Translation from Arabic

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

Consolidated Financial Statements

For The Financial Period Ended 31 March 2007

And Review Report

Translation from Arabic

Contents	**Page**

Translation from Arabic

Review Report

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

We have reviewed the accompanying consolidated financial statements of Sixth of October for Development Investment Company "SODIC" represented in the consolidated statement of financial position as of March 31, 2007 and the related consolidated statements of income, changes of equity and cash flows for the period then ended. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to issue a report on these consolidated financial statements based on our review.

We conducted our review in accordance with the Egyptian Standard on Auditing applicable to review engagements. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the consolidated financial statements are free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provide less assurance than an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Based on our review on the consolidated financial statements, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements are not fairly presented, in all material respects in accordance with Egyptian Accounting Standards.

Without qualifying our opinion and as indicated in note (37) to the consolidated financial statements, there is still a dispute between the Parent Company and a party with respect to the latter's request to handover a plot of land of a total area of 69 faddens approximately based on a usufruct contract concluded between the Company and that party on 23 February 1999, for an indefinite period of time and in return of a minimal amount. Management has not determined the potential financial impact of the dispute referred to above on the financial statements, the Company's legal counselor believes that the Company's position in this dispute is strong due to non-compliance on the other party's part with detailed conditions of the contract.

KPMG Hazem Hassan

Cairo, 17 May 2007

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

Consolidated Statement of Financial Position

As at 31 March 2007

	Note No.	31/3/2007 L.E	31/12/2006 L.E
Long - term assets			
Fixed assets	(4)	3 244 692	1 393 242
Intangible assets	(5)	420 690	314 600
Projects under construction	(6)	1 204 576	606 618
Investments in associates	(7)	1 992 547	4 689 205
Available for sale investments	(8)	7 502 703	7 502 703
Payment under account of acquistion of subsidiaries	(9)	518 027 909	217 985 466
Investment property	(10)	769 016	99 216 781
Trade & notes receivables	(11)	242 094 166	251 851 096
Total long - term assets		**775 256 299**	**583 559 711**
Current assets			
Completed resedntial units ready for sale	(12)	2 483 726	3 088 219
Works in process	(13)	229 928 502	168 444 665
Trade & notes receivable	(14)	103 526 319	118 575 137
Debtors & other debit balances	(15)	20 326 536	24 197 428
Cash and cash equivalents	(16)	505 195 441	793 824 749
Total current assets		**861 460 524**	**1 108 130 198**
Current liabilities			
Provisions	(17)	45 290 256	42 669 853
Customers - deposits	(18)	48 952 342	131 714 127
Suppliers & contractors		4 330 032	5 735 054
Creditors & other credit balances	(19)	85 417 349	107 853 960
Total current liabilities		**183 989 979**	**287 972 994**
Working capital		**677 470 545**	**820 157 204**
Total investments		**1 452 726 844**	**1 403 716 915**
These investments are financed as follows:			
Equity			
Issued & fully paid in capital	(21)	269 133 960	269 133 960
Legal reserve	(22)	134 566 980	134 566 980
Special reserve - share premium	(23)	832 439 354	832 439 354
Retained earnings (losses)		154 040 713	(68 874 061)
Net profit for the period / year		50 518 556	222 914 774
Total equity attributable to equity holders of the paren		**1 440 699 563**	**1 390 181 007**
Minority interest	(20)	**220 475**	**655 214**
Total equity		**1 440 920 038**	**1 390 836 221**
Long-term Liabilities			
Land purchase creditors	(24)	11 745 460	12 841 052
Deferred tax liabilities	(34- 2)	61 346	39 642
Total long-term liabilities		11 806 806	12 880 694
Total equity and long - term liabilities		**1 452 726 844**	**1 403 716 915**

* The accompanying notes form an integral part of these consolidated financial statements and to be read therewith.

Financial Manager	Managing Director	Chairman
Mr. Hany Henery	Mr. Maher Maksoud	Mr. Magdy Rasekh

* Review Report " attached "

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

Consolidated Income Statement
For The Financial Period Ended 31 March 2007

	Note No.	Financial period ended 31/3/2007 L.E	Financial period ended 31/3/2006 L.E
Net sales	(25)	107 848 696	3 639 918
Cost of sales	(26)	(52 738 840)	(2 557 891)
Gross profit		55 109 856	1 082 027
Add:			
Other operating revenues	(27)	6 199 831	1 734 873
Selling & marketing expenses	(28)	(4 226 459)	(247 845)
General & administrative expenses	(29)	(4 625 373)	(679 559)
Board of directors remunerations	(30)	(14 176 454)	(562 500)
Other operating expenses	(31)	(409 463)	(361 497)
Operating profit		37 871 938	965 499
Financial income	(32)	14 970 236	328 631
Financial expenses	(33)	(747 283)	(3 315 906)
Net financial income (costs)		**14 222 953**	**(2 987 275)**
Share in profits / losses in associates		149 034	(50 850)
Net profit (loss) for the period before income tax		**52 243 925**	**(2 072 626)**
Deduct:			
Current income tax expense	(34 - 1)	(2 138 404)	-
Deferred income tax expense	(34 - 2)	(21 704)	-
Net profit (loss) for the period after income tax		**50 083 817**	**(2 072 626)**
Net profit (loss) for the period attributable to:			
Equity holders of the parent		50 518 556	(2 072 626)
Minority share in profits / losses in subsidaries		(434 739)	-
Net profit (loss) for the period		**50 083 817**	**(2 072 626)**
Basic earning (loss) per share (L.E / Share)	(35)	**1.88**	**(0.13)**

* The accompanying notes form an integral part of these consolidated financial statements and to be read therewith.

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

Consolidated Statement of Changes in Equity
For The Financial Period Ended 31 March 2007

	Issued & paid up Capital L.E	Legal reserve L.E	Special reserve-share premium L.E	Retained earnings (losses) L.E	Net (loss) profit for the period L.E	Equity attributable to equity holders of the parent	Minority interest	Total equity L.E
Balance as at 1 January 2006	159 846 320	11 157 829	-	(110 012 263)	41 138 202	102 130 088	-	102 130 088
Transferred to carried forward lossess	-	-	-	41 138 202	(41 138 202)	-	-	-
Net loss for the period	-	-	-	-	(2 072 626)	(2 072 626)	-	(2 072 626)
Balance as at 31 March 2006	**159 846 320**	**11 157 829**	-	**(68 874 061)**	**(2 072 626)**	**100 057 462**	-	**100 057 462**
Balance as at 1 January 2007	269 133 960	134 566 980	832 439 354	(68 874 061)	222 914 774	1 390 181 007	655 214	1 390 836 221
Transferred to carried forward lossess	-	-	-	222 914 774	(222 914 774)	-	-	-
Net profit for the period	-	-	-	-	50 518 556	50 518 556	(434 739)	50 083 817
Balance as at 31 March 2007	**269 133 960**	**134 566 980**	**832 439 354**	**154 040 713**	**50 518 556**	**1 440 699 563**	**220 475**	**1 440 920 038**

* The accompanying notes form an integral part of these consolidated financial statements and to be read therewith.

