

Translation from Arabic

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

Separate Financial Statements
For The Financial Period Ended June 30, 2011

And Review Report

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Translation from Arabic

Report on Limited Review of Interim Financial Statements

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

Introduction

We have performed a limited review for the accompanying separate financial statements of Sixth of October for Development and Investment Company "SODIC" which comprise the separate balance sheet as of June 30, 2011 and the related separate 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 financial statements in accordance with Egyptian Accounting Standards. Our responsibility is to express a conclusion on these interim financial statements based on our limited review.

Scope of Limited Review

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

Conclusion

Based on our limited review, nothing has come to our attention that causes us to believe that the accompanying interim separate financial statements do not present fairly, in all material respects, the unconsolidated financial position of the Company as at June 30, 2011, and of its financial performance and its un consolidated cash flows for the six-month then ended in accordance with Egyptian Accounting Standards.

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KPMG Hazem Hassan

KPMG Hazem Hassan
Public Accountants and Consultants

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Cairo, September 4, 2011

Sixth of October for Development and Investment Company "SODIC"
(An Egyptian Joint Stock Company)
Separate Balance Sheet
As at June 30, 2011

	Note No.	30/6/2011 L.E	31/12/2010 L.E
<u>Long - term assets</u>			
Fixed assets	(6)	46 688 004	13 294 888
Projects under construction	(7)	10 825 218	40 997 024
Investments in subsidiaries	(8)	520 844 496	525 070 648
Available -for- sale investments	(9)	4 277 402	4 251 250
Investment properties	(10)	134 928 212	1 407 230
Payments on account of acquisition of investment properties	(11)	76 016 272	68 303 756
Trade & notes receivable	(12)	853 168 419	1 173 415 237
Total long - term assets		1 646 748 023	1 826 740 033
<u>Current assets</u>			
Completed residential units ready for sale	(14)	47 277 755	3 997 225
Works in process	(15)	1 592 346 075	1 564 744 930
Trade & notes receivable	(16)	702 223 228	829 042 389
Due from related parties	(17)	1 249 942 896	1 133 800 297
Debtors & other debit balances	(18)	366 527 525	384 555 797
Held for trading investments	(19)	-	59 230 831
Cash at banks & on hand	(20)	422 964 402	660 350 370
Total current assets		4 381 281 881	4 635 721 839
<u>Current liabilities</u>			
Provisions	(21)	126 370 893	132 976 333
Bank - credit facilities	(22)	-	85 951 368
Advances from customers	(23)	2 834 997 448	3 123 356 342
Contractors, suppliers & notes payable	(24)	116 180 993	115 169 486
Due to related parties	(25)	11 349 575	12 143 730
Creditors & other credit balances	(26)	240 510 681	227 894 753
Total current liabilities		3 329 409 590	3 697 492 012
Working capital		1 051 872 291	938 229 827
Total investments		2 698 620 314	2 764 969 860
These investments are financed as follows:-			
<u>Shareholders' equity</u>			
Authorized capital	(27)	2 800 000 000	2 800 000 000
Issued & fully paid in capital	(27)	362 705 392	362 705 390
Legal reserve	(28)	181 352 693	181 352 695
Special reserve - share premium	(29)	1 316 921 569	1 316 921 569
Retained earnings		635 902 754	443 629 159
Treasury shares	(30)	(80 000 000)	(80 000 000)
Set aside amount for bonus & incentive plan	(31)	25 200 000	18 750 000
Net profit (loss) for the period / year		(88 910 071)	357 355 751
Total shareholders' equity		2 353 172 337	2 600 714 564
<u>Long-term liabilities</u>			
Long-term loans	(32)	230 044 426	-
Notes payable	(33)	114 807 846	163 703 410
Deffered tax liabilities	(34)	595 705	551 886
Total long-term liabilities		345 447 977	164 255 296
Total shareholders' equity & long - term liabilities		2 698 620 314	2 764 969 860

* The accompanying notes on pages from (7) to (48) are an integral part of these separate financial statements and to be read therewith.

