

Translation

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

Consolidated Financial Statements
For The Financial period Ended June 30, 2012

And Review Report

 **Hazem Hassan**
Public Accountants & Consultants

Contents	Page
Review Report	1
Consolidated Balance Sheet	3
Consolidated Income Statement	4
Consolidated Statement of Changes in Equity	5
Consolidated Statement of Cash Flows	6
Notes to the Consolidated Financial Statements	7



Hazem Hassan

Public Accountants & Consultants

Pyramids Heights Office Park
Km 22 Cairo/Alex Road
PO. Box 48 Al Ahrām
Giza- Cairo- Egypt

Telephone : (202) 35 36 22 00 - 35 36 22 11
Telefax : (202) 35 36 23 01 - 35 36 23 05
E-mail : egypt@kpmg.com.eg
Postal Code : 12556 Al Ahrām

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 June 30, 2012 and the related consolidated statements of income, cash flows and changes in equity for the six-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

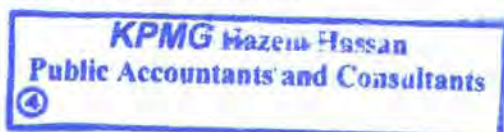
Based on our limited review, nothing has come to our attention that causes us to believe that the accompanying interim consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Company as at June 30, 2012, and of its consolidated financial performance and its consolidated cash flows for the six-months 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 393 million approximately as at June 30, 2012. The Company was unable to obtain the appropriate data, which could enable it to estimate and 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 in addition to the loans granted to these projects 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 east 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. (15) the total value of land in addition to the related expenses and costs amounts to L.E 634 million as at June 30, 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 June 30, 2012.



KPMG Hazem Hassan



Cairo, August 14, 2012

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

Consolidated Balance Sheet
As at June 30, 2012

	Note No.	30/6/2012 L.E	31/12/2011 L.E
Long - term assets			
Fixed assets (Net)	(6)	224 586 376	233 396 288
Projects under construction	(7)	7 991 912	5 593 101
Biological Assets		1 851 486	1 347 969
Investments in associates	(8)	-	-
Investments - available for sale	(9)	4 250 000	4 350 000
Amounts paid on account from investments		-	250 000
Investment properties (Net)	(10)	397 310 696	413 521 494
Advance payment for investment properties		10 204 082	12 428 754
Trade, notes receivables and debtors (Net)	(11)	1 244 828 552	923 397 293
Total long - term assets		1 891 023 104	1 594 284 899
Current assets			
Non-current assets held for sale		-	849 861
Other assets	(13)	2 541 796	3 479 269
Completed units ready for sale	(14)	47 277 755	47 277 755
Constructions in process		9 343 009	-
Works in process	(15)	2 886 709 551	2 886 321 290
Trade and notes receivable (Net)	(16)	892 627 404	801 927 695
Debtors and other debit balances (Net)	(17)	428 032 290	411 509 752
Loans to Joint Ventures	(18)	81 486 828	80 708 548
Investments in treasury bills	(19)	112 259 110	33 437 200
Cash at banks and on hand	(20)	241 748 039	505 650 445
Total current assets		4 702 025 782	4 771 161 815
Current liabilities			
Provision for completion	(21)	153 685 243	141 728 770
Provisions	(22)	6 693 778	6 935 396
Bank - credit facilities	(23)	51 631 798	51 256 820
Long term loans - current portions	(35)	188 265 857	5 076 688
Customers advances	(24)	3 515 135 597	3 332 044 458
Contractors, suppliers and notes payable	(25)	117 987 339	110 680 729
Creditors and other credit balances	(26)	350 860 035	311 182 507
Total current liabilities		4 384 259 647	3 958 905 368
Working capital		317 766 135	812 256 447
Total investments		2 208 789 239	2 406 541 346
These investments are financed as follows:			
Equity			
Issued & fully paid in capital	(28)	362 705 392	362 705 392
Legal reserve	(29)	181 352 693	181 352 693
Special reserve - share premium	(30)	1 316 921 569	1 316 921 569
Retained earnings		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)	25 323 711	25 267 256
Net profit/(loss) for the period/year		81 383 143	(188 715 808)
Cumulative translation adjustments of foreign operations	(31)	(91 040 637)	(34 125 123)
Total equity attributable to the Company		1 937 861 025	1 913 336 941
No controlling interest	(27)	48 078 234	43 047 944
Total equity		1 985 939 259	1 956 384 885
Long-term liabilities			
Loans - long term	(35)	139 487 007	335 331 037
Creditors - long term	(36)	7 500 000	15 000 000
Notes payable	(37)	73 882 113	97 224 471
Deferred tax liabilities	(12)	1 980 860	2 600 953
Total long-term liabilities		222 849 980	450 156 461
Total equity and long - term liabilities		2 208 789 239	2 406 541 346

* The accompanying notes form (1) to (55) are an integral part of these consolidated financial statements and to be read therewith.

Financial & Administrative E. Director
Mr. Hany Henery

Chief financial officer
Mr. Salah Shafei

Deputy Chairman and 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 June 30, 2012

		<u>30/6/2012</u>	<u>30/6/2011</u>
		From 1/4/2012 to 30/6/2012	From 1/1/2012 to 30/6/2012
		From 1/4/2011 to 30/6/2011	From 1/1/2011 to 30/6/2011
Note		L.E	L.E
No.			
Real estate and land sales	(38)	330 644 356	637 680 263
Executed construction contracts revenues		-	2 074 471
Service revenues of Beverly Hills City		3 911 274	7 431 815
Service revenues of Allegria project		562 704	1 094 368
Revenues from golf course		1 284 119	2 511 599
Total revenues		336 402 453	648 718 045
Executed cost of real estate and land	(39)	(217 017 464)	(429 953 962)
Construction contracts cost		-	(2 250 344)
Service costs of Beverly Hills City		(6 730 502)	(13 455 733)
Service costs of Allegria project		(3 305 931)	(5 874 561)
Cost of golf course		(3 468 022)	(6 710 892)
Total costs		(230 521 919)	(455 995 148)
Gross profit/ (loss)		105 880 534	192 722 897
Other operating revenues	(40)	6 935 212	24 101 348
Selling and marketing expenses	(41)	(22 992 471)	(42 840 298)
General and administrative expenses	(42)	(31 153 080)	(66 177 028)
Other operating expenses	(43)	(6 349 247)	(11 757 506)
Operating profit / (loss)		52 320 948	96 049 413
Finance income	(44)	12 993 196	23 428 927
Finance cost	(45)	(13 180 516)	(30 422 976)
Net finance (cost) / income		(187 320)	(6 994 049)
Loss share of associates	(8)	-	(58 328)
Net profit / (loss) for the period before income tax		52 133 628	89 055 364
Income tax expense	(46)	(2 762 093)	(513 649)
Net profit / (loss) for the period		49 371 535	(103 938 344)
Equity holders of the holding Company		49 793 561	81 383 143
Non controlling interest share in profits and losses of subsidiaries		(422 026)	3 719 131
Net profit / (loss) for the period		49 371 535	(103 938 344)
Earnings / (Losses) per share (L.E / Share)	(47)	0.55	(1.15)