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

Consolidated Statement of Cash Flows
For The Financial Period Ended 31 March 2007

	Note No.	Financial period ended 31/3/2007 L.E	Financial period ended 31/3/2006 L.E
Cash flows from operating activities			
Net profit (loss) for the period before income tax		52 243 925	(2 072 626)
Adjustments to reconcile net profit to net cash flows from operating activities			
Depreciation of fixed assets & rented units		147 957	96 842
Investment income form available for sale investments		(668 005)	-
Gain on sale of fixed assets		(87 040)	-
Share in profit / losses in associates		(149 034)	-
Provisions	(17)	13 614 583	1 268 369
Provision for claims - formed	(17)	44 250	216 481
Impairment loss of debtors & other debit balances		10 322	145 016
Cash settled share -based payments transactions	(30)	13 463 029	-
Other expenses		154 096	-
Interest & financing expenses		-	3 315 906
Operating profit before changes in working capital items		78 774 083	2 969 988
Changes in working capital items			
Decrease (increase) in resednital units ready for sale		604 493	(132 554)
Increase in work in process		(61 483 837)	(6 751 352)
Decrease in trade & notes receivables		24 805 748	10 464 386
Increase in debtors & other debit balances		4 528 575	3 225 146
Provision for completion of works - used	(17)	(11 038 430)	(3 192 164)
Decrease in customers - deposits		(82 761 785)	(2 644 826)
(Decrease) increase in contractors , suppliers & notes payables		(1 405 022)	2 358 145
Increase (decrease) in creditors & credit balances		59 310 237	(34 387 566)
Interest & financing expenses - paid		-	(3 335 598)
Net cash provided from (used in) operating activities		**11 334 062**	**(31 426 395)**
Cash flows from investing activities			
Payments for purchase of fixed assets & projects under construction		(2 653 373)	(6 500)
Payments for acquisition of intangible assets		(106 090)	-
Payments under account of acquisition of subsidaries	(9)	(300 042 443)	-
Payments for acquisition of available for sale investments		-	(138 903)
Proceeds from investment income from associates		2 691 596	-
Proceeds from sale of fixed assets		146 940	-
Net cash used in investing activites		**(299 963 370)**	**(145 403)**
Cash flows from financing activities			
Payments for loans installments		-	(3 438 051)
Net cash used in financing activities		-	(3 438 051)
Net movement in cash & cash equivalents during the period		(288 629 308)	(35 009 849)
Cash & cash equivalents as at 1 January 2007		793 824 749	54 976 645
Cash & cash equivalents as at 31 March 2007	(16)	**505 195 441**	**19 966 796**

* The accompanying notes form an integral part of these consolidated financial statements and to be read therewith.

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

Notes to the consolidated financial statements
For the financial period ended 31 March 2007

1- Background and activities

- Sixth of October for Development Investment Company "SODIC" 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 0f 1992 and its Executive Regulations and by virtue of the decree of the Minister of Economy & International Cooperation No. 322 of 1996 issued on 12 May 1996. The Company was registered in Giza Governorate Commercial Registry under No. 625 on 25May 1996.

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

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

In addition, the Company may have interest or participate in any manner whatsoever with companies or others which have similar activities or which may assist it to achieve its purposes in Egypt or abroad.

Also it is entitled to merge into or acquire these companies or make them its subsidiaries in accordance with the provisions of law and its executive regulations.

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

- The Parent Company is listed in the formal listing in Cairo & Alexandria Stock Exchange.

- The consolidated financial statements for the financial period ended 31 March 2007 comprise the financial statements of Sixth of October for Development Investment Company " SODIC" and its subsidiary , SODIC Property Services Company (together referred to as the "Group") and the Group's interest in associates.

- The registered office of the Parent Company is located at Km. 38 Cairo / Alexandria Deseret Road, Sheikh Zayed City, Cairo, Egypt. Mr. Magdy Mohamed Rasekh is the Chairman of the Parent Company.

2- Basis of preparation

a) Statement of compliance

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

b) Basis of measurement

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

- Available for sale investments which are stated at fair values.
- Liabilities for cash settled share- based payments transactions which are stated at fair values.

c) Functional currency and presentation currency

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

d) Use of estimates and judgments

The preparation of the consolidated financial statements in conformity with Egyptian Accounting Standards requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets 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 an going basis.

- Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

3- Significant accounting policies

During the period the Group changed its accounting policy in respect of accounting for available for sale investments (note No 8). Other accounting policies have been applied consistently to all periods presented in these consolidated financial statements.

3-1 Basis of consolidation

3-1-1 Subsidiaries

Subsidiaries are entities controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable or convertible are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. Subsidiaries are represented in the following:

Subsidiary name	Ownership	Nature of activity
SODIC Property Services Co. - S.A.E	51%	Marketing of real estate, real estate brokerage and investment property services in general, providing maintenance services for villas, flats, buildings, managerial units, infra structure and common areas, cleaning & house keeping services, setting security programs and stewardship for establishments, designing, mowing, flowering of gardens and private & public areas , playgrounds and others and also providing all types of consultancy services (except legal services).

The Parent Company has control over SODIC Property Services Co. effective from 20 September 2006 and hence comparative figures did not include any consolidated figures for the subsidiary but include the Parent Company' share in profit / loss of associates only.

3-1-2 Associates

Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies. The consolidated financial statements include the Group's share of the total recognised gains and losses of associates on an equity accounted basis, from the date that significant influence commences until the date that significant influence ceases.

3-1-3 Transactions eliminated on consolidation

Intragroup balances and any unrealised gains and losses or income and expenses arising from intragroup transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with associates and jointly controlled entities are eliminated to the extent of the Group's interest in the entity. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

3-2 Foreign currency translation

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

3- 3 Fixed assets & depreciation

a) Recognition and measurement

Property, plant and equipment are stated at cost less accumulated depreciation (note No. 3-3-c) and impairment losses (note No. 3.12).

