separate financial statements and to be read therewith.

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

* Review Report "attached"

Sixth of October for Development and Investment Company "SODIC"
(An Egyptian Joint Stock Company)
Separate Income Statement
For The Financial period Ending March 31, 2012

	Note No.	Three-Month Ending 31/3/2012 L.E	Three-Month Ending 31/3/2011 L.E
Sales (net)	(37)	266 545 357	37 090 234
Cost of sales	(38)	(195 866 768)	(33 935 924)
Gross profit		**70 678 589**	**3 154 310**
Other operating revenues	(39)	19 332 334	19 125 394
Selling and marketing expenses	(40)	(20 000 860)	(11 251 432)
General and administrative expenses	(41)	(36 123 794)	(23 334 003)
Other operating expenses	(42)	(4 580 520)	(204 086)
Operating profit / (loss)		**29 300 749**	**(12 509 817)**
Finance income	(43)	5 358 110	22 538 340
Finance cost	(44)	(14 285 775)	(6 698 213)
Net finance income		**(8 927 665)**	**15 840 127**
Net (cost) / profit for the period - before income tax		**20 373 084**	**3 330 310**
Income tax benefit / (expense)	(45)	123 906	(2 136 279)
Net profit for the period		**20 496 990**	**1 194 031**
Earnings per share (L.E / Share)	(46)	**0.23**	**0.013**

* The accompanying notes from (1) to (54) 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 Ending March 31, 2012

	Issued & paid in capital L.E	Legal reserve L.E	Special reserve- share premium L.E	Treasury shares L.E	Shares kept for bonus & incentive plan L.E	Set aside amount for bonus & incentive plan L.E	Retained earnings L.E	Net (loss) / profit for year/period L.E	Total L.E
Balance as at January 1, 2011	**362 705 390**	**181 352 695**	**1316 921 569**	-	**(80 000 000)**	**18 750 000**	**443 629 159**	**357 355 751**	**2 600 714 564**
Share capital increase and share issuance premium	2	(2)	-	-	-	-	-	-	-
Amount transferred to retained earnings	-	-	-	-	-	-	192 273 595	(192 273 595)	-
Set aside amount for bonus & incentives plan during the year	-	-	-	-	-	1 250 000	-	-	**1 250 000**
Employees and shareholders dividends	-	-	-	-	-	-	-	(159 882 156)	**(159 882 156)**
Stock dividends of bonus & incentives plan	-	-	-	-	-	5 267 256	-	(5 200 000)	**67 256**
Treasury shares purchase	-	-	-	(18 018 000)	-	-	-	-	**(18 018 000)**
Net loss for the year	-	-	-	-	-	-	-	(123 358 333)	**(123 358 333)**
Balance as at December 31, 2011	**362 705 392**	**181 352 693**	**1 316 921 569**	**(18 018 000)**	**(80 000 000)**	**25 267 256**	**635 902 754**	**(123 358 333)**	**2 300 773 331**
Amount transferred to retained earnings	-	-	-	-	-	-	(123 358 333)	123 358 333	-
Net profit for the period	-	-	-	-	-	-	-	20 496 990	**20 496 990**
Balance as at March 31, 2012	**362 705 392**	**181 352 693**	**1 316 921 569**	**(18 018 000)**	**(80 000 000)**	**25 267 256**	**512 544 421**	**20 496 990**	**2 321 270 321**

*** The accompanying notes from (1) to (54) 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 Ending March 31, 2012

	Note No.	Three-Month Ending 31/3/2012 L.E	Three-Month Ending 31/3/2011 L.E
Cash flows from operating activities			
Net profit for the period before income tax		20 373 084	3 330 310
Adjustments for :			
Depreciation of fixed assets and rented units		3 730 192	945 826
Depreciation of investment properties		463 468	-
Capital gain/loss		24 205	(103)
Provisions formed	(22)	22 662	-
Provision for completion - formed		16 037 651	3 060 336
Amortized notes recievables		(4 269 233)	-
Amortized notes payables		2 747 887	-
Revaluation result of held for trading investments		-	(1 049 890)
Share-based payments	(33),(52)	-	1 250 000
Interest income		(3 051 637)	-
Interest expense		11 537 889	-
Operating profit before changes in working capital items		**47 616 168**	**7 536 479**
Changes in working capital items			
Change in units ready for sale		-	(265 580)
Change in work in process		28 880 259	(114 961 665)
Change in trade & notes receivables		(308 750 902)	208 037 740
Change in due from related parties		(14 498 360)	-
Change in debtors & other debit balances		(25 564 868)	24 297 614
Provisions for works completion - used	(21)	(10 142 898)	(2 953 538)
Change in advances from customers		201 558 502	(86 697 831)
Change in contractors, suppliers & notes payable		(5 418 881)	18 466 148
Change in due to related parties		35 487 584	(77 600 882)
Change in creditors & other credit balances		29 975 921	1 766 533
Change in restricted cash	(20-1)	(50 090 000)	-
Net cash (used in) operating activities		**(70 947 475)**	**(22 374 982)**
Cash flows from investing activities			
Payments for purchase of fixed assets & projects under construction		(4 236 055)	(8 154 628)
Payments for acquisition of investment properties	(11)	(3 523 747)	(3 141 322)
Payments for purchase of treasury bills		(51 888 503)	-
Payments for purchase of held for trading investments		(10 071 385)	-
Proceeds from sale of fixed assets		86 062	6 542
Interest income - collected		2 421 320	-
Net cash (used in) investing activities		**(67 212 308)**	**(11 289 408)**
Cash flows from financing activities			
Proceeds from loans & banks - bank credit facilities	(34)	33 622 701	4 266 083
Interest expense - paid		(11 537 889)	-
Net cash provided from financing activities		**22 084 812**	**4 266 083**
Net change in cash & cash equivalents during the period		(116 074 971)	(29 398 307)
Cash & cash equivalents at the beginning of the period		350 969 744	660 350 370
Cash & cash equivalents at the end of the period	(20)	**234 894 773**	**630 952 063**

*** The accompanying notes from (1) to (54) are an integral part of these separate financial statements and to be read therewith.**

1- Background and activities

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

1-2 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 and regulations.
- Building, managing, selling and leasing – out of the residential, service, commercial, industrial and tourist projects.
- Importing and working as trade agents for that is permitted within the limits of the Company's purpose.(Not with the purpose of trading)
- Financing lease in accordance with Law No. 95 of 1995.
- Working in all fields of information technology and systems, hardware and software (computer software and services).
- Working in all fields of services of communication systems, internet, space stations and transmission except for the field of satellites.
- Investing in the various activities related to petroleum, gas and petrochemicals.
- Working in the field of coordinating and planting the gardens, roads and squares and also providing security, steward - ship, maintenance and cleaning services.
- Working in the field of ownership and management of sporting, entertainment, medical, educational buildings and also ownership, management and operating of restaurants.