* The accompanying notes on pages form (1) to (55) 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 June 30, 2012

	Note No.	Issued and paid in capital L.E	Legal reserves 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 operation L.E	Retained earnings L.E	Net (loss) / profit for the 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	181 352 693	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)	-	-	-	-	-	(30 520 200)	30 520 200	-	-	-
Amount transferred to retained earnings		-	-	-	-	-	-	-	-	-	1 250 000	-	1 250 000
Amount set aside for incentive & bonus plan during the year	(34)	-	-	-	-	-	1 250 000	-	-	(159 882 156)	(159 882 156)	-	(159 882 156)
Dividends to employees and shareholders		-	-	-	-	-	-	-	-	-	67 256	-	67 256
Dividends of the shares of the bonus and incentive plan for employees & managers	(34)	-	-	-	-	-	5 267 256	-	-	(5 200 000)	-	-	-
Purchase of treasury shares		-	-	-	(18 018 000)	-	-	-	-	-	(18 018 000)	(47 499 707)	(65 517 707)
Gain on acquisition of non-controlling interest		-	-	-	-	-	-	-	851 469	-	851 469	(1 064 133)	(212 664)
Cumulative translation adjustments of foreign operations	(31)	-	-	-	-	-	-	(33 641 677)	-	-	(33 641 677)	-	(33 641 677)
Net loss for the year		-	-	-	-	-	-	-	-	(188 715 808)	(188 715 808)	(4 436 913)	(193 152 721)
Balance as at December 31, 2011		362 705 392	181 352 693	1 316 921 569	(18 018 000)	(80 007 242)	25 267 256	(34 125 123)	347 956 284	(188 715 808)	1 913 338 941	(43 047 844)	1 955 384 885
Amount transferred to retained earnings		-	-	-	-	-	-	-	(188 715 808)	188 715 808	(56 915 514)	-	(56 915 514)
Cumulative translation adjustments of foreign operations		-	-	-	-	-	56 455	(56 915 514)	-	-	56 455	-	56 455
Dividends income of shares of the bonus and incentive plan for employees & managers		-	-	-	-	-	-	-	-	-	-	1 311 159	1 311 159
Disposal of non controlling interest of unconsolidated subsidiaries		-	-	-	-	-	-	-	-	81 383 143	81 383 143	3 719 131	85 102 274
Net profit for the period		-	-	-	-	-	-	-	-	81 383 143	-	-	-
Balance as at June 30, 2012		362 705 392	181 352 693	1 316 921 569	(18 018 000)	(80 007 242)	25 323 711	(91 040 637)	159 240 396	81 383 143	1 937 861 025	(48 078 334)	1 985 939 259

* The accompanying notes on pages form (1) to (55) 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 June 30, 2012

	Note No.	The six-month ending 30/6/2012 L.E	The six-month ending 30/6/2011 L.E
Cash flows from operating activities			
Net profit / (loss) for the period before income tax		89 055 364	(117 811 979)
Adjustments for:-			
Depreciation of fixed assets and rented units		13 031 498	8 876 018
Capital gain		(70 714)	(86 527)
Capital loss		310 634	-
Loss share of losses of subsidiaries		-	58 328
Gain on sale of held for trading investments		-	(244 591)
Revaluation of held for trading investments		-	(1 532 582)
Foreign exchange differences		-	(4 484 305)
Provisions formed		33 126 190	15 065 310
Provisions no-longer required		(250 000)	(13 539 788)
Equity - settled share - based payment transactions		56 455	1 250 000
Operating profit / (loss) before changes in working capital items		135 259 427	(112 450 116)
Changes in working capital items			
Change in non current assets held for sale		849 861	-
Change in assets - liquidated Companies		937 473	-
Change in inventories and letters of credit		-	(104 668)
Change in works in process		(388 261)	(282 668 022)
Change in investment properties		16 314 293	(1 495 805)
Change in advance payment to acquire investment properties		2 224 672	(250 919)
Change in due from customers - constructions		-	421 806
Change in constructions under process		(9 343 009)	-
Change in trade and notes receivables		(412 130 968)	372 971 095
Change in debtors and other debit balances		(16 522 538)	(140 953)
Provisions used		(21 161 335)	(8 046 534)
Change in advances from customers		183 091 139	(236 102 186)
Amount due to customers-construction		-	(1 683 528)
Change in contractors, suppliers and notes payable		(16 035 748)	(42 721 889)
Change in creditors and other credit balances		27 604 733	(4 158 714)
Change in bank blocked accounts		(50 243 000)	507 877
Change in saving certificates (due within three years)		-	2 775 000
Net cash (used in) operating activities		(159 543 261)	(313 147 556)
Cash flows from investing activities			
Payments for purchase of fixed assets, projects under construction and biological assets		(11 753 917)	(3 035 768)
Translation adjustments of fixed assets		4 268 272	-
Payments for investments in subsidiaries and under construction		250 000	(250 000)
Proceeds from sale of held for trading investments		-	88 766 088
Payments for purchase of held for trading investments		-	(2 110 880)
Investments in treasury bills		(78 821 910)	(29 498 719)
Proceeds from sale of available for sale investments		100 000	-
Proceeds from sale of fixed assets		17 928	154 429
Net cash (used in)/ provided from investing activities		(85 939 627)	54 025 150
Cash flows from financing activities			
Bank - credit facilities		374 978	684 470
Banks - long-term loans		(12 654 861)	143 176 007
Payments for Islamic finance		-	(1 379 736)
Loans for joint ventures		(778 280)	-
Non-controlling interest		1 311 159	-
Dividends paid		-	(159 882 156)
Net cash (used in) financing activities		(11 747 004)	(17 401 415)
Cumulative translation adjustments		(56 915 514)	402 943
Net change in cash and cash equivalents during the period		(314 145 406)	(276 120 878)
Cash and cash equivalents as at the beginning of the period		451 452 445	846 471 333
Cash and cash equivalents as at the end of the period	(20)	137 307 039	570 350 455

* The accompanying notes on pages form (1) to (55) 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 June 30, 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 and International Cooperation No. 322 of 1996 issued on May 12, 1996. The Company was registered in Giza Governorate Commercial Registry under No. 625 on May 25, 1996.

1-2 The Company's purpose is represented in the following:

- Working in the field of purchasing 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 and regulations.
- Building, managing, selling and leasing – out of the residential, service, commercial, industrial and tourist projects.
- Importing and working as trade agents for that is permitted within the limits of the Company's purpose, .(Not with the purpose of trading)
- Financing lease in accordance with Law No. 95 of 1995.
- Working in all fields of information technology and systems, hardware and software (computer software and services).
- Working in all fields of services of communication systems, internet, space stations and transmission except for the field of satellites.