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

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

b) Subsequent costs

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

c) Depreciation

Depreciation is charged to the income statement on a straight-line basis over the estimated useful lives of each part of property, plant and equipment. The estimated useful lives are as follows:

Asset	years
Buildings of the Parent Company's premises	10
Means of Transportations	5
Furniture & fixtures	4-10
Office & communications equipment	5
Generators , machinery & equipment	2-5
Leasehold improvements	Lesser of 5 years or lease term

3-4 Intangible assets

3-4-1 Recognition

Identifiable non-monetary assets acquired for business purposes and from which future benefits are expected to flow are treated as intangible assets. Intangible assets consist of license fees.

3-4-2 Measurement

Intangible assets are measured at cost, being the cash price at recognition date. If payment is deferred beyond the normal credit terms the difference between the cash price equivalent and the total payment is recognized as interest over the period of credit. Intangible assets are presented net of amortization (note No. 3-4-4) and impairment (note No.3-12).

3-4-3 Subsequent expenditure

Subsequent expenditure on capitalised intangible assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

3-4-4 Amortization

Amortization is charged to the income statement on a straight-line basis over the estimated useful lives of intangible assets unless such lives are indefinite. Intangible assets with an indefinite useful life are systematically tested for impairment at each balance sheet date. Intangible assets are amortised from the date they are available for use. The estimated useful lives of these intangible assets are 7 years.

3-5 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.

3-6 Investment property

This item includes lands held and not allocated for a specific purpose, or lands held for sale for long periods as well as the lands and buildings leased to others (by virtue of operating leases). The long term real estate investments are valued at cost less the accumulated depreciation and the value of any increase in the net book value of these investments over their recoverable amount "impairment". The fair value of these investments shall be disclosed at the balance sheet date unless if there are cases where the fair value of these investments are difficult to be determined in a reliable manner. In this case disclosure shall be made to this effect.

3-7 Investments

a) Available for sale investments

Financial instruments held by the Company are classified as being available-for-sale and are generally stated at fair value (except investments in unquoted equity securities), with any resultant gain or loss being recognized directly in equity, except for impairment losses. When these investments are derecognized, the cumulative gain or loss previously recognized in equity is recognized in income statement. Investments in unquoted equity securities are stated at cost less impairment losses (note No. 3-12).

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

b) Investments in treasury bills

Treasury bills discountable at the Central Bank of Egypt are stated at nominal value and the unearned interests are recorded under creditors and other credit balance account. Treasury bills are shown in the financial position at their nominal value less the balance of unearned interests.

3-8 Residential units ready for sale

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

3-9 Work in process

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

3-10 Trade and other receivables

Trade, notes and other receivables are recognized and carried at original invoice amount less an allowance for any uncollectible amounts. An estimate of doubtful debts is made when collections of the full amount is no longer probable. Bad debts are written off when identified. Other debit balances are stated at cost less impairment losses (note No. 3-12). Long term trade and notes receivables are initially recognized at fair value and subsequently re-measured at amortized cost using effective interest rate method.

3-11 Cash and cash equivalents

Cash and cash equivalents comprise cash at banks and on hand time deposits, investments in treasury bills and Central Bank of Egypt bonds 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 Group's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

3-12 Impairment

a) Financial assets

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

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

- An impairment loss in respect of an available-for-sale financial asset is calculated by reference to its current fair value.
- Individually significant financial assets are tested for impairment on a individual basis.
- The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.
- All impairment losses are recognized in consolidated income statement. Any cumulative loss in respect of an available-for-sale financial asset recognized previously in equity is transferred to consolidated income statement.
- An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognized.
- For financial assets measured at amortized cost and available-for-sale financial assets that are debt securities, the reversal is recognized in 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, inventories of residential units ready for sale and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated.

An impairment loss is recognized if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups. Impairment losses are recognized in the consolidated 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 other assets, impairment losses recognized in prior periods is 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, if no impairment loss had been recognized

3-13 <u>Provisions</u>

A 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.

Provision for completion of works

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

3-14 Borrowing costs

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

3-15 Trade, contractors and other credit balances

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

3-16 Share capital

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

3-17 Cash settled share - based payments

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

3-18 Revenue recognition

a) Sales revenue

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

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

- Compensations of the returned units are recorded as sundry revenues at 5 % of the value of the sold units.

b) Interest income

Interest income is recognized in the consolidated income statement, using the effective interest method.

c) Commission revenue

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

d) Dividends

Dividends income is recognized in the consolidated 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 in the open area of all plots of lands at the ratio of the total areas of open lands (after adding its share in roads) to the total areas multiplied by the total area of the sold land.

3-20 Expenses

a) Lease payments

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

b) Interest expense

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

c) Employees' pension

The Company contributes to the government social insurance system for the benefit of its personnel in accordance with the social insurance law. Under this law, the employees and the employers contribute into the system on a fixed percentage-of-salaries basis. The Company's liability is confined to the amount of its contribution. Contributions are charged to consolidated income statement using the accrual basis of accounting

d) Income tax

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

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

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

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

3-21 Dividends

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

3-22 Earnings per share

The Company presents basic earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period.

3-23 Segment reporting

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

3-24 Determination of fair values of non-financial assets

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

4- Fixed assets

	Buildings of the Company's premises	Vehicles	Furniture & office equipment	Office equipment & communications	Generators,machinary & equipment	Total
	L.E	L.E	L.E	L.E	L.E	L.E
Cost						
As at 1 January 2007	1 036 568	1 180 230	1 305 532	1 482 556	819 273	5 824 159
Additions	668 700	1 010 300	32 374	344 041	-	2 055 415
Disposals	-	279 600	321 110	1 500	-	602 210
As at 31 March 2007	1 705 268	1 910 930	1 016 796	1 825 097	819 273	7 277 364
Accumulated depreciation						
As at 1 January 2007	877 278	964 976	685 260	1 094 902	808 501	4 430 917
Depreciation for the period	25 559	30 826	36 824	47 340	3 516	144 065
Disposals	-	279 600	261 210	1 500	-	542 310
As at 31 March 2007	902 837	716 202	460 874	1 140 742	812 017	4 032 672
Net book value as at 31 March 2007	802 431	1 194 728	555 922	684 355	7 256	3 244 692
Net book value as at 31 December 2006	159 290	215 254	620 272	387 654	10 772	1 393 242

- This item includes fully depreciated assets of L.E 2 420 286 as at 31 March 2007.