Financial & Administrative Manager

Many Henry
Many Henry

Board Director

Ahmed Badrawy
Ahmed Badrawy

Deputy Chairman
& Managing Director

Maher Maktoud
Maher Maktoud

* Review Report " attached "
KPMG Hazem Hassan

Sixth of October for Development and Investment Company "SODIC"
 (An Egyptian Joint Stock Company)
 Separate Income Statement
 For The Financial Period Ended June 30, 2011

	Note No.	<u>30/06/2011</u>		<u>30/06/2010</u>	
		From 1/4/2011 till 30/6/2011	From 1/1/2011 till 30/6/2011	From 1/4/2010 till 30/6/2010	From 1/1/2010 till 30/6/2010
		L.E			L.E
Sales (net)	(35)	65 667 320	102 757 554	83 623 650	319 868 535
Cost of sales	(36)	(142 778 518)	(176 714 442)	(3 988 985)	(12 674 737)
Gross profit (loss)		(77 111 198)	(73 956 888)	79 634 665	307 193 798
Other operating revenues	(37)	30 218 546	49 343 940	14 603 809	24 393 070
Selling & marketing expenses	(38)	(15 558 726)	(26 810 158)	(12 594 914)	(20 885 167)
General & administrative expenses	(39)	(26 891 398)	(50 225 401)	(21 557 760)	(37 014 062)
Other operating expenses	(40)	(1 559 448)	(1 763 534)	(359 700)	(2 927 879)
Operating profit (loss)		(90 902 224)	(103 412 041)	59 726 100	270 759 760
Finance income	(41)	5 699 922	28 238 262	18 826 554	36 872 512
Finance expenses	(42)	(6 994 260)	(13 692 473)	(6 526 842)	(13 226 923)
Net finance income (expenses)		(1 294 338)	14 545 789	12 299 712	23 645 589
Net profit (loss) for the period before income tax		(92 196 562)	(88 866 252)	72 025 812	294 405 349
Income tax expense	(43)	2 092 460	(43 819)	(14 777 450)	(59 683 946)
Net profit (loss) for the period		(90 104 102)	(88 910 071)	57 248 362	234 721 403
Earnings (losses) per share (L.E / Share)	(44)	(0.99)	(0.98)	0.68	2.80

* The accompanying notes on pages from (7) to (48) are an integral part of these separate financial statements and to be read therewith.

Sixth of October for Development and Investment Company "SODIC"
(An Egyptian Joint Stock Company)
Separate Statement of Changes in Equity
For The Financial Period Ended June 30, 2011

	Note No.	Issued & paid in capital L.E	Amount paid on account of issued share capital increase & share premium L.E	Legal reserve L.E	Special reserve- share premium L.E	Treasury shares L.E	Set aside amount for bonus & incentive plan L.E	Retained earnings L.E	Net profit (loss) for period/ year L.E	Total L.E
Balance as at January 1, 2010		284 133 960	83 070 956	141 906 330	912 439 354	(80 000 000)	13 750 000	552 914 271	(109 285 112)	1 798 929 759
Share capital increase and share premium		-	466 929 054	-	-	-	-	-	-	466 929 054
Amount transferred to retained earnings		-	-	-	-	-	-	(109 285 112)	109 285 112	-
Issued share capital increase		78 571 430	(78 571 430)	-	-	-	-	-	-	-
Amount transferred to special reserve-share premium		-	(431 982 215)	-	404 482 215	-	-	-	-	(27 500 000)
Amount transferred to legal reserve		-	(39 446 365)	39 446 365	-	-	-	-	-	-
Set aside amount for bonus & incentives plan during the period		-	-	-	-	-	2 500 000	-	-	2 500 000
Net profit for the period		-	-	-	-	-	-	-	234 721 403	234 721 403
Balance as at June 30, 2010		362 705 390	-	181 352 695	1 316 921 569	(80 000 000)	16 250 000	443 629 159	234 721 403	2 475 580 216
Balance as at January 1, 2011		362 705 390	-	181 352 695	1 316 921 569	(80 000 000)	18 750 000	443 629 159	357 355 751	2 600 714 564
Share capital increase	(28)	2	-	(2)	-	-	-	-	-	-
Amount transferred to retained earnings		-	-	-	-	-	-	192 273 595	(192 273 595)	-
Set aside amount for bonus & incentives plan during the period	(31)	-	-	-	-	-	1 250 000	-	-	1 250 000
Dividends for employees & shareholders		-	-	-	-	-	-	-	(159 882 156)	(159 882 156)
Dividends of the shares of the bonus & incentive plan for employees & managers	(31)	-	-	-	-	-	5 200 000	-	(5 200 000)	-
Net loss for the period		-	-	-	-	-	-	-	(88 910 071)	(88 910 071)
Balance as at June 30, 2011		362 705 392	-	181 352 693	1 316 921 569	(80 000 000)	25 200 000	635 902 754	(88 910 071)	2 353 172 332

* The accompanying notes on pages from (7) to (48) are an integral part of these separate financial statements and to be read therewith.