- Investing in the various activities related to petroleum, gas and petrochemicals.
- Working in the field of coordinating and planting the gardens, roads and squares and also providing security, steward - ship, maintenance and cleaning services.
- Working in the field of ownership and management of sporting, entertainment, medical, educational buildings and also ownership, management and operating of restaurants.
- In addition, the Company may have interest or participate in any manner whatsoever with companies or others which have similar activities or which may assist it to achieve its purposes in Egypt or abroad.
Also it is entitled to merge into or acquire these companies or make them its subsidiaries in accordance with the provisions of law and its executive regulations.

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

1-4 The Parent Company is listed in the formal listing in Cairo and 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 June 30, 2012 comprise the financial statements of the Company and its subsidiaries (together referred to as the "Group") and the Group's interest in the profit and loss of associates.

The registered office of the Parent Company is located at Km. 38 Cairo / Alexandria Desert Road, Sheikh Zayed City. Mr. Hany Mohamed Salah Sarie El-den and Mr. Maher Rafeek Maksoud is the Deputy Chairman, and 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 value.
- Available for sale investments which have market value measured at fair value.
- Liabilities for cash settled share - based payments transactions measured at fair value.
- Assets and liabilities for Subsidiaries under liquidation measured at fair value.

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, 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 for expected claims
- 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 and 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 June 30, 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 and Real Estate Projects Company "SOREAL" - S.A.E	Egypt	99.99	99.99
3- Beverly Hills for Management of Cities and Resorts Co. - S.A.E (A)	Egypt	58.59	58.59
4- SODIC Garden City for Development and Investment Co. S.A.E (B)	Egypt	50	50
5- Move-In for Advanced Contracting Co. - S.A.E	Egypt	70	70

<u>Subsidiary name</u>	<u>Country of Incorporation</u>	<u>Ownership</u>	
		<u>As at June 30, 2012</u> %	<u>As at December 31, 2011</u> %
6- El Yosr for Projects and Agriculture Development Co. - S.A.E	Egypt	99.99	99.99
7- SODIC for Development and Real Estate Investment Co. - S.A.E	Egypt	99.99	99.99
8- SODIC SIAC for Real Estate Investment Co. - S.A.E	Egypt	86.67	86.67
9- SODIC for Golf and Tourist Development Co. - S.A.E	Egypt	100	100
10- Fourteen for Real Estate Investment Co. - S.A.E	Egypt	99.99	99.99
11- La Maison for Real Estate Investment Co. - S.A.E	Egypt	99.99	99.99
12- Tegara for Trading Centers Co. S.A.E	Egypt	97.50	97.50
13- Edara for Services of Cities and Resorts Co. -S.A.E	Egypt	99.97	99.97
14- SODIC Syria L.L.C (C)	Syria	100	100
15- Greenscape for Agriculture and Reclamation Co. - S.A.E (Under liquidation)	Egypt	51	51
16- Polygon for Real Estate Development Co.- L.L.C (Under liquidation)	Egypt	100	100
17- WESTOWN for Real Estate Co. - L.L.C (Under liquidation)	Egypt	100	100
18- WESTOWN for Real Estate Development Co. - L.L.C (Under liquidation)	Egypt	100	100
19- Ceremony for Real Estate Investment Co. S.A.E (Under liquidation)	Egypt	99.99	99.99
20- SODIC Allegria for Real Estate Investment Co. S.A.E (Under liquidation)	Egypt	99.99	99.99
(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 and 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 period/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 and depreciation

a. Recognition and measurement

Fixed assets that are used in production, providing goods and services or for administrative purposes are stated at historical cost less accumulated depreciation and 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 (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 networks	15
Equipments 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. Issuance of share capital

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

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 when the service is rendered to the customer.

f. 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 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.

c. Income tax

Income tax on the profit or loss for the period / year comprises current and deferred tax. Income tax is recognized in the 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/or current liabilities.

5. Financial risk management

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

- credit risk
- liquidity risk
- Market risk

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

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

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

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

5.1 Credit risk

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

Trade and other receivables

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

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

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

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

Investments

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

Guarantees

The Group's policy is to provide financial guarantees only to subsidiaries, it needed, and after the board of directors approval. At June 30, 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 with an interest rate of 3.25%.
- A facility amounting to L.E 45.5 million covered by a guarantee of time deposits amounting to L.E 50 million with an interest rate of 1.75%.

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.

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

Notes to the consolidated financial statements (Cont.)

For the financial period ending June 30, 2012

6- Fixed assets

This item is represented as follows:-

	Golf course	Land (A)	Building and constructions	Vehicles	Furniture and fixtures	Office equipment and communications	Generators, machinery and equipment	Leasehold improvements	Total
	L.E	L.E	L.E	L.E	L.E	L.E	L.E	L.E	L.E
Cost as at January 1, 2012	93 628 961	61 696 754	55 942 929	13 779 430	17 405 118	16 190 786	25 046 298	15 698 281	299 388 557
Additions during the period	-	2 463 907	7 811	401 457	1 431 039	1 318 437	3 228 938	-	8 851 589
Disposals during the period	-	-	(381 488)	(186 400)	(440 736)	(676 675)	(977 985)	-	(2 663 284)
Translation adjustments	-	(3 358 859)	-	(148 865)	(224 841)	(20 006)	-	(248 000)	(4 000 571)
Cost as at June 30, 2012	93 628 961	60 801 802	55 569 252	13 845 622	18 170 580	16 812 542	27 297 251	15 450 281	301 576 291
Accumulated depreciation & impairment loss as at January 1, 2012	27 315 862	-	6 256 647	7 952 878	5 225 551	6 269 269	10 587 964	2 384 098	65 992 269
Depreciation for the period	911 623	-	3 359 461	1 136 301	1 257 153	1 892 624	2 351 991	2 018 850	12 928 003
Accumulated depreciation of disposals	-	-	(106 691)	(161 201)	(340 807)	(640 769)	(413 188)	-	(1 662 656)
Translation adjustments	-	-	-	(119 983)	(38 771)	(17 750)	-	(91 197)	(267 701)
Accumulated depreciation and impairment loss as at June 30, 2012	28 227 485	-	9 509 417	8 807 995	6 103 126	7 503 374	12 526 767	4 311 751	76 989 915
Carrying amount as at June 30, 2012	65 401 476	60 801 802	46 059 835	5 037 627	12 067 454	9 309 168	14 770 484	11 138 530	224 586 376
Carrying amount as at December 31, 2011	66 313 099	61 696 754	49 686 282	5 826 552	12 179 567	9 921 517	14 458 334	13 314 183	233 396 288

(A) Lands item includes an amount of L.E 21 426 460 represents lands pledged as guarantee for the Islamic finance (Murabaha) granted to the Company from Syrian International Islamic Bank.

- Fixed assets include fully depreciated assets with an amount of L.E 6 659 810 as at June 30, 2012.