5- Intangible assets

The balance shown in the consolidated financial position includes an amount of L.E 314 600 represents the amount paid in accordance with the joint venture agreement concluded with Betna for Investment & Marketing of Real Estate Co. for the license of utilizing Coldwell Bankers trade mark effective from 1 January 2008 for a seven year period . The agreement has not been signed till the consolidate statement of financial position date.

6- Projects under construction

This item is represented as follows:

	31/3/2007	31/12/2006
	L.E	L.E
Fixtures in the administrative premises	-	606 618
Advance payments for purchasing of fixed assets	1 204 576	-
	1 204 576	606 618

7- Investments in associates

This Group has the following investments in associates:

	Ownership		Book value	
	31/3/2007	31/12/2006	31/3/2007	31/12/2006
	%	%	L.E	L.E
Rabyia for Agricultural & Urban Development – S.A.E	26	26	1 992 547	4 689 205
Royal Gardens for Investment Property – S.A.E *	20	-	-	-
			1 992 547	4 689 205

Summary financial information on associates – 100 per cent:

	Assets	Liabilities	Equity	Revenues	Expenses
	L.E	L.E	L.E	L.E	L.E
Rabyia for Agricultural & Urban Development					
31 December 2006	23 386 162	2 061 658	21 324 504	17 901 626	2 624 479
31 March 2007	15 482 264	7 228 719	8 253 545	2 558 086	1 984 877
Royal Gardens for Investment Property					
31 December 2006	182 653 270	167 653 500	15 000 000	-	51 641
31 March 2007	182 553 259	167 605 000	14 948 259	-	100

* Royal Gardens for Investment Property Co. was established on 6 December 2006 in conjunction with Palm Hills and other shareholders. The cost of investment amounted to L.E 3 million represents 50 % of the Parent Company's participation in the share capital of Royal Gardens Co. The Parent Company share in the unrealized gain resulted from the sale of land made by the Parent Company to its associate during 2006 amounted to L.E 32 298 112 out of which only L.E 3 million was eliminated to the extent of the Parent Company's interest in the associate when preparing the consolidated financial statements.

8- Available for sale investments

This item is represented as follows:

	Legal form	Ownership %	Paid of Participation %	Book value as at 31/3/2007 L.E	Book value as at 31/12/2006 L.E
Egyptian Company for Development & Management of Smart Villages	S.A.E	0.98	100	2 317 300	2 317 300
Beverly Hills Co. for Management of Cities & Resorts	S.A.E	39.18	100	5 185 403	5 185 403
Total investments in available for sale securities				7 502 703	7 502 703

During the period, the Group changed its accounting policy in respect of accounting for available for sale investments as a result of the application of the new Egyptian Accounting Standards issued by virtue of the decree of Minster of Investment No. 243 of 2006 which replaced the previous Egyptian Accounting Standards effective from the first of January 2007 especially the amendment of Egyptian Accounting Standard No. 26 "Financial Instruments – Recognition and Measurement" in which the Company currently re-measure available for sale investments at fair values (except investments in unquoted equity securities) which were previously stated at cost less impairment losses.

The change in accounting policy has no impact on comparative figures, the investments opining balance and equity as at 1/1/2007 since these investments are unquoted and there is a difficulty in determining its fair value. In addition, the change in accounting policy had no impact on earning per share.

9- Payments under account of acquisition of subsidaries

The balance is represented in amount paid under account of acquisition of stake of 99.99% in the share capital of Sixth of October for Development & Real Estate Projects S.A.E in accordance with the resolution of the Company's board of directors dated 11 September 2006 for the purchase of full shares of Sixth of October for Development & Real Estate Projects. On 18 September 2006 a share purchase agreement was concluded to purchase 14.999 million shares of nominal value of L.E 149.999 million for L.E 518.157 million and to be paid as follows:

- L.E 29.998 million as deposit for the purchase of these shares.
- L.E 488.159 million to be paid on 31 October 2006.

And after the last payment, the ownership of these shares will be transferred to SODIC Co.

- On 15 November 2006, a revised share purchase agreement was signed containing the following modifications:

- Reducing the issued share capital of the subsidiary from L.E 150 million to L.E 110 million. Accordingly, reducing the number of shares from 15 million shares to 11 million shares and maintaining the par value of share of L.E 10 per share.
- Modification of the execution period of the share negotiation to 30 November 2006 instead of 31 October 2006.

- Number of shares belonging to SODIC after such reduction amounting to 10.999 million shares for payment of L.E 518.145 million.

- Rescheduling the purchase to be as follows:

- L.E 29.998 million as deposit for the purchase of these shares.
- L.E 187.987 million to be paid on 30 November 2006.
- L.E 160.300 million to be paid on the transfer of ownership date to SODIC or on 31 March 2007 whichever is the nearest. The transfer of shares in the name of the Parent Company is currently undertaken.

10- Investment property

	31/3/2007 L.E	31/12/2006 L.E
Costs of lands not utilized yet *	-	98 443 875
Book value of completed residential units leased for others (net of accumulated depreciation of L.E 9 143)	769 016	772 906
Balance as at 31 March 2007	769 016	99 216 781

* An amount of L.E 88 496 511 was transferred to work in process item as a result of the start of working in one of the new projects as indicated in note (13) .

11- Long - term trade & notes receivables

This item is represented in the amortized cost of trade & notes receivables using the effective interest rate as follows:-

	31/3/2007 L.E	31/12/2006 L.E
Trade receivables	161 327 722	167 942 722
Notes receivables	95 576 808	99 706 096
	256 904 530	267 648 818
Deduct:		
Discount on trade & notes receivables	14 810 364	15 797 722
	242 094 166	251 851 096

12- Completed residential units ready for sale

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

	31/3/2007 L.E	31/12/2006 L.E
Cost of completed commercial units in 3/A area	383 342	383 342
Cost of completed residential units in 3/B area	275 240	748 938
Cost of completed commercial units in 3/B area	1 287 653	1 418 448
Cost of completed chalets units in 4/A area	537 491	537 491
	2 483 726	3 088 219

13- Works in process

This item consists of the total costs related to works in the fourth area. Details of these works are as follows:

Translation from Arabic

	31/3/2007 L.E	31/12/2006 L.E
Cost of the Company's land intended for use *	88 496 511	-
Cost of land	74 613 561	81 531 915
Planning , survey , supervision & soil researches	4 444 074	4 287 900
Building &, utilities	62 374 356	82 624 850
	229 928 502	168 444 665

* Represented in the cost of land whose its master plan was updated and commencing the carrying out of ALLEGRIA project and hence, a reclassification from the investment property related to this land was made and included under work in process.