In addition, the Company may have interest or participate in any manner whatsoever with companies or others which have similar activities or which may assist it to achieve its purposes in Egypt or abroad. Also it is entitled to merge into or acquire these companies or make them its subsidiaries in accordance with the provisions of law and its executive regulations.

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

1-4 The Company is listed in the formal listing in Cairo and Alexandria Stock Exchanges.

1-5 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 and Managing Director of the Company.

2- Basis of preparation of the financial statements

2-1 Statement of compliance

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

2-2 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.

2-3 Functional currency and presentation currency

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

2-4 Use of estimates and judgments

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

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

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

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

2-5 Consolidated financial statement

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

3- Significant accounting policies

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

3-1 Foreign currency transactions

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

3- 2 Fixed assets and depreciation

a) Recognition and measurement

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

b) Subsequent costs

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

c) **Depreciation**

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

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

3-3 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

a) **Initial recognition and measurement**

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

b) **Depreciation**

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

Asset	Years
Leased out units	50
Constructions of golf course	20
Irrigation networks	15
Golf course tools and equipment	15

3-5 Investments

a) **Investments in subsidiaries**

Subsidiary companies are the entities in which the "Company" investor has the ability to control its financial and operating policies of the entity this ability exists by possessing half of the voting power or more in the related subsidiary.
Investments in subsidiaries are stated – when acquired – at its acquisition cost. If a decline in the recoverable amount exists for any investment below the carrying amount "Impairment" (note No. 3-10), the carrying amount of the investment will be adjusted by the amount of such impairment and will be charged to the income statement for each investment.

b) Available -for- sale investments

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

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

c) Held for trading investments

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

Treasury bills is recognized by the net value less amortization and impairment losses (note No. 3-10).

3-6 Units ready for sale

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

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

3-7 Work in process

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

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

Trade and notes receivables are non- interest bearing and are stated at their nominal value and reduced by impairment losses note (3-10). Impairment is recognized when there is objective evidence that the Company is not able to collect the due amounts according to the original terms of contracts. Impairment is the difference between the book value and the recoverable amount which represents the expected cash in flow for the Company.

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

3-9 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 a financial asset measured at amortized cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the effective interest rate. An impairment loss in respect of an available-for-sale financial asset is calculated by reference to its current fair value.

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

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

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

b) Non-financial assets

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

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

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

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

3-11 Provisions

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

a- Provision for completion

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

3-12 Borrowing costs

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

3-13 Interest –bearing borrowings

Interest – bearing borrowings are recognized initially at fair value, net of attributable transaction costs incurred. Borrowings are subsequently stated at amortized cost, any differences between cost and redemption value are recognized in the income statement over the period of the borrowing using the effective interest rate.

3-14 Suppliers, contractors and other credit balances

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

3-15 Share capital

Common shares are classified in the owners' equity.

a) **Issuance of ordinary shares**

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

b) **Treasury shares**

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

c) **Dividends**

Dividends are recognized as a liability in the 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 and managers which are financed by the Company are presented as shares kept for incentive and bonus plan and are included in equity. The resulting outcome from sale of these shares is recognized in equity.

e) **Reserves**

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

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

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

3-16 Share – based payments transactions

a) **Equity settled share – based payments**

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

b) **Cash settled share - based payments**

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

3-17 Notes payable

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

3-18 Revenue recognition

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

a) Sales revenue

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

b) Rental income

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

c) Interest income

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

d) Dividends

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

3-19 Cost of sold lands

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

3-20 Expenses

a) Lease payments

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

b) Employees' pension

1. Pension obligations

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

2. Employees' profit sharing

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

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

c) Income tax

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

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

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

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

3-21 Earnings / (losses) per share

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

4- Determination of fair values

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

4-1 Investments in equity instruments

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

4-2 Trade, note receivables and other debtors

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

4-3 Investment property

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

4-4 Share – based payment transactions

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

5- Financial risk management

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

- credit risk
- liquidity risk
- market risk

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

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

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

5-1 Credit risk

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

Trade and other receivables

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

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

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

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

Investments

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

Guarantees

The Company's policy is to provide financial guarantees only to subsidiaries, it needed, and after the approval of the board of directors. At March 31, 2012, 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.

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

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

- L.E 435 million as long-term loans guaranteed by a promissory note amounting to the whole amount of the loan. Interest would be payable at the rate of 2.85 % per annum above the CORRIDOR of borrowing rate declared by the Central Bank of Egypt.
- A credit facility amounting to US$ 8.5 million covered by US$ time deposit amounting to US$ 9 million.
- A facility amounting to L.E 45.5 million covered by a guarantee of time deposits amounting to L.E 50 million.

5-3 Market risk

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

5-4 Currency risk

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

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

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

5-5 Interest rate risk

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

5-6 Other market price risk

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

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

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

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

5-7 Capital management

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

The Board of Directors monitors the return on capital, which the Company defines as net profit for the period 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:

	Land	Buildings of the Company's premises	Vehicles	Furniture and office fixtures	Office equipment and communication	Generators, machinery and equipment	Leasehold improvements	Total
	L.E	L.E	L.E	L.E	L.E	L.E	L.E	L.E
Cost as at 1/1/2012	24 210 813	46 799 300	7 639 706	8 629 677	14 561 426	1 169 781	13 509 497	**116 520 200**
Additions during the period	–	–	–	470 372	856 621	2 487 642	–	**3 814 635**
Disposals during the period	–	–	–	(412 336)	(615 546)	(189 896)	–	**(1 217 778)**
Cost as at 31/3/2012	**24 210 813**	**46 799 300**	**7 639 706**	**8 687 713**	**14 802 501**	**3 467 527**	**13 509 497**	**119 117 057**
Accumulated depreciation as at 1/1/2012	–	4 424 308	5 128 076	1 873 204	5 479 980	1 110 219	1 678 809	**19 694 596**
Depreciation for the period	–	1 604 325	339 733	205 124	778 073	129 313	673 624	**3 730 192**
Accumulated depreciation for disposals	–	–	–	(324 240)	(593 375)	(189 896)	–	**(1 107 511)**
Accumulated depreciation as at 31/3/2012		**6 028 633**	**5 467 809**	**1 754 088**	**5 664 678**	**1 049 636**	**2 352 433**	**22 317 277**
Carrying amount as at March 31, 2012	**24 210 813**	**40 770 667**	**2 171 897**	**6 933 625**	**9 137 823**	**2 417 891**	**11 157 064**	**96 799 780**
Carrying amount as at December 31, 2011	**24 210 813**	**42 374 992**	**2 511 630**	**6 756 473**	**9 081 446**	**59 562**	**11 830 688**	**96 825 604**