7. Projects under construction

This item is represented as follows:

	<u>30/6/2012</u>	<u>31/12/2011</u>
	<u>L.E</u>	<u>L.E</u>
Advance payments -fixtures and purchasing of fixed assets	1 497 342	1 298 469
Advance payments – Consultancies and Designs	531 052	-
Advance payment on account of the construction of electricity station	100 800	100 800
Buildings and constructions	5 729 479	4 193 832
Wells under construction	133 239	-
	<u>7 991 912</u>	<u>5 593 101</u>

8. Investments in associates

The Group has the following investments in associates:

	<u>Legal Form</u>	<u>Ownership percentage</u>	<u>Carrying amount</u>	
		<u>30/6/2012</u>	<u>31/12/2011</u>	
		<u>%</u>	<u>%</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
Impairment of investment value in Green Point for Importing and Trading of Garden Supplies Co.				(250 000)
				(250 000)
				-

Summary of financial information of associates :-

	<u>Assets</u>	<u>Liabilities</u>	<u>Equity</u>	<u>Revenues</u>	<u>Expenses</u>
	L.E	L.E	L.E	L.E	L.E
<u>June 30, 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:

			Paid Amount	Carrying Amount	Carrying Amount
	Legal		Of	as at	as at
	<u>Form</u>	<u>Ownership</u>	<u>participation</u>	<u>30/6/2012</u>	<u>31/12/2011</u>
		%	%	L.E	L.E
United Company for Real Estate Services	S.A.E	10	100	-	100 000
Egyptian Company for Development and Management of Smart Villages	S.A.E	1.8	100	4 250 000	4 250 000
				4 250 000	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 June 30, 2012 amounting to L.E 397 310 696 and they are represented in commercial and 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
Additions during the period	-	1 200 000	-	-	1 200 000
Disposals during the period	-	-	-	(4 135 000)	(4 135 000)
Translation adjustments	-	-	(13 172 303)	-	(13 172 303)
Total cost of investment properties : at June 30, 2012	10 349 431	327 447 579	60 418 458	-	398 215 468
Accumulated depreciation					
At 1/1/2012	801 277	-	-	-	801 277
Depreciation for the period	103 495	-	-	-	103 495
At 30/6/2012	904 772	-	-	-	904 772
Net carrying amount as at June 30, 2012	9 444 659	327 447 579	60 418 458	-	397 310 696
Net 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 June 30, 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>30/6/2012</u>	<u>31/12/2011</u>
	L.E	L.E
Trade receivable	31 179 933	31 179 934
Sundry debtors (11-1)	9 844 400	9 844 400
Notes receivable	1 248 112 387	917 222 527
	<u>1 289 136 720</u>	<u>958 246 861</u>
Deduct: Unamortized interest	44 308 168	34 849 568
	<u>1 244 828 552</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 and notes receivable is disclosed in note no. (49).

12. Deferred tax assets and liabilities

	<u>30/6/2012</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	-	2 022 692	-	2 268 451
Provisions	(94 311)	-	-	-
Construction contracts	-	52 480	-	332 502
Total deferred tax (asset)/ liability	<u>(94 311)</u>	<u>2 075 171</u>	<u>-</u>	<u>2 600 953</u>
Net deferred tax (asset)/liability	<u>-</u>	<u>1 980 860</u>	<u>-</u>	<u>2 600 953</u>

13. Other assets

	<u>30/6/2012</u>	<u>31/12/2011</u>
	<u>L.E</u>	<u>L.E</u>
Assets – Companies under liquidation (net)	1 285 918	690 000
Inventories and letters of credit	1 235 471	2 078 517
Amounts due from customers – constructions	20 407	710 752
	<u>2 541 796</u>	<u>3 479 269</u>

14. Completed units ready for sale

	<u>30/6/2012</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 (14-1)	43 014 950	43 014 950
	<u>47 277 755</u>	<u>47 277 755</u>

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

15. 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>Note</u> <u>No.</u>	<u>30/6/2012</u> <u>L.E</u>	<u>31/12/2011</u> <u>L.E</u>
<u>Allegria project costs</u>			
Cost of the Company's land intended for use		170 727 019	221 334 355
Planning , survey , supervision and soil researches		205 413 338	205 726 600
Building and utilities		611 413 476	745 438 233
Other costs		44 494 154	40 027 265
Price differences of repurchased units (A)		28 896 010	32 549 110
		<u>1 060 943 997</u>	<u>1 245 075 563</u>
<u>WESTOWN project costs</u>			
Cost of the Company's land intended for use		77 749 912	77 749 912
Planning , survey , supervision and soil researches		82 852 545	77 715 637
Building and utilities		382 872 651	233 950 841
Other costs		27 866 779	29 873 263
		<u>571 341 887</u>	<u>419 289 653</u>
<u>Cost of the fourth phase (4A and 4B), showrooms and others</u>			
Cost of land		58 782 991	66 562 140
Planning , survey , supervision and soil researches		10 658 572	9 836 459
Building and utilities		201 516 320	119 081 749
Cost of land of Dahshor' showrooms		25 313 372	25 313 372
A plot of land in the Fifth Community (plot No. 1) (B)		75 770 894	75 770 894
Expenses related to plot of land No. 1		42 318 998	40 063 028
A plot of land in the Fifth Community (plot No. 2) (C)	(55)	519 494 158	519 494 158
Expenses related to plot of land No. 2	(55)	114 530 134	114 843 602
		<u>1 048 385 439</u>	<u>970 965 402</u>
<u>Cost of projects in Syria (D)</u>			
		<u>206 038 228</u>	<u>250 990 672</u>
		<u>2 886 709 551</u>	<u>2 886 321 290</u>

(A) This item with the balance of L.E 28 896 010 (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 and 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 and 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 procedures 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.
- And as it is shown in details in note no. (55), as at January 18, 2012 the main Real Estate Committee has decided in its session no. (9) to cancel the allocation of plot no. (16) at the investees east extension area, which is allocated to the Company, and revocation of the agreement dated at March 13, 2005 and its appendix dated at September 3, 2006.

(D) This item represents 50% of the investment properties under development acquired through the proportionate consolidation of the Joint Venture (Palmyra – SODIC for Real Estate Development LLC) as at June 30, 2012. Details are as follow:-

<u>Project name</u>	<u>Carrying amount of the project L.E</u>
Telal Al Yasameen project	111 748 104
Telal Al Zumorod project	21 737 799
The project of real estate # 70	66 553 388
Other projects	5 998 937
Total	206 038 228

- 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.

16. Trade and notes receivable - current

	<u>30/6/2012</u>	<u>31/12/2011</u>
	<u>L.E</u>	<u>L.E</u>
Trade receivable	58 474 878	34 831 206
Notes receivable	841 336 119	776 080 983
	899 830 997	810 912 189
<u>Deduct</u> : unamortized interest – notes receivable	6 976 690	8 754 591
	892 854 307	802 157 598
Impairment losses of trade and notes receivable	(226 903)	(229 903)
	892 627 404	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).