14- Trade & notes receivables

	31/3/2007 L.E	31/12/2006 L.E
Trade receivables	37 826 925	15 847 798
Notes receivables	65 899 394	102 927 339
	103 726 319	118 775 137
Impairment loss of trade & notes receivables	(200 000)	(200 000)
	103 526 319	118 575 137

15- Debtors & other debit balances

	31/3/2007 L.E	31/12/2006 L.E
Contractors – advance payments	17 689 472	18 709 067
Advance deposits	596 071	316 086
Interests receivable	70 860	4 284 149
Prepaid expenses	31 950	21 987
Deposits with others	194 640	169 440
Tax Authority	97 558	57 552
Garden City for Development & Investment – current account	218 989	-
Sixth of October for Development & Real Estate Projects - current account	81 885	-
Palm Hills Company for Development – current account	50 000	-
Dividends receivable	668 005	-
Other debit balances	982 263	983 982
	20 681 693	24 542 263
Impairment loss of debtors & other debit balances	(355 157)	(344 835)
	20 326 536	24 197 428

16 - Cash & cash equivalents

	31/3/2007 L.E	31/12/2006 L.E
Bank - time deposits	8 366 080	477 232 311
Bank - current accounts	197 821 098	314 726 270
Checks under collection	2 578 046	1 344 504
Cash on hand	590 817	521 664
	209 356 041	793 824 749
Treasury bills & Central Bank of Egypt bonds (with maturities of 7 &12 days)	295 839 400	-
Cash & cash equivalents in the statement of cash flows	505 195 441	793 824 749

17- Provisions

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

	Balance as at 1/1/2007 L.E	Provision formed during the period L.E	Provision used during the period L.E	Balance as at 31/3/2007 L.E
Provision for completion of works *	39 947 204	13 614 583	11 038 430	42 523 357
Provision for claims **	2 722 649	44 250	-	2 766 899
	42 669 853	13 658 833	11 038 430	45 290 256

* This provision is formed for the estimated costs to complete the execution of the delivered works and expected to be incurred and finalized in 2007.

** This provision is formed for potential taxes and lawsuits.

18- Customers – deposits

This item consists of the deposits for booking and contracting of units not ready for delivery yet and is represented as follows:

	31/3/2007 L.E	31/12/2006 L.E
Land deposits – (Fourth area)	17 612 241	49 554 556
Deposits for booking , contracting & installments of residential units (Fourth area)	23 306 052	29 648 718
Deposits for booking , contracting & installments of villas (Fourth area)	6 495 748	13 731 515
Deposits for other lands	380 000	38 290 730
Deposits for 3 B units	417 600	488 608
Deposits for commercial units (First phase)	740 701	-
	48 952 342	131 714 127

19- Creditors & other credit balances

	31/3/2007 L.E	31/12/2006 L.E
New Urban Communities Authority (note No.24) *	19 288 571	55 222 638
Deferred interest income	20 579 963	21 376 847
Accrued expenses	7 969 836	8 148 643
Due to Beverly Hills Co. for Management of Cities & Resorts ***	12 760 346	12 511 642
Liability for cash settled share-based payments transactions	13 463 029	853 117
Customers – advance payments	2 279 204	1 717 474
Tax Authority	4 168 790	4 723 789
Liability for use of trade mark – Coldwell Banker	314 600	314 600
Commissions due to Coldwell Banker	379 914	334 474
Accrued compensated absence	305 082	151 832
Sundry creditors	3 908 014	2 498 904
	85 417 349	107 853 960

* The amount due to New Urban Communities Authority was classified as short and long term as at 31/3/2007 in accordance with the new rescheduling stated in the letter of the Authority dated 14/1/2007 which includes determining the dates of repayment of the remaining installments of the land and rescheduling the installments and claims due from the Company at the consolidated financial position date as follows:

Description	31/3/2007 L.E
Installment due on 30 /12 /2007	19 288 571
Assignment dues due on 30 / 12 / 2008 **	11 745 460
Total	31 034 031
Deduct : Long – term portion	11 745 460
Current portion	19 288 571

** This amount is represented in the present value of the amount for the assignment of an area of one million meter of land according to a claim received from New Urban Communities Authority of L.E 15 million on 19 / 9 / 2005 and due on 30 / 12 / 2008 after excluding the amortization of discount related to this assignment.

*** This item is represented in the amount due to some executive directors of the Parent Company as detailed in note No. (30).

20- Minority interest

Minority interest balance as at March 31, 2007 represents the minority interest' shares in subsidiary's equity as follows:

	Minority interest %	Minority share in subsidiary losses for the period L.E	Minority share in equity excluding profits/losses for the period L.E	Minority interest as at 31/3/2007 L.E
SODIC Property Services Co.	49	(434 739)	655 214	220 475
		(434 739)	655 214	220 475

21- Share capital

- The Parent Company's authorized capital was determined at L.E 500 million (five hundred million Egyptian pounds).

- The Parent Company's issued share capital before the increase amounted to L.E 167 981 070 (only hundred sixty seven million nine hundred eighty one thousand and seventy Egyptian Pounds) distributed over 16 798 107 shares at a par value of L.E 10 per share fully paid , and annotation was made in the Parent Company's Commercial Registry to this effect.

- On 10 July 2003, the Parent Company's Extraordinary Assembly Meeting decided to reduce the Parent Company's issued capital with an amount of L.E 8 134 750 (eight million hundred thirty four thousand seven hundred and fifty Egyptian Pounds) representing the par value of the treasury shares – according to article 48 of law No. 159 0f 1981 to L.E 159 846 320 (hundred fifty nine million eight hundred forty six thousand and three hundred and twenty Egyptian Pounds) distributed over 15 984 632 shares (fifteen million nine hundred eighty four thousand six hundred and thirty two shares). Capital Market Authority issued its letter No. 6610 on 9 October 2003 approving the reduction of the Parent Company's issued capital, and annotation was made in the Parent Company's Commercial Registry to this effect.