- Fixed assets include fully depreciated assets costing L.E 3 665 933 as at March 31, 2012 (2011: L.E 2 662 907)

7- Projects under construction

	31/3/2012 L.E	31/12/2011 L.E
Company's new premises	642 496	221 076
	642 496	**221 076**

8- Investments in subsidiaries

	Legal Form	Ownership %	Paid amount Participation %	Carrying amount as at 31/3/2012 L.E	Carrying amount as at 31/12/2011 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
SODIC for Development and Real Estate Investment Co.	S.A.E	99.99	100	2 999 980	2 999 980
Balance as at March 31, 2012				**520 844 496**	**520 844 496**

9- Available-for- sale Investments

	Legal Form	Ownership %	Paid amount of Participation %	Carrying amount as at 31/3/2012 L.E	Carrying amount as at 31/12/2011 L.E
Egyptian Company for Development and Management of Smart Villages	S.A.E	1.01	100	4 250 000	4 250 000
SODIC for Golf and Tourist Development Co.	S.A.E	0.0025	25	1 250	1 250
Beverly Hills Co. for Management of Cities and Resorts	S.A.E	0.06	100	26 152	26 152
Balance as at March 31, 2012				**4 277 402**	**4 277 402**

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

10- Investment properties

The net carrying amount of the investment properties as at March 31, 2012 amounting to L.E 71 361 237. movement on the investment property item during the period was as follows:-

Description	Units leased out to others	Golf course	Land and buildings	Total
Cost				
At January 1, 2012	1 531 214	99 377 533	4 135 000	105 043 747
At March 31, 2012	1 531 214	99 377 533	4 135 000	105 043 747
Accumulated depreciation				
At January 1, 2012	154 608	1 367 434	-	1 522 042
Depreciation for the period	7 656	455 812	-	463 468
At March 31, 2012	162 264	1 823 246	-	1 985 510
Deduct:				
Impairment of investment properties **(a)**	-	31 697 000	-	31 697 000
Carrying amount as at March 31, 2012	**1 368 950**	**65 857 287**	**4 135 000**	**71 361 237**
Carrying amount as at December 31, 2011	**1 376 606**	**66 313 099**	**4 135 000**	**71 824 705**

(a) This item represent the impairment of the golf course by L.E 31 697 000 due to the increase in its book value over its recoverable amount (which have been measured by the value in use)

- There is a difficulty in determining the fair value of the investment properties of the golf course reliably for the purpose of disclosure because of the rarity of such business in Egypt and due to the unavailability of an active market.
- The fair value of units leased out to others amounts to L.E 7 531 300 as at March 31, 2012.

11- Investment properties advances

This item amounting to L.E 89 336 042 as at March 31, 2012 (2011: L.E 85 812 295) 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, to be leased out for others, with total value of L.E 131 704 850 according to the contract concluded between the Company and SODIC SIAC for Real Estate Investment Co. dated January 5, 2010 for the purpose of leasing it out to others. The building will be received during a maximum period of three years from the contract date. This item includes an amount of L.E 5 295 462 representing the amount paid under maintenance, management and operation expenses of the project's public utilities related to the building for three years.

12- Long - term trade and notes receivable

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

	31/3/2012 L.E	31/12/2011 L.E
Trade receivables	31 179 933	31 179 933
Notes receivable	847 934 395	721 325 275
	879 114 328	**752 505 208**
Deduct: unamortized interest – Notes receivable	37 394 152	42 157 295
	841 720 176	**710 347 913**

- The Company's exposure to credit, currency risks and impairment losses related to trade and notes receivable are disclosed in note No.(47).

13- Unrecognized deferred tax assets

	31/3/2012 L.E	31/12/2011 L.E
Tax losses	11 395 194	18 319 100
	11 395 194	**18 319 100**

Deferred tax assets have not been recognized in respect of this item because it is not probable that future taxable profit will be available against which the Company can utilize the benefits.

14- Completed units ready for sale

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

	31/3/2012 L.E	31/12/2011 L.E
Cost of completed commercial units	4 262 805	4 262 805
Cost of units purchased for resale (14-1)	43 014 950	43 014 950
	47 277 755	**47 277 755**

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

15- Work in process

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

	31/3/2012 L.E	31/12/2011 L.E
Allegria project		
Cost of the Company's land intended for use	196 827 213	221 334 355
Planning, survey, supervision, soil researches	209 571 405	205 726 600
Buildings and utilities	680 262 244	733 073 426
Other costs	69 071 967	58 526 094
Price differences for repurchased units (15-1)	31 926 310	32 549 110
	1 187 659 139	**1 251 209 585**
WESTOWN project		
Cost of the Company's land intended for use	69 064 160	69 064 160
Planning , survey , supervision, soil researches	79 542 170	77 715 637
Buildings and utilities	115 348 540	87 849 915
Other costs	35 454 420	27 868 875
	299 509 290	**262 498 587**
Fourth phase costs (4A, 4B), showrooms and others		
Cost of land	64 197 715	66 608 255
Planning , survey , supervision and soil researches	1 097 852	1 097 852
Building and utilities	2 845 689	2 775 665
Other costs	374 346	374 346
	68 515 602	**70 856 118**
	1 555 684 031	**1 584 564 290**

15-1 This item amounting to L.E 31 926 310 in March 31, 2012 (December 31, 2011: L. E 32 549 110) represent the additional costs for the re-acquisition of some units in Allegria project.

16- Trade and notes receivable - Current

	31/3/2012 L.E	31/12/2011 L.E
Trade receivables (**16-1**)	145 282 472	125 896 574
Notes receivable	921 050 641	758 294 757
	1 066 333 113	**884 191 331**
Deduct: Unamortized interest – notes receivables	10 134 578	9 640 668
	1 056 198 535	**874 550 663**
Impairment loss of trade and notes receivables	(200 000)	(200 000)
	1 055 998 535	**874 350 663**

16-1 This item includes an amount of L.E 95,365 million which represents the amount due from SODIC Garden City for Development and Investment Co. – (subsidiary).

- The Company's exposure to credit and currency risks related to trade and notes receivable is disclosed in note No. (47).

