Translation

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

Consolidated Financial Statements

For The Financial year Ended December 31, 2011

And Auditors' Report

KPMG Hazem Hassan
Public Accountants & Consultants

Translation

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Auditor's Report

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

Report on the consolidated financial statements

We have audited the accompanying consolidated financial statements of Sixth of October for Development and Investment Company "SODIC" S.A.E, which comprise the consolidated balance sheet as at December 31, 2011, and the consolidated statements of income, changes in equity and cash flows for the financial year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Sixth of October for Development and Investment Company "SODIC" as of December 31, 2011, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the Egyptian Accounting Standards and the Egyptian laws and regulations relating to the preparation of these consolidated financial statements.

Emphasis of matter

Without qualifying our opinion

- Regarding to what has been mentioned in details in Note No.(48), the parent Company share (Sixth of October for Development and Investment Company "SODIC") in the total assets of the joint venture on The Arab Republic of Syria in addition to the balance of the loans granted to these joint venture amounting to L.E 461 million approximately as at December 31. 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 in Syria, and the Company's management has no reason to make it believes that these values need to be impaired despite the events that Syria encountering currently.

- As mentioned in details in Note No.(56) on March 29, 2012 Sixth of October for Development and Real Estate Projects Co. "SOREAL" (Subsidiary 99.99% owned to Sixth of October for Development and Investment Company "SODIC"), has received a letter from the urban communities Authority (New Cairo City) dated 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 as 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. As shown in note no. (14) the total value of land in addition to the related expenses and costs amounts to EGP 634 338 K as at December 31, 2011.

The external legal consultant opinion concluded that the decision passed by 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 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 both of the management of the Company and its legal consultant believes that the decision to cancel the allocation is against the law

Accordingly, no impairment has been recorded for work in process as at December 31, 2011.

KPMG Hazem Hassan

KPMG Hazem Hassan

Cairo, April 17, 2012

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

Consolidated Balance Sheet
As at December 31, 2011

	Note No.	31/12/2011 L.E	31/12/2010 L.E
Long - term assets			
Fixed assets	(3-3,6)	233 396 288	88 395 860
Projects under construction	(3-5,7)	5 593 101	43 030 434
Biological Assets		1 347 969	-
Investments in associates	(3-1-2,8)	-	250 000
Investments - available for sale	(3-7a,9)	4 350 000	4 350 000
Amounts paid on account from investments		250 000	-
Investment properties	(3-6,10)	413 521 494	420 019 673
Advance payment for investment properties		12 428 754	14 191 343
Trade, notes receivables and debtors	(3-12,11)	923 397 293	1 260 276 872
Deferred tax assets	(12)	-	1 444 974
Total long - term assets		**1 594 284 899**	**1 831 959 156**
Current assets			
Non-current assets held for sale		849 861	
Current assets - under liquidation		690 000	
Completed units ready for sale	(3-8,13)	47 277 755	3 997 225
Inventories & letters of credit		2 078 517	2 800 129
Works in process	(3-9,14)	2 886 321 290	2 704 217 794
Amounts due from customers - constructions	(3-10)	710 752	12 185 177
Trade & notes receivable	(3-12,15)	801 927 695	858 603 246
Debtors & other debit balances	(3-12,16)	411 509 752	471 049 509
Loans to Joint Ventures	(17)	80 708 548	70 958 476
Investments held for trading	(3-7/b,18)	-	86 988 915
Investments in treasury bills		33 437 200	5 127 992
Cash at banks & on hand	(3-13,19)	505 650 445	853 254 210
Total current assets		**4 771 161 815**	**5 069 182 673**
Current liabilities			
Provision for completion	(3-15,20)	141 728 770	128 186 439
Provisions	(3-15,21)	6 935 396	6 690 427
Bank - credit facilities	(22)	51 256 820	86 903 632
Long term loans - current portions	(35)	5 076 688	3 111 463
Islamic finance (Murabha)	(23)	-	1 379 736
Customers advances	(3-12,24)	3 332 044 458	3 653 293 954
Amounts due to customers - constructions	(3-10)	-	1 683 528
Contractors, suppliers & notes payable	(3-18,25)	110 680 729	116 325 884
Creditors & other credit balances	(3-18,26)	311 182 507	310 053 870
Total current liabilities		**3 958 905 368**	**4 307 628 933**
Working capital		**812 256 447**	**761 553 740**
Total investments		**2 406 541 346**	**2 593 512 896**
These investments are financed as follows:			
Equity			
Issued & fully paid in capital	(3-19,28)	362 705 392	362 705 390
Legal reserve	(29)	181 352 693	181 352 695
Special reserve - share premium	(30)	1 316 921 569	1 316 921 569
Retained earnings		347 956 204	377 624 935
Treasury shares	(32)	(18 018 000)	-
Shares kept for bonus & incentive plan	(33)	(80 007 242)	(80 007 242)
Amount set aside for incentive & bonus plan	(34)	25 267 256	18 750 000
Net (loss) profit for the year		(188 715 808)	134 561 956
Cumulative translation adjustments of foreign operations	(31)	(34 125 123)	(483 446)
Total equity attributable to the Company		**1 913 336 941**	**2 311 425 857**
No controlling interest	(27)	43 047 944	96 048 697
Total equity		**1 956 384 885**	**2 407 474 554**
Long-term liabilities			
Loans - long term	(35)	335 331 037	42 007 752
Creditors - long term	(36)	15 000 000	22 500 000
Notes payable	(3-21,37)	97 224 471	121 530 590
Deferred tax liabilities	(12)	2 600 953	-
Total long-term liabilities		**450 156 461**	**186 038 342**
Total equity and long - term liabilities		**2 406 541 346**	**2 593 512 896**

* **The accompanying notes form (1) to (56) are an integral part of these consolidated financial statements and to be red therewith.**

Hany Henry

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

* Audit Report attached

Sixth of October for Development and Investment Company "SODIC"

(An Egyptian Joint Stock Company)

Consolidated Income Statement

For The Financial Year Ended December 31, 2011

	Note No.	2011 L.E	2010 L.E
Real estate & land sales	(3-22,38)	516 419 091	468 147 496
Construction contracts revenues		4 816 385	39 210 602
Consultancy revenues		–	944 479
Service revenues of Beverly Hills City		13 028 262	9 169 667
Service revenues of Allegria project		3 982 745	790 878
Golf course and club house revenues		4 029 069	1 265 388
Total revenues		**542 275 552**	**519 528 510**
Cost of real estate & land sold	(39)	(506 249 344)	(206 777 651)
Construction contracts cost		(6 538 212)	(33 756 858)
Consultancy cost		–	(742 607)
Service costs of Beverly Hills City		(25 350 218)	(20 865 965)
Service costs of Allegria project		(8 393 402)	(916 356)
Golf course and club house costs		(14 854 918)	(3 150 905)
Total costs		**(561 386 094)**	**(266 210 342)**
Gross (loss) profit		**(19 110 542)**	**253 318 168**
Other operating revenues	(40)	65 779 046	62 148 134
Gain on sale of investments in subsidiaries		–	32 027 272
Impairment of golf course		(24 313 504)	-
Selling and marketing expenses	(41)	(70 655 152)	(69 627 730)
General and administrative expenses	(42)	(131 578 960)	(128 984 865)
Other operating expenses	(43)	(9 399 241)	(16 858 090)
Operating (loss) profit		**(189 278 353)**	**132 022 889**
Finance income	(44)	45 979 227	85 155 753
Finance expenses	(45)	(42 816 581)	(26 716 488)
Net finance income		**3 162 646**	**58 439 265**
Net (loss) profit for the year - before income tax		**(186 115 707)**	**190 462 154**
Less: Income tax	(3-24-c,46)	(7 037 014)	(55 167 577)
Net (loss) profit for the year		**(193 152 721)**	**135 294 577**
Holding Company share		(188 715 808)	134 561 956
Non-controlling interest share		(4 436 913)	732 621
Net (loss) profit for the year		**(193 152 721)**	**135 294 577**
(Losses) earnings per share (L.E / Share)	(3-25,47)	**(2.08)**	**1.31**

* **The accompanying notes form (1) to (56) are an integral part of these consolidated financial statements and to be red therewith.**

Sixth of October for Development and Investment Company "SODIC"
(An Egyptian Joint Stock Company)
Consolidated Statement of Changes in Equity
For The Financial Year Ended December 31, 2011

	Note No	Issued & paid up capital L.E	Amounts paid for capital increase and share premium 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	Cummulative translation Adjustments of foreign operations L.E	Retained earnings L.E	Net (loss) profit for the year L.E	Equity attributable to the Company L.E	Non-controlling interest L.E	Total equity L.E
Balance as at January 1, 2010		284 133 960	83 070 956	141 906 330	912 439 354	-	(80 007 242)	13 750 000		491 764 307	(114 382 871)	1 732 674 794	25 759 079	1 758 433 873
Share capital increase & share premium		-	466 929 054	-	-	-	-	-	-	-	-	466 929 054	-	466 929 054
Amount transferred to retained earnings		-	-	-	-	-	-	-	-	(114 382 871)	114 382 871	-	-	-
Issued share capital increase		78 571 430	(78 571 430)	-	-	-	-	-	-	-	-	-	-	-
Amount transferred to legal reserve		-	(39 446 365)	39 446 365	-	-	-	-	-	-	-	-	-	-
Amount transferred to special reserve-share premium		-	(431 982 215)	-	404 482 215	-	-	-	-	-	-	(27 500 000)	-	(27 500 000)
Set aside amount for bonus & incentive plan during the year		-	-	-	-		-	5 000 000	-	-	-	5 000 000		5 000 000
Non-controlling interest		-		-	-	-	-	-	-	-	-	-	69 800 496	69 800 496
Cumulative translation adjustments of foreign operations	(31)	-		-	-	-	-	-	(483 446)	-	-	(483 446)	-	(483 446)
Gain on acquisition of non-controlling interest		-	-	-	-	-	-	-	-	243 499	-	243 499	(243 499)	-
Net profit for the year		-	-	-	-	-	-	-	-	-	134 561 956	134 561 956	732 621	135 294 577
Balance as at December 31, 2010		362 705 390	-	181 352 695	1 316 921 569	-	(80 007 242)	18 750 000	(483 446)	377 624 935	134 561 956	2 311 425 857	96 048 697	2 407 474 554
Share capital increase	(28)	2	-	(2)	-	-	-	-	-	-	-	-	-	-
Amount transferred to retained earnings		-	-		-		-	-	-	(30 520 200)	30 520 200	-	-	-
Amount set aside for incentive & bonus plan during the year	(34)	-	-	-	-	-	-	1 250 000	-	-		1 250 000	-	1 250 000
Dividends to employees & shareholders		-	-	-	-		-	-	-	-	(159 882 156)	(159 882 156)	-	(159 882 156)
Dividends of the shares of the bonus & invective plan for employees & managers	(34)	-	-	-	-	-	-	5 267 256	-	-	(5 200 000)	67 256	-	67 256
Purchase of treasury shares		-	-	-	-	(18 018 000)	-	-	-	-	-	(18 018 000)	(47 499 707)	(65 517 707)
Gain on acquisition of non-controlling interest		-	-	-	-	-	-	-	-	851 469		851 469	(1 064 133)	(212 664)
Cumulative translation adjustments of foreign operations	(31)	-		-	-	-	-	-	(33 641 677)	-		(33 641 677)	-	(33 641 677)
Net loss for the year		-	-	-	-	-	-	-	-	-	(188 715 808)	(188 715 808)	(4 436 913)	(193 152 721)
Balance as at December 31, 2011		362 705 392	-	181 352 693	1 316 921 569	(18 018 000)	(80 007 242)	25 267 256	(34 125 123)	347 956 204	(188 715 808)	1 913 336 941	43 047 944	1 956 384 885