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

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

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

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

- An amount equivalent to L.E 900 million was collected from the new shareholders of which L.E 90 million represents the par value of the increase shares 9 million shares, and the remaining L.E 810 million represent share premium of these shares as shown in note No. (23). Annotation was made in the Parent Company's Commercial Registry on 18/12/2006.

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

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

- On 16/5/2007, the Parent Company's board of directors agreed to increase the issued capital by issuing one million shares in favor and name of Incentive and bonus plan account in accordance with the resolution of the Parent Company's Extraordinary Assembly Meeting on 16/10/2006.

22- Legal reserve

According to the Parent Company' statutes, the Parent Company is required to set aside 5 % of annual net profit to form a legal reserve. This transfer to legal reserve ceases once the reserve reaches 50 % of the issued share capital. The reserve balance as at 31 March 2007 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 Parent Company's Extra-Ordinary General Assembly Meeting held on 10 July 2003).	4 627 374
Increase of the legal reserve with part of capital increase share premium with limits of half of the Parent Company's issued share capital.(Note No. 23).	123 409 151
Legal reserve balance as at 31/3/2007	134 566 980

23- Special reserve – share premium

The balance is represented in the remaining value of capital increase share premium for a number of 11 million shares during 2006 after deducting the amounts that have been credited to the legal reserve, and after deducting the issuance expenses of such increase as follows:

Description	L.E
Total value of the capital increase share premium collected during 2006	983 588 760
Deduct:	
Amounts credited to the legal reserve according to the provision of Article No. (94) of the executive regulations of law No. 159 of 1981 related to the addition of the share premium to the legal reserve until equal to half of the issued capital.	123 409 151
Total issuance expenses attributable to the issuance of the capital increase shares during 2006.	27 740 255
Balance as at 31 March 2007	832 439 354

24- Land purchase creditors

This item is represented in the value of the long- term installments due to New Urban Communities Authority, and which is related to the remaining value of the plot of land in Shiekh Zayed (Kilo 38 – Misr Alex. Desert Road) which was previously purchased by virtue of a preliminary contract on 19/11/1995 to use this land in order to divide it and build it and other purposes of the Company. The procedures of transferring the land's ownership in the name of the Parent Company shall be undertaken as soon as the amounts due to the Authority are settled. The short term part which amounts to L.E 19 288 571 was included under the caption of Creditors and other credit balances (Note No. 19).

25- Net sales

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

	Financial period ended 31/3/2007 L.E	**Financial period ended 31/3/2006 L.E**
Sales of villas & residential units from first phase	994 528	-
Deduct : Sales returns of villas & residential units from first phase	-	332 038
Net sales of villas & residential units from first phase	994 528	(332 038)
Sales of lands	76 286 894	4 123 202
Sales of residential units & villas from second phase	16 067 274	-
Sales of land & building of the health club to Beverly Hills Co.*	14 500 000	-
	107 848 696	3 791 164
Deduct: Special discount	-	151 246
	107 848 696	3 639 918

* On 28/3/2007, the Parent Company's board of directors decided to sell an area of 10 thousand square meter of land on which a club is erected to Beverly Hills Co. for Management of Cities & Resorts (a related party) and Beverly Hills Co. will increase its share capital with 1 450 000 shares that will be fully allocated to the Parent Company as a settlement of the price of the land and building of the club referred to. The club was delivered to Beverly Hills Co. on 28/3/2007 .

26 - Cost of sales

This item consists of the following:

	Financial period ended 31/3/2007 L.E	**Financial period ended 31/3/2006 L.E**
Cost of villas & residential units	604 494	-
Deduct: Cost of sales returns	-	132 554
Net cost of villas & residential units sold from first phase	604 494	(132 554)
Cost of villas & residential units sold from second phase	12 263 660	-
Cost of lands sold	32 888 471	2 690 445
Cost of land & building of the club to Beverly Hills Co.	6 982 215	-
	52 738 840	2 557 891

27- Other operating revenues

This item consists of the following:

	Financial period ended 31/3/2007 L.E	Financial period ended 31/3/2006 L.E
Realized interest income from installments during the period	4 705 164	1 514 934
Consulting services for promotion & marketing	488 399	-
Sundry income	881 118	219 939
Gain on sale of fixed assets	125 150	-
	6 199 831	1 734 873

28- Selling & marketing expenses

This item consists of the following:

	Financial period ended 31/3/2007 L.E	Financial period ended 31/3/2006 L.E
Salaries & wages	375 684	91 812
Commission for sales employees	196 110	49 579
Sales commissions	529 938	-
Advertising	2 150 025	19 010
Market research & consultancy	517 292	-
Printouts & photocopy	121 312	3 427
Conferences & exhibitions	228 972	-
Rents	-	35 424
Others	107 126	48 593
	4 226 459	247 845

29- General & administrative expenses

This item consists of the following:

	Financial period ended 31/3/2007 L.E	Financial period ended 31/3/2006 L.E
Salaries & wages	1 209 088	344 977
Employees training & development	652 631	-
Professional & consultancy	1 005 677	29 000
Advertising	393 047	6 062
Maintenance of gardens	366 836	84 353
Administrative depreciation of fixed assets & rented units	147 957	21 725
Subscriptions & governmental dues	83 388	84 456
Rent	-	29 931
Others	766 749	79 055
	4 625 373	679 559

30- Board of directors remunerations

This item consists of the following:

	Financial period ended 31/3/2007 L.E	Financial period ended 31/3/2006 L.E
Remunerations & bonuses	741 571	553 500
Attendance & transportations allowances	14 000	9 000
Cash settled share - based payments *	13 420 883	-
	14 176 454	562 500

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

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

Employees entitled	Grant date	Number of shares In thousands	Fair value at grant date	Market value of share at 31/3/2007	Conditions
Some executive board members of the Parent Company	1/4/2006	-	75	152.7	-Vested after 6 months of period from grant date (salaries)
One of the executive board members of the Parent Company	1/4/2006	750	154.92	152.7	- Additional benefits for 5 years working in the Company and exercise period from 31/3/2007 till 31/3/2011. The beneficiary is not entitled to this right if the performance of the Company' share is below CASE 30 by more than 20% for 2 consecutive years during the vesting period.

In addition, the Parent Company's board of directors held in the same session approved some other benefits to the Parent Company's managing director which are represented in granting him share appreciation rights for a number of 750 thousand of the Parent Company' shares with exercise price of L.E 75 per share effective from 1/4/2006 and for five years period provided that achieving certain terms and conditions.

