


Translation

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

**Consolidated Financial Statements
For The Financial period Ended March 31, 2012**

And Review Report

 **Hazem Hassan**
Public Accountants & Consultants

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Translation from Arabic

Report on Limited Review of Interim Consolidated Financial Statements

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

Introduction

We have performed a limited review for the accompanying consolidated financial statements of Sixth of October for Development and Investment Company "SODIC" which comprise the consolidated balance sheet as of March 31, 2012 and the related consolidated statements of income, cash flows and changes in equity for the three-month then ended, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and fair presentation of these interim consolidated financial statements in accordance with Egyptian Accounting Standards. Our responsibility is to express a conclusion on these interim consolidated financial statements based on our limited review.

Scope of Limited Review

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

Conclusion

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

*Emphasis of matter**Without qualifying our opinion*

- Regarding to what has been mentioned in details in Note No.(48), the parent Company (Sixth of October for Development and Investment Company "SODIC") share 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 380 million approximately as at March 31,2012. The Company was unable to obtain the appropriate data, which could enable it to disclose the effect of the current events on The Arab Republic of Syria on the values of the assets, liabilities and the results of operations in the foreseeable future, since these amounts and results may differ significantly in the foreseeable future when reliable indicators and signs become available, which enable the use of those indicators and signs in determining the extent and the impact of the current events on the carrying value of the assets and liabilities included in the financial statements.
- The Company's management believes that its investments in Syria are totally covered by the net value of the assets and properties of the joint venture 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.(55) 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 L.E 634.3 million as at March 31, 2012. 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 March 31, 2012.


KPMG Hazem Hassan

Cairo, May 29, 2012

Consolidated Balance Sheet
As at March 31, 2012

	Note No.	31/3/2012 L.E	31/12/2011 L.E
<u>Long - term assets</u>			
Fixed assets (Net)	(6)	229 053 928	233 396 288
Projects under construction	(7)	6 813 051	5 593 101
Biological Assets		1 592 594	1 347 969
Investments in associates	(8)	-	-
Investments - available for sale	(9)	4 350 000	4 350 000
Amounts paid on account from investments		250 000	250 000
Investment properties (Net)	(10)	399 026 042	413 521 494
Advance payment for investment properties		9 786 686	12 428 754
Trade, notes receivables and debtors (Net)	(11)	1 107 896 747	923 397 293
Total long - term assets		1 758 769 048	1 594 284 899
<u>Current assets</u>			
Non-current assets held for sale		-	849 861
Current assets - under liquidation		1 285 918	690 000
Completed units ready for sale	(13)	47 277 755	47 277 755
Inventories & letters of credit		1 213 704	2 078 517
Works in process	(14)	2 873 276 465	2 886 321 290
Amounts due from customers - constructions		60 398	710 752
Trade and notes receivable (Net)	(15)	953 337 850	801 927 695
Debtors and other debit balances (Net)	(16)	444 571 644	411 509 752
Loans to Joint Ventures	(17)	81 046 529	80 708 548
Investments held for trading	(18)	10 071 385	-
Investments in treasury bills	(19)	108 805 986	33 437 200
Cash at banks and on hand	(20)	372 808 827	505 650 445
Total current assets		4 893 756 461	4 771 161 815
<u>Current liabilities</u>			
Provision for completion	(21)	147 622 136	141 728 770
Provisions	(22)	6 742 591	6 935 396
Bank - credit facilities	(23)	84 958 447	51 256 820
Long term loans - current portions	(35)	14 613 384	5 076 688
Banks - Over draft		615 082	-
Customers advances	(24)	3 548 555 040	3 332 044 458
Amounts due to customers - constructions		39 997	-
Contractors, suppliers and notes payable	(25)	143 095 164	110 680 729
Creditors and other credit balances	(26)	346 603 434	311 182 507
Total current liabilities		4 292 845 275	3 958 905 368
Working capital		600 911 186	812 256 447
Total investments		2 359 680 234	2 406 541 346
These investments are financed as follows:			
<u>Equity</u>			
Issued & fully paid in capital	(28)	362 705 392	362 705 392
Legal reserve	(29)	181 352 693	181 352 693
Special reserve - share premium	(30)	1 316 921 569	1 316 921 569
Retained earnings		159 240 396	347 956 204
Treasury shares	(32)	(18 018 000)	(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	25 267 256
Net profit/(loss) for the period/year		31 589 582	(188 715 808)
Cumulative translation adjustments of foreign operations	(31)	(96 643 885)	(34 125 123)
Total equity attributable to the Company		1 882 407 761	1 913 336 941
No controlling interest	(27)	48 500 261	43 047 944
Total equity		1 930 908 022	1 956 384 885
<u>Long-term liabilities</u>			
Loans - long term	(35)	321 047 500	335 331 037
Creditors - long term	(36)	7 500 000	15 000 000
Notes payable	(37)	98 167 969	97 224 471
Deferred tax liabilities	(12)	2 056 743	2 600 953
Total long-term liabilities		428 772 212	450 156 461
Total equity and long - term liabilities		2 359 680 234	2 406 541 346

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

Financial Administrative E. Director

Mr. Hany Henry

Chief financial officer

Mr. Salah Shafei

Deputy Chairman
& Managing Director

Mr. Maher Maksoud

* Review Report "attached"

Sixth of October for Development and Investment Company "SODIC"

(An Egyptian Joint Stock Company)

Consolidated Income Statement

For The Financial Period Ending March 31, 2012

	Note	The three-month ending 31/3/2012	The three-month ending 31/3/2011
	No.	L.E	L.E
Real estate and land sales	(38)	307 035 907	37 090 234
Construction contracts revenues		-	1 148 542
Service revenues of Beverly Hills City		3 520 541	2 658 182
Service revenues of Allegría project		531 664	222 283
Revenues from golf course and club house		1 227 480	462 761
Total revenues		312 315 592	41 582 002
Cost of real estate and land sold	(39)	(212 936 498)	(33 935 924)
Construction contracts cost		-	(2 461 881)
Service costs of Beverly Hills City		(6 725 231)	(6 397 101)
Service costs of Allegría project		(2 568 630)	(992 695)
Cost of golf course and club house		(3 242 870)	(947 508)
Total costs		(225 473 229)	(44 735 109)
Gross profit/ (loss)		86 842 363	(3 153 107)
Other operating revenues	(40)	17 166 136	11 782 744
Selling and marketing expenses	(41)	(19 847 827)	(11 838 217)
General and administrative expenses	(42)	(35 023 948)	(28 852 113)
Other operating expenses	(43)	(5 408 259)	(251 414)
Operating profit / (loss)		43 728 465	(32 312 107)
Finance income	(44)	10 435 731	28 244 111
Finance cost	(45)	(17 242 460)	(10 319 288)
Net finance (cost) / income		(6 806 729)	17 924 823
Net profit / (loss) for the period before income tax		36 921 736	(14 387 284)
Income tax expense	(46)	(1 190 997)	(1 685 058)
Net profit / (loss) for the period		35 730 739	(16 072 342)
Net profit / (loss) for the period attributable to:			
Equity holders of the Company		31 589 582	(15 699 188)
Minority share in profits and losses of subsidiaries		4 141 157	(373 154)
Net profit / (loss) for the period		35 730 739	(16 072 342)
Earnings / (Losses) per share (L.E / Share)	(47)	0.35	(0.17)