* **The accompanying notes form (1) to (56) are an integral part of these consolidated financial statements and to be red therewith.**

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

	Note No.	2011 L.E	2010 L.E
Cash flows from operating activities			
Net (loss) profit for the year before income tax		(186 115 707)	190 462 154
Adjustments for:-			
Depreciation of fixed assets & rented units		22 876 071	9 585 429
Amortization of other assets		-	19 455
Investments income		-	(350 247)
Gain on sale of fixed assets		(104 566)	(58 245)
Loss on sale of fixed assets		324 643	277 654
Gain on sale of investments in subsidiaries		-	(32 027 272)
Gain on sale of held for trading investments		(369 659)	(851 137)
Unrealized gain on held for trading investments		(1 494 573)	(5 104 201)
Foreign exchange differences		(9 750 072)	-
Provisions formed		46 967 926	39 218 989
Provisions no-longer required		(14 060 529)	(1 853 738)
Increase in the company's share in fair value of the assets the joint venture project in excess of the paid amount		-	(33 892 480)
Impairment of Investments		250 000	-
Impairment of golf course		24 313 504	-
Equity - settled share - based payment transactions	(34),(54)	1 250 000	5 000 000
Operating (loss) profit before changes in working capital items		**(115 912 962)**	**170 426 361**
Changes in working capital items			
Change in non-current assets held for sale		(849 861)	-
Change in current assets under liquidation		(690 000)	-
Change in inventories & letters of credit		456 032	(5 405 082)
Change in works in process		(274 214 281)	(965 139 784)
Change in investment properties		6 291 191	(113 986 327)
Change in advance payment to acquire investment properties		1 762 589	(14 191 343)
Change in net assets and liabilities of the joint venture project		-	276 094 978
Change in due from customers - constructions		11 474 425	(3 525 742)
Change in construction works in process		-	197 059
Change in trade & notes receivables		350 540 180	(229 992 010)
Change in debtors & other debit balances		59 539 757	(108 367 459)
Provisions used		(19 120 097)	(1 901 988)
Change in advances from customers		(321 249 496)	1 040 071 914
Amount due to customers-construction		(1 683 528)	611 654
Change in contractors, suppliers & notes payable		(29 951 274)	4 185 546
Change in creditors & other credit balances		(9 300 869)	111 393 690
Banks blocked accounts	(a)	(54 198 000)	2 522 819
Cash of companies under establishment at the beginning of the period		-	25 799 500
Restricted cash		-	82 563 079
Change in saving certificates (due within three years)		6 782 877	7 600 000
Dividends collected for shares of employee's incentive and bonus plan		5 200 000	-
Dividend paid to employees		(20 000 000)	(27 000)
Net cash (used in) provided from operating activities		**(405 123 317)**	**278 929 865**
Cash flows from investing activities			
Payments for purchase of fixed assets, projects under construction and biological assets		(65 361 179)	(78 093 794)
Payments on account of investments in companies under establishment	(8)	(250 000)	-
Payments for acquisition of investments in sold subsidiaries		-	(3 320 899)
Proceeds from sale of investments in subsidires		-	1 000 000
Payments for acquisition of investments in associates		-	(250 000)
Payments to acquire quotas in joint venture projects (without cash acquired)		-	(155 453 975)
Payments to acquire additional quotas in joint venture projects		-	(86 748 524)
Loans for joint venture projects		-	(70 958 476)
Payment for purchasing of avaliable for sale investements		-	(69 500)
Devididens collected from available for sale investments		-	350 247
Proceeds from sale of held for trading investments		88 853 147	98 887 699
Payments for purchase of held for trading investments		-	(60 875 816)
Investements in treasury bills		(28 309 208)	(5 127 992)
Proceeds from sale of fixed assets		1 151 247	573 724
Net cash (used in) investing activities		**(3 915 993)**	**(360 087 306)**
Cash flows from financing activities			
Bank - credit facilities		(35 646 812)	34 675 229
Banks - long-term loans		295 288 510	-
Payments for Islamic finance		(1 379 736)	1 379 736
Amounts collected on account of share capital increase & share premium	(28)	-	467 172 553
Payments for issuance expenses of share capital increase	(30)	-	(27 500 000)
Non-controlling interest		(47 499 707)	69 556 997
Payments for purchasing treasury shares		(18 018 000)	-
Dividends paid for shareholders		(145 082 156)	-
Net cash provided from financing activities		**47 662 099**	**545 284 515**
Cumulative translation adjustments for foreign operations		(33 641 677)	(483 446)
Net change in cash & cash equivalents during the year		**(395 018 888)**	**463 643 628**
Cash & cash equivalents as at January 1, 2011		846 471 333	382 827 705
Cash & cash equivalents as at December 31, 2011	(19)	**451 452 445**	**846 471 333**

- **The accompanying notes on pages form (1) to (56) are an integral part of these consolidated financial statements and to be red therewith.**

(a) The amount represents the equivalent of US$ 9 million, which is restricted as a grantee for the facility given to the Company from one of the commercial banks, as it shown in details in Note no.(19) of the accompanying notes to the financial statements

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

Notes to the consolidated financial statements
For the financial year ended December 31, 2011

1. Background and activities

1-1 Sixth of October for Development and Investment Company "SODIC" (the Company) – An Egyptian Joint Stock Company – was incorporated in accordance with the provisions of Law No. 159 of 1981 and its Executive Regulations and considering the provisions of Law No. 95 of 1992 and its Executive Regulations and by virtue of the decree of the Minister of Economy & 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 of 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, .(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 & 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 Parent Company is listed in the formal listing in Cairo & Alexandria Stock Exchange.

1-5 The consolidated financial statements of Sixth of October for Development Investment Company "SODIC" (the Parent Company) for the financial year ended December 31, 2011 comprise the financial statements of the Company and its subsidiaries (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 Desert Road, Sheikh Zayed City. Mr. Maher Rafeek Maksoud is the Deputy Chairman & Managing Director of the Parent Company.

2. Basis of preparation of the consolidated financial statments

2-1 Statement of compliance

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

These consolidated financial statements has authorized by Company's Board of Directors as at 12 April 2012 .

2-2 Basis of measurement

The consolidated 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 which have market value measured at fair values.
- Liabilities for cash settled share - based payments transactions measured at fair values.
- Assets and liabilities for Subsidiaries under liquidation measured at fair values.

2-3 Functional and presentation currency

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

2-4 Use of estimates and judgments

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

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

- Provisions
- Useful lives for fixed assets
- Deferred taxes
- Accruals
- Provision for completion
- Valuation of investment in subsidiaries
- Valuation of investment properties
- Impairment of fixed assets.
- Impairment of inventory
- Impairment of debtors & other debit balances

3. Significant accounting policies

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

3.1 Basis of consolidation

3.1.1 Subsidiaries

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

Subsidiaries are represented in the following:-

	Country of Incorporation	Ownership	
Subsidiary name		As at December 31, 2011 %	As at December 31, 2010 %
1- SODIC Property Services Co. - S.A.E	Egypt	100	100
2- Sixth of October for Development & Real Estate Projects Company "SOREAL" - S.A.E	Egypt	99.99	99.99
3- Beverly Hills for Management of Cities & Resorts Co. - S.A.E (A)	Egypt	58.59	58.59
4- SODIC Garden City for Development & Investment Co. S.A.E (B)	Egypt	50	50
5- Move-In for Advanced Contracting Co. - S.A.E	Egypt	70	70

6- Greenscape for Agriculture & Reclamation Co. - S.A.E (Under liquidation)	Egypt	51	51
7- El Yosr for Projects and Agriculture Development Co. - S.A.E	Egypt	99.99	99.99
8- SODIC for Development & Real Estate Investment Co. – S.A.E	Egypt	99.99	99.99
9- SODIC SIAC for Real Estate Investment Co. - S.A.E	Egypt	86.67	80
10- SODIC for Golf & Tourist Development Co. - S.A.E	Egypt	100	100
11- Polygon for Real Estate Development Co.- L.L.C (Under liquidation)	Egypt	100	100
12- WESTOWN for Real Estate Co. - L.L.C (Under liquidation)	Egypt	100	100
13- WESTOWN for Real Estate Development Co. - L.L.C (Under liquidation)	Egypt	100	100
14- Fourteen for Real Estate Investment Co. S.A.E	Egypt	99.99	99.99
15- La maison for Real Estate Investment Co. S.A.E	Egypt	99.99	99.99
16- Ceremony for Real Estate Investment Co. S.A.E (Under liquidation)	Egypt	99.99	99.99
17- Tegara for Trading Centers Co. S.A.E	Egypt	97.50	50.00004
18- Edara for Services of Cities & Resorts Co. – S.A.E	Egypt	99.97	99.97
19- SODIC Allegria for Real Estate Investment Co. S.A.E (Under liquidation)	Egypt	99.99	99.99
20- SODIC Syria L.L.C (C)	Syria	100	100

(A) The legal participation in Beverly Hills for Management of Cities and Resorts Co. amounts to 74.8%, which includes 16.21%, represents transitory shares, which are currently in the name of the Company, and the title of these shares will be transferred to the real shareholders (Owners of the units).

(B) The Company participates in the share capital of SODIC Garden City for Development & Investment Co. in conjunction with some board members and their owned companies.

(C) On June 15, 2010, SODIC Syria Co. a Syrian limited liability Co. was established for acquiring a stake of 50 % in the share capital of Palmyra - SODIC for Real Estate Development L.L.C, a limited liability company that is registered and operating in Syria.