17. Debtors and other debit balances

	<u>Note</u>	<u>30/6/2012</u>	<u>31/12/2011</u>
	<u>No.</u>	<u>L.E</u>	<u>L.E</u>
Contractors and suppliers – advance payments		261 851 974	261 433 014
Due from Mr. Firas Tlaas (a partner in the Joint Venture)		16 310 579	19 866 576
Corporate profit tax paid in excess		-	227 256
Due from related parties – Joint Venture		9 637 530	5 841 340
Interests receivable		14 601 509	10 759 848
Due from related parties	(50)	4 726 919	74 681
Prepaid expenses		101 934 881	97 486 134
Deposits with others		2 246 523	1 228 209
Tax Authority		1 095 679	529 160
L / G 's margins		3 150 000	3 150 000
Accrued management fees		-	1 881 875
Due from the bonus and incentives plan to employees and managers fund (17-a)		5 323 711	5 267 256
Other debit balances		7 531 590	4 318 222
		428 410 895	412 063 571
Impairment loss on debtors and other debit balances		(378 605)	(553 819)
		428 032 290	411 509 752

(17-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, and the same as for the interest due for these dividends.

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

18. Loans to Joint Ventures

	<u>30/6/2012</u>	<u>31/12/2011</u>
	L.E	L.E
This item represents 50% of the loan granted to the Joint Venture project 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 December 31, 2012 with an interest rate of 12.5% per annum.	59 088 287	58 714 513
 This item represents 50% of the amount paid from the bridge loan granted to the Joint Venture project with total amount of USD 7 419 580 on October 28, 2010. The interest rate is equal to 8.5% per annum. The principal together with interest should be paid before December 31, 2012.	 22 398 541	 21 994 035
	<u>81 486 828</u>	<u>80 708 548</u>

19. Investments in treasury bills

	<u>30/6/2012</u>	<u>31/12/2011</u>
	L.E	L.E
Treasury bills from (182)day to (358) day	115 200 000	34 368 907
Unearned return on treasury bills	(2 940 890)	(931 707)
	<u>112 259 110</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>30/6/2012</u>	<u>31/12/2011</u>
	L.E	L.E
Bank - time deposits (20-1)	178 198 053	390 934 663
Bank - current accounts	43 770 616	94 905 250
Checks under collection	18 027 612	18 431 372
Cash on hand	1 751 758	1 379 160
	<u>241 748 039</u>	<u>505 650 445</u>

(20-1) Deposits include USD 9 million and also an amount of L.E 50 million restricted as a guarantee for the credit facilities granted to the Company from some commercial banks.

- The Group's exposure to interest rate risk 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>30/6/2012</u>	<u>31/12/2011</u>
	L.E	L.E
Cash at banks and on hand	241 748 039	505 650 445
<u>Less:</u>		
Blocked accounts	104 441 000	54 198 000
Cash and cash equivalents in the consolidated statement of cash flows	137 307 039	451 452 445

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

21. Provision for completion

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

	<u>Balance as at 1/1/2012</u>	<u>formed during the period</u>	<u>used during the period</u>	<u>Balance as at 30/6/2012</u>
	L.E	L.E	L.E	L.E
Provision for completion of works	141 728 770	33 117 808	(21 161 335)	153 685 243
	141 728 770	33 117 808	(21 161 335)	153 685 243

- 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>	formed during <u>the period</u>	Provisions no-longer <u>required</u>	Balance as at <u>30/6/2012</u>
	L.E	L.E	L.E	L.E
Provision for expected claims	6 935 396	8 382	(250 000)	6 693 778
	<u>6 935 396</u>	<u>8 382</u>	<u>(250 000)</u>	<u>6 693 778</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 these 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 affect the company's negotiations with those parties.

23. Bank - credit facilities

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.

The amount used from the bank facility granted to the holding Company 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.

	<u>30/6/2012</u>	<u>31/12/2011</u>
	L.E	L.E
	-	-
	51 631 798	51 256 820
	<u>51 631 798</u>	<u>51 256 820</u>

24. Advances from customers

This item is represented in the following:-

	<u>30/6/2012</u>	<u>31/12/2011</u>
	L.E	L.E
Advances – lands	1 462 403	30 399 099
Advances for booking , contracting and installments of residential units– Kattameya	361 929 141	312 119 325
Advances – commercial units - Auto Ville project	137 629 018	124 925 817
Advances – Allegria project	1 887 833 521	2 185 423 276
Advances – Forty West project	224 042 925	222 267 679
Advances – West town Residences	717 098 162	290 496 633
Advances – Telal Al Yasameen project	25 979 418	31 643 395
Advances – Casa	31 324 356	20 009 038
Advances – Polygon project	127 836 653	114 760 196
	<u>3 515 135 597</u>	<u>3 332 044 458</u>

25. Contractors, suppliers and notes payable

	<u>30/6/2012</u>	<u>31/12/2011</u>
	L.E	L.E
Contractors	83 717 786	72 480 964
Suppliers	7 990 290	6 068 529
Notes payable	33 695 840	35 845 413
	<u>125 403 916</u>	<u>114 394 906</u>
<u>Deduct:</u> Unamortized interest	7 416 577	3 714 177
	<u>117 987 339</u>	<u>110 680 729</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>30/6/2012</u>	<u>31/12/2011</u>
	<u>L.E</u>	<u>L.E</u>
Amounts collected on account for management, operation and maintenance of projects	99 416 992	87 549 650
Due to related parties - Joint Venture	3 147 672	137 256
Accrued expenses	140 756 411	112 036 277
Liability for cash settled share-based payments transactions- Managers	507 449	157 390
Customers - Beverly Hills – capital contributions	14 511 675	14 542 701
Customers – credit balances	19 352 212	39 670 523
Tax Authority	18 283 440	8 960 017
Dividends payable	91 643	91 643
Accrued compensated absence	2 952 621	1 599 444
Deposits collected from customers – Against modifications	209 600	9 196 034
Social insurance	2 019 171	1 214 904
Customers –down payments for sub-development (26-1)	3 371 400	3 371 400
Unearned revenue	3 372 735	633 022
Retentions	11 047 807	7 854 750
Bonyan for development and trading Co.	3 413 456	3 413 456
Due to SEAC	2 693 158	8 999 483
Creditors – Short-term (note no.36)	7 500 000	-
Deposits from others	4 824 627	3 228 186
Sundry creditors	13 387 966	8 526 371
	<u>350 860 035</u>	<u>311 182 507</u>