17- Due from related parties

	31/3/2012 L.E	31/12/2011 L.E
Sixth of October for Development and Real Estate Projects (SOREAL) – a subsidiary	554 829 208	545 595 158
SODIC Garden City for Development and Investment Co. – a subsidiary	379 568	214 858
Greenscape for Agriculture and Reclamation Co. – a subsidiary	4 539 664	2 949 119
Move-In for Advanced Contracting Co. – a subsidiary	11 627 191	10 820 152
El Yosr for Projects and Agriculture Development Co. – a subsidiary	19 909 502	18 672 284
SODIC for Development and Real Estate Investment Co. – a subsidiary	248 058 202	248 407 450
SODIC SIAC for Real Estate Investment Co. – a subsidiary	16 105 210	16 659 072
SODIC Syria Co. – a subsidiary (**17- a**)	376 278 928	375 655 293
Fourteen for Real Estate Investment Co. – a subsidiary (**17- b**)	44 583 798	44 106 566
Edara for Services of Cities and Resorts Co. – a subsidiary	28 998 911	29 360 810
Palmyra Real Estate Development Co. –a Joint project	11 702 080	11 682 680
Tegara for Trading Centers Co. – a subsidiary	804 305	465 024
SODIC for Golf and Tourist Development Co. – a subsidiary	12 761 088	11 581 935
Other related companies	274 437	183 331
	1 330 852 092	**1 316 353 732**

(17- a) On June 15, 2010, SODIC Syria Co. –a Syrian limited liability Company- 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–a Syrian limited liability Company. The balance due from SODIC Syria Co. includes an amount of L.E 117 624 000 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.

(17- b) The balance due from Fourteen for Real Estate Investment Co. includes an amount of L.E 44 469 002 equivalent to USD 7 372 182 for the purpose of financing Palmyra Real Estate Development Co. –a Joint project as a down payment from the Bridge Loan amounting to a total of USD 25 million according to the resolution of the Company's board of directors on October 27, 2010.

(17- c) with reference to what has been mentioned in paragraphs (17- a) and (17- b), above the total amount due from related parties relating to investment and projects in Syria, which is amounting to L.E 432 564 806 as at March 31, 2012.
Considering current situation in Arab Republic of Syria, that have a significant impact on the economic sectors, in general, a matter which may lead to a decline in the economic activities. Therefore, there is a possibility that the said events will have a significant impact on the assets, liabilities, its recoverable/settlement amounts and the results of operations in the foreseeable future.

At the present time, it is not possible to quantify the effect on the assets and the liabilities included in the company's financial statements, since quantifying the effect of these events relies on the expected range and the time when these events, and its consequences, are expected to be finished.

Despite of the events that The Arab Republic of Syria has encountered, which are mentioned in the previous paragraph, the management of the Company believes that the balances due from Syrian Companies and projects are guaranteed and fully recoverable, as the fair values of the assets and the properties of the projects in Syria are higher than the book value of the investments and the balances due from the companies in Syria, this laied on reports of valuation from an independent expert dated October 25, 2011, Also, generally, there is no restriction on the ownership transfer of these lands except for the pledge of some lands for the benefit of the lending banks, it is worth mentioned that the fair values of the assets of the project is adequate to settle all its liabilities, to cover the investments value and to settle the due balances to the associate companies and the Company has no information regards any problems related to the custody and ownership of these lands.

18- Debtors and other debit balances

	31/3/2012	31/12/2011
	L.E	L.E
Contractors and suppliers – advance payments	216 535 233	197 510 276
Accrued management fees **(18-1)**	5 655 000	3 763 750
Prepaid expenses	82 896 572	78 280 550
Deposits with others	942 301	942 301
Due from the bonus and incentive plan to employees and managers fund **(18-2)**	5 267 256	5 267 256
Other debit balances	4 440 488	3 777 532
	315 736 850	**289 541 665**
Impairment loss on debtors and other debit balances	(355 157)	(355 157)
	315 381 693	**289 186 508**

(18-1) The Company undertakes the management of SODIC - Palmyra Real Estate Development Company - a Syrian limited liability Company which SODIC Syria Co. – a subsidiary has a participation of 50% according to the Partners Agreement concluded between this subsidiaries and SODIC - Palmyra Real Estate Development Company LTD dated June 16, 2010.

(18-2) This item is represents the amount due from the bonus and incentives plan to employees and managers fund which is represented in the value of dividends of the shares of the bonus and incentives plan for the financial year ended December 31, 2010 according to the resolution of the Ordinary General Assembly Meeting held on April 12, 2011, and its related interests.

- The Company's exposure to credit and currency risks related to other debtors is disclosed in note No. (47).

19- Investments – Treasury bills

	31/3/2012	31/12/2011
	L.E	L.E
Treasury bills (182) days	54 225 000	-
Unearned return on treasury bills	(2 336 497)	-
	51 888 503	-

20- Cash at banks and on hand

	31/3/2012	31/12/2011
	L.E	L.E
Bank – time deposits (20-1)	230 688 000	320 715 000
Bank – current accounts	100 691 396	66 537 206
Checks under collection	7 013 362	17 168 530
Cash on hand	790 015	747 008
	339 182 773	**405 167 744**

20-1 Deposits include USD 9 million dollars and L.E 50 million restricted as a guarantee for the facilities granted to the Company from some commercial banks.

- The Company's exposure to interest rate risk and sensitivity analysis for financial assets is disclosed in note No. (47).
- For the purpose of preparing the separate statement of cash flows, cash and cash equivalents items is represented as follows:

	31/3/2012	**31/12/2011**
	L.E	**L.E**
Cash at banks and on hand	339 182 773	405 167 744
Less:		
Restricted cash (facilities guarantee)	104 288 000	54 198 000
Cash and cash equivalent	**234 894 773**	**350 969 744**

21- Provision for completion

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

	Balance as at 1/1/2012 L.E	**Provision formed during the period L.E**	**Provision used during the period L.E**	**Balance as at 31/3/2012 L.E**
Provision for completion (21-1)	141 428 768	16 037 651	(10 142 898)	147 323 521
	141 428 768	**16 037 651**	**(10 142 898)**	**147 323 521**

(21-1) This provision is formed against the estimated costs to complete the execution of the delivered works and expected to be incurred and finalized during the following years.