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

Sixth of October for Development and Investment Company "SODIC"
(An Egyptian Joint Stock Company)
Consolidated Statement of Changes in Equity
For The Financial Period Ended March 31, 2012

	Note No.	Issued and paid in capital L.E	Legal reserve L.E	Special reserve-share premium L.E	Treasury shares L.E	Shares kept for bonus and incentive plan L.E	Set aside amount for bonus and incentive plan L.E	Cumulative translation Adjustments of foreign operations L.E	Retained earnings L.E	Net (loss) / profit for the year/period L.E	Equity attributable to the Company L.E	Non-controlling interest L.E	Total equity L.E
Balance as at January 1, 2011		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 and shareholders		-	-	-	-	-	-	-	-	(159 882 156)	(159 882 156)	-	(159 882 156)
Dividends of the shares of the bonus and incentive 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		<u>362 705 392</u>	<u>181 352 693</u>	<u>1 316 921 569</u>	<u>(18 018 000)</u>	<u>(80 007 242)</u>	<u>25 267 256</u>	<u>(34 125 123)</u>	<u>347 956 204</u>	<u>(188 715 808)</u>	<u>1 913 336 941</u>	<u>43 047 944</u>	<u>1 956 384 885</u>
Amount transferred to retained earnings		-	-	-	-	-	-	-	(188 715 808)	188 715 808	-	-	-
Cumulative translation adjustments of foreign operations		-	-	-	-	-	-	(62 518 762)	-	-	(62 518 762)	-	(62 518 762)
Disposal of minority interests of unconsolidated subsidiaries		-	-	-	-	-	-	-	-	-	-	1 311 160	1 311 160
Net profit for the period		-	-	-	-	-	-	-	-	31 589 582	31 589 582	4 141 157	35 730 739
Balance as at March 31, 2012		<u>362 705 392</u>	<u>181 352 693</u>	<u>1 316 921 569</u>	<u>(18 018 000)</u>	<u>(80 007 242)</u>	<u>25 267 256</u>	<u>(96 643 885)</u>	<u>159 240 396</u>	<u>31 589 582</u>	<u>1 882 407 761</u>	<u>48 500 261</u>	<u>1 930 908 022</u>

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

Sixth of October for Development and Investment Company "SODIC"

(An Egyptian Joint Stock Company)

Consolidated Statement of Cash Flows

For The Financial period Ending March 31, 2012

	Note No.	The three-month ending 31/3/2012 L.E	The three-month ending 31/3/2011 L.E
<u>Cash flows from operating activities</u>			
Net profit / (loss) for the period before income tax		36 921 736	(14 387 284)
<u>Adjustments for:-</u>			
Depreciation of fixed assets and rented units		6 465 021	2 947 955
Gain on sale of fixed assets		(74 251)	(66 103)
Loss on sale of fixed assets		213 629	-
Gain on sale of held for trading investments		-	(244 592)
Unrealized gain on held for trading investments		-	(1 065 622)
Foreign exchange differences		-	(1 929 061)
Provisions formed		16 094 846	3 063 574
Provisions no-longer required		(250 000)	-
Equity - settled share - based payment transactions		-	1 250 000
Operating profit / (loss) before changes in working capital items		59 370 981	(10 431 133)
<u>Changes in working capital items</u>			
Change in non-current assets held for sale		849 861	-
Change in current assets under liquidation		690 000	-
Change in inventories and letters of credit		864 813	(4 772)
Change in works in process		13 044 825	(169 227 339)
Change in investment properties		14 443 705	(1 359 033)
Change in advance payment to acquire investment properties		2 642 068	(229 112)
Change in due from customers - constructions		650 354	2 047 616
Change in trade and notes receivables		(335 909 609)	184 158 865
Change in debtors and other debit balances		(33 061 892)	32 933 474
Provisions used		(10 144 285)	(3 158 322)
Change in advances from customers		216 510 582	(54 426 711)
Amount due to customers-construction		39 997	(1 006 427)
Change in contractors, suppliers and notes payable		33 357 933	9 511 281
Change in creditors and other credit balances		26 185 721	(16 217 846)
Change in bank blocked accounts		(50 090 000)	-
Change in saving certificates (due within three years)		-	2 775 000
Net cash (used in) operating activities		(60 554 946)	(24 634 459)
<u>Cash flows from investing activities</u>			
Payments for purchase of fixed assets, projects under construction and biological as		(8 779 616)	(13 838 233)
Payments on account of investments in companies under establishment		-	(20 186 000)
Translation adjustments of fixed assets		4 398 510	-
Assets - Under liquidation		(1 285 918)	-
Loans for joint venture projects		(337 981)	-
Proceeds from sale of held for trading investments		-	28 018 408
Payments for purchase of held for trading investments		(10 071 385)	(835 302)
Investments in treasury bills		(75 368 786)	(5 935 118)
Proceeds from sale of fixed assets		706 239	72 542
Net cash (used in) investing activities		(90 738 937)	(12 703 703)
<u>Cash flows from financing activities</u>			
Bank - credit facilities		34 316 709	(86 098 303)
Banks - long-term loans		(4 746 841)	90 184 486
Payments for Islamic finance		-	(836 683)
Non-controlling interest		1 311 159	-
Net cash provided from financing activities		30 881 027	3 249 500
Cumulative translation adjustments for foreign operations		(62 518 762)	368 981
Net change in cash and cash equivalents during the period		(182 931 618)	(33 719 681)
Cash and cash equivalents as at January 1, 2012		451 452 445	846 471 333
Cash and cash equivalents as at March 31, 2012	(20)	268 520 827	812 751 652

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

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

Notes to the consolidated financial statements
For the financial period ending March 31, 2012

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 period ended March 31, 2012 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 statements

2-1 Statement of compliance

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

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. Such control exists by owning more than 50% of the investees' voting rights. 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:-

<u>Subsidiary name</u>	<u>Country of Incorporation</u>	<u>Ownership</u>	
		<u>As at March 31, 2012</u>	<u>As at December 31, 2011</u>
		<u>%</u>	<u>%</u>
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	٩٩,٩٩
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	٥١

<u>Subsidiary name</u>	<u>Country of Incorporation</u>	<u>Ownership</u>	
		<u>As at March 31, 2012</u>	<u>As at December 31, 2011</u>
		<u>%</u>	<u>%</u>
7- El Yosr for Projects and Agriculture Development Co. - S.A.E	Egypt	99.99	٩٩,٩٩
8- SODIC for Development & Real Estate Investment Co. – S.A.E	Egypt	99.99	٩٩,٩٩
9- SODIC SIAC for Real Estate Investment Co. - S.A.E	Egypt	86.67	86.67
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	١٠٠
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	١٠٠
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	97.50
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 (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

Foreign operation's financial statements maintained in foreign currencies are translated to Egyptian pound. Assets and liabilities of those operations 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, after derecognized the replaced 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:

<u>Asset</u>	<u>Years</u>
Buildings and constructions	5-10
Caravans	5-10
Vehicles	5
Furniture and fixtures	4-10
Office and communications equipment	5
Generators, machinery and equipment	2-5
Kitchen utensils	10
Wells, pumps and networks	4
Leasehold improvements	5 years or lease term whichever is lower

Golf course assets

Constructions	20
Irrigation network	15
Equipment and tools	15

3.4 Intangible assets- Goodwill

Goodwill (positive and/or 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 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 cannot 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 (note No. 3-14). 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. Except the impairment loss, 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.

Treasury bills are stated at their net cost after deducting the amortized interest and the Impairment losses (note No. 3-14).