3.1.2 Associates

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

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

Losses of an associate in excess of the Company's interest in that associate (which includes any long-term interests that, in substance, form part of the Company's net investment in the associate) are not recognized, unless the Company has incurred legal or constructive obligations or made payments on behalf of the associate.

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

3.1.3 Jointly controlled entities

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

3.2 Foreign currency transactions

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

Financial statements of foreign operations

Subsidiaries' financial statements maintained in foreign currencies are translated to Egyptian pound. Assets and liabilities of those companies are translated at foreign exchange rates prevailing at the consolidated balance sheet date. Revenues and expenses are translated at the average exchange rate used during the year. Equity items are translated using the historical exchange rate at the date of acquisition or incorporating the foreign operations. Foreign exchange differences arising on translation are recognized directly in a separate component of equity in the consolidated balance sheet in an item "Accumulated differences from Foreign currency transactions"

3. 3 Fixed assets & depreciation

a. Recognition and measurement

- Fixed assets that are used in production, providing goods & services or for administrative purposes are stated at historical cost less accumulated depreciation and cumulative impairment losses resulted from impairment in the values of fixed assets (3-14) Cost includes expenditures that are directly attributable to the acquisition of the asset and necessary to have the asset ready for use in the purpose for which the asset was acquired.

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

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

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

b.Subsequent costs

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

c. Depreciation

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

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

3.4 Intangible assets- Goodwill

Goodwill (positive and negative) represents amounts arising on acquisition of subsidiaries or joint ventures. As it represents the difference between the cost of the acquisition and the fair value of the net identifiable assets acquired at acquisition date. Positive goodwill is stated at cost less impairment losses.While negative goodwill arose from business combinations will be recognized directly in the income statement. Goodwill resulting from further acquisitions after control is obtained is determined on the basis of the cost of the additional investment and the carrying amount of net assets at the date of acquisition.

Goodwill is tested for impairment periodically and whenever there are events or changes in circumstances indicate the existence of goodwill impairment.

Impairment loss of goodwill can not be reversed subsequently.

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 properties

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

3.7 Investments

a. Available for sale investments

Financial instruments held by the Company and classified as available-for-sale investment are stated at cost and subsequently measured at fair value, unless this cannot be reliably measured. Changes in fair value are reported as a separate component in equity. When these investments are derecognized, the cumulative gain or loss previously recognized in equity is recognized in consolidated income statement. Investments in unlisted securities or where the fair value of investment cannot be determined in a reliable manner such investments are stated at cost less impairment losses (note No. 3-14). Impairment loss is recognized directly in the consolidated income statement.

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

b. Held for trading investments

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

3.8 Units ready for sale

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

3.9 Work in process

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

3.10 (Due from/Due to customers)Construction work

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

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

3.11 Construction contracts cost

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

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

3.12 Trade, notes receivable and debtors

Trade and notes receivables, debtors and other debit balances, that do not carry an interest are stated at their nominal value and are reduced by impairment losses note No. (3-14), impairment losses are formed when there is objective evidence that the Company is not able to collect the due amounts according to the original terms of contracts, impairment represents the difference between book value and net recoverable amount which is represented in the future cash flows that the Company expects. Long-term trade and notes receivables are initially recognized at fair value and subsequently re-measured at amortized cost using effective interest rate method.

3.13 Cash and cash equivalents

Cash and cash equivalents comprise cash at banks and on hand, time deposits, that have maturity date less than three months from the purchase date. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for preparing the statement of cash flows.

3.14 Impairment of assets

a. Financial assets

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

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

An impairment loss in respect of an available-for-sale financial asset is calculated by reference to its current fair value.

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

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

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

b. Non-financial assets

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

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

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

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognized in prior 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.

3.15 Provisions

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

Provision for completion

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

3.16 Borrowing costs

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

3-17 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.

3-18 Trade, contractors and other credit balances

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

3-19 Share capital

Common shares are classified in the owners' equity.

a. Ordinary shares

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

b. Treasury shares

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

c. Dividends

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

d. Finance of the incentive and bonus plan

Equity shares issued for the purpose of the incentive and bonus plan of the Company's employees and managers which are financed by the holding Company and are kept in a bank as a custody of a trustee (agent) 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.

3-20 Share – based payments transactions

a. Equity settled share – based payments

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

b. Cash settled share - based payments

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

3-21 Long-term notes payable

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

3-22 Revenue recognition

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

a. Real estate & land sales

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

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

b. Construction contracts

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

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

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

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

c. Service revenues

Revenue from services is recognized in the consolidated income statement when the service is rendered.

d. Rental income

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

e. Interest income

Interest income is recognized when incurred in accordance with the accrual basis taking into consideration the time period and the actual interest rate.

f. Commission revenue

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

g. Dividends

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

3-23 Cost of sold lands

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

3-24 Expenses

a. Lease payments

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

b. Employees' pension

1. Pension obligations

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

2. Employees' profit sharing

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

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

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

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

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

3-25 Earnings (losses) per share

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

4. Determination of fair values

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

4.1 Fixed assets

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

4.2 Investments in equity instruments

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

4.3 Trade, note receivables & other debtors

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

4.4 Investment properties

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

4.5 Share – based payment transactions

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

4-6 Assets and liabilities of subsidiaries under liquidation

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

5. Financial risk management

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

- credit risk
- liquidity risk
- Market risk

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

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

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

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

5.1 Credit risk

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

Trade and other receivables

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

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

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

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

Investments

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

Guarantees

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

Except the Company submit all Sixth of October for Development and Real Estate Projects Company (SOREAL) as a guarantee to obtain a loan from Alexandria bank.

5.2 Liquidity risk

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

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

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

- L.E 435 million as long-term loans guaranteed by a promissory note amounting to the whole amount of loan. Interest would be payable at the rate of 2.85 % per annum above the CORRIDOR of borrowing rate declared by the Central Bank of Egypt.

- L.E 450 thousand as short-term bank facilities guaranteed by a blocked deposit amounting to L.E 500 thousand. Interest would be payable at the rate of 9.75 % per annum and a commission of 1.5 per mille above the highest debit balance during the month.

- L.E 1.5 million as short-term bank facilities guaranteed treasury bills which are kept with the bank with an interest rate of 13.03%

- US$ 8.5 million as short-term bank facilities guaranteed by dollars deposits amounting to US$ 9 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 Group's income or the value of its holding of financial instruments.

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

5.4 Currency risk

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

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

The Company's investments in its subsidiaries are not hedged as those currency positions are considered long-term in nature.
The holding Company does not enter into hedging contracts for foreign currencies.

5.5 Interest rate risk

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

5.6 Other market price risk

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

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

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

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

5.7 Capital management

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

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

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

Sixth of October for Development and Investment Company "SODIC"
"An Egyptian Joint Stock Company"
Notes to the consolidated financial statements (Cont.)
For the financial year ended December 31, 2011

6- Fixed assets
This item is represented as follows:-

	Golf course	Lands (c)	Building & constructions (d)	Vehicles	Furniture & fixtures	Office equipment & communications	Generators, machinary & equipment	Leasehold improvements	Total
	L.E	L.E	L.E	L.E	L.E	L.E	L.E	L.E	L.E
Cost as at January 1, 2011	-	40 997 004	11 404 436	11 884 990	11 970 254	8 273 534	23 665 058	1 906 974	110 102 250
Additions during the year	128 167 181	24 210 813	46 741 818	2 691 499	5 832 343	8 284 526	2 595 091	13 794 792	232 318 063
Adjustments (a)	(34 538 220)	-	-	-	-	-	-	-	(34 538 220)
Disposals during the year	-	-	(2 015 763)	(484 634)	(182 871)	(167 791)	(38 918)	(3 485)	(2 893 462)
Transefered to non-curent assets held for sale	-	(849 861)	-	-	-	-	-	-	(849 861)
Transferred to fixed assets under liquidation	-	-	(187 562)	(194 482)	(110 960)	(184 421)	(1 174 933)	-	(1 852 358)
Translation adjustments	-	(2 661 202)	-	(117 943)	(103 648)	(15 062)	-	-	(2 897 855)
Cost as at December 31, 2011	93 628 961	61 696 754	55 942 929	13 779 430	17 405 118	16 190 786	25 046 298	15 698 281	299 388 557
Accumulated depreciation & impairment loss as at January 1, 2011	-	-	2 567 891	5 699 496	3 064 300	3 616 130	6 129 574	628 999	21 706 390
Depreciation for the year	3 002 358	-	5 187 765	2 634 008	2 228 392	2 848 474	5 012 987	1 755 099	22 669 083
Impairment of assets (b)	24 313 504	-	-	-	-	-	-	-	24 313 504
Accumulated depreciation of disposals	-	-	(1 461 736)	(235 206)	(121 363)	(132 375)	(11 612)	-	(1 962 292)
Impairment of assets	-	-	10 289	18 472	132 996	98 662	261 949	-	522 368
Accumulated depreciation at year end transferred to current assets under	-	-	(47 562)	(94 482)	(65 032)	(150 348)	(804 934)	-	(1 162 358)
Translation adjustments	-	-	-	(69 410)	(13 742)	(11 274)	-	-	(94 426)
Accumulated depreciation & impairment loss as at December 31, 2011	27 315 862	-	6 256 647	7 952 878	5 225 551	6 269 269	10 587 964	2 384 098	65 992 269
Carrying amount as at December 31, 2011	66 313 099	61 696 754	49 686 282	5 826 552	12 179 567	9 921 517	14 458 334	13 314 183	233 396 288
Carrying amount as at December 31, 2010	-	40 997 004	8 836 545	6 185 494	8 905 954	4 657 404	17 535 484	1 277 975	88 395 860

(A) These adjustments represents the share of units which benefited from the golf course from the total cost of that course,These costs has been added to phase 1 & 2 cost of units of allegria project based on the spaces for land available for sale on each unit.
(B) This item includes anamount of L.E 24 313 504 represents an impairment of golf course and it is measured according to the difference between the net book value and the value in use.
C) Lands item includes an amount of L.E 21 426 460 represents lands pledged as guarantee for the islamic finance (Murabaha) granted to the Company from Syrian International Islamic Bank (note No. 23).
D) Additions to the buildings item during the year are represented in the value of the building of the Company's new adminstrative premises that was used during April 2011.
- Fixed assets include fully depreciated assets with an amount of L.E 4 846 845 as at December 31, 2011.