(26-1) Represents the sub-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 June 30, 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 30/6/2012</u>	<u>Non-controlling interest as at 31/12/2011</u>
	%	L.E	L.E	L.E	L.E
Sixth of October for Development and Real Estate Projects Co. "SOREAL"	0.01	51	47 734	47 785	47 722
Beverly Hills for Management of Cities and Resorts Co.	41.41	761 350	17 666 760	18 428 110	17 666 760
SODIC Garden City for Development and Investment Co.	50	3 571 491	3 446 745	7 018 236	3 446 745
Move-In for Advanced Contracting Co.	15	(642 570)	212 664	(429 906)	212 664
Greenscape for Agriculture and Reclamation Co.	49	-	-	-	(1 311 149)
El Yosr for Projects and Agriculture Development Co.	0.001	(12)	27 123	27 111	27 123
SODIC for Development and Real Estate Investment Co.	0.001	-	20	20	20
SODIC SIAC for Real Estate Development Co.	13.33	8 712	20 354 890	20 363 602	20 354 890
Tegara for Trading Centers Co.	2.5	20 073	2 603 045	2 623 118	2 603 045
Edara for Services of Cities and Resorts Co.	0.003	36	118	154	118
Fourteen for Real Estate Investment Co.	0.004	-	2	2	2
La maison for Real Estate Investment Co.	0.004	-	2	2	2
Ceremony for Real Estate Investment Co.	0.004	-	-	-	2
		<u>3 719 131</u>	<u>44 359 103</u>	<u>48 078 234</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' 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 splitting) with an increase of L.E 2 to be paid from the legal reserve according to the Company's financial statements as at December 31, 2009 . Thus , the issued and fully paid in 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 L.E</u>	<u>Ownership percentage %</u>
October property development limited Co.	14 136 228	56 544 912	15.59
Alian saudian investments limited Co.	11 237 896	44 951 580	12.39
Incentive and bonus plan of the employees	3 250 000	13 000 000	3.58
Other shareholders	62 052 224	248 208 900	68.44
	<u>90 676 348</u>	<u>362 705 392</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 June 30, 2012 is represented as follows:-

	L.E
Legal reserve balance as at 1/1/2003	6 530 455
Add:	
Increase of the legal reserve with the difference between the par value of the treasury shares and its actual cost (according to the Company's Extra-Ordinary General Assembly Meeting held on July	4 627 374
Increase of the legal reserve with part of capital increase share premium with limits of half of the Company's issued share capital during 2006. (note No. 30).	123 409 151
Increase of the legal reserve with part of capital increase share premium during year 2007 with limits of half of the Company's issued share capital. (Note no. 30).	5 000 000
Increase of the legal reserve by 5% of the net profit for year 2008.	2 339 350
Increase of the legal reserve with part of the capital increase share premium with limits of half of the Company's issued share capital during year 2010 (Note No. 30)	39 446 365
Deduct:	
The amount used to increase the issued share capital during the year (Note No. 28).	(2)
	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)
	1 316 921 569

31. Cumulative translation adjustments of foreign operations

The balance shown in the equity section at June 30, 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 June 30, 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>	<u>L.E</u>
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>	<u>L.E</u>
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 and bonus plan for the Parent Company's managers and 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 and bonus plan for one million share (allocated over 5 years) for 60 months and the agreed upon share price in accordance with the incentive and bonus plan as at June 30, 2012.	25 000 000
<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 and bonus plan for 200 000 share that were sold in favor of the beneficiaries during December 2007.	5 000 000
	20 000 000
<u>Add:</u>	
The value of the share of the shares of the bonus and incentive plan to employees in the dividends declared in accordance with the resolution of the Ordinary General Assembly Meeting of the Parent Company held on April 12, 2011 of L.E 4 per share in addition to due income *.	5 267 256
Accrued returns amount of shares of bonus and incentive plan to employees in the dividends declared.	56 455
	25 323 711

*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 splitting) is reduced by the value of the distributed dividends to shareholders during plan term.

35. Long-term loans

	<u>30/6/2012</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 :-	295 849 310	301 548 625
Loan term: - three years and half effective from the signing date on the loan agreement.		
Withdrawal period: - one year starting from the signing date on the loan agreement.		
Grace period:- 6 months starting from the end of the withdrawal period.		
Method of payment: - the loan is repayable on (8) equal quarterly installments after the end of the grace period.		
Interest rate: - CORRIDOR rate for lending declared by Central Bank plus 2.85%.		
Guarantees:-		
a) Signing on a promissory note with the total amounts of the loan which is amounting to L.E 435 million.		
b) Pledge the shares of El Yosr for Projects and Agriculture Development Co. (a subsidiary).		
c) The bank maintains the account of the revenue of Allegria project in name of the Company which is represented in commercial papers representing the incoming cash flows of the project with total amount of L.E 1.32 billion throughout the facility term.		
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 921 994 643 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 mortgage of the project's land.	31 903 554	38 859 100
	<u>327 752 864</u>	<u>340 407 725</u>
<u>Deduct</u> :- Current portion		
	5 497 281	5 076 688
Loan of joint venture	182 768 576	-
Loan of Alexandria bank		
	<u>139 487 007</u>	<u>335 331 037</u>

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 June 30, 2012 is represented in the following:-

	<u>30/6/2012</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>30/6/2012</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.	87 289 101	119 267 955
Unamortized interest - notes payable	(13 406 988)	(22'043 484)
	<u>73 882 113</u>	<u>97 224 471</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:

	The six-months ended <u>30/6/2012</u> L.E	The six-months ended <u>30/6/2011</u> L.E
Sale of villas in Allegria project	590 520 587	262 624 711
Sale of land	47 159 676	-
	<u>637 680 263</u>	<u>262 624 711</u>
Sales return of Allegria project	-	(159 867 157)
	<u>637 680 263</u>	<u>102 757 554</u>

39. Cost of real estate and land sold

	The six-months ended <u>30/6/2012</u> L.E	The six-months ended <u>30/6/2011</u> L.E
Cost of sales of villas in Allegria project	404 008 861	220 081 272
Cost of sales of land	25 945 101	-
	<u>429 953 962</u>	<u>220 081 272</u>
Cost of sales return of Allegria project	-	(45 896 990)
	<u>429 953 962</u>	<u>174 184 282</u>

40. Other operating revenues

	The six-months ended <u>30/6/2012</u> <u>L.E</u>	The six-months ended <u>30/6/2011</u> <u>L.E</u>
Interest income realized from installments during the period	8 446 412	4 748 565
Reversal of early payment discount	-	8 347 420
Management fees – joint venture (40-1)	1 913 841	3 062 749
Assignment, cancellation dues and delay penalties	9 202 784	14 140 182
Provisions no longer required	250 000	-
Capital gain	70 714	86 527
Other income	4 217 597	3 164 339
	<u>24 101 348</u>	<u>33 549 782</u>

(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 six-months ended <u>30/6/2012</u> <u>L.E</u>	The six-months ended <u>30/6/2011</u> <u>L.E</u>
Salaries and wages	8 376 457	10 555 122
Sales commissions	17 032 997	6 546 228
Advertising expenses	8 875 576	4 306 402
Conferences and exhibitions	46 013	65 684
Rent	1 514 257	1 591 064
Travelling , transportation and vehicle	423 469	1 157 447
Others	6 571 529	3 050 450
	<u>42 840 298</u>	<u>27 272 397</u>