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 such 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 reflect 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

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

c. Dividends

Dividends are recognized as a liability in the 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 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 and managers bonus and 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 Notes payable – Long-term

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 and 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 within the other operating expenses.

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 cannot 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 recognized 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 resulted from investment properties (less any discounts) 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 in the consolidated income statement, using the accrual basis, considering the period of time and effective 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.

2. Employees' profit sharing

As per the Companies Law, employees are entitled to receive not less than 10% of the distributed profits, after deducting a percentage to support the legal reserve, according to the rules proposed 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 dividends 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 period / 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 in the future years.

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 period / 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 and other debtors

The fair value of trade, note receivables and 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 fair 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 marketing 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 its 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 subsidiaries, it needed, and after the board of directors approval. At March 31, 2012, no guarantees were outstanding.

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.
- A facility amounting to L.E 45.5 million covered by a guarantee of time deposits amounting to L.E 50 million.

5.3 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the 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 position 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 period. The Company is not subject to externally imposed capital requirements.

6- Fixed assets (net)

7. Projects under construction

This item is represented as follows:

	<u>31/3/2012</u>	<u>31/12/2011</u>
	<u>L.E</u>	<u>L.E</u>
Advance payments -fixtures and purchasing of fixed assets	١ ٠٢٥ ٥٨٩	1 298 469
Advance payments –leasehold improvements	٣٣ ١٧٣	-
Advance payment on account of the construction of electricity station	١٠٠ ٨٠٠	١٠٠ ٨٠٠
Buildings and constructions	٥ ٠٢٥ ٢٥٠	4 193 832
Wells under construction	١٢٨ ٢٣٩	-
	<u>٦ ٨١٣ ٠٥١</u>	<u>5 593 101</u>

8. Investments in associates

The Group has the following investments in associates:

	<u>Legal</u> <u>Form</u>	<u>Ownership</u> <u>percentage</u>	<u>Carrying amount</u>		
		<u>31/3/2012</u>	<u>31/12/2011</u>	<u>31/3/2012</u>	<u>31/12/2011</u>
		<u>%</u>	<u>%</u>	<u>L.E</u>	<u>L.E</u>
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)
				<u>-</u>	<u>-</u>

Summary of financial information of associates :-

	<u>Assets</u> L.E	<u>Liabilities</u> L.E	<u>Equity</u> L.E	<u>Revenues</u> L.E	<u>Expenses</u> L.E
<u>March 31, 2012</u>					
Royal Gardens for Real Estate Investments Co. (A)		Last financial statements available to the Company at 31/12/2011			
Green Point for Importing and Trading of Garden Supplies Co. (B)		Last financial statements available to the Company at 31/12/2011			
<u>December 31, 2011</u>					
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)

(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 1 810 550 till December 31, 2011 as the carrying amount of the investment balance is nil in the consolidated financial statement as at December 31, 2011.

(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 31/3/2012 L.E	Carrying amount as at 31/12/2011 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 March 31, 2012 amounting to L.E 399 026 042 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 period are as follows:-

<u>Description</u>	<u>Leased out units (a)</u>	<u>Agricultural lands (b)</u>	<u>Lands (c)</u>	<u>Land and buildings</u>	<u>Total</u>
	L.E	L.E	L.E	L.E	L.E
Cost					
At 1/1/2012	10 349 431	326 247 579	73 590 761	4 135 000	414 322 771
Translation adjustments	-	1 200 000	(15 643 705)	-	(14 443 705)
Total cost of investment properties as at March 31, 2012	10 349 431	327 447 579	57 947 056	4 135 000	399 879 066
Accumulated depreciation					
At 1/1/2012	801 277	-	-	-	801 277
Depreciation for the period	51 747	-	-	-	51 747
At 31/3/2012	853 024	-	-	-	853 024
Carrying amount as at March 31, 2012	9 496 407	327 447 579	57 947 056	4 135 000	399 026 042
Carrying amount as at December 31, 2011	9 548 154	326 247 579	73 590 761	4 135 000	413 521 494

- (a) The fair value of completed residential units leased out to others amounts to L.E 25 278 520 as at March 31, 2012.
- (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 .

11. Trade, notes receivables and debtors – Long-term

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

	<u>31/3/2012</u>	<u>31/12/2011</u>
	L.E	L.E
Trade receivable	٣١ ١٧٩ ٩٣٣	31 179 934
Sundry debtors (11-1)	٩ ٨٤٤ ٤٠٠	9 844 400
Notes receivable	١ 109 196 880	917 222 527
	<u>١ ١٥٠ ٢٢١ ٢١٣</u>	<u>958 246 861</u>
Deduct: Unamortized interest	٤٢ ٣٢٤ ٤٦٦	34 849 568
	<u>1 107 896 747</u>	<u>923 397 293</u>

- 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

	<u>31/3/2012</u>		<u>31/12/2011</u>	
	<u>Assets</u>	<u>Liabilities</u>	<u>Assets</u>	<u>Liabilities</u>
	<u>L.E</u>	<u>L.E</u>	<u>L.E</u>	<u>L.E</u>
Fixed assets	-	2 154 452	-	2 268 451
Provisions	93 615	-	-	-
Construction contracts	4 094	-	-	332 502
Total deferred tax (asset)/ liability	<u>97 709</u>	<u>2 154 452</u>	<u>-</u>	<u>2 600 953</u>
Net deferred tax (asset)/liability	<u>-</u>	<u>2 056 743</u>	<u>-</u>	<u>2 600 953</u>

13. Completed units ready for sale

	<u>31/3/2012</u>	<u>31/12/2011</u>
	<u>L.E</u>	<u>L.E</u>
Cost of completed commercial units	4 262 805	4 262 805
Cost of units purchased for resale (13-1)	43 014 950	43 014 950
	<u>47 277 755</u>	<u>47 277 755</u>

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:

	<u>31/3/2012</u>	<u>31/12/2011</u>
	<u>L.E</u>	<u>L.E</u>
<u>Allegria project costs</u>		
Cost of the Company's land intended for use	١٩٦ ٨٢٧ ٢١٣	٢٢١ ٣٣٤ ٣٥٥
Planning , survey , supervision and soil researches	٢٠٩ ٥٧١ ٤٠٥	205 726 600
Building and utilities	٦٩٩ ٨٦١ ٩١٢	745 438 233
Other costs	٤٤ ٥٢٧ ٣٦٠	40 027 265
Price differences of repurchased units (A)	٣١ ٩٢٦ ٣١٠	٣٢ ٥٤٩ ١١٠
	<u>١ ١٨٢ ٧١٤ ٢٠٠</u>	<u>1 245 075 563</u>
<u>WESTOWN project costs</u>		
Cost of the Company's land intended for use	٧٧ ٧٤٩ ٩١٢	٧٧ ٧٤٩ ٩١٢
Planning , survey , supervision and soil researches	٧٩ ٦٤٢ ١٧٠	77 715 637
Building and utilities	٢٩٤ ٢٣٣ ٦٤١	233 950 841
Other costs	٣٧ ٤٥٨ ٨٠٨	29 873 263
	<u>٤٨٩ ٠٨٤ ٥٣١</u>	<u>419 289 653</u>
<u>Cost of the fourth phase (4A & 4B), showrooms and</u>		
Cost of land	٦١ ٩١٠ ٢٩١	66 562 140
Planning , survey , supervision and soil researches	١٠ ٥٥١ ٨٧٢	9 836 459
Building and utilities	١٥٣ ١٣٢ ٧٩٧	119 081 749
Cost of land of Dahshor' showrooms	٢٥ ٣١٣ ٣٧٢	٢٥ ٣١٣ ٣٧٢
A plot of land in the Fifth Community (plot No. 1)	٧٥ ٧٧٠ ٨٩٤	٧٥ ٧٧٠ ٨٩٤
(B)		
Expenses related to plot of land No. 1	٤٢ ٨٨٠ ٦٦٢	40 063 028
A plot of land in the Fifth Community (plot No. 2)	٥١٩ ٤٩٤ ١٥٨	٥١٩ ٤٩٤ ١٥٨
(C)		
Expenses related to plot of land No. 2	١١٤ ٨٤٣ ٦٠٢	114 843 602
	<u>١ ٠٠٣ ٨٩٧ ٦٤٨</u>	<u>970 965 402</u>
<u>Cost of projects in Syria (D)</u>	<u>197 580 086</u>	<u>٢٥٠ ٩٩٠ ٦٧٢</u>
	<u>2 873 276 465</u>	<u>2 886 321 290</u>