7. Projects under construction

This item is represented as follows:

	31/12/2011	31/12/2010
	L.E	L.E
Land	-	7 266 748
Advance payments for purchasing of machinery and equipment – Joint Venture	-	1 253 273
Advance payments -fixtures and purchasing of fixed assets	1 298 469	10 109 045
House building for employees **(7-a)**	-	4 100 000
Advance payment on account of the construction of electricity station	100 800	100 800
Buildings and constructions	4 193 832	20 003 759
Wells under construction	-	196 809
	5 593 101	**43 030 434**

(7-a) Upon the year end the Company determines its intention toward the house building of employees, as the management of the holding Company decided to rent or sell it, accordingly it has been classified as investment property.

8. Investments in associates

The Group has the following investments in associates:

	Legal Form	Ownership percentage		Carrying amount	
		31/12/2011	31/12/2010	31/12/2011	31/12/2010
		%	%	L.E	L.E
Royal Gardens for Investment Property Co. (A)	SAE	20	20	-	-
Green Point for Importing and Trading of Garden Supplies Co. (B)	SAE	25.5	25.5	250 000	250 000
Impairment of investment value in Green Point for Importing and Trading of Garden Supplies Co.				(250 000)	-
				-	**250 000**

Summary of financial information of associates :-

	Assets L.E	Liabilities L.E	Equity L.E	Revenues L.E	Expenses L.E
December 31, 2011					
Royal Gardens for Real Estate Investments Co. (A)	783 479 060	(759 426 308)	24 052 752	17 757 733	(20 960 118)
Green Point for Importing and Trading of Garden Supplies Co. (B)	**676 036**	**(176 036)**	**500 000**	**27 788**	**(106 258)**
December 31, 2010					
Royal Gardens for Real Estate Investments Co.	**751 042 226**	**(723 787 089)**	**27 255 137**	**16 567 569**	**(7 364 084)**

(A) Royal Gardens for Investment Property Co. was established during the year 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 2007 amounting 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. Nonetheless, the Parent Company's share in the associate's cumulative gain was not charged to the consolidated income statement with an amount of L.E 640 477 till December 31, 2011 as the carrying amount of the investment balance is nil in the consolidated financial statement as at December 31, 2011.

The figures of Royal Gardens for Investment Property Co. are according to the financial statements prepared by the management of Royal Gardens for Investment Property Co. and authorized by a member of its board of directors.

(B) Green Point for Importing and Trading of Garden Supplies Co. was established on September 30, 2010 in conjunction with some board of directors' members .The carrying amount of the investment has been reduced by an amount of L.E 250 000 representing the Group's share of the company's losses for the financial year ended at December 31, 2011.

The figures of Green Point for Importing and Trading of Garden Supplies Co. are extracted from the financial statements which have been prepared by the Company's management.

9. Available -for- sale investments

This item is represented as follows:

	Legal Form	Ownership	Paid amount Of participation	Carrying Amount as at 31/12/2011	Carrying amount as at 31/12/2010
		%	%	L.E	L.E
United Company for Real Estate Services	S.A.E	10	100	100 000	100 000
Egyptian Company for Development & Management of Smart Villages	S.A.E	1.8	100	4 250 000	4 250 000
				4 350 000	**4 350 000**

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

10. Investment properties

The net carrying amount of the investment properties as at December 31, 2011 amounting to L.E 413 521 494 and they are represented in commercial & residential units leased out to others and agricultural lands that its use has not been determined yet . Movement on the investment properties and its depreciation during the year are as follows:-

Description	Leased out units (a)	Agricultural lands (b)	Lands (c)	Lands & buildings	Total
	L.E	L.E	L.E	L.E	L.E
Cost					
At 1/1/2011	10 349 431	326 247 579	84 016 952	-	420 613 962
Additions during the year	-	-	10 278	-	10 278
Translation adjustments	-	-	(10 436 469)	-	(10 436 469)
Transferred from projects under construction	-	-	-	4 135 000	4 135 000
Total cost of investment properties as December 31, 2011	**10 349 431**	**326 247 579**	**73 590 761**	**4 135 000**	**414 322 771**
Accumulated depreciation					
At 1/1/2011	594 289	-	-	-	594 289
Depreciation for the year	206 988	-	-	-	206 988
Carrying amount as at December 31, 2011	**9 548 154**	**326 247 579**	**73 590 761**	**4 135 000**	**413 521 494**
Carrying amount as at December 31, 2010	**9 755 142**	**326 247 579**	**84 016 952**	**-**	**420 019 673**

(a) The fair value of completed residential units leased out to others amounts to L.E 25 278 520 as at December 31, 2011.

(b) This item includes an amount of L.E 30 million representing the cost related to the approval of increasing the building percentage up to 7% out of the land area owned by one of the subsidiaries as detailed in note No. (36) .

(c) This item includes lands pledged as guarantee for the Islamic finance (Murabha) with an amount of L.E 4 271 560 equivalent to SYP 39 511 935 (note No.23).

11. Trade, notes receivables and debtors

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

	31/12/2011	31/12/2010
	L.E	L.E
Trade receivable	31 179 934	101 897 295
Sundry debtors (11-1)	9 844 400	9 844 400
Notes receivable	917 222 527	1 215 722 638
	958 246 861	1 327 464 333
Deduct: Unamortized interest	34 849 568	67 187 461
	923 397 293	**1 260 276 872**

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

- The Group's exposure to credit, currency risks and impairment losses related to trade & notes receivable is disclosed in note no. (49).

12. Deferred tax assets and liabilities

	31/12/2011		31/12/2010	
	Assets	Liabilities	Assets	Liabilities
	L.E	L.E	L.E	L.E
Fixed assets	-	2 268 451	-	941 473
Provisions	-	-	(2 025 424)	-
Construction contracts	-	332 502	-	536 599
Tax losses	-	-	(897 622)	-
Total deferred tax (asset)/ liability	-	2 600 953	(2 923 046)	1 478 072
Net deferred tax (asset)/liability	-	2 600 953	**(1 444 974)**	-

13. Completed units ready for sale

	31/12/2011 L.E	31/12/2010 L.E
Cost of completed commercial units	4 262 805	3 997 225
Cost of units purchased for resale (13-1)	43 014 950	-
	47 277 755	**3 997 225**

13-1. 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 – an associate for the purpose of resale to others.

14. Work in process

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

	31/12/2011 L.E	31/12/2010 L.E
Allegria project costs		
Cost of the Company's land intended for use	221 334 355	247 910 689
Planning , survey , supervision & soil researches	205 726 600	170 205 285
Building & utilities	745 438 233	731 073 839
Other costs	40 027 265	25 417 614
Price differences of repurchased units (A)	32 549 110	28 930 419
	1 245 075 563	**1 203 537 846**
WESTOWN project costs		
Cost of the Company's land intended for use	77 749 912	76 202 118
Planning , survey , supervision & soil researches	77 715 637	82 050 917
Building & utilities	233 950 841	66 946 213
Other costs	29 873 263	16 138 904
	419 289 653	**241 338 152**
Golf course project costs (B)		
Cost of land	-	29 468 923
Other costs	-	102 027 082
	-	**131 496 005**
Cost of the fourth phase (4A & 4B), showrooms & others		
Cost of land	66 562 140	74 313 604
Planning , survey , supervision & soil researches	9 836 459	9 403 666
Building & utilities	119 081 749	45 282 532
Cost of land of Dahshor' showrooms	25 313 372	25 313 372
A plot of land in the Fifth Community (plot No. 1) (C)	75 770 894	75 770 894
Expenses related to plot of land No. 1	40 063 028	29 093 645

A plot of land in the Fifth Community (plot No. 2) (D)	519 494 158	519 494 158
Expenses related to plot of land No. 2	114 843 602	73 100 918
	970 965 402	**851 772 789**
Cost of projects in Syria (E)	**250 990 672**	**276 073 002**
	2 886 321 290	**2 704 217 794**

(A) This item with the balance of L.E 32 549 110 (2010: L.E 28 930 419) represents the value of the additional cost for repurchasing some units of Allegria project.

(B) Works of the golf course were completed during the year and consequently the total costs of the works of the golf course project were transferred to fixed assets caption.

(C) Plot No. (1)

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

(D) Plot No. (2)

The fair value of the vacant plot of land owned by Sixth of October for Development & Real Estate Projects Company "SOREAL" a subsidiary Company with an area of 204.277 feddens that is equivalent to 857 963.40 square meter, according to the handover minute dated November 7, 2006 located in the Future Extension of New Cairo City, the ownership of the land was transferred to the Company by virtue of the assignment given by Picorp Holding Company (the main shareholder) to the subsidiary Company, the Main Real Estate Committee issued its decision concerning the approval of the said assignment in its session No. 37 dated August 13, 2006.

- On February 16, 2010, a subsidiary of the Group concluded a sub-development agreement with El Sheikh Zaid for Real Estate Development Co. for the development of Block No. (8) of Eastown project measuring 7439 square meter, According to this agreement:-

- The subsidiary undertakes to sell the project to El Sheikh Zaid for Real Estate Development Co upon fulfillment of the conditions listed in this agreement.

- El Sheikh Zaid for Real Estate Development Co. is authorized to develop the project as an independent sub-developer and not as an agent in accordance with the master plan of the project.

- The subsidiary warrants that El Sheikh Zaid for Real Estate Development Co. is entitled as an independent sub-developer and not as an agent to develop and invest in the project in accordance with the conditions listed in this agreement. In addition, the subsidiary shall take all the necessary measures to allow and facilitate the development of the project by El Sheikh Zaid for Real Estate Development Co. in accordance with this agreement.

- The subsidiary undertakes to take all measures to allow the transfer of ownership of the project to El Sheikh Zaid for Real Estate Development Co. upon the fulfillment of the conditions of the agreement.
- The sub-development price amounts to L.E 3 371 387 which was collected during year 2010 in full in accordance with the conditions of the agreement and this amount will be recorded as revenue upon the fulfillment of the conditions of the sub-development agreement.

(E) This item represents 50% of the development properties acquired through the proportionate consolidation of the Joint Venture (Palmyra – SODIC for Real Estate Development LLC) as at December 31, 2011. Details are as follow:-

Project name	Carrying amount of the project L.E
Telal Al Yasameen project	136 143 615
Telal Al Zumorod project	20 717 385
The project of real estate # 70	81 063 216
Other projects	13 066 456
Total	**250 990 672**

- Land which Telal Al Yasameen project is being constructed on is mortgaged as guarantee for the loan granted to the Joint Venture by Syrian Real Estate Bank to finance the construction of Telal Al Yasameen project.

15. Trade & notes receivable

	31/12/2011 L.E	31/12/2010 L.E
Trade receivable	34 831 206	194 736 841
Notes receivable	776 080 983	672 215 557
	810 912 189	866 952 398
Deduct : unamortized interest	8 754 591	8 146 152
	802 157 598	858 806 246
Impairment losses of trade & notes receivable	(229 903)	(203 000)
	801 927 695	**858 603 246**

- The Group's exposure to credit, currency risks and impairment losses related to trade & notes receivable is disclosed in note no. (49).