42. General and administrative expenses

	The six-months ended <u>30/6/2012</u> L.E	The six- months ended <u>30/6/2011</u> L.E
Salaries, wages and bonuses	39 926 974	25 259 936
Board of directors' remunerations and allowances	4 530 811	5 430 287
Professional and consultancy fees	1 976 478	4 810 283
Advertising	275 120	4 895 757
Donations	1 254 135	1 202 485
Administrative depreciation of fixed assets and rented units	10 251 103	5 808 163
Subscriptions and governmental dues	830 621	1 213 801
Rent	315 222	1 413 129
Travelling and transportation	986 224	855 345
Others	5 830 340	8 247 505
	<u>66 177 028</u>	<u>59 136 691</u>

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

	The six-months ended <u>30/6/2012</u> L.E	The six-months ended <u>30/6/2011</u> L.E
Salaries	3 746 093	3 678 166
Cash settled share-based payments (a)	1 331 654	744 914
Equity settled share - based payments (b)	-	1 250 000
	<u>5 077 747</u>	<u>5 673 080</u>

a- On May 16, 2006, the Parent Company's board of directors decided to grant share appreciation rights to some executive board members that entitle them to future cash payments as part of their salaries and 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>	<u>Fair value of share at grant date (before splitting)</u>	<u>Market value of share at 30/6/2012</u>	<u>Conditions</u>
		<u>L.E</u>	<u>L.E</u>	
Some executive board members	1/4/2006	75	16.95	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 1 331 654 and the liability balance amounts to L.E 507 449 as at June 30, 2012 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 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 six -months ended <u>30/6/2012</u> L.E	The six - months ended <u>30/6/2011</u> L.E
Discount for accelerated payment	10 432 580	1 718 210
Depreciation of leased out units	88 182	88 182
Provision	250 467	406 343
Loss of investments liquidation	675 643	147 405
Loss on sale of fixed assets	310 634	-
	<u>11 757 506</u>	<u>2 360 140</u>

44. Finance income

	The six -months ended <u>30/6/2012</u> L.E	The six -months ended <u>30/6/2011</u> L.E
Interest income	8 340 435	19 262 313
Interest income from loans to Joint Venture	4 588 227	2 380 093
Amortization of discount - deferred interests	1 218 989	1 736 924
Revaluation and sale of investments income	5 675 801	2 898 534
Net foreign exchange differences	3 605 475	14 203 294
	<u>23 428 927</u>	<u>40 481 158</u>

45. Finance cost

	The six -months ended <u>30/6/2012</u> L.E	The six -months ended <u>30/6/2011</u> L.E
Interest expense	25 283 523	7 536 591
Interest expense of installments of Sheikh Zayed land	5 139 453	6 233 575
Net foreign exchange differences	-	3 596 630
	<u>30 422 976</u>	<u>17 366 796</u>

46. Income tax expense

	The six-months ended <u>30/6/2012</u> L.E	The six-months ended <u>30/6/2011</u> L.E
Current income tax expense	4 572 835	1 127 522
Deferred income tax expense (benefit)	(619 745)	1 071 185
Income tax expense for the period	<u>3 953 090</u>	<u>2 198 707</u>

47. Earnings / (Losses) per share

Earnings / (Losses) per share are calculated based on holding Company share in (losses)/earnings per share for the period, and also using weighted average method to number of shares outstanding during the period as follows:

	<u>The six -months ended 30/6/2012 L.E</u>	<u>The six -months ended 30/6/2011 L.E</u>
Net profit / (loss) for the period	81 383 143	(120 190 452)
Weighted average number of shares outstanding during the period	90 676 348	90 676 348
Profits /(Losses) per share (L.E / share)	<u>0.90</u>	<u>(1.32)</u>

48. Jointly controlled projects

The consolidated financial statements as at June 30, 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>30/6/2012</u>	<u>31/12/2011</u>
	<u>Balance sheet</u>	<u>Balance sheet</u>
	L.E	L.E
<u>Assets</u>		
<u>Non – current assets</u>		
Properties and equipment	16 855 619	20 945 380
Investment properties	60 418 457	73 590 761
Advance payments for acquisition of investment properties	10 204 082	12 428 754
	<u>87 478 158</u>	<u>106 964 895</u>
<u>Current assets</u>		
Works in process	206 038 228	250 990 672
Due from related parties	16 445 201	20 003 833
Other current assets	1 456 161	2 538 719
Cash on hand and at banks	28 692	74 605
	<u>223 968 282</u>	<u>273 607 829</u>
	<u>311 446 440</u>	<u>380 572 724</u>
<u>Liabilities</u>		
Long – term loans	26 406 273	33 782 412
Due to related parties included (Sodic Syria) loan	108 789 120	86 549 890
Current portions of long –term loans	9 997 914	5 076 688
Suppliers and other current liabilities	1 722 458	19 872 960
Advance payments from customers	25 979 418	31 643 395
	<u>172 895 183</u>	<u>176 925 345</u>
<u>Net assets</u>	<u>138 551 257</u>	<u>203 647 379</u>

	<u>Income statement</u>	<u>Income statement</u>
	<u>L.E</u>	<u>L.E</u>
Administrative and general expenses	(3 698 236)	(4 030 456)
Other operating income	18 365	-
Financing cost	(6 333 245)	(1 538 575)
Finance income	-	25 008
Foreign currency adjustments	(19 994 834)	-
Marketing expenses	(430)	(394 442)
Net loss for the period	(30 008 380)	(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 311 446 440 as at June 30, 2012 beside an amount of L.E 81 486 828 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 as at June 30, 2012 is amounting to L.E 2 645 647 692 (December 31, 2011: L.E 2 375 324 179).

49.2 Liquidity risk

The following are the contractual maturities of financial liabilities:

June 30, 2012

	<u>Carrying amount</u> L.E	<u>Less than 1 year</u> L.E	<u>1-2 years</u> L.E	<u>2-5 years</u> L.E	<u>More than 5 years</u> L.E
Banks – credit facilities	51 631 798	51 631 798	-	-	-
Long-term loans – current portion	188 265 857	188 265 857	-	-	-
Contractors and suppliers	91 708 076	91 708 076	-	-	-
Other creditors	350 860 035	285 324 670	57 180 310	8 355 055	-
Long – term loans	139 487 007	-	-	113 080 734	26 406 273
Short-term notes payable	33 695 840	33 695 840	-	-	-
Long-term creditors	7 500 000	-	7 500 000	-	-
Long-term notes payable	87 289 101	-	32 222 043	55 067 058	-
	950 437 714	650 626 241	96 902 353	176 502 847	26 406 273

December 31, 2011

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

49.3 Currency risk

Exposure to currency risk

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

June 30, 2012

Description	<u>USD</u>	<u>Syrian lira</u>
Loans to Joint Ventures	13 459 790	-
Due from related parties	1 595 000	-
Cash at banks	21 581 004	-
Long – term loans	-	(297 598 696)
Bank - credit facilities	(8 535 592)	-
Surplus /(Shortage) of foreign currencies	28 100 202	(297 598 696)

December 31, 2011

Description	<u>USD</u>	<u>Syrian lira</u>
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)

49.4 Interest rate risk

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

	<u>Carrying amount</u>	
	<u>30/6/2012</u>	<u>31/12/2011</u>
	L.E	L.E
<u>Fixed rate instruments</u>		
Financial assets	2 137 455 956	1 725 324 988
Financial liabilities	(100 161 376)	(129 355 707)
	<u>2 037 294 580</u>	<u>1 595 969 281</u>
<u>Variable rate instruments</u>		
Financial liabilities	<u>(379 384 662)</u>	<u>(391 664 545)</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 for the Company represent in the balances of cash at banks, investments, trade and notes receivables, its associates, suppliers, contractors, notes payables, creditors and other credit balances and the monetary items included in debtors and creditors. The main purpose of these instruments is to finance the Company's activities.