(A) This item with the balance of L.E 31 926 310 (2011: L.E 32 549 110) represents the value of the additional cost for repurchasing some units of Allegria project.

(B) 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.

(C) 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.

(D) 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 March 31, 2012. Details are as follow:-

<u>Project name</u>	<u>Carrying amount of the project L.E</u>
Telal Al Yasameen project	١٠٧ ١٤٦ ٨٧٤
Telal Al Zumorod project	٢٠ ٨٤٨ ٦٢١
The project of real estate # 70	٦٣ ٨٣١ ٠٤٠
Other projects	٥ ٧٥٣ ٥٥١
Total	١٩٧ ٥٨٠ ٠٨٦

- 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 and notes receivable - current

	<u>31/3/2012</u>	<u>31/12/2011</u>
	<u>L.E</u>	<u>L.E</u>
Trade receivable	58 878 470	34 831 206
Notes receivable	٩٠١ ٨٢٣ ٩١٣	776 080 983
	٩٦٠ ٧٠٢ ٣٨٣	810 912 189
Deduct : unamortized interest	7 137 630	8 754 591
	953 564 753	802 157 598
Impairment losses of trade & notes receivable	(226 903)	(٢٢٩ ٩٠٣)
	953 337 850	801 927 695

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

16. Debtors and other debit balances

	<u>Note</u>	<u>31/3/2012</u>	<u>31/12/2011</u>
	<u>No.</u>	<u>L.E</u>	<u>L.E</u>
Contractors and suppliers – advance payments		٢٨١ ٧٦٤ ٦٩٨	٢٦١ 433 014
Due from Mr. Firas Tlaas (a partner in the Joint Venture)		١٥ ٦٤٣ ٣٩٩	١٩ ٨٦٦ ٥٧٦
Corporate profit tax paid in excess		-	٢٢٧ ٢٥٦
Due from related parties – Joint Venture		٥ ٨٥١ ٠٤١	٥ ٨٤١ ٣٤٠
Interests receivable		١٢ ٢١٤ ٢١٢	10 759 848
Due from related parties	(50)	7 370 463	74 681
Prepaid expenses		١٠٣ ٤٩٩ ١٥٢	97 486 134
Deposits with others		١ ٢٢٦ ٢٥١	١ ٢٢٨ ٢٠٩
Tax Authority		٨٤١ ٠٢٤	529 160
L / G 's margins		٣ ١٥٠ ٠٠٠	٣ ١٥٠ ٠٠٠
Accrued management fees		٢ ٨٢٧ ٥٠٠	١ ٨٨١ ٨٧٥
Due from the bonus and incentives plan to employees and managers fund (16-a)		٥ ٢٦٧ ٢٥٦	٥ ٢٦٧ ٢٥٦
Other debit balances		٥ ٢٨٨ ٥٠٢	4 318 222
		444 943 ٤٩٨	412 063 571
Impairment loss on debtors and other debit balances		(٣٧١ ٨٥٤)	(٥٥٣ ٨١٩)
		444 571 644	411 509 752

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

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

17. Loans to Joint Ventures

	<u>31/3/2012</u>	<u>31/12/2011</u>
	L.E	L.E
This item represents 50% of the loan 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% per annum.	58 812 028	٥٨ ٧١٤ ٥١٣
This item represents 50% of the amount paid from the bridge loan granted to the Joint Venture with total amount of USD 7 372 182 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.	22 234 501	٢١ ٩٩٤ 035
	<u>81 046 529</u>	<u>80 708 548</u>

18. Held for trading investments

	<u>31/3/2012</u>	<u>31/12/2011</u>
	L.E	L.E
Tharwa fund – Ahly United Bank	10 071 385	-
	<u>10 071 385</u>	<u>-</u>

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

19. Investments in treasury bills

	<u>31/3/2012</u>	<u>31/12/2011</u>
	L.E	L.E
Treasury bills (182) days to (358) days	113 856 220	34 368 907
Unearned return on treasury bills	(5 050 234)	(931 707)
	<u>108 805 986</u>	<u>33 437 200</u>

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

20. Cash at banks and on hand

	<u>31/3/2012</u>	<u>31/12/2011</u>
	L.E	L.E
Bank - time deposits (20-1)	٢٤٦ ٧٧٩ ٧٦٢	390 934 663
Bank - current accounts	١١٧ ٣٦٩ ٤٨١	94 905 250
Checks under collection	٧ ٢٧١ ٦٦٠	18 431 372
Cash on hand	١ ٣٨٧ ٩٢٤	1 379 160
	<u>٣٧٢ ٨٠٨ ٨٢٧</u>	<u>505 650 445</u>

(20-1) Deposits include USD 9 million dollars and also an amount of L.E 50 million restricted as a guarantee for the credit facility granted to the Company from some 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 and cash equivalents item is represented as follows:

	<u>31/3/2012</u>	<u>31/12/2011</u>
	LE	L.E
Cash at banks and on hand	372 808 827	٥٠٥ 650 445
<u>Less:</u>		
Blocked accounts	104 288 000	54 198 000
Cash and cash equivalents in the consolidated statement of cash flows	<u>268 520 827</u>	<u>451 452 445</u>

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

21. Provision for completion

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

	Balance as at <u>1/1/2012</u> L.E	formed during <u>the period</u> L.E	used during <u>the period</u> L.E	Balance as at <u>31/3/2012</u> L.E
Provision for completion of works	141 728 770	16 037 651	(10 144 285)	147 622 136
	<u>141 728 770</u>	<u>16 037 651</u>	<u>(10 144 285)</u>	<u>147 622 136</u>

- 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.

22. Provisions

	Balance as at <u>1/1/2012</u> L.E	formed during <u>the period</u> L.E	Provisions no-longer <u>required</u> L.E	Balance as at <u>31/3/2012</u> L.E
Provision for expected claims	6 935 396	57 195	(250 000)	6 742 591
	<u>6 935 396</u>	<u>57 195</u>	<u>(250 000)</u>	<u>6 742 591</u>

The provision is represented in some probable claims related to the company's activities from other parties, and 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.

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.