On 28/3/2007, the Parent Company's board of directors agreed on the monthly salary and the additional benefits granted to the Parent Company's managing director within the employees' bonuses and incentive plan (note No. 41) starting from 1/4/2006.

The amount of expense charged to the consolidated income statement during the period amounted to L.E 1 765 883 as salaries and L.E 11 655 000 as additional benefits and the corresponding liability for both amounted to L.E 13 463 029 included in creditors & other credit balances caption in the consolidated statement of financial position.

31- Other operating expenses

This item is represented as follows:

	Financial period ended 31/3/2007 L.E	Financial period ended 31/3/2006 L.E
Discount for early payment	316 781	-
Provisions for claims	44 250	216 481
Impairment loss of debtors & other debit balances	10 322	145 016
Loss on sale of fixed assets	38 110	-
	409 463	361 497

32- Financial income

This item is represented as follows:

	Financial period ended 31/3/2007 L.E	Financial period ended 31/3/2006 L.E
Interest income	10 692 021	320 664
Interest income from treasury bills	3 610 210	-
Interest income from available for sale investments	668 005	-
Net foreign exchange gain	-	7 967
	14 970 236	328 631

33- Financial expenses

This item is represented as follows:

	Financial period ended 31/3/2007 L.E	Financial period ended 31/3/2006 L.E
Interest charges	29 036	2 965 206
Deferred interest for the assignment amount due to the Authority	403 305	350 700
Net foreign exchange loss	314 942	-
	747 283	3 315 906

34- Deferred tax

34-1 Current income tax expense

The Parent Company is exempted from Corporate Profit Tax for a period of ten years starting from the next year of staring activity in accordance with law No. 59 of 1979 concerning the New Urban Communities and current income tax expense is represented in the tax due on time deposits which is to be taxed in separate tax bracket in accordance with Law No. 91 of 2005.

34-2 Deferred tax liabilities

Deferred tax liabilities are attributable to the following:-

	31/3/2007 L.E	31/12/2006 L.E
Fixed assets	61 346	39 642
Total	61 346	39 642

34-3 Unrecognized deferred tax assets

	31/3/2007 L.E	31/12/2006 L.E
Deductible temporary differences	8 900 418	8 344 337
Total	8 900 418	8 344 337

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

35- Earnings per share

The calculation of basic earning (losses) per share at 31 March 2007 was based on the profit the period attributable to ordinary shareholders of the Parent Company of LE 50 518 556(31 March 2006: loss of LE 2 021 776) and a weighted average number of ordinary shares outstanding during the period ended 31 March 2007 of 26 913 396 (31 March 2006: 15 984 632) calculated as follows:

	Financial period ended 31/3/2007 L.E	Financial period ended 31/3/2006 L.E
Net profit (loss) for the period attributable to equity holders of the Parent Company	50 518 556	(2 021 776)
Weighted average of the outstanding number of shares during the period	26 913 396	15 984 632
Earnings per share (L.E / share)	1.88	(0.13)

36- Transactions with related parties

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

a) Transactions with related parties

Party	Relationship	Nature of transaction	Financial period From 1/1/2007 Till 31/3/2007 Amount of transaction L.E	Financial period From 1/1/2006 Till 31/3/2006 Amount of transaction L.E
National Bank of Egypt	A shareholder with a participation of 5.51%	Finance charges	-	2 923 862
Rabyia for Agricultural & Urban Development Co.	An associate	Works of mowing , agriculture , irrigation , drainage and other	-	300 662
Beverly Hills Co. for Management of Cities & Resorts	The Company has participation of 42.8 % in its share capital	Works of agriculture, maintenance & security services for Beverly Hills City.	545 970	79 991
		Value of land & building of the health club	14 500 000	-
Royal Gardens for Investment Property	An associate	Recognized from deferred interest	987 358	-
Board of directors	Board of directors	Collections from sale of residential units & lands.	19 120	61 118
		Remunerations & bonuses of the board members (see note No. 30)	14 176 454	562 500

b) Resulting balances from these transactions

Party	Item as shown in statement of financial position	31/3/2007 L.E	31/12/2006 L.E
Rabyia for Agricultural & Urban Development Co.	Contractors – advance payments	49 500	49 500
	Contractors & suppliers	146 629	146 629
Beverly Hills Co. for Management of Cities & Resorts	Debtors & other debit balances (note No. 15)	39 054	23 831
	Trade & notes receivable (note No. 14)	14 500 000	-
	Creditors & other credit balances (note No. 19)	298 136	282 080
Royal Gardens for Investment Property	Trade & notes receivable (note No. 11 & 14)	167 580 000	167 580 000
Board of directors	Trade & notes receivable	133 826	152 944
	Liability for cash settled share – based payments transactions included in creditors & other credit balances caption (note No. 19)	13 463 029	853 117

37- Legal position

There is a dispute between the Parent Company and a party regarding the contract concluded between them on 23/2/1999 which is related to delivering this party the plot of land as a usufruct right for an indefinite period of time and a return for an annual rental with a minimal amount for a total of 69 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 Parent Company and the management of this party. The legal counselor is of the opinion that the Parent Company's position in this dispute enables it to maintain this land, and the legal dispute shall be settled according to the court judgment that can not be predetermined.

38- Tax status

38-1 The Parent Company

The Parent Company is exempted from Corporate Profit Tax for a period of ten years starting from the next year of staring activity in accordance with law No. 59 of 1979 concerning the New Urban Communities (The exemption will be ended on 31 December 2007). The tax exemption was registered on the Parent Company's tax card. Summary of the Parent Company's tax status at the consolidated statement of financial position date follows:

Corporate profit tax

- The Tax Authority assesed corporate profit tax and moveable income tax for the years from 1996 till 2000 on deemed basis. The Company was notified by the tax foms and the Parent Company has objected on such assessment and the dispute is still regarded on the Internal Committee.

- No tax inspection has been carried out for year 2001 till authorizing these consolidated financial statements for issuance.

Salary tax

- Tax inspection was carried out until 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 differences were paid according to the assessment of the Internal Committee in September 2004.
-
- On 17 May 2006, the Company received a notice for the inspection of years 2002, 2003& 2004 and no tax inspection has been carried out till authorizing these consolidated financial statements for issuance.

Withholdin tax

- Tax inspection was carried out for the aforementioned years and also till the fourth quarter of 2006 and no tax inspection has been carried out till authorizing these consolidated financial statements for issuance.