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

50. Transactions with related parties

Related parties are represented in the Parent Company's 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 during the period and these transactions have been made in accordance with the terms determined by the board of directors of the Group. Summary of significant transactions concluded during the period and the resulting balances of the related parties 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 six-month ended 30/6/2012</u> <u>Amount of transaction</u> <u>L.E</u>
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	778 280
	Management fees	1 913 841

b) **Resulted balances from transactions with related parties**

<u>Party</u>	<u>Item as shown in the consolidated balance sheet</u>	<u>30/6/2012</u> <u>L.E</u>	<u>31/12/2011</u> <u>L.E</u>
Executive and board of directors	Liability for cash settled share – based payments transactions included in creditors and other credit balances caption (note No. 26)	507 449	157 390
Bonyan Development and Trade Co.	Creditors and other credit balances	3 413 456	3 413 456
Mr. Farras Tallas(Partner in joint venture)	Debtors and other debit balances	16 310 579	19 866 576
Palmyra – SODIC for Real Estate Development	Loans to Joint Ventures	81 486 828	80 708 548
	Accrued interest on loan under debtors caption	14 558 942	9 857 599
	Accrued management fees under debtors caption	6 807 034	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 Fadden approximately and which has not been delivered up till this date as the management of this party did not abide by the detailed conditions of the contract. There are exchanged notifications concerning this land between the management of the Company and the management of the third party. During 2009, this party raised a court case No. 3 of 2009 Civil 6th of October against the Company 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 September 24, 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 effective and no usufruct right has been arisen to this party since its effect was based on conditions that have not been met. In addition, in case of any dispute raised by this party to possess the land, the Company has the actual and physical possession of the land and hence it has the right to continue in possessing the land till settlement of this dispute in front of the 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 Communities. 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 the 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 2010, re-inspection was made for the said years and the Company has not received any tax claims till authorizing these financial statements for issuance.
- No tax inspection has been carried out for years from 2001 till 2004 till authorizing these financial statements for issuance.
- The Company has been notified about the inspection for the period from 2006 till 2008, by model (19), as at April 29, 2012, for the year 2006 on deemed basis. An appeal has been made as at May 3, 2012, and a request to re-inspect the year of 2006 has been submitted, and re-inspection is carrying on.
- 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 periods from August 1, 2006 till December 31, 2007 was carried out and the resulting differences were paid.

- Inspection for the years from January 1, 2008 till December 31, 2010 is carrying on; the Company did not receive any tax claim till the date at which the financial statements are authorized to be issued.

Sales tax

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

Real estate property tax

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

53. Capital commitments

Capital commitments as at June 30, 2012 is represented in contracted and unexecuted works amounting to L.E 22 623 673 (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 and bonus plan of the Parent Company, 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 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 (before splitting).

- 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 Company signed a custody agreement with Arab African International Bank on April 15, 2007, to save bonus and incentive shares. The shares of the plan were issued and financed by the holding Company. Annotation of this increase in the Commercial Registry was on July 5, 2007.
- On September 23, 2007, the Supervisory Committee of the incentive and 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 and bonus plan were exercised with average selling price of L.E 226.63 per share. The amounts due to beneficiaries were set aside in special account held by Arab African International Bank until the completion of the prohibition period according to the incentive and bonus plan.
- The number of shares allocated to the plan was increased by 500 000 additional shares.
- On July 3, 2008 the Supervisory Committee of the incentive and bonus plan of the 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 to transfer the title of the shares allocated to him to be in his name after ending the prohibition period provided the payment of the share price stated in the plan and in this case, the beneficiary is entitled to all rights as determined on the Company' shares.

- Amendment of article No. (11) of the bonus and incentive plan to give the board of directors the right – when necessary – to replace 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 and vesting conditions of granting of shares in accordance with this plan are as follows:

<u>Party</u> <u>Entitled</u>	<u>Grant</u> <u>date</u>	<u>No. of</u> <u>shares</u> <u>in thousand</u>	<u>Fair value</u> <u>of share</u> <u>at grant</u> <u>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 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 March 2015.
Some managers	23/9/2007	175	100	75	According to performance measure and exercise period from 31/3/2007 till March 2015.
Board of director	7/10/2008	25	73.34	75	According to performance measure and exercise period from 31/3/2007 till March 2015.
Some managers	7/10/2008	470	73.34	75	According to performance measure and exercise period from 31/3/2007 till March 2015.

55. Significant events

As at March 29, 2012 Sixth of October for Development and Real Estate Projects Co. "SOREAL" (Subsidiary 99.99% owned by 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. 15 work in process, the total cost of land, its relating expenses and expenditures as at June 30, 2012 is amounting to L.E 634 million.

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, 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 that a decision of real estate committee of Urban Committee to withdraw the land plot under dispute has been issued and the representatives of the company has asked to cease the execution of the said decision as the subject still under study as a preclusion 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 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 area and during the summer period starting from the beginning of July till the end of October the water does not reach the extension area where the Company's project land is allocated also this is confirmed by the letter of the Authority as at November 21, 2011 and it is the same case for electricity and sewage.
5. The Authority did not commit to authorize the detailed designs drawings and the modified general design of the project which is submitted to the Authority since September 6, 2010, November 22, 2010, March1, 2011 which is more than 18 months and till now. It is well known that the Company cannot work in the project before these drawings are authorized despite that the Company submitted it to be authorized during the contract period when the Authority committed to do so.
6. The Authority did not commit to authorize the technical drawings for the internal network of the utilities which was submitted by the Company as at November 10, 2010 when the Authority committed to do so.
7. The subsidiary Company "Soreal", has injected investments for the project with more than L.E 280 million till now.

8. The Company got the Contracted plot of land from the authority due to backwardness of the authority of delivering its allocated 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 have issued licenses 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 actually handed over to the Company, according to state council sentences which judged in a similar case that as the governmental bodies did not supply the main utilities to the land according to what is agreed upon in the contract, it means that the actual delivering concept of the land did not really achieved, and this is supported by the opinion of the legal consultant of the Housing Minister, who confirms that the execution periods cannot be applied against the related parties except from the date when all necessarily utilities are completed to be used which is also confirmed by the real estate regulation (amendment article 16 paragraph 4) which states that it is not allowed to cancel allocation before all the necessary utilities are provided to the location which allow it to be used. According to what is mentioned 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.