23. Bank - credit facilities

	<u>31/3/2012</u>	<u>31/12/2011</u>
	L.E	L.E
The amount used from the credit facility granted to the holding Company from Audi Bank totaled L.E 45.5 million and bears interest rate of 1.75% per annum over borrowing and discount rate declared by the Central Bank. This facility is guaranteed by a promissory note amounting to L.E 50 million.	33 437 587	-
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.		
	51 441 934	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.	78 926	-
	<u>84 958 447</u>	<u>51 256 820</u>

24. Advances from customers

This item is represented in the following:-

	<u>31/3/2012</u>	<u>31/12/2011</u>
	L.E	L.E
Advances – lands	٦٧٦ ٥٩٩	٣٠ ٣٩٩ ٠٩٩
Advances for booking , contracting & installments of residential units– Kattameya Plaza project	٣٤٧ ٢٣٥ ٤٢٠	٣١٢ ١١٩ ٣٢٥
Advances – commercial units - Auto Ville project	١٣٤ ٤٤٥ ٦٧٤	١٢٤ ٩٢٥ ٨١٧
Advances – Allegría project	2 143 772 534	٢ ١٨٥ ٤٢٣ ٢٧٦
Advances – Forty West project	٢٢٠ ٧٦٨ ١٤١	٢٢٢ ٢٦٧ ٦٧٩
Advances – West town Residences	٥٢٩ ٤٥٠ ٤٣٠	٢٩٠ ٤٩٦ ٦٣٣
Advances – Telal Al Yasameen project	٢٤ ٩١٦ ٧٣٦	٣١ ٦٤٣ ٣٩٥
Advances – Casa	٢٥ ٧٦٤ ٠٢٣	٢٠ ٠٠٩ ٠٣٨
Advances – Polygon project	١٢١ ٥٢٥ ٤٨٣	١١٤ ٧٦٠ ١٩٦
	<u>3 548 555 040</u>	<u>٣ ٣٣٢ ٠٤٤ ٤٥٨</u>

25. Contractors, suppliers and notes payable

	<u>31/3/2012</u>	<u>31/12/2011</u>
	L.E	L.E
Contractors	٩٦ ٦٩٤ ٣٨٩	72 480 964
Suppliers	١٠ ٩٨٥ ٣٠٤	6 068 529
Notes payable	٣٦ ٤١٧ ٧٤١	35 845 413
	<u>١٤٤ ٠٩٧ ٤٣٤</u>	<u>114 394 906</u>
<u>Deduct:</u> Unamortized interest	١ ٠٠٢ ٢٧٠	٣ ٧١٤ ١٧٧
	<u><u>١٤٣ ٠٩٥ ١٦٤</u></u>	<u><u>110 680 729</u></u>

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

26. Creditors and other credit balances

	<u>31/3/2012</u>	<u>31/12/2010</u>
	L.E	L.E
Amounts collected on account for management, operation and maintenance of projects	٩٥ ١٤٧ ٠٧٠	٨٧ ٥٤٩ ٦٥٠
Due to related parties - Joint Venture	٣ ١٤١ ٩٨٤	١٣٧ ٢٥٦
Accrued expenses	144 019 719	112 036 277
Liability for cash settled share-based payments transactions– Managers	٩٨١ ٥٩٦	١٥٧ ٣٩٠
Customers - Beverly Hills – capital contributions	١٤ ٨٥٩ ٥٤٢	١٤ ٥٤٢ ٧٠١
Customers – credit balances	٢٣ ٤٦١ ٠٥٣	٣٩ ٦٧٠ ٥٢٣
Tax Authority	13 137 216	8 960 017
Dividends payable	٩١ ٦٤٣	٩١ ٦٤٣
Accrued compensated absence	١ ٨٢٩ ٨٧٧	1 599 444
Deposits collected from customers – Against modifications	9 321 034	٩ ١٩٦ ٠٣٤
Social insurance	١ ٣٧٦ ٠٥٤	1 214 904
Customers –down payments for sub-development (26-1)	٣ ٣٧١ ٤٠٠	٣ ٣٧١ ٤٠٠
Unearned revenue	٢ ٧٠٧ ٤٩٦	٦٣٣ ٠٢٢
Retentions	٨ ٧٥٧ ٩٧٢	7 854 750
Bonyan for development and trading Co.	٣ ٤١٣ ٤٥٦	٣ ٤١٣ ٤٥٦
Due to SEAC	١ ٢٤٧ ٦٤٧	٨ ٩٩٩ ٤٨٣
Deposits from others	٣ ٧٨٦ ٣٠٢	3 228 186
Sundry creditors	١٥ ٩٥٢ ٣٧٣	8 526 371
	<u><u>٣٤٦ ٦٠٣ ٤٣٤</u></u>	<u><u>311 182 507</u></u>

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

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

27. Non-controlling interest

Non-controlling interest balance as at March 31, 2012 represents the interest shares in subsidiary's equity as follows:

	<u>Non-controlling interest</u>	<u>Non-controlling share in profit (loss) for the period</u>	<u>Non-controlling share in equity excluding profit (loss) for the period</u>	<u>Non-controlling interest as at 31/3/2012</u>	<u>Non-controlling interest as at 31/12/2011</u>
	%	L.E	L.E	L.E	L.E
Sixth of October for Development & Real Estate Projects Co. "SOREAL"	0.01	٣٣	٤٧ ٧٣٣	٤٧ ٧٦٦	٤٧ 722
Beverly Hills for Management of Cities & Resorts Co.	41.41	٥١١ ٢٩٩	١٧ ٦٦٦ ٧٦٠	١٨ ١٧٨ ٠٥٩	١٧ 666 760
SODIC Garden City for Development & Investment Co.	50	٣ ٥٦٩ ٨٤٦	٣ ٤٤٦ ٧٤٥	٧ ٠١٦ ٥٩١	٣ 446 745
Move-In for Advanced Contracting Co.	30	٥١ ١٧٨	٢١٢ ٦٦٤	٢٦٣ ٨٤٢	212 664
Greenscape for Agriculture & Reclamation Co.	49	-	-	-	(1 311 149)
El Yosr for Projects and Agriculture Development Co.	0.001	(٤)	٢٧ ١٢٣	٢٧ ١١٩	٢٧ 123
SODIC for Development & Real Estate Investment Co.	0.001	-	٢٠	٢٠	٢٠
SODIC SIAC for Real Estate Development Co.	13.33	(٢ ٩٤٨)	٢٠ ٣٥٤ ٨٩٠	٢٠ ٣٥١ ٩٤٢	20 354 890
Tegara for Trading Centers Co.	2.5	١١ ٧٢٩	٢ ٦٠٣ ٠٤٥	٢ ٦١٤ ٧٧٤	2 603 045
Edara for Services of Cities & Resorts Co.	0.003	٢٤	١١٨	١٤٢	118
Fourteen for Real Estate Investment Co.	0.004	-	٢	٢	٢
La maison for Real Estate Investment Co.	0.004	-	٢	٢	٢
Ceremony for Real Estate Investment Co.	0.004	-	٢	٢	٢
		<u>4 141 157</u>	<u>44 359 104</u>	<u>48 500 261</u>	<u>43 047 944</u>

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

On March 3, 2011, the Egyptian Financial Supervisory Authority, approved that the Company's management shall proceed with the procedures of issuing the Company's issued capital of a number of 90 676 348 common cash shares at a par value of L.E 4 each (after amendment) 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. Annotation was made to this effect in the Company's Commercial Register on June 16, 2011.