16. Debtors & other debit balances

	Note No.	31/12/2011 L.E	31/12/2010 L.E
Contractors & suppliers – advance payments		261 433 014	313 415 806
Due from Mr. Firas Tlaas (a partner in the Joint Venture)		19 866 576	22 745 665
Corporate profit tax paid in excess		227 256	227 256
Due from related parties – Joint Venture		5 841 340	473 964
Interests receivable		10 759 848	4 382 235
Due from related parties	(50)	74 681	5 569 046
Prepaid expenses		97 486 134	113 359 631
Deposits with others		1 228 209	1 212 476
Tax Authority		529 160	812 996
L / G 's margins		3 150 000	3 150 000
Accrued management fees		1 881 875	2 896 250
Due from the bonus & incentives plan to employees and managers fund (16-a)		5 267 256	-
Other debit balances		4 318 222	3 159 341
		412 063 571	**471 404 666**
Impairment loss on debtors & other debit balances		(553 819)	(355 157)
		411 509 752	**471 049 509**

(16-a) This item is represents the amount due from the bonus & incentives plan to employees and managers fund which is represented in the value of dividends of the shares of the bonus & 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.

- The Group's exposure to credit & currency risks related to other debtors is disclosed in note no. (49).

17. Loans to Joint Ventures

	31/12/2011	31/12/2010
	L.E	L.E
This item represents 50% of the loan amount granted to the Joint Venture by the Group with total amount of USD 19.5 million on August 16, 2010. The interest rate is equal to 8.5% per annum. The principal together with interest should be paid before March 31, 2011. A renewal of the loan term was made till June 30, 2012 with an interest rate of 12.5%.	58 714 513	56 477 226
This item represents 50% of the amount paid from the bridge loan granted to the Joint Venture with total amount of USD 6 963 349 on October 28, 2010. The interest rate is equal to 8.5% per annum. The principal together with interest should be paid before June 30, 2012.	21 994 035	14 481 250
	80 708 548	**70 958 476**

18. Held for trading investments

	31/12/2011	31/12/2010
	L.E	L.E
Investment instruments - Alexandria Bank Fund	-	86 988 915
	-	**86 988 915**

- The Group's exposure to market risk related to the held for trading investments is disclosed in note No. (49).

19. Cash at banks & on hand

	31/12/2011	31/12/2010
	L.E	L.E
Bank - time deposits (19-1)	390 934 663	700 101 893
Demand deposits	-	11 933 495
Saving certificates (3 year)	-	6 275 000
Bank - current accounts	94 905 250	125 328 962
Checks under collection	18 431 372	8 416 298
Cash on hand	1 379 160	1 198 562
	505 650 445	**853 254 210**

(15-1) Deposits include USD 9 million dollars restricted as a guarantee for the facility granted to the Company from one of the commercial banks.

- The Group's exposure to interest rate risk &sensitivity analysis for financial assets is disclosed in note No. (49).

- For the purpose of preparing the consolidated statement of cash flows, cash & cash equivalents item is represented as follows:

	31/12/2011	31/12/2010
	LE	L.E
Cash at banks & on hand	505 650 445	853 254 210
Less:		
Saving certificates (3 year)	-	6 275 000
Blocked accounts	54 198 000	507 877
Cash & cash equivalents in the consolidated statement of cash flows	**451 452 445**	**846 471 333**

- The Group's exposure to interest rate risk &sensitivity analysis for financial assets is disclosed in note No. (49).

20. Provision for completion

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

	Balance as at 1/1/2011	formed during the year	used during the year	Provisions no-longer required	Balance as at 31/12/2011
	L.E	L.E	L.E	L.E	L.E
Provision for completion of works	128 186 439	46 554 236	(18 954 619)	(14 057 286)	141 728 770
	128 186 439	**46 554 236**	**(18 954 619)**	**(14 057 286)**	**141 728 770**

- This provision is formed against the estimated costs to complete the execution of the delivered works and expected to be incurred and finalize its expenditures in the future.

21. Provisions

	Balance as at 1/1/2011	formed during the year	used during the year	Provisions no-longer required	Balance as at 31/12/2011
	L.E	L.E	L.E	L.E	L.E
Provision for expected claims	6 690 427	413 690	(165 478)	(3 243)	6 935 396
	6 690 427	**413 690**	**(165 478)**	**(3 243)**	**6 935 396**

The provision for claims is represented in some probable claims related to the company's activities from other parties, and the company has not disclosed all of the information required by the Egyptian accounting standards with those parties as the management assumes that the disclosure of such information shall seriously impair the company`s negotiations with those parties.

The company's management annually reviews the provisions and makes any amendments if needed according to the latest agreements and negotiations with the external parties.

22. Bank - credit facilities

	31/12/2011 L.E	31/12/2010 L.E
The amount used from the credit facility granted to the holding Company from Alexandria Bank totaled L.E 85 million and bears interest rate of 2% per annum over borrowing and discount rate declared by the Central Bank. This facility is guaranteed by a promissory note amounting to L.E 85 million At the end of 2010, the Company agreed with the bank to restructure this facility and agreed to cancel the balance of this facility and to consider it a part of the medium –term loan amounting to L.E 435 million which is granted to the holding Company during the year from the same bank as detailed in note No. (35).	-	85 951 368
The amount used from the bank facility granted from Alexandria Bank according to the signed facility contract during the third quarter of the year 2011 with a total amount of $ 8.5 million. The facility is subject to an interest rate of 3.25% per annum. The interest and all expenses are added monthly to the debit balance. This facility is secured by a deposits amounting to US $ 9 million.	51 256 820	
The amount used from the bank facility granted from Arab African Bank totaled L.E 5 million and guaranteed by platinum saving certificates amounting to L.E 3 500 000 and bears interest rate of 11.59% and a commission of 2 per mille on the highest debit balance during the month.	-	952 264
	51 256 820	**86 903 632**

23. Islamic finance (Murabaha)

	31/12/2011 L.E	31/12/2010 L.E
This balance represents 50% from the Islamic finance (Murabaha) granted to the Joint Venture from the Syrian International Islamic Bank on June 10, 2009 for financing the purchase of materials necessary for building activities at a financing limit amounting to SYP 150 million with a finance cost of 7.88% of the financed amount. The facility is repayable in 12 month for each financed amount and is guaranteed by a first class pledge of some plots of lands included under investment properties and fixed assets. The loan balance was fully repaid during the year and the real estate pledge has not been released to date (notes No. 6 & 10).	-	1 379 736
	-	**1 379 736**

24. Advances from customers

This item is represented in the following:-

	31/12/2011 L.E	31/12/2010 L.E
Advances – lands	30 399 099	30 399 099
Advances for booking , contracting & installments of residential units– Kattameya Plaza project	312 119 325	230 546 177
Advances – commercial units - Auto Ville project	124 925 817	110 175 300
Advances – Allegria project	2 185 423 276	2 846 593 355
Advances – Forty West project	222 267 679	275 300 584
Advances – West town Residences	290 496 633	-
Advances – Telal Al Yasameen project	31 643 395	36 491 315
Advances – Casa	20 009 038	-
Advances – Polygon project	114 760 196	123 788 124
	3 332 044 458	**3 653 293 954**

25. Contractors, suppliers & notes payable

	31/12/2011 L.E	31/12/2010 L.E
Contractors	72 480 964	63 493 800
Suppliers	6 068 529	6 896 762
Notes payable	35 845 413	50 417 497
	114 394 906	120 808 059
Deduct: Unamortized interest - notes payable	3 714 177	4 482 175
	110 680 729	**116 325 884**

- The Group's exposure to currency & liquidity risks related to suppliers & contractors is disclosed in note no. (49).

26. Creditors and other credit balances

	31/12/2011	31/12/2010
	L.E	L.E
Amounts collected on account for management, operation & maintenance of projects	87 549 650	84 053 495
Due to related parties - Joint Venture	137 256	45 932
Accrued expenses	112 036 277	155 001 662
Liability for cash settled share-based payments transactions– Managers	157 390	1 237 181
Customers - Beverly Hills	14 542 701	12 584 052
Customers – credit balances	39 670 523	9 352 746
Estimated tax for the year	2 991 086	-
Tax Authority	5 968 931	14 174 787
Dividends payable	91 643	91 643
Accrued compensated absence	1 599 444	1 165 820
Amount due to Rabyia for Agricultural & Urban Development Co.	-	68 210
Deposits collected from customers – Against modifications	9 196 034	8 001 034
Social insurance	1 214 904	1 855 254
Customers –down payments for sub-development **(26-1)**	3 371 400	3 371 400
Unearned revenue	633 022	545 791
Retentions	7 854 750	4 477 742
Amounts due to General Authority for Rehabilitation Projects and Agricultural Development - current portion (note No. 36)	-	7 500 000
Bonyan for development and trading Co.	3 413 456	-
Due to SEAC	8 999 483	-
Deposits from others	3 228 186	2 084 142
Sundry creditors	8 526 371	4 442 979
	311 182 507	**310 053 870**

(26-1) Represents the development amount from El Sheikh Zaid for Real Estate Development Co.

- The Group's exposure to currency & liquidity risks related to creditors is disclosed in note no. (49).

27. Non-controlling interest

Non-controlling interest balance as at December 31, 2011 represents the interest shares in subsidiary's equity as follows:

	Non-controlling interest	Non-controlling share in profit (loss) for the year	Non-controlling share in equity excluding profit (loss) for the year	Non-controlling interest as at 31/12/2011	Non-controlling interest as at 31/12/2010
	%	L.E	L.E	L.E	L.E
Sixth of October for Development & Real Estate Projects Co. "SOREAL"	0.01	(33)	47 755	47 722	47 755
Beverly Hills for Management of Cities & Resorts Co.	41.41	51 981	17 614 780	17 666 760	17 614 780
SODIC Garden City for Development & Investment Co.	50	(60 918)	3 507 663	3 446 745	3 507 662
Move-In for Advanced Contracting Co.	30	(1 222 130)	1 434 794	212 664	1 647 458
Greenscape for Agriculture & Reclamation Co.	49	(3 376 723)	2 065 574	(1 311 149)	2 065 574
El Yosr for Projects and Agriculture Development Co.	0.001	(55)	27 178	27 123	27 178
SODIC for Development & Real Estate Investment Co.	0.001	-	20	20	20
SODIC SIAC for Real Estate Development Co.	13.33	112 867	20 242 023	20 354 890	20 242 023
Tegara for Trading Centers Co.	2.5	57 974	2 545 071	2 603 045	50 896 248
Edara for Services of Cities & Resorts Co.	0.003	125	(7)	118	(7)
Fourteen for Real Estate Investment Co.	0.004	-	2	2	2
La maison for Real Estate Investment Co.	0.004	-	2	2	2
Ceremony for Real Estate Investment Co.	0.004	-	2	2	2
		(4 436 913)	**47 484 857**	**43 047 944**	**96 048 697**

28. Share capital

- The authorized capital was determined at L.E 2 800 million.