22- Provisions

	Balance as at 1/1/2012 L.E	**Provision formed during the period L.E**	**Provision used during the period L.E**	**Balance as at 31/3/2012 L.E**
Provisions for claims	6 160 541	22 662	-	6 183 203
	6 160 541	**22 662**	**-**	**6 183 203**

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

23- Bank – credit facilities

	31/3/2012 L.E	31/12/2011 L.E
The amount used from the credit facility granted to the Company from Audi Bank with total amount of L.E 45.5 million and bears interest rate of 1.75% per annum over borrowing and discount rate declared by the Central Bank of Egypt. This facility is guaranteed by a promissory note amounting to L.E 50 million.	33 437 587	-
The amount used from the credit facility granted to the Company from Alexandria Bank during the third quarter of year 2011 with total amount of $ 8.5 million. The facility is subject to interest rate of 3.25% per annum. The interest and all expenses are added monthly to debit balance. This facility is secured by a deposit amounting to US$ 9 million.	51 441 934	51 256 820
	84 879 521	**51 256 820**

24- Advances from customers

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

	31/3/2012 L.E	31/12/2011 L.E
Advances - land (Fourth area)	676 599	676 599
Advances for booking , contracting and installments of residential units (Fourth area)	785 804	785 804
Advances – **Allegria project**	2 143 772 534	2 185 423 276
Advances – **Forty West project**	220 768 141	222 267 679
Advances – **West town Residences project**	529 450 430	290 496 633
Advances – **Casa**	25 764 023	20 009 038
	2 921 217 531	**2 719 659 029**

25- Contractors, suppliers and notes payable

	31/3/2012 L.E	31/12/2011 L.E
Contractors	74 860 542	61 854 717
Suppliers	10 932 397	5 208 937
Notes payable (25-1)	45 512 858	61 317 440
	131 305 797	128 381 094
Deduct: Unamortized interest - notes payable	966 290	3 714 177
	130 339 507	**124 666 917**

25-1 This item includes an amount of L.E 9.67 million which represents the amount due to Sodic Siac Co. for Real Estate Investment (subsidiary)

- The Company's exposure to currency and liquidity risks related to contractors and suppliers is disclosed in note no. (47).

26- Due to related parties

	31/3/2012 L.E	31/12/2011 L.E
Move - In for Advanced Contracting Co. – a subsidiary	1 347 878	1 599 291
Greenscape for Agriculture and Reclamation Co. – a subsidiary.	2 958 804	3 079 377
Sodic siac Co. for Real Estate Investment – a subsidiary	18 722 409	15 191 894
Edara for Services of Cities and Resorts Co. – a subsidiary	1 944 950	32 995
Tegara for Trading Centers Co. – a subsidiary	31 000 000	-
SODIC Property Services Co. – a subsidiary	2 737 457	2 938 135
Other related companies	390 400	772 622
	59 101 898	**23 614 314**

27- Creditors and other credit balances

	31/3/2012 L.E	31/12/2011 L.E
Accrued expenses	124 321 116	92 144 904
Amounts collected on account for management, operation and maintenance	72 672 921	66 534 500
Customers of Beverly Hills Co. and Resorts – capital contributions	4 319 522	4 296 335
Deposits collected from customers – against improvements	9 321 034	9 196 034
Customers-credit balances of **Polygon project**	8 362 332	9 569 835
Liability for cash settled share-based payments transactions – Executive managers	981 596	157 390
Bonyan for development and trading Co.	3 413 456	3 413 456
Customers cancellation – credit balance	18 104 021	30 054 720
Dividends payable	91 643	91 643
Tax Authority	4 849 699	1 592 824
Accrued compensated absence	1 685 915	1 453 608
Sundry creditors	3 983 412	3 625 497
	252 106 667	**222 130 746**

- The Company's exposure to currency and liquidity risks related to creditors is disclosed in note No. (47)

28- Share capital

- The Company's authorized capital was determined at L.E 2 800 million, and the issued capital is L.E 362 705 392 fully paid and distributed over 90 676 348 shares at a value L.E 4 per share.

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

  It's worth mentioning that on March 3, 2011, the Egyptian Financial Supervisory Authority, , approved that the Company's management shall proceed with the procedures of issuing the Company's issued capital of a number of 90 676 348 common cash shares at a par value of L.E 4 each (after splitting) with an increase of L.E 2 to be paid from the legal reserve according to the Company's financial statements as at December 31, 2009 . Thus, the issued capital has become L.E 362 705 392 distributed over 90 676 348 shares at a par value of L.E 4 per share and all of the shares are paid in full. Annotation was made to this effect in the Company's Commercial Register on June 15, 2011.

The capital structure is as follows:

Shareholder	**Number of shares**	**Share value** L.E	**Ownership percentage** %
October property development limited Co.	14 136 228	56 544 912	15.59
Alian saudian investments limited Co.	11 237 896	44 951 580	12.39
Incentive and bonus plan of employees	3 250 000	13 000 000	3.58
Other shareholders	62 052 224	248 208 900	68.44
	90 676 348	**362 705 392**	**100**

29- Legal reserve

According to the Company' statutes, the Company is required to set aside 5 % of annual net profit to form a legal reserve, transfer to the legal reserve may be suspended once the reserve reaches 50% of the Company's issued capital. The reserve balance as at March 31, 2012 is represented as follows:

	L.E
Legal reserve balance as at 1/1/2003	6 530 455
Add:	
Increase of the legal reserve with the difference between the par value of the treasury shares and its actual cost (according to the Company's Extra-Ordinary General Assembly Meeting held on July 10, 2003).	4 627 374
Increase of the legal reserve with part of capital increase share premium with limits of half of the Company's issued share capital during 2006. (Note No. 30).	123 409 151
Increase of the legal reserve with part of capital increase share premium during 2007 with limits of half of the Company's issued share capital. (Note No. 30).	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. 30)	39 446 365
Deduct:	
The amount used to increase the issued share capital during the year 2011 (Note No. 28).	2
	181 352 693

30- Special reserve – share premium

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

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

31- Treasury shares

On August 14, 2011, the board of directors of the Company approved the purchase of one million shares as a treasury shares at L.E 18 per share (the par value is L.E 4 per share) with a total amount of L.E 18 million from the shares of the Company offered in the stock exchange within one month maximum from the date of the approval of the Egyptian Financial Supervisory Authority thereof as follows:-

Description	**L.E**
Cost of treasury stocks purchase	18 018 000
	18 018 000

32- Shares kept for bonus and incentive plan

This item is represented in the remainder of the amount paid by the Company in return for issuing one million ordinary share with a fair value of L.E 100 per share 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.