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

<u>Shareholder</u>	<u>Number of shares</u>	<u>Share value</u> L.E	<u>Ownership percentage</u> %
October property development limited Co.	١٤ ١٣٦ ٢٢٨	٥٦ ٥٤٤ ٩١٢	15.59
Alian saudian investments limited Co.	١١ ٢٣٧ ٨٩٦	٤٤ ٩٥١ ٥٨٠	12.39
Incentive and bonus plan of the employees	٣ ٢٥٠ ٠٠٠	١٣ ٠٠٠ ٠٠٠	3.58
Other shareholders	٦٢ ٠٥٢ ٢٢٤	٢٤٨ ٢٠٨ ٩٠٠	68.44
	<u>٩٠ ٦٧٦ ٣٤٨</u>	<u>٣٦٢ ٧٠٥ ٣٩٢</u>	<u>100</u>

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 March 31, 2012 is represented as follows:-

	L.E
Legal reserve balance as at 1/1/2003	6 530 455
<u>Add:</u>	
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
<u>Deduct:</u>	
The amount used to increase the issued share capital during the year (Note No. 28).	2
	181 352 693

30. Special reserve – share premium

The balance is represented in the remaining amount of capital increase share premium for a number of 11 million shares during 2006 and share premium increase of one million share for the incentive and bonus plan during 2007 share premium increase of 7 857 143 shares during 2010 after deducting the amounts 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:-

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

31. Cumulative translation adjustments of foreign operations

The balance shown in the equity section at March 31, 2012 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 period ended March 31, 2012 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 one million as a treasury shares at L.E 18 per share (the par value is L.E 4 per share) with a total amount of L.E 18 million from the shares of the 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:-

<u>Description</u>	L.E
Cost of treasury stocks purchase	18 018 000
	18 018 000

33. Shares kept for bonus and 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 (before splitting) 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.

<u>Description</u>	L.E
For financing of one million shares from the bonus and incentive plan with a fair value of L.E 100 per share (before splitting) during 2007.	100 000 000
<u>Deduct:</u>	
The value of 200 000 shares sold by the beneficiaries from the bonus and incentive plan during December 2007 out of which an amount of L.E 15 million was paid to the Company for L.E 75 per share (before splitting).	20 000 000
<u>Add:</u>	
Treasury shares acquired during 2009 by subsidiaries	7 242
	80 007 242

34. Amount set aside for incentive and 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:-

<u>Description</u>	<u>L.E</u>
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 March 31, 2012.	٢٥
<u>Deduct:</u>	
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.	٥
	<hr/>
<u>Add:</u>	٢٠
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
	<hr/>
	٢٥٦
	<hr/>
	٢٥ ٦٧
	<hr/>

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

35. Long-term loans

	<u>31/3/2012</u>	<u>31/12/2011</u>
	<u>L.E</u>	<u>L.E</u>
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. 23) according to the following conditions and guarantees :-	٣٠١ ٥٤٨ ٦٢٥	٣٠١ ٥٤٨ ٦٢٥
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.		
This balance represents 50% of the used amount from the loan granted to the Joint Venture by Real Estate Bank with total amount of SYP 719 106 113 for the purpose of financing 70% of the project of Telal Al Yassamin in Kafar Kook – Syria . The loan bears a current interest rate of 10 % per annum and should be paid in equal quarterly installments during the period from February 15, 2011 until November 15, 2020. The loan is secured by	34 112 259	38 859 100

mortgage of the project's land.

335 660 884	340 407 725
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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.

14 613 384	5 076 688
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<u>321 047 500</u>	<u>335 331 037</u>
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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 March 31, 2012 is represented in the following:-

	<u>31/3/2012</u>	<u>31/12/2011</u>
	L.E	L.E
Total fees due to the Authority for building area of land	7 500 000	15 000 000
	<u>7 500 000</u>	<u>15 000 000</u>

37. Long-term notes payable

This item is represented in the follows:

	<u>31/3/2012</u>	<u>31/12/2011</u>
	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.	120 412 612	١١٩ ٢٦٧ ٩٠٠
Unamortized interest - notes payable	(22 244 643)	(٢٢ ٠٤٣ ٤٨٤)
	<u>98 167 969</u>	<u>٩٧ ٢٢٤ ٤١٦</u>

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

38. Real estate and 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:

	<u>The three-month ending</u> <u>31/3/2012</u> L.E	<u>The three-month ending</u> <u>31/3/201١</u> L.E
Sale of villas in Allegria project	301 213 364	51 727 728
Sale of land	5 822 543	-
	<u>307 035 907</u>	<u>51 727 728</u>
Sales return of Allegria project	-	(14 637 494)
	<u>307 035 907</u>	<u>37 090 234</u>

39. Cost of real estate and land sold

	The three- month ending <u>31/3/2012</u> L.E	The three- month ending <u>31/3/2011</u> L.E
Cost of sales of villas in Allegria project	191 126 398	40 874 460
Cost of sales of land	21 810 100	-
	212 936 498	40 874 460
Cost of sales return of Allegria project	-	(6 938 536)
	212 936 498	33 935 924

40. Other operating revenues

	The three- month ending <u>31/3/2012</u> L.E	The three- month ending <u>31/3/2011</u> L.E
Interest income realized from installments during the year	6 044 045	5 756 231
Assignment, cancellation dues and delay penalties	7 463 328	-
Other income	2 388 887	4 394 160
Management fees – joint venture (40-1)	945 625	1 566 250
Provisions no longer required	250 000	-
Gain on sale of fixed assets	74 251	66 103
	17 166 136	11 782 744

(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 and marketing expenses

	The three- month ending <u>31/3/2012</u> L.E	The three- month ending <u>31/3/2011</u> L.E
Salaries and wages	4 641 024	5 226 863
Sales commissions	7 979 635	1 417 996
Advertising expenses	2 575 189	2 382 700
Conferences and exhibitions	46 013	75 462
Rent	771 716	608 382
Travelling , transportation and vehicle	107 169	719 930
Others	3 727 081	1 406 884
	19 847 827	11 838 217

42. General and administrative expenses

	The three- month ending <u>31/3/2012</u> L.E	The three- month ending <u>31/3/2011</u> L.E
Salaries, wages and bonuses	19 907 411	9 769 110
Board of directors' remunerations and allowances	2 413 364	4 541 286
Professional & consultancy fees	859 502	2 581 857
Advertising	182 110	3 057 527
Donations	684 783	335 716
Maintenance, cleaning, agriculture and security	-	2 947 980
Administrative depreciation of fixed assets and rented units	4 921 835	1 405 663
Subscriptions and governmental dues	329 071	131 661
Rent	331 587	520 901
Travelling and transportation	431 298	433 727
Per-operating costs of Golf course and club house	-	1 529 208
Others	4 962 987	1 597 477
	35 023 948	28 852 113

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

	The three- month ending <u>31/3/2012</u> L.E	The three-month ending <u>31/3/2011</u> L.E
Salaries	1 589 159	2 030 334
Cash settled share-based payments (a)	824 205	259 665
Equity settled share - based payments (b)	-	1 250 000
	<u>2 413 364</u>	<u>3 539 999</u>

- i. 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:

<u>Party entitled</u>	<u>Grant date</u>	Fair value of share at grant date (before split) L.E	Market value of share at 31/3/2012 L.E	<u>Conditions</u>
Some executive board members	1/4/2006	75	16.44	Vested after 6 months from grant date (salaries)

The amount of expense charged to the consolidated income statement during the year is amounts to L.E 824 205 and the liability balance amounts to L.E 981 596 as at March 31, 2011 was included under creditors and 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 and 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 and incentive plan of employees and executive board members agreed on the allocation of these shares and 75 thousand shares to board members and executive directors as detailed in note No. (54) below. Accordingly, total shares allocated to the board members and executive directors of the holding Company from the bonus and incentive plan reached one million shares till that date.