- The Company's issued capital was determined at L.E 362 705 392 fully paid and distributed on 90 676 348 shares of L.E 4 each.

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

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

- On January 27, 2011, the Extra-ordinary General Assembly meeting of agreed on the proposition of the Company's board of directors meeting held on December 15, 2010 with respect to the stock split of the par value of the Company' share of L.E 10 to become L.E 4 per share in the light of the consent of the Egyptian Financial Supervisory Authority issued on December 14, 2010.

- According to the certificate of the Legal Affairs Sector of the General Authority for Investment and Free Zones dated February 28, 2011, the Company's management decided to increase its issued capital from L.E 362 705 390 to L.E 362 705 392 with an increase of L.E 2. The increase was financed from the Company's legal reserve balance on December 31, 2009 a matter which was approved by the Economic Performance Sector on February 24, 2011, accordingly , the number of shares have become 90 676 348 shares at par value L.E 4 per share.

  On March 3, 2011, the Egyptian Financial Supervisory Authority, based on the documents presented thereto , 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 amendment) , and a total value of issued capital of L.E 362 705 392 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 16, 2011 and the Committee of Listing the securities in the stock exchange decided in its session held on July 13, 2011 to approve splitting the par value of the Company's share .

The current capital structure of the parent Company is represented as follows :

Shareholder	Number of shares	Share value	Ownership percentage
		L.E	%
October property development limited Co.	14 136 228	56 544 912	15.59
Alian saudian investments limited Co.	11 237 895	44 951 580	12.39
Incentive and bonus plan of the employees	3 250 000	13 000 000	3.58
Other shareholders	62 052 225	248 208 900	68.44
	90 676 348	**362 705 392**	**100**

29. Legal reserve

According to the Parent Company' statutes, the Company are required to set aside 5% of annual net profit to form a legal reserve. This transfer to legal reserve ceases once the reserve reaches 50% of the issued share capital. The reserve balance as at December 31, 2011 is represented as follows:-

	L.E
Legal reserve balance as at 1/1/2003	6 530 455
Add:	
Increase of the legal reserve with the difference between the par value of the treasury shares and its actual cost (according to the Company's Extra-Ordinary General Assembly Meeting held on July 10, 2003).	4 627 374
Increase of the legal reserve with part of capital increase share premium with limits of half of the Company's issued share capital during 2006. (note No. 30).	123 409 151
Increase of the legal reserve with part of capital increase share premium during year 2007 with limits of half of the Company's issued share capital. (Note no. 30).	5 000 000
Increase of the legal reserve by 5% of the net profit for year 2008.	2 339 350
Increase of the legal reserve with part of the capital increase share premium with limits of half of the Company's issued share capital during year 2010 (Note No. 30)	39 446 365
Deduct:	
The amount used to increase the issued share capital during the year (Note No. 28).	2
Balance as at December 31, 2011	**181 352 693**

30. Special reserve – share premium

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

Description	**L.E**
Total value of the capital increase share premium collected during 2006	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 shares of capital increase during 2006.	27 740 255
Add:	
Share premium of the employees' incentive and bonus plan issued during year 2007	90 000 000
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.	5 000 000
Deduct	
Amounts credited to the share capital during the year according to the Extra-Ordinary General Assembly Meeting held on 6/4/2008. (note No. 28).	5 000 000
Add:	
Total share premium of the increase in share capital collected during year 2010.	471 428 580
Deduct:	
Amounts credited to the legal reserve during year 2010 according to the provision of Article No. (94) of the executive regulations of law No. 159 of 1981 related to the addition of the share premium to the legal reserve until equal to half of the issued capital.	39 446 365
Deduct:	
Total issuance expenses attributable to the issuance of the shares of capital increase during year 2010.	27 500 000
Balance as at December 31, 2011	**1 316 921 569**

31. Cumulative translation adjustments of foreign operations

The balance shown in the equity section at December 31, 2011 is represented in the cumulative translation adjustments resulting from translating the financial statements of subsidiaries from foreign currencies to Egyptian Pound for consolidating these statements in the consolidated financial statements for the financial year ended December 31, 2011 and also the Group share in cumulative translation adjustments included in the equity section of the Joint Venture.

32. Treasury shares

On August 14, 2011, the board of directors of the holding Company approved the purchase of treasury shares of one million 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 holding 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
Balance as at December 31, 2011	**18 018 000**

33. Shares kept for bonus & incentive plan

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

Description	**L.E**
For financing of one million shares from the bonus& incentive plan with a fair value of L.E 100 per share during 2007.	100 000 000
Deduct:	
The value of 200 000 shares sold by the beneficiaries from the bonus & incentive plan during December 2007 out of which an amount of L.E 15 million was paid to the Company for L.E 75 per share.	20 000 000
Add:	
Treasury shares acquired during 2009 by subsidiaries	7 242
Balance as at December 31, 2011	**80 007 242**

34. Amount set aside for incentive & bonus plan

The balance is representing in the remaining balance from the difference between the grant date fair value of shares and the amount incurred by the beneficiary from the incentive & bonus plan for the Parent Company's managers & employees for the shares issued during year 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 incentive & bonus plan for one million share (allocated over 5 years) for 60 months and the agreed upon share price in accordance with the incentive & bonus 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 incentive & bonus plan for 200 000 share that were sold in favor of the beneficiaries during December 2007.	5 000 000
Add:	20 000 000
The value of the share of the shares of the bonus & incentive plan to employees in the dividends declared in accordance with the resolution of the Ordinary General Assembly Meeting of the Parent Company held on April 12, 2011 of L.E 4 per share in addition to due income .	5 267 256
Balance as at December 31, 2011	**25 267 256**

- According to the incentive & 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.

35. Long-term loans

	31/12/2011	31/12/2010
	L.E	L.E
At the end of year 2010, the holding Company concluded an agreement with Alexandria Bank to obtain a medium-term loan of L.E 435 million for the purpose of financing part of the building of Allegria project and its infrastructure. By virtue of this agreement , the bank grants a new financing of L.E 350 million in addition to the amount of L.E 85 million that was previously granted by virtue of the facility agreement dated February 22, 2009 (note No. 22) according to the following conditions and guarantees :-	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 the total amounts of the loan which is amounting to L.E 435 million.

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

c) The bank maintains the account of the revenue of Allegria project in name of the Company which is represented in commercial papers representing the incoming cash flows of the project with total amount of L.E 1.32 billion throughout the facility term.

	31/12/2011	31/12/2010
	340 407 725	45 119 215
Deduct :- Current portion		
The current equivalent to SYP 46 973 261 and was included in current portion of long – term loan item under current liabilities.	5 076 688	3 111 463
	335 331 037	**42 007 752**

36. Creditors – long term

On December 30, 2010, a letter was received from the General Authority for Rehabilitation Projects and Agricultural Development notifying the Company of the resolution made by the Authority's board of directors during its 13th meeting of the year 2010 regarding the approval of paying the amounts due for the value of building's land (increasing the building area to 7%) on installments basis provided that 25% is to be paid as a down payment and the remaining amounts to be paid on Three equal annual installments in addition to their interest rate as declared by the Central Bank, and provided that the paid amounts shall be considered under account of the building's land area until on site inspection is carried out.

The outstanding balance as at December 31, 2011 is represented in the following:-

	31/12/2011	31/12/2010
	L.E	L.E
Total fees due to the Authority for building area of land	15 000 000	30 000 000
Deduct :- current portion (note No. 26)	-	7 500 000
Balance as at December 31, 2011	**15 000 000**	**22 500 000**

37. Long-term notes payable

This item is represented in the follows:

	31/12/2011	31/12/2010
	L.E	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	154 595 816
Unamortized interest - notes payable	(22 043 484)	(33 065 226)
	97 224 471	121 530 590

- The Company's exposure to credit risk related to long-term notes payable is disclosed in note no. (49).

38. Real estate & land sales

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

	2011 L.E	2010 L.E
Sales of villas in Allegria project	643 643 356	249 781 053
Sales of lands	32 642 892	218 366 443
	676 286 248	468 147 496
Sales return of Allegria project (38-1)	(63 618 113)	-
Sales return of lands	(96 249 044)	-
	516 419 091	**468 147 496**

(38-1) This item includes an amount L.E 61 093 982 representing sales return of Allegria project from related parties with cost of L.E 28 519 563 by virtue of termination agreements concluded with those parties during the year.

39. Cost of real estate & land sold

	2011 L.E	2010 L.E
Cost of sales of villas in Allegria project	536 409 436	186 605 812
Cost of sales of lands	15 736 898	20 171 839
	552 146 334	206 777 651
Cost of sales return of Allegria project	(34 430 800)	-
Cost of sales return of lands	(11 466 190)	-
	506 249 344	**206 777 651**

40. Other operating revenues

	2011 L.E	2010 L.E
Interest income realized from installments during the year	9 658 154	11 935 602
Assignment, cancellation dues & delay penalties	43 760 114	11 511 819
Other income	7 308 345	33 892 480
Management fees – joint project (40-1)	4 944 624	2 896 250
Provisions no longer required	3 243	1 853 738
Gain on sale of fixed assets	104 566	58 245
	65 779 046	**62 148 134**

(40-1) This amount represents 50% of the management fees due to the Group for management works of Palmyra SODIC for Real Estate Development Company - a Syrian limited liability Company according to the Partners Agreement concluded with Palmyra – SODIC for Real Estate Development Company LTD dated June 16, 2010.