Stamp tax

Tax inspection was carried out for the years until 2004 and a notice for tax inspection for 2005 was received till authorizing these consolidated financial statements for issuance.

Sales tax

- The Parent Company was inspected from inception till August 2003 and tax difference was paid.

- No tax inspection for the following periods has been carried out till authorizing these consolidated financial statements for issuance.

38-2 The subsidiary

Corporate profit tax

The Company is subject to corporate profit tax in accordance with Law No. 91 of 2005. No tax inspection has been carried out till authorizing these consolidated financial statements for issuance.

Salary tax

No tax inspection has been carried out till authorizing these consolidated financial statements for issuance.

Stamp tax

No tax inspection has been carried out till authorizing these consolidated financial statements for issuance.

39- Capital commitments

The contracts concluded with others related to construction, utilities and site works amounted to L.E 111 793 232 (31 December 2006: L.E 111.73 million) and the unexecuted part of these contracts amounted to L.E 64 839 148 as at 31 March 2007 (31 December 2006: L.E 58.39 million).

Contributions in long – term investments that have not been requested till the consolidated statement of financial position date amounted to about L.E 3 million (31 December 2006: L.E 303.16 million).

40- Financial instruments & risk management

The financial instruments of the Group are represented in the financial assets and liabilities. The financial assets include cash at banks and on hand, investments in treasury bills and Central Bank of Egypt bonds, notes receivable, some trade receivables and other debit balances and the financial liabilities include bank facilities, customer – deposits, loans, land purchase creditors, contractors, some suppliers & notes payable and creditors & other credit balances.

The Group does not enter into derivative transactions for the purpose of trading or hedging exposure to fluctuations in the foreign exchange rates or interest rates.

The main risks arising from the Group's operations are credit risk, interest rate risk and foreign currency risk.

a) 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.

The Group's financial assets include trade receivables representing amounts due from customers, time deposits and investment balances; these financial assets do not represent a significant concentration of risk.

Trade receivables are widely spread among customers' segmentation. Strict credit control is maintained and further appropriate level of impairment loss is made. The Group manages the credit risk on investment by ensuring that investments are made only after careful credit evaluation of these investments.

The time deposits are placed with commercial banks after careful credit evaluation of those banks.

b) Interest rate risk

Interest rate risk is the risk that the value of financial instrument will fluctuate due to changes in market interest rates.

The Group is exposed to interest rate risk on its time deposit. These are short-term in nature and are denominated in the US Dollar and Egyptian Pound. The average interest rate yield form short-term deposits were:

	31/3/2007	**31/12/2006**
Egyptian Pound	7.5%	6.4%
USA Dollar	4.8%	4.8%

c) Foreign currency risk

Foreign currency risk is the risk that the value of financial instrument will fluctuate due to change in the foreign exchange rates.

The Group is exposed to foreign currency risk on purchases from foreign suppliers and loans denominated in foreign currency. The currencies giving rise to this risk are primarily US Dollar.

As of 31 March 2007, the Group's assets and liabilities denominated in foreign currencies amounted to the equivalent of LE 177 938 337 and LE 2 418 914 respectively. The Group's net foreign currencies exposure as of 31 March 2007 was as follows:

Foreign currency	**31/3/2007**	**31/12/2006**
	Surplus	**Surplus**
US Dollar	30 805 127	30 809 254
UAE Derham	98 647	103 570

d) Fair value of financial instruments

- The fair value is the amount for which an asset could be exchanged or a liability settled between knowledgeable willing parties on an arm's length basis.

- Except for investment in unquoted equity security, classified as available-for-sale, whose fair value can not be reliably estimated and therefore stated at cost, the carrying value of the Group's other financial instruments approximates their fair values.

- **Estimation of fair values**

The following summarizes the major methods and assumptions used in estimating the fair values of financial instruments:

Securities

Fair value is based on quoted market price at the balance sheet date without any deduction for transaction costs except for the unquoted equity security, referred to above, which is stated at cost less impairment losses.

Receivables and payables

For receivables/payables with a remaining life of less than one year, the notional amount is deemed to reflect the fair value.

41 - Incentive and bonus plan of the Company's employees and managers

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

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

- The incentive and bonus plan works through allocation of shares for the employees, managers and executive board directors of the Parent Company and to sell these shares in favor of them with preferential terms.
- Duration of the plan is four years starting from the date of approval of the plan by the Parent Company ' Shareholders meeting and each beneficiary is allocated during this period a specified number of shares each year over the plan years according to the allocated shares outlined in the appendix of this plan.
- The price of share was determined for the beneficiary at L. E 75 per share.
- The Parent Company shall finance the issuance of the shares of the increase allocated in application of the plan through charging to the reserve balance and the value of shares due to the Parent Company will be paid from the proceeds of sale in favor of the beneficiary before the payment of the difference to the beneficiary.

On 28 March 2007, the Parent Company's board of directors approved the agreement of marinating the shares of the incentive and bonus plan of employees, managers and executive board directors of the Parent Company with Arab African International Bank and the agreement concluded between the Parent Company and Arab African International Bank was signed on 15 April 2007.

42- Subsequent events

On 16 December 2006, the Parent Company's board of directors agreed to acquire 100% of shares of Palm Hills Company for Development –S.A.E – through increasing the Parent Company' issued capital with its fair value, and swapping the increase shares and the shares of Palm Hills Company for Development .Also the board has agreed to delegate the managing director to enter into the acquisition negotiations provided that the matter should be submitted before the Parent Company's Extra-Ordinary General Assembly Meeting for approval.

On 10 May 2007, the acquisition process of Palm Hills Company for Development through share swap was ceased since one of the prior significant and main terms of the share swap agreement dated 27 December 2006 has not been fulfilled. A disclosure of this matter was made by virtue of a letter submitted by the Parent Company to the Stock Exchange on 10 May 2007 and also an explanatory letter was sent to Capital Market Authority on 13 May 2007.

Additionally, on 16 May 2007, the Parent Company 's board of directors has agreed to irrevocably cancel the acquisition process of the full shares of Palm Hills Company for Development and has decided to settle this position softly between the two companies.

43- Comparative figures

Some comparative figures were reclassified to conform to the current presentation of the consolidated financial statements. The consolidated statement of financial position items affected by the reclassifications are listed below:

	L.E
Provision for claims	(2 213 152)
Creditors & other credit balances – Corporate tax	2 213 152
Work in process	(4 030 000)
Investments in associates	4 030 000