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

33- Set aside amount for bonus and incentive plan

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

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

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

34- Long-term loans

	31/3/2012	31/12/2011
At the end of year 2010, the Company concluded an agreement with Alexandria Bank to obtain a medium-term loan amounting to L.E 435 million for the purpose of financing part of the building of Allegria project and its infrastructure. By virtue of this agreement , the bank grants a fresh 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. 23) according to the following conditions and guarantees :-	301 548 625	301 548 625

Loan term: - three 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 grace period.

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

Guarantees -

a) Signing on a promissory note with a total amount of 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 notes representing the incoming cash flows of the project with total amount of L.E 1.32 billion throughout the facility term.

	31/3/2012	31/12/2011
	301 548 625	**301 548 625**

35- Long-term notes payable

This item is represented in the following:

	31/3/2012 L.E	31/12/2011 L.E
Total nominal value of the checks issued to New Urban Communities Authority which are payable during the period from May 2, 2013 till May 2, 2016.	119 267 955	119 267 955
Total nominal value of the checks issued to SODIC SIAC for Real Estate Investment Co. which are payable during the period from 2013 till 2015 **(35-1)**	8 357 215	16 700 799
	127 625 170	**135 968 754**
Unamortized interest - notes payable	(22 043 484)	(22 043 484)
	105 581 686	**113 925 270**

35-1 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. (47).

36- Deferred tax liabilities

	31/3/2012 L.E	31/12/2011 L.E
Fixed assets	1 765 916	1 839 822
Deferred tax liability	**1 765 916**	**1 839 822**

37- Sales (net)

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

	Note No.	The three-month ending 31/3/2012 L.E	The three-month ending 31/3/2011 L.E
Sale of villas in Allegria project		264 555 175	51 727 728
Sale of lands **(37-1)**	(43)	1 990 182	-
		266 545 357	**51 727 728**
Sales returns of Allegria project		-	(14 637 494)
		266 545 357	**37 090 234**

(37-1) This amount represents the value of the plot of land which is amounting to L.E 2 289 313 after deducting the deferred payment amounting to L.E 299 131 which has been sold to Beverly hills for cities and resorts management - subsidiary Company, according to the contract concluded between the two companies dated January 1, 2012 and this plot has been delivered on January 31, 2012.

38- Cost of sales

	The three-month ending 31/3/2012 L.E	The three-month ending 31/3/2011 L.E
Cost of villas sold in Allegria project	193 433 729	40 874 460
Cost of lands sold	2 433 039	-
	195 866 768	**40 874 460**
Cost of sales returns of Allgeria project	-	(6 938 536)
	195 866 768	**33 935 924**

39- Other operating revenues

	The three-month ending 31/3/2012 L.E	The three-month ending 31/3/2011 L.E
Interest income realized from installments during the Period	7 715 395	11 842 119
Assignment, cancellation dues and delay penalties	7 463 328	2 229 034
Sundry income	1 958 761	1 874 248
Management fees	1 891 250	3 132 500
Income from management and operation of the golf course	300 000	-
Buildings rental income	3 600	47 390
Gain on sale of fixed assets	-	103
	19 332 334	**19 125 394**

40- Selling and marketing expenses

	The three-month ending 31/3/2012	The three-month ending 31/3/2011
	L.E	L.E
Salaries and wages	4 615 327	5 180 522
Sales commissions	8 191 978	1 417 996
Advertising expenses	2 541 576	2 248 703
Conferences and exhibitions	46 013	75 462
Rent	771 716	608 382
Travelling, transportation and vehicles	107 169	719 930
Others	3 727 081	1 000 437
	20 000 860	**11 251 432**

41- General and administrative expenses

	The three-month ending 31/3/2012	The three-month ending 31/3/2011
	L.E	L.E
Salaries, wages and bonuses	17 188 874	5 797 911
Board of directors' remunerations and allowances	1 986 764	3 701 474
Professional and consultancy fees	701 224	2 042 128
Advertising	89 606	703 632
Donations	684 783	335 716
Maintenance, cleaning, agriculture and security	6 190 371	6 310 814
Administrative depreciation of fixed assets and Rented units	4 040 910	945 826
Subscriptions and governmental dues	115 640	99 500
Travelling and transportation	420 967	342 100
Communication and electricity	523 325	355 649
Computers supplies	1 193 251	1 840 874
Others	2 993 079	858 379
	36 128 794	**23 334 003**

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

	The three-month ending 31/3/2012	The three-month ending 31/3/2011
	L.E	L.E
Salaries	1 871 934	2 030 334
Cash settled share-based payments (a)	824 205	259 665
Equity settled share - based payments (b)	-	1 250 000
	2 696 139	**3 539 999**

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

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

Parties entitled	Grant date	Number of shares in thousands	Fair value of share at grant date (before split)	Market value of share at 31/3/2012	Conditions
			L.E	L.E	
Some executive board members	1/4/2006	-	75	16.44	Vested after 6 months from grant date (salaries)

The amount of expense charged to the income statement during the period is amounted to L.E 824 205 and the liability balance is amounted to L.E 981 596 as at March 31, 2012 was included under creditors and 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 and incentive plan as shown in Note No.(52) 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 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. 52) starting from 1/4/2006.

- On September 23, 2007, the Supervisory Committee of the bonus and incentive plan of employees and executive board members agreed on the allocation of these shares and 75 thousand shares to board members and executive board members as detailed in note No. (52) below. Accordingly, total shares allocated to the board members and executive directors from the bonus and incentive plan reached 1 000 000 shares on that date.

42- Other operating expenses

	The three-month ending 31/3/2012 L.E	The three-month ending 31/3/2011 L.E
Discount for accelerated payment	4 478 420	164 773
Provision for claims	77 895	39 313
Loss on sale of fixed assets	24 205	-
	4 580 520	**204 086**

43- Finance income

	The three-month ending 31/3/2012 L.E	The three-month ending 31/3/2011 L.E
Interest income	3 051 637	8 249 461
Income from treasury bills	1 304 275	-
Change of investment fund fair value	69 264	-
Gain on held for trading investments	-	1 049 890
Net foreign exchange differences	932 934	13 238 989
	5 358 110	**22 538 340**

44- Finance cost

	The three-month ending 31/3/2012 L.E	The three-month ending 31/3/2011 L.E
Interest expense	11 537 889	3 391 691
Interests of installments of Sheikh Zayed land	2 747 886	3 306 522
	14 285 775	**6 698 213**

45- Income tax expense

	The three-month ending 31/3/2012 L.E	The three-month ending 31/3/2011 L.E
Current income tax expense	-	2 195 397
Deferred income tax (expense) benefit	(123 906)	(59 118)
Income tax expense for the period	**(123 906)**	**2 136 279**