43. Other operating expenses

	The three- month ending <u>31/3/2012</u> L.E	The three- month ending <u>31/3/2011</u> L.E
Discount for accelerated payment	٤ ٤٧٨ ٤٢٠	١ ٦٤ ٧٧٣
Depreciation of leased out units	٤٣ ٧٠٢	٤٤ ٠٩١
Provision	١ ٦٨ ٨٢٠	٤٢ ٥٥٠
Loss of investments liquidation	٥٠٣ ٦٨٨	-
Loss on sale of fixed assets	٢١٣ ٦٢٩	-
	<u>٥ ٤٠٨ ٢٥٩</u>	<u>٢ ٥١ ٤١٤</u>

44. Finance income

	The three- month ending <u>31/3/2012</u> L.E	The three- month ending <u>31/3/2011</u> L.E
Interest income	٤ ٣٥٦ ٩٤٥	١١ ٥١٥ ٩٩٤
Interest income from loans to Joint Venture	٢ ١٧٩ ٠٦٢	١ ٥٢٦ ٤٤٧
Amortization of discount - deferred interests	٩٧٤ ١٥٨	٤٢٧ ١٩٣
Revaluation and sale of investments income	٢ ٦٠٦ ٨٩٥	١ ٥١٥ ٢٥٥
Net foreign exchange differences	٣١٨ ٦٧١	١٣ ٢٥٩ ٢٢٢
	<u>١٠ ٤٣٥ ٧٣١</u>	<u>٢٨ ٢٤٤ ١١١</u>

45. Finance cost

	The three-month ending 31/3/2012	The three-month ending 31/3/2011
	L.E	L.E
Interest charges	١٢ ٤٨٨ ٥١٩	3 443 564
Interest expense of installments of Sheikh Zayed land	2 747 886	3 306 522
Net foreign exchange differences	٢ 006 ٠٠٠	3 569 202
	17 242 460	10 319 288

46. Income tax expense

	The three-month ending 31/3/2012	The three-month ending 31/3/2011
	L.E	L.E
Current income tax expense	1 735 121	2 538 607
Deferred income tax expense (benefit)	(٥٤٤ ١٢٤)	(853 549)
	١ ١٩٠ ٩٩٧	1 685 058

47. Earnings / (Losses) per share

Earnings / (Losses) 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 March 31, 2012 as follows:

	The three-month ending 31/3/2012	The three-month ending 31/3/2011
	L.E	L.E
Net profit / (loss) for the period	٣١ ٥٨٩ ٥٨٢	(15 699 188)
Divided by:-		
Weighted average number of shares outstanding during the period	٩٠ ٦٧٦ ٣٤٨	٩٠ ٦٧٦ ٣٤٨
Profits /(Losses) per share (L.E / share)	٠,٣٥	(0.17)

48. Jointly controlled entities

The consolidate financial statements as at March 31, 2012 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 :

	<u>31/3/2012</u> <u>Balance sheet</u> L.E	<u>31/12/2011</u> <u>Balance sheet</u> L.E
<u>Assets</u>		
<u>Non – current assets</u>		
Properties and equipment	١٦ ٣٢٧ ٢٤٦	20 945 380
Investment properties	٥٧ ٩٤٧ .٥٦	73 590 761
Advance payments for acquisition of investment properties	٩ ٧٨٦ ٦٨٦	12 428 754
	<u>٨٤ .٦٠ ٩٨٨</u>	<u>106 964 895</u>
<u>Current assets</u>		
Works in process	١٩٧ ٥٨٠ .٨٦	250 990 672
Due from related parties	١٥ ٧٧٢ ٥١٥	20 003 833
Other current assets	١ ٥٧٥ ٦١١	2 538 719
Cash on hand and at banks	٢٧٨ ٤٨٤	74 605
	<u>٢١٥ ٢٠٦ ٦٩٦</u>	<u>273 607 829</u>
	<u>٢٩٩ ٢٦٧ ٦٨٤</u>	<u>380 572 724</u>
<u>Liabilities</u>		
Long – term loans	١٩ ٤٩٨ ٨٧٥	33 782 412
Due to related parties included (sodic Syria loan)	١٠٤ ٥٤٩ ١١٢	86 549 890
Current portions of long –term loans	١٤ ٦١٣ ٣٨٤	5 076 688
Suppliers and other current liabilities	١ ٨٦٥ ٤٨٠	19 872 960
Advance payments from customers	٢٤ ٩١٦ ٧٣٥	31 643 395
	<u>١٦٥ ٤٤٣ ٥٨٦</u>	<u>176 925 345</u>
<u>Net assets</u>	<u>١٣٣ ٨٢٤ .٩٨</u>	<u>203 647 379</u>
	<u>Income statement</u>	<u>Income statement</u>
		L.E
Administrative and general expenses	(1 848 185)	(4 030 456)
Other operating income	١٨ ١١٧	-
Financing cost	(3 060 837)	(1 538 575)
Finance income	-	٢٥ .٠٨
Foreign currency adjustments	(24 796 676)	-
Marketing expenses	(440)	(394 442)

Net loss for the period**(29 688 021)****(5 938 465)**

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 299 267 684 as at March 31, 2012 beside an amount of L.E 81 046 529 classified as "loans for joint projects" in the balance sheet.

Considering the current situation in Arab republic of 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 represented in the balances of trade and notes receivables, debtors and cash and cash equivalent, loans to joint venture and investments in trading securities . The maximum exposure to credit risk at March 31, 2012 amounting to L.E 2 701 673 880 (December 31, 2011: L.E 2 375 324 179).

49.2 Liquidity risk

The following are the contractual maturities of financial liabilities:

March 31, 2012

	<u>Carrying amount</u>	<u>Less than 1 year</u>	<u>1-2 years</u>	<u>2-5 years</u>	<u>More than 5 years</u>
	L.E	L.E	L.E	L.E	L.E
Banks – credit facilities	٨٤ ٩٥٨ ٤٤٧	٨٤ ٩٥٨ ٤٤٧	–	–	–
Long-term loans – current portion	١٤ ٦١٣ ٣٨٤	١٤ ٦١٣ ٣٨٤	–	–	–
Bank overdraft	615 082	615 082			
Contractors, suppliers	١٠٧ ٦٧٩ ٦٩٣	١٠٧ ٦٧٩ ٦٩٣	–	–	–
Other creditors	٣٤٦ ٦٠٣ ٤٣٤	٢٨٣ ٨٠٩ ٦٢٠	٥٤ ٨٤٩ ٣٢٤	٥٤ ٨٤٩ ٣٢٤	–
Long – term loans	٣٢١ ٠٤٧ ٥٠٠	–	–	٣٠١ ٥٤٨ ٦٢٥	١٩ ٤٩٨ ٨٧٥
Short-term notes payable	٣٦ ٤١٧ ٧٤١	٣٦ ٤١٧ ٧٤١	–	–	–
Long-term creditors	٧ ٥٠٠ ٠٠٠	–	٧ ٥٠٠ ٠٠٠	–	–
Long-term notes payable	١٢٠ ٤١٢ ٦١٢	–	٤١ ٩٢٢ ٧٨٢	٧٨ ٤٨٩ ٨٣٠	–
	١ ٠٣٩ ٨٤٧ ٨٩٣	٥٢٨ ٠٩٣ ٩٦٧	١٠٤ ٢٧٢ ١٠٦	٤٣٤ ٨٨٧ 779	١٩ ٤٩٨ ٨٧٥