Sixth of October for Development and Investment Company "SODIC"
(An Egyptian Joint Stock Company)
Separate Statement of Cash Flows
For The Financial Period Ended June 30, 2011

	Note No.	The six-month ended 30/6/2011 L.E	The six-month ended 30/6/2010 L.E
<u>Cash flows from operating activities</u>			
Net profit (loss) for the period before income tax		(88 866 252)	294 405 349
<u>Adjustments for :</u>			
Depreciation of fixed assets & rented units		2 916 875	1 570 490
Investment income		-	(350 274)
Gain on sale of fixed assets		(8 496)	(52 219)
Gain on sale of investments in subsidiaries	(37)	(588 000)	-
Provisions no-longer required	(21)	(13 539 788)	-
Unrealized gain on held for trading investments		(1 494 573)	(2 060 045)
Provisions formed	(21)	14 704 291	9 556 654
Equity - settled share based payment transactions	(31),(51)	1 250 000	2 500 000
Operating profit (loss) before changes in working capital items		(85 625 943)	305 569 955
<u>Changes in working capital items</u>			
Change in residential units ready for sale		(43 280 530)	(2 157 215)
Change in work in process		(163 515 481)	(403 579 915)
Change in trade & notes receivables		447 065 979	(26 842 481)
Change in due from related parties		(111 354 599)	(361 210 529)
Change in debtors & other debit balances		23 228 273	(17 145 953)
Provisions - used	(21)	(7 769 943)	(433 301)
Change in advances from customers		(288 358 894)	437 470 219
Change in contractors, suppliers & notes payable		(47 884 057)	13 249 971
Change in due to related parties		(794 155)	538 710
Change in creditors & other credit balances		12 615 927	(17 236 516)
Restricted cash		-	83 070 956
Net cash provided from (used in) operating activities		(265 673 423)	11 293 901
<u>Cash flows from investing activities</u>			
Payments for purchase of fixed assets & projects under construction		(3 776 083)	(4 649 280)
Dividends from available -for- sale investments		-	350 274
Payments for acquisition of investment properties	(11)	(7 712 516)	(59 974 125)
Payments for purchase of held for trading investments		-	(13 000 003)
Proceeds from sale of investments in subsidiaries	(46)	-	-
Proceed from sale of held for trading investments		60 725 404	98 973 039
Proceeds from sale of fixed assets		39 748	101 544
Net cash provided from investing activities		49 276 553	21 801 449
<u>Cash flows from financing activities</u>			
Issued share capital increase	(27),(46)	-	-
Bank facilities	(22),(32)	144 093 058	(10 072 179)
Proceeds from share capital increase		-	466 929 054
Payments for issuance expenses of share capital increase		-	(27 500 000)
Dividends paid		(165 082 156)	(27 000)
Net cash provided from (used in) financing activities		(20 989 098)	429 329 875
Net movement in cash & cash equivalents during the period		(237 385 968)	462 425 225
Cash & cash equivalents as at January 1, 2011		660 350 370	344 900 527
Cash & cash equivalents as at June 30, 2011	(20)	422 964 402	807 325 752

* The accompanying notes on pages from (7) to (48) are an integral part of these separate financial statements and to be read therewith.

Sixth of October for Development and Investment Company "SODIC"

(An Egyptian Joint Stock Company)