41. Selling & marketing expenses

	2011 L.E	2010 L.E
Salaries & wages	19 418 818	14 300 632
Sales commissions	26 271 112	7 897 317
Advertising expenses	14 564 498	32 624 533
Conferences & exhibitions	65 684	4 969 626
Rent	3 072 473	2 497 494
Travelling , transportation and vehicle	1 777 239	2 010 703
Others	5 485 328	5 327 425
	70 655 152	**69 627 730**

42. General & administrative expenses

	2011 L.E	2010 L.E
Salaries, wages and bonuses (42-1)	72 154 707	78 275 508
Board of directors' remunerations & allowances	6 393 792	7 264 617
Professional & consultancy fees	5 905 350	5 494 149
Advertising	5 725 020	4 095 598
Donations	1 530 042	4 457 430
Maintenance, cleaning, agriculture & security	1 916 142	2 398 145
Administrative depreciation of fixed assets & rented units	17 524 531	4 873 227
Subscriptions & governmental dues	4 670 914	833 615
Rent	1 981 752	1 105 712
Travelling and transportation	1 920 102	1 733 466
Per-operating costs of Golf course & club	1 619 826	9 428 346
Others	10 236 782	9 025 052
	131 578 960	**128 984 865**

(42-1) On April 12, 2012, the Parent Company's board of directors approved bonuses for employees and for the executive board members with total amount of L.E 25 000 000 (2010: L.E 34 120 397). The board has delegated the incentive & performance committee to distribute the said amount between employees and the executive board members.

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

	2011	2010
	L.E	L.E
Salaries	5 724 623	7 555 994
Cash settled share-based payments (a)	924 482	4 488 885
Equity settled share - based payments (b)	1 250 000	5 000 000
	7 899 105	**17 044 879**

(a) On May 16, 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 that are settled in cash to beneficiaries are as follows:

Party entitled	Grant date	Number of shares in thousands (before splitting)	Fair value of share at grant date (before split)	Market value of share at 31/12/2011	Conditions
			L.E	L.E	
Some executive board members	1/4/2006	-	75	19.925	Vested after 6 months from grant date (salaries)

The amount of expense charged to the consolidated income statement during the year is amounts to L.E 924 482 and the liability balance amounts to L.E 157 390 as at December 31, 2011 was included under creditors & other credit balances caption in the consolidated balance sheet.

(b) This item is represented in the difference between the grant date fair value of the shares granted to the executive directors of the holding Company and the agreed upon share price in accordance with the bonus & incentive plan as shown in note No.(54) as follows:

- On May 16, 2006, the Parent Company's board of directors 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's shares with exercise price of L.E 75 per share effective from 1/4/2006 and for five years year provided that achieving certain terms and conditions.

- On March 28, 2007, the board of directors of the Parent Company agreed on the monthly salary and the additional benefits granted to the managing director within the employees' incentive and bonus plan note No. (54) effective from 1/4/2006.

- On September 23, 2007, the Supervisory Committee of the bonus & incentive plan of employees & executive board members agreed on the allocation of these shares and 75 thousand shares to board members & executive directors as detailed in note No. (54) below. Accordingly, total shares allocated to the board members & executive directors of the holding Company from the bonus & incentive plan reached one million shares till that date.

43. Other operating expenses

	2011	2010
	L.E	L.E
Discount for accelerated payment	6 926 152	13 898 607
Depreciation of leased out units	176 753	176 364
Provision	559 524	2 505 445
Impairment loss of assets	1 412 169	-
Loss on sale of fixed assets	324 643	277 674
	9 399 241	**16 858 090**

44. Finance income

	2011	2010
	L.E	L.E
Interest income	29 318 547	65 315 536
Interest income from loans to Joint Venture	8 083 658	1 177 805
Amortization of discount - deferred interests	3 478 048	5 383 420
Revaluation of held for trading investments	1 494 573	5 104 201
Gain on sale of available for sale investments	-	350 274
Gain on sale of held for trading investments	369 659	851 137
Investment income from treasury bills	3 152 545	144 827
Investment income from investment funds	82 197	80 935
Net foreign exchange differences	-	6 747 618
	45 979 227	**85 155 753**

45. Finance expenses

	2011 L.E	2010 L.E
Interest charges	28 899 780	11 560 088
Interest expense of installments of Sheikh Zayed land	11 789 740	13 973 120
Net foreign exchange differences	2 127 061	1 183 280
	42 816 581	**26 716 488**

46. Income tax expense

	2011 L.E	2010 L.E
Current income tax expense	2 991 086	20 907 246
Deferred income tax expense (benefit)	4 045 928	47 233 729
Income tax for the year	7 037 014	68 140 975
Prior years tax adjustments	-	(12 973 398)
	7 037 014	**55 167 577**

47. (Losses)/Earnings per share

(Losses)/ earnings per share are calculated based on holding Company share in (loses)/earnings per share and also using weighted average method to number of shares outstanding as at December 31, 2011 as follows:

	2011 L.E	2010 L.E
Net (losses)/profit for the year	(188 715 808)	134 561 956
Employees' profit share	-	(20 000 000)
Shareholders share of (losses)/profit for the year	(188 715 808)	114 561 956
Divided by:		
Weighted average number of shares outstanding during the year	90 676 348	87 285 938
(Losses)/earnings per share (L.E/share)	**(2.08)**	**1.31**

- The weighted average number of outstanding shares during the year was calculated considering the amendment of the number of shares as a result of the share split, also the capital increase during 2010 considering date of increase, the comparative figure has reclassified as it is shown in details in note no.(28).

48. Jointly controlled entities

The consolidate financial statements as at December 31, 2011 include 50% of the net assets of the Joint Venture (Palmyra – SODIC for Real Estate Development LLC.) as it is before adjusting with eliminating entries as follows :

	31/12/2011 Balance sheet L.E	31/12/2010 Balance sheet L.E
Assets		
Non – current assets		
Properties and equipment	20 945 380	22 571 593
Projects under constructions	-	1 253 273
Investment properties	73 590 761	84 016 951
Investment properties under develpoment	-	276 073 002
Advance payments for acquisition of investment properties	12 428 754	14 191 343
	106 964 895	**398 106 162**
Current assets		
Works in process	250 990 672	-
Due from related parties	20 003 833	22 791 596
Other current assets	2 538 719	3 897 826
Cash on hand and at banks	74 605	9 555 747
	273 607 829	**36 245 169**
	380 572 724	**434 351 331**
Liabilities		
Long – term loans	33 782 412	42 007 752
Due to related parties	5 841 342	473 564
Short – term loans (SODIC Syria)	80 708 548	70 958 566
Current portions of long –term loans	5 076 688	3 111 463
Islamic finance (Murabha)	-	1 379 736
Suppliers and other current liabilities	19 872 960	5 317 454
Advance payments from customers	31 643 395	36 491 315
	176 925 345	159 739 850
Net assets	**203 647 379**	**274 611 481**

	Income statement	**Income statement**
	L.E	**L.E**
Administrative and general expenses	(11 252 586)	(6 003 214)
Other operating income	2 350	8 554
Financing cost	(26 350 391)	(2 516 252)
Finance income	24 222	79 049
Marketing expenses	(782 278)	(508 574)
Net loss for the year	(38 358 683)	(9 340 877)

As it is detailed above, the parent Company's share in the total assets of the projects under common control on Syria is amounting to L.E 380 572 724 as at December 31, 2011 beside an amount of L.E 80 708 558 classified as "loans for joint projects" in the balance sheet.

Considering the current situation in Syria, that has 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 above mentioned 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 of the current situation 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 the events that The Arab Republic of Syria has encountered, which are mentioned in the previous paragraph, the management of the Company believes that its assets and investments with the projects and the companies in Syria are guaranteed and fully recoverable, as the fair values of the assets and the properties of the projects in Syria are higher than its book value according to reports of valuation from an independent expert as at 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 and to cover the investments value and the Company has no information regards any problems related to the custody and ownership of these lands.

49. Financial instruments

49.1 Credit risk

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the consolidated financial statements date as follows :

	Note No.	31/12/2011 L.E	31/12/2010 L.E
Long-term trade & notes receivable	(11)	923 397 293	1 260 276 872
Short-term trade & notes receivable	(15)	801 927 695	858 603 246
Advance payments for acquisition of real-estate investments		12 428 754	14 191 343
Other debtor	(16)	52 590 604	44 274 072
Loans to Joint Ventures	(17)	80 708 548	70 958 476
Held for trading investments	(18)	-	86 988 915
Cash & cash equivalents	(19)	504 271 285	852 055 648
		2 375 324 179	**3 187 348 572**

49.2 Liquidity risk

The following are the contractual maturities of financial liabilities:

December 31, 2011

	Carrying amount L.E	1 year or less L.E	1-2 years L.E	2-5 years L.E	More than 5 years L.E
Banks – credit facilities	51 256 820	51 256 820	-	-	-
Contractors, suppliers	78 549 493	78 549 493	-	-	-
Other creditors	311 182 507	251 186 913	51 530 400	8 465 194	-
Long – term loans	335 331 037	-	300 349 889	34 981 148	-
Short-term notes payable	35 845 413	35 845 413	-	-	-
Long-term notes payable	97 224 471	-	17 408 904	55 529 449	24 286 118
	909 389 741	**416 838 639**	**369 289 193**	**98 975 791**	**24 286 118**

December 31, 2010

	Carrying amount	1 year or less	1-2 years	2-5 years	More than 5 years
	L.E	L.E	L.E	L.E	L.E
Bank – credit facilities	86 903 632	86 903 632	-	-	-
Contractors, suppliers	70 390 562	70 390 562	-	-	-
Other creditors	310 053 870	250 489 801	50 069 611	9 494 458	-
Long – term loans	42 007 752	19 170 924	5 997 630	1 992 890	14 846 308
Short-term notes payable	50 417 497	50 417 497	-	-	-
Long-term notes payable	121 530 590	–	7 605 325	89 619 147	24 306 118
	681 303 903	**477 372 416**	**63 672 566**	**101 106 495**	**39 152 426**

49.3 Currency risk

Exposure to currency risk

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

December 31, 2011

Description	L.E	USD	Syrian lira
Loans to Joint Ventures	-	13 403 494	-
Cash at banks	355 672 617	24 906 271	-
Long – term loans	-	-	(359 553 057)
Other creditors	(305 710 207)	(909 020)	-
Net exposure to risk	**49 962 410**	**37 400 745**	**(359 553 057)**

December 31, 2010

Description	L.E	USD	Syrian lira
Loans to Joint Ventures	-	12 250 000	-
Cash at banks	784 224 889	11 917 017	-
Islamic finance (Murabaha)	-	-	(11 180 729)
Long – term loans	-	-	(340 411 160)
Other creditors	(304 131 966)	(1 022 340)	-
Net exposure to risk	**480 092 923**	**23 144 677**	**(351 591 889)**

The following exchange average rates applied during the year:-

L.E	Average rate		Consolidated reporting date spot rate	
	31/12/2011	**31/12/2010**	**31/12/2011**	**31/12/2010**
USD	5.90	5.65	6.02	5.79
SYP	0.1248	0.1221	0.1256	0.1234

49.4 Sensitivity analysis

A 10 % strengthening of the following currencies against the Egyptian pound at December 31, 2011 would have increased (decreased) profit & loss by the amounts shown below.
This analysis assumes that all other variables, in particular interest rates are constant. The analysis is performed on the same basis for year 2010.