December 31, 2011

	Carrying amount	Less than 1 year	1-2 years	2-5 years	More than 5 years
	L.E	L.E	L.E	L.E	L.E
Banks – credit facilities	٥١ ٢٥٦ ٨٢٠	٥١ ٢٥٦ ٨٢٠	-	-	-
Contractors, suppliers	٧٨ ٥٤٩ ٤٩٣	٧٨ ٥٤٩ ٤٩٣	-	-	-
Other creditors	٣١١ ١٨٢ ٥٠٧	٢٥١ ١٨٦ ٩١٣	٥١ ٥٣٠ ٤٠٠	٨ ٤٦٥ ١٩٤	-
Long – term loans	٣٣٥ ٣٣١ ٠٣٧	-	٣٤٩ ٨٨٩ ٣٠٠	٣٤ ٩٨١ ١٤٨	-
Short-term notes payable	٣٥ ٨٤٥ ٤١٣	٣٥ ٨٤٥ ٤١٣	-	-	-
Long-term notes payable	٩٧ ٢٢٤ ٤٧١	-	٤٠٨ ٩٠٤ ١٧	٥٥ ٥٢٩ ٤٤٩	٢٤ ٢٨٦ ١١٨
	٩٠٩ ٣٨٩ ٧٤١	٤١٦ ٨٣٨ ٦٣٩	٢٨٩ ١٩٣	٩٨ ٩٧٥ ٧٩١	٢٤ ٢٨٦ ١١٨

49.3 Currency risk**Exposure to currency risk**

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

March 31, 2012

Description	USD	Syrian lira
Loans to Joint Ventures	١٣ ٤٣٦ ٠٩٦	-
Other debtors	٩٣٧ ٥٠٠	-
Cash at banks	٣٢ ٢٨٤ ٩٢٤	-
Long – term loans	-	(359 553 057)
Bank - credit facilities	(٨ ٥٢٨ ١٧٢)	-
Other creditors	(٩٠٩ ٠٢٠)	-
Surplus /(shortage) of foreign currencies	٣٧ ٢٢١ ٣٢٨	(359 553 057)

December 31,2011

Description	USD	Syrian lira
Loans to Joint Ventures	13 403 494	-
Other debtors	625 000	-
Cash at banks	33 417 865	-
Long – term loans	-	(359 553 057)
Bank – credit facilities	(8 511 594)	-
Other creditors	(909 020)	-

Surplus /(shortage) of foreign currencies	38 025 745	(359 553 057)
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49.4 Interest rate risk

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

	<u>Carrying amount</u>	
	<u>31/3/2012</u>	<u>31/12/2011</u>
	L.E	L.E
<u>Fixed rate instruments</u>		
Financial assets	٢٠٦١ ٢٣٤ ٥٩٧	١ ٧٢٥ ٣٢٤ ٩٨٨
Financial liabilities	(١٣٣ ٥٨٣ ٤٤٠)	(١٢٩ ٣٥٥ ٧٠٧)
	<u>١ ٩٢٧ ٦٥١ ١٥٧</u>	<u>١ ٥٩٥ ٩٦٩ ٢٨١</u>
<u>Variable rate instruments</u>		
Financial liabilities	(٤٢٠ ٦١٩ ٣٣١)	(٣٩١ ٦٦٤ ٥٤٥)
	<u>(٤٢٠ ٦١٩ ٣٣١)</u>	<u>(٣٩١ ٦٦٤ ٥٤٥)</u>

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.

49.5 Fair values

Fair values versus carrying amounts

The main financial instruments of the company consist of balances of cash at banks, investments, trade receivables, notes receivables, subsidiaries, suppliers, contractors, notes payables, creditors and other credit balances and items which have a cash nature included in balances of debtors and creditors. The main purpose of these financial instruments represents in saving a finance for the company's activities. According to evaluation rules which are

followed in evaluating assets and liabilities of the company so, the carrying value for these instruments represents a reasonable estimate for its fair value.

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 period and the resulting balances at the consolidated balance sheet date were as follows:-

a) Transactions with related parties

<u>Party / Relationship</u>	<u>Nature of transaction</u>	<u>The three-month ended 31/3/2012</u>
		<u>Amount of transaction</u> L.E
Executive and board of directors (Parent Company)	Executive and board of directors	(See note No. 42).
Palmyra – SODIC for Real Estate Development	Loan for joint projects	337 981
	Management fees	942 500

b) Resulting balances from these transactions

<u>Party</u>	<u>Item as shown in the consolidated balance sheet</u>	<u>31/3/2012</u> L.E	<u>31/12/2011</u> L.E
Executive and board of directors	Liability for cash settled share – based payments transactions included in creditors & other credit balances	981 596	١٥٧ ٣٩٠

caption (note No. 26)

Bonyan Development and Trade Co.	Creditors and other credit balances	٣ ٤١٣ ٤٥٦	٣ ٤١٣ ٤٥٦
Mr/farras tallas(Partner in joint venture)	Debtors and other debit balances	15 643 399	١٩ ٨٦٦ ٥٧٦
Palmyra – SODIC for Real Estate Development	Loans to Joint Ventures	81 046 529	80 708 548
	Accrued interest on loan under debtors caption	12 185 025	9 857 599
	Accrued management fees under debtors caption	2 827 500	1 881 875

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 June 25, 2012.The Company's legal counselor is of the opinion that the Company has the right to maintain and exploit this land under the contract as the said contract has not been affected and no usufruct right has been arisen to this party since its effect was based on conditions that have not been met. In addition, in case of any dispute raised by this party to possess the land, the Company has the actual and physical possession of the land and hence it has the right to continue in possessing the land till settlement of this dispute in 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

The capital commitments as at March 31, 2012 for contracts which are not executed amounted to L.E 33 141 193 (2011 : L.E 1 302 181)

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.

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.
- 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.
- 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 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's 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:

<u>Party</u> <u>Entitled</u>	<u>Grant date</u>	<u>No. of shares</u> <u>in thousand</u>	<u>Fair value</u> <u>of share at</u> <u>grant date</u> <u>(before</u> <u>splitting)</u> <u>L.E</u>	<u>Exercising</u> <u>price</u> <u>(before</u> <u>splitting)</u> <u>L.E</u>	<u>Conditions</u>
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 31 March 2015.
Some managers	23/9/2007	175	100	75	According to performance measure and exercise period from 31/3/2007 till 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 31 March 2015.
Some managers	7/10/2008	470	73.34	75	According to performance measure and exercise period from 31/3/2007 till 31

March 2015.

55. Significant 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 March 31, 2012 is amounting to L.E 634,3.

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 prelude to be submitted to the Ministerial committee for resolving investment disputes.

Kindly, to consider the possibility of freezing any procedures against the mentioned Company from the side of Urban Committees till the ministerial committee for resolving investment disputes takes its decision about the request of the Company.

It worth mentioning that the Ministerial committee for resolving investment disputes is formed by the decision 461 for the prime minister which is issued according to article 66 of the Law of investments guarantees and incentives No. 8 for the year 1997 to consider the transfer of claims and disputes of investees with Government administrative bodies and the decisions of that committee are conclusive and obligatory to Government administrative bodies where it is not obligatory to 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.

56. Comparative figures

Some comparative figures have been reclassified to comply with current period classification.