Notes to the separate financial statements

For the financial period ended June 30, 2011

1- Background and activities

- Sixth of October for Development and Investment Company "SODIC" – An Egyptian Joint Stock Co. – was incorporated in accordance with the provisions of Law No. 159 of 1981 and its Executive Regulations and considering the provisions of Law No. 95 Of 1992 and its Executive Regulations and by virtue of the decree of the Minister of Economy & 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.
- The Company's purpose is represented in the following:
 - Working in the field of purchasing lands for the purpose of providing utilities for them and making them ready for building, dividing these lands and selling or leasing them.
 - Working in the field of construction, integrated construction and supplementary works for it.
 - Planning, dividing and preparing lands for building according to modern building techniques.
 - Building, selling and leasing all various kinds of real estate.
 - Developing and reclaiming lands in the urban communities.
 - Working in the field of tourist development and in all tourist establishments field including, building , managing , selling or utilizing hotels, motels and tourist villages in accordance with applicable Egyptian laws & regulations.
 - Building, managing, selling and leasing – out of the residential, service, commercial, industrial and tourist projects.
 - Importing and working as trade agents for that is permitted within the limits of the Company's purpose.
 - Financing lease in accordance with Law No. 95 of 1995.
 - Working in all fields of information technology and systems, hardware and software (computer software & services).
 - Working in all fields of services of communication systems, internet, space stations and transmission except for the field of satellites.
 - Investing in the various activities related to petroleum, gas and petrochemicals.
 - Working in the field of coordinating and planting the gardens, roads and squares and also providing security, steward - ship, maintenance and cleaning services.
 - Working in the field of ownership and management of sporting, entertainment, medical, educational buildings and also ownership, management and operating of restaurants (not leasing them).

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

- The Company's duration is 50 years starting from the date of registration in the Commercial Registry.
- The Company is listed in the formal listing in Cairo & Alexandria Stock Exchanges.
- The registered office of the Company is located at Km. 38 Cairo / Alexandria Deseret Road, Sheikh Zayed City. Mr. Maher Rafeek Maksoud is the deputy chairman & managing director of the Company.

2- Basis of preparation of the financial statements

a) Statement of compliance

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

b) Basis of measurement

The separate financial statements have been prepared on historical cost basis except for the following:

- Held for trading investments measured at fair values.
- Available-for-sale investments measured at fair values.
- Liabilities for cash settled share - based payments transactions measured at fair values.

c) Functional currency and presentation currency

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

d) Use of estimates and judgments

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

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

3- Significant accounting policies

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

3-1 Foreign currency transactions

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

3- 2 Fixed assets & depreciation

a) Recognition and measurement

Fixed assets are stated at cost less accumulated depreciation (note No. 3-2-c) and impairment losses (note No. 3-10).

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

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

b) **Subsequent costs**

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

c) **Depreciation**

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

<u>Asset</u>	<u>Years</u>
Buildings of the Company's premises	10
Vehicles	5
Furniture & office equipment	10
Office equipment & communications	5
Leasehold improvements	5
Generators, machinery & equipment	5

3-3 **Projects under construction**

Projects under construction are recognized initially at cost. Cost includes all expenditures directly attributable to bringing the asset to a working condition for its intended use. Projects under construction are transferred to property, plant and equipment caption when they are completed and are ready for their intended use.

3-4 **Investment properties**

a) **Recognition and measurement**

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

b) **Depreciation**

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

<u>Asset</u>	<u>Years</u>
Leased out units	50
Constructions of golf course	50
Irrigation networks	15
Tools & equipment of golf course	15

3-5 **Investments**

a) **Investments in subsidiaries and associates**

Investments in subsidiaries and associates are stated – when acquired – at its acquisition cost. If a decline in the recoverable amount exists for any investment below the carrying amount "Impairment" (note No. 3-10), the carrying amount of the investment will be adjusted by the amount of such reduction and will be charged to the income statement for each investment.

b) Available -for- sale investments

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

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

c) Held for trading investments

Held for trading investments are classified as current assets and are stated at fair value, with any resultant gain or loss recognized in the income statement.

3-6 Residential units ready for sale

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

3-7 Works in process

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

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

Trade & notes receivables and debtors are recognized and carried at original invoice amount less an allowance for any uncollectible amounts. An estimate of doubtful debts is made when collections of the full amount is no longer probable. Bad debts are written off when identified. Other debit balances are stated at cost less impairment losses (note No. 3-10). Long term trade and notes receivables are initially recognized at fair value and subsequently re-measured at amortized cost using effective interest rate method.

3-9 Cash and cash equivalents

For the purpose of preparing statement of cash flows, cash and cash equivalents comprise cash at banks and on hand, time deposits which have maturity date less than three months from the purchase date. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management.

3-10 Impairment of assets

a) Financial assets

- A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.
- An impairment loss in respect of an available-for-sale financial asset is calculated by reference to its current fair value.