	Profit /(loss)
	L.E
December 31, 2011	
USD	22 515 248
SYP	(4 515 986)
December 31, 2010	
USD	13 400 768
SYP	(4 338 644)

A 10 %weakening of the following currencies against the Egyptian pound at December 31, 2011 would have had the equal but the opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

49.5 Interest rate risk

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

	Carrying amount	
	31/12/2011	**31/12/2010**
	L.E	**L.E**
Fixed rate instruments		
Financial assets	1 726 974 692	2 118 682 068
Financial liabilities	(83 711 217)	(251 756 543)
	1 643 263 475	**1 866 925 525**
Variable rate instruments		
Financial liabilities	(386 587 857)	(86 903 632)
	(386 587 857)	**(86 903 632)**

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

49.6 Fair values

Fair values versus carrying amounts

The fair values of financial assets and liabilities, against its carrying amounts in the consolidated balance sheet are as follows:

	31/12/2011		31/12/2010	
	Carrying amount	Fair value	Carrying amount	Fair value
	L.E	L.E	L.E	L.E
Trade & notes receivable	1 725 324 988	1 725 324 988	2 118 880 118	2 118 880 11
Loans to Joint Ventures	80 708 548	80 708 548	70 958 386	70 958 38
Cash and cash equivalents	505 650 445	505 650 445	853 254 210	853 254 21
Islamic finance (Murabaha)	-	-	(1 379 736)	(1 379 736
Contractors, suppliers & notes payable	(110 680 729)	(110 680 729)	(116 325 884)	(116 325 884
Long – term loans	(335 331 037)	(335 331 037)	(42 007 752)	(42 007 752
Other creditors	(311 182 507)	(311 182 507)	(310 053 870)	(310 053 870
Notes payable – long term	(97 224 471)	(97 224 471)	(121 530 590)	(121 530 590
	1 457 265 237	**1 457 265 237**	**2 451 794 882**	**2 451 794 88**

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

50. Transactions with related parties

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

a) Transactions with related parties

Party / Relationship	Nature of transaction	31/12/2011 Amount of transaction L.E
Executive and board of directors (Parent Company)	Executive and board of directors	(See note No. 42).
Feorosema Co. (a company in which the chairman of Greenscape for Agriculture & Reclamation Co. has participation of 4% in its issued share capital)	Supply of imported marbles	3 946 125
	Payments for imported marbles	3 233 393
Donato farm Co. (a company in which the chairman of Greenscape for Agriculture & Reclamation Co. has participation of 20% in its issued share capital)	Supplying	1 253 690
Royal Gardens for Investment Property Co.	Purchasing of residential units for resale	43 014 950
Land Masters Co. (a company in which the chairman of Greenscape for Agriculture & Reclamation Co. has participation of 20% in its issued share capital)	Expenses paid by Greenscape on behalf of the Company.	-
	Payments for works	850 000

	Advances from Land Masters as a main contractor for the Company	380 000
El Sheikh Zaid for Real Estate Development Co. - a subsidiary which was sold during year 2010.	Sub-development advance	-
Palmyra – SODIC for Real Estate Development	Loan for joint projects	9 750 082
	Management fees	4 891 250

b) Resulting balances from these transactions

Party	Item as shown in the consolidated balance sheet	31/12/2011 L.E	31/12/2010 L.E
Royal Gardens for Investment Property	Trade & notes receivable (note No. 11 & 15)	-	52 640 723
Executive and board of directors	Liability for cash settled share – based payments transactions included in creditors & other credit balances caption (note No. 26)	157 390	1 237 181
Land Masters Co.	Amounts due from customers	-	1 911 325
	Debtors and other debit balances	980	486 960
Feorosema Co.	Creditors and other credit balances	-	975 732
		516 186	-
	Debtors and other debit balance		
Bonyan Development and Trade Co.	Creditors and other credit balances	3 413 456	4 641 183
Mr/farras tallas(Partner in joint venture)	Debtors and other debit balances	19 866 576	22 745 665
Palmyra – SODIC for Real Estate Development	Loans to Joint Ventures	80 708 548	70 958 565
	Accrued interest on loan under debtors caption	9 857 599	1 546 017
	Accrued management fees under debtors caption	1 881 875	2 896 250

51. Legal status

There is a dispute between the Company and a party regarding the contract concluded between them on 23/2/1999 which is related to delivering this party a plot of land as a usufruct right for indefinite year of time and a return for an annual rental with a minimal amount for a total of 96 feddan approximately and which has not been delivered up till this date as the management of this party did not abide by the detailed conditions of the contract. There are exchanged notifications concerning this land between the management of the Company and the management of this party. During 2009, this party raised a claim No. 3 of 2009 Civil 6th of October against the Company asking it for the delivery of the allocated land. A preliminary sentence was issued by the court in its session held on February 22, 2010 to refer this matter to Experts and to delegate the Experts Office of the Ministry of Justice to embark this case and set a session to be held on April 26, 2010 for the expert to present his report .The session was postponed several times and the last one will be held on April 30, 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 court.

52. Tax status

Summary of the Company's tax status at the consolidated 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 to the Parent Company according to Law No. 59 of 1979 concerning the New Urban Communalities.
  During the month of January 2011, the Company submitted a request to the Tax Authority demanding the amendment of the tax exemption period to start from the date of the actual handing over of the units in year 2002.

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

- The Tax Authority assessed corporate profit tax and moveable income tax for the years from 1996 until 2000 on deemed basis. The Company was notified by the tax forms and has objected. During the year , 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, the tax claims was paid according to the assessment of the Internal Committee, the years from 2000: 2001 were inspected, and the differences were taken to the Internal Committee. The resulting tax was paid according to the assessment of the Internal Committee during September 2004.

- Years from 2002 to 2004 were inspected and the Company paid the tax differences.

- Years from 2005 till 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 until the second quarter of 2007 and the Company did not receive any tax claims until authorizing these financial statements for issuance.

Stamp tax

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

- Inspection for the years from August 1, 2008 till December 31, 2010 is carried on, 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 and tax differences and additional tax were paid.

Real estate property tax

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

53. Capital commitments

Capital commitment as at December. 31, 2011 is amounting to L.E. 1 302 181 (2010 : L.E. 6 653 145).

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

On October 16, 2006, the Parent Company's Extra - Ordinary General Assembly unanimously agreed to approve the incentive & bonus plan of the Parent Company's employees and managers by setting it in the Parent Company's statutes according to the proposal suggested by the Parent Company's 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 before splitting in application the incentive & bonus 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 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 according to what is mentioned above.

The articles of the Parent Company' statues were amended on 24/10/2006. Procedures and discussions are still on going with Capital Market Authority in this regard.

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

- The incentive and bonus plan works through allocation of shares for the Parent Company's employees, managers and executive board directors and to sell these shares in favor of them in preferential conditions.

- Duration of the plan is four years starting from the date of approval of the plan by the Parent Company's Shareholders meeting and each beneficiary is allocated during this year a specified number of shares each year over the plan years according to the allocated shares outlined in the appendix of this plan.

- The price of share was determined for the beneficiary at L.E 75 per share.
- The Parent Company shall finance the issuance of the shares of the increase allocated in application of the plan and the value of shares due to the Parent Company will be paid from the proceeds of sale.

- On March 28, 2007 the board of directors of the Parent Company approved the agreement of maintaining the shares of the incentive and bonus plan of some employees, managers and executive board directors with Arab African International Bank. The agreement concluded between the Parent Company and Arab African International Bank was signed on April 15, 2007. As detailed in note No.(27), the shares of the plan were issued and financed by the Parent Company. Annotation of this increase was registered in the Commercial Registry on July 5, 2007.

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

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

- The number of shares allocated to the plan was increased by 500 000 additional shares according to what is mentioned in details in Note. (27).

- On July 3, 2008 the Supervisory Committee of the incentive & bonus plan of the Parent Company's employees, executive directors approved the allocation of 495 000 shares of the total shares to some of the Parent Company's employees and executive directors. Allocation contracts for these shares were signed with the employees and the executive directors during October 2008.
- On October 12, 2009, the Parent Company's board of directors decided the following:

  - The extension of the contract of the managing director to be ended on March 30, 2015 instead of March 30, 2011.

- The recommendation to extend the exercise right in the current bonus & incentive plan to be ended on March 2015 instead of March 2011.

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

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

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

  - Extension of the year of the exercise right stated in the bonus and incentive plan and the allocation contract to be ended on March 2015 instead of March 2011.
  - Amendment of the bonus and incentive plan and the allocation contract to enable the beneficiary from the plan the possibility to transfer the title of the shares allocated to him to be in his name after ending the prohibition period provided the payment of the share price stated in the plan and in this case, the beneficiary is entitled to all rights as determined on the Company' 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 of the amendments made on the bonus and incentive plan.

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

Party entitled	Grant date	No. of shares in thousand	Fair value of share at grant date (before splitting) L.E	Exercising price (before splitting) L.E	Conditions
Managing director	28/3/2007	750	100	75	5 years working in the Company and exercise period from 31/3/2007 till 30/6/2011 extended to March 2015 – the beneficiary is not entitled to this right if the performance of the Company's share is below CASE 30 by more than 20% for 2 consecutive years during the vesting period.
Board of director	23/9/2007	75	100	75	According to performance measure and exercise period from 31/3/2007 till 30/6/2011 is extended to 31 March 2015.
Some managers	23/9/2007	175	100	75	According to performance measure and exercise period from 31/3/2007 till 30/6/2011 is extended to 31 March 2015.
Board of director	7/10/2008	25	73.34	75	According to performance measure and exercise period from 31/3/2007 till 30/6/2011 is extended to 31 March 2015.
Some managers	7/10/2008	470	73.34	75	According to performance measure and exercise period from 31/3/2007 till 30/6/2011 is extended to 31 March 2015.

55. Comparative figures

Some comparative figures have been reclassified to comply with current year classification, the most significant reclassified items are presented in :

	Consolidated balance sheet L.E
Works in process	28 930 419
Debtors and other debit balances	(28 930 419)

56. Subsequent events

As at 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"), 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 the date.As shown in details in note No. 14 work in process the total cost of land and its relating expense and cost as at December 31, 2011 is amounting to L.E 634 338 K.

It is worth mentioning that the 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 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 issed 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 the investors in the case that the decision is not satisfactory for the investors 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 as at 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 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, we 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 delivered actually to the Company, according to state council sentences which judged in a similar case that as the managerial party 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 the management of the Company and its legal consultant believe that the cancellation decision was against the law.

According to what is mentioned no impairment has been recorded for work in process of the Group.