Reconciliation of effective tax rate

	The three-month ending 31/3/2012 LE	The three-month ending 31/3/2011 L.E
Net profit before income tax	20 373 084	3 330 310
Tax rate	20%	20%
Expected tax income	-	-
Effect of depreciation	(123 906)	(59 118)
Effect of separate tax pools	-	2 195 397
Tax as shown in the income statement	(123 906)	2 136 279
Effective tax rate	0.61%	64.15%

46- 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 ending 31/3/2012 L.E	The three-month ending 31/3/2011 L.E
Net profit for the period	20 496 990	1 194 031
Divided by:		
Weighted average number of shares outstanding during the period	90 676 348	90 676 348
Earnings per share (L.E/share)	**0.23**	**0.013**

47- Financial instruments

47-1 Credit risk

Exposure to credit risk

The carrying amount of financial assets represented in the balances of trade and notes receivables, debtors and cash and cash equivalent represent the maximum credit exposure. These balances amounting to L.E 2 252 061 357 as at March 31, 2012 (December 31, 2011: L.E 2 002 514 994)

47-2 Liquidity risk

This note represents the contractual maturities of financial liabilities:

March 31, 2012

	Carrying amount L.E	Less than 1 year L.E	1-2 years L.E	2-5 years L.E
Banks – credit facility	84 879 521	84 879 521	-	-
Long-term loans	301 548 625	-	-	301 548 625
Contractors and suppliers	85 792 939	85 792 939	-	-
Other creditors	252 106 675	189 312 861	54 849 324	7 944 490
Notes payable – short term	44 546 568	44 546 568	-	-
Notes payable – long term	105 581 686	-	27 091 856	78 489 830
Total	**874 456 014**	**404 531 889**	**81 941 180**	**387 982 945**

December 31, 2011

	Carrying amount L.E	Less than 1 year L.E	1-2 years L.E	2-5 years L.E
Banks – credit facility	51 256 820	51 256 820	-	-
Long-term loans	301 548 625	-	-	301 548 625
Contractors and suppliers	67 063 654	67 063 654	-	-
Other creditors	222 130 746	162 135 152	51 530 400	8 465 194
Notes payable – short term	57 603 263	57 603 263	-	-
Notes payable – long term	113 925 270	-	33 973 563	79 951 707
Total	**813 528 378**	**338 058 889**	**85 503 963**	**389 965 526**

47-3 Currency risk

Exposure to currency risk

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

	31/3/2012	31/12/2011
Description	**USD**	**USD**
Cash at banks	32 284 923	33 417 865
Other debtors	937 500	625 000
Due from related parties	69 754 723	69 668 071
Banks – credit facility	(8 528 172)	(8 511 594)
Other creditors	(909 020)	(909 020)
Surplus (deficit)	**93 539 954**	**94 290 322**

47-4 Interest rate risk

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

	Carrying amount	
	31/3/2012	31/12/2011
	L.E	L.E
Fixed rate instruments		
Financial assets	1 897 718 711	1 584 698 576
Financial liabilities	(141 771 039)	(154 827 734)
	1 755 947 672	**1 429 870 842**
Variable rate instruments		
Financial liabilities	(386 428 147)	(352 548 625)
	(386 428 147)	**(352 548 625)**

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.

47-5 Fair values

Fair values versus carrying amounts

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

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

48- Transactions with related parties

Related parties are represented in the Company' shareholders, board of directors, executive directors and companies in which they own directly or indirectly shares giving them significant influence or controls over the Group. The 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 and 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	Nature of relationship	Nature of transaction	The three-month ending 31/3/2012 Amount of Transaction L.E
Beverly Hills Co. for Management of Cities and Resorts	A subsidiary	Works of agriculture, maintenance and security services for Beverly Hills City.	987 968
		Plot of land sale	2 289 313
Sixth of October for Development and Real Estate Projects (SCREAL)	A subsidiary	Payments on behalf of the Company	29 972 520
		Cash proceeds	20 738 470
Move-In for Advanced Contracting Co.	A subsidiary	Completion and furnishing works	9 944 273
Edara for Services of Cities and Resorts Co.	A subsidiary	Works of agriculture, maintenance and security services for Allegria City.	5 907 767
SODIC for Golf and Tourist Development Co.	A subsidiary	Payments on behalf of the Company.	879 153

Party	Nature of relationship	Nature of transaction	The three-month ending 31/3/2012 Amount of Transaction L.E
		Revenue from management and operation of the golf course	300 000
SODIC SIAC for Real estate investment		Works of SODIC SIAC building No.(1)	3 523 746
Green scape for Agriculture and Reclamation Co.	A subsidiary	Works of roads, utilities, irrigation, co-ordination and agriculture of Allegria project and golf course	1 590 545
El Yosr for Projects and Agriculture Development Co.	A subsidiary	Payments on behalf of the Company	1 237 218
Executive board members	Board of directors and executive directors		(Note No.41)

49- Legal status

There is a dispute between the Company and a third 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 the third party. During 2009, this party raised a court case No. 3 of 2009 Civil 6th of October against the Company asking it for the delivery of the allocated land. A preliminary sentence was issued by the court in its session held on February 22, 2010 to refer this matter to Experts and to delegate the Experts Office of the Ministry of Justice to embark this case and set a session to be held on April 26, 2010 for the expert to present his report. The session was postponed by the court several times and the last one will be held on June 25, 2012. 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 in front of court.

50- Tax status

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

Corporate tax

- A ten – year corporate tax exemption period starting from the year following the date of the activity inception as of 1/1/1998 until 31/12/2007 has been previously granted 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, the inspection was made for the said years and the Company has not received any tax claims till authorizing these financial statements for issuance.

- No tax inspection has been carried out for year 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 and the Company has paid the tax differences.

- Years from 2005 till 2008 are under inspection and the Company has not received any tax claims till authorizing these financial statements for issuance.

Withholding tax

Tax inspection was carried out for the previous years and also till the second quarter of 2007 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.
- Inspection for the years August 1, 2006 till dec.31, 2007 was carried out and the resulting differences were paid.
- Inspection for the years from January 1, 2008 till December 31, 2010 is under inspection, the Company did not receive any tax claim till the date at which the financial statements are authorized to be issued.

Sales tax

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

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

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.

51- Capital commitments

Capital commitment as at March 31, 2012 is represented in contracted and unexecuted works amounting to L.E. 1 016 193 (2011 : L.E. 1 244 981)

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

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

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

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

- The Company signed a custody agreement with Arab African International Bank on 15 April 2007 to save bonus and incentive shares. The shares of the plan were issued and financed by the Company. Annotation of this increase was registered in the Commercial Registry on July 5, 2007.

- On September 23, 2007, the Supervisory Committee of the bonus and incentive plan of the Company's employees, executive directors and managers agreed to the selection of the beneficiaries and also the number of shares allocated to each one of them. Accordingly, the whole shares of the plan were allocated in full.

- During December 2007, a number of 200 000 shares from the incentive and bonus plan were exercised with average selling price of L.E 226.63 per share. The amounts due to beneficiaries were set aside in special account held by Arab African International Bank until the completion of the prohibition period according to the bonus and incentive plan provisions.

- The number of shares allocated to the plan was increased by 500 000 additional shares.

- On July 3, 2008 the Supervisory Committee of the incentive and bonus plan of the Company's employees, executive directors approved the allocation of 495 000 shares of the total shares to some of the Company's employees and executive directors. Allocation contracts for these shares were signed with the employees and the executive directors during October 2008.

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

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

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

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

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

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

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

53- Significant events

On March 29, 2012 Sixth of October for Development and Real Estate Projects Co. "SOREAL" (A Subsidiary 99.99% owned by Sixth of October for Development and Investment Company "SODIC", As shown in note (8) the investments in the investee as at March 31, 2012 amounts to L.E 517 334 516, has received a letter from the Urban Communities Authority (New Cairo City) dated as march 14, 2012 stating that the main real estate committee in its session No. 9 as at January 18, 2012 has decided to cancel the allocation of land plot No. 16 in the investees east extent area which allocated to the company and revocation of the contract dated as March 13, 2005 and appendix dated as September 3, 2006 and this is because of the fact that the Company has not committed to execute the project till to date.

It is worth mentioning that the subsidiary Company as at December 1, 2011 has submitted a request to the Ministerial Committee for resolving investment disputes relating to the dispute with the Urban Communities (Governance of New Cairo City).

A letter from the General Authority for Investment and free zones has issued as at March 6, 2012 to Vice president of New Urban Communities (Governance of New Cairo City). Stating that:

"At the light of what has been discussed about the subject in the Ministerial committee for resolving investment disputes as at March 5, 2012 in the presence of representatives of the Urban Communities and the Governance of New Cairo City who stated the issuance of the decision of real estate committee of Urban Committee to withdraw the said land plot and the representatives of the company has asked to cease the execution of the said decision as the subject still under study as a prelusion to be submitted to the Ministerial committee for resolving investment disputes. Kindly, to consider the possibility of freezing any procedures against the mentioned Company from the side of Urban Committees till the ministerial committee for resolving investment disputes takes its decision about the request of the Company".

It worth mentioning that the Ministerial committee for resolving investment disputes is formed by the decision 461 for the prime minister which is issued according to article 66 of the Law of investments guarantees and incentives No. 8 for the year 1997 to consider the transfer of claims and disputes of investees with Government administrative bodies and the decisions of that committee are conclusive and obligatory to Government administrative bodies where it is not obligatory to investors in the case that the decision is not satisfactory for the investor where he still has the right to refer the issue to the administrative court of law to preserve all his rights.

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

1 The selling contract concluded as March 13, 2005 between the Authority and the Company stated a contractual liabilities between the two parties one of which is the commitment of the authority to deliver the land to the Company immediately upon

concluding the contract but the delivery had been at November 14, 2006 which is more than 20 months after the agreement date and the governance of new Cairo city sent a letter dated as August 24, 2006 which stated that the related authorities had agreed to start the execution period from the issuance date of the ministry decision and receiving the project's land by the Company

2 The assigned date by the Urban Committees to complete the project is at July 17, 2012 according to what is stated in the letter from the governance as at January 18, 2011.

3 The allocated land is not suitable to be used for the project before July 15, 2010 according to what is stated in the letter of armed forces as at February 27, 2012 which stated that an area of 84 Hectare (200 Fadden) has been purified from the previous war disposals as at July 15, 2010 in the location of (Kattameya plaza" behind the future University" – land plot No. 16- East town "behind New Cairo American University").

4 The agreed utilities have not been supplied on the borders of the land which is confirmed by the letter of water and sewage Company dated November 30, 2011 which confirmed that the main water purification station which will supply the extension is uncompleted and it also confirms that the temporary water supply is not suitable with the allocated space and during the summer period starting from the beginning of July till the end of October the water does not reach the extension area where the Company's project land is allocated also this is confirmed by the letter of the Authority as at November 21, 2011 and it is the same case for electricity and sewage.

5 The Authority did not commit to authorize the detailed designs drawings and the modified general design of the project which is submitted to the Authority since September 6, 2010, November 22, 2010, March1, 2011 which is more than 18 months and till now. It is well known that the Company cannot work in the project before these drawings are authorized despite that the Company submitted it to be authorized during the contract period when the Authority committed to do so.

6 The Authority did not commit to authorize the technical drawings for the internal network of the utilities which was submitted by the Company as at November 10, 2010 when the Authority committed to do so.

7 The subsidiary Company "Soreal", has injected investments for the project with more than L.E 280 million till now.

8 The Company got the Contracted plot of land from the authority due to backwardness of the authority of delivering its specified land in the 6th of October city where the authority failed to deliver it to the Company because of the occupations and adverse possession after more than 7 years from the first contracting.

9 The authority of Urban Committees and the Governance of New Cairo City has issued a license and accept payments for reviewing the drawings after the date.

As a result of all what mentioned above, the external legal consultant believes that the decision from the authority to cancel the allocation is against the facts and the law, specially that the land at this condition cannot be considered actually handed over to the Company, according to state council sentences which judged in a similar case that as the governmental bodies did not supply the main utilities to the land according to what is agreed upon in the contract, it means that the actual delivering concept of the land did not really achieved. and this is supported by the opinion of the legal consultant of the Housing Minister, who confirms that the execution periods cannot be applied against the related parties except from the date when all necessarily utilities are completed to be used which is also confirmed by the real estate regulation (amendment article 16 paragraph 4) which states that it is not allowed to cancel allocation before all the necessary utilities are provided to the location which allow it to be used.

According to what is mentioned above the management of the Company and its legal consultant believe that the cancellation decision was against the law.

As a result of what have been previously mentioned, no impairment loss for the investment in Sixth of October for Development and Real Estate Projects Company "SOREAL" has been recorded in March 31, 2012.

54- Comparative figures

Some comparative figures were re-classified to comply with the presentation of the current financial year.