- Individually significant financial assets are tested for impairment on an individual basis.
- The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.
- All impairment losses are recognized in income statement. Any cumulative loss in respect of an available-for-sale financial asset recognized previously in equity is transferred to income statement.
- An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognized for financial assets measured at amortized cost and available-for-sale financial assets that are debt securities, the reversal is recognized in income statement. For available-for-sale financial assets that are equity securities, the reversal is recognized directly in equity.

b) **Non-financial assets**

The carrying amounts of the Company's non-financial assets, other than, residential units ready for sale and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated.

An impairment loss is recognized if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups. Impairment losses are recognized in the 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 is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment loss had been recognized.

3-11 **Provisions**

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

Provision for completion of works

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

3-12 Borrowing costs

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

3-13 Suppliers, contractors and other credit balances

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

3-14 Share capital

a) Ordinary shares

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

b) Repurchase of share capital

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

c) Dividends

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

d) Finance of the incentive and bonus plan

Equity shares issued for the purpose of the incentive and bonus plan of the Company's employees & managers which are financed by the Company and are kept in a bank as a custody of a trustee (agent) are presented as treasury shares until the terms of granting the shares to the beneficiaries are realized. The resulting outcome from sale of these shares is recognized in equity.

3-15 Share – based payments transactions

a) Equity – settled share – based payments

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

b) Cash settled share - based payments

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

3-16 Notes payable

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

3-17 Revenue recognition

a) Sales revenue

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

b) Rental income

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

c) Interest income

Interest income is recognized in the income statement, using the accrual basis of accounting.

d) Dividends

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

3-18 Cost of sold lands

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

3-19 Expenses

a) Lease payments

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

b) Interest expense

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

c) Employees' pension

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

d) Income tax

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

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

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

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

3-20 Earnings (losses) per share

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

3-21 Segment reporting

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

4- Determination of fair values

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

4-1 Investments in equity instruments

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

4-2 Trade, note receivables & other debtors

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

4-3 Investment property

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

4-4 Share – based payment transactions

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

5- Financial risk management

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

- credit risk
- liquidity risk
- market risk .

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

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The 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 Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Board of Directors of the Company is assisted in its oversight role by the Audit Committee and Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the result of which are reported to the Board of Directors.

5-1 Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's customers and other receivables.

Trade & other receivables

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

All the Company's revenues are attributable to sales transactions with a large group of customers. Therefore, geographically, there is no concentration of credit risk.

The Company's management has established a credit policy under which each customer is analyzed individually for credit worthiness before the Company's standard payment and delivery terms and conditions are offered. The Company gets advance payments and cheques for the full sales in advance and before the delivery of units to customers. No previous losses were observed from transactions with customers. Sales of residential 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 limits its exposure to credit risk by only investing in liquid securities and the Company's management does not expect any counterparties to fail to meet its obligations.

Guarantees

The Company's policy is to provide financial guarantees only to wholly-owned subsidiaries. At June 30, 2011, no guarantees were outstanding.

5-2 Liquidity risk

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

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

Typically the Company ensures that it has sufficient cash on demand to meet expected operational expenses for appropriate period of time including the servicing of 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 the loan. Interest would be payable at the rate of 2.85 % per annum above the CORRIDOR of borrowing rate declared by the Central Bank of Egypt.

5-3 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holding of financial instruments.

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

5-4 Currency risk

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

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

The Company's investments in its subsidiaries are not hedged as those currency positions are considered to be long-term in nature.

5-5 Interest rate risk

The Company adopts a policy of ensuring that there is no exposure to changes in interest rates on borrowings on a fixed rate basis. Therefore, the Company does not enter into interest rate swaps.

5-6 Other market price risk

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

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

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

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

5-7 Capital management

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

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

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

6- Fixed assets

This item is represented as follows:

<u>Cost</u>	<u>Buildings of the Company's premises*</u>		<u>Vehicles</u>		<u>Furniture & office equipment</u>		<u>Office equipment & communications</u>		<u>Generators, machinery & equipment</u>		<u>Leasehold improvements</u>		<u>Total</u>	
	L.E		L.E		L.E		L.E		L.E		L.E		L.E	
As at January 1, 2011	3 151 049		7 054 738		4 915 288		6 681 389		1 149 403		1 655 894		24 607 761	
Additions during the period	26 908 150		500 000		3 472 305		811 542		-		4 254 475		35 946 472	
Disposals during the period	-		-		(81 546)		(67 060)		-		-		(148 606)	
As at June 30, 2011	30 059 199		7 554 738		8 306 047		7 425 871		1 149 403		5 910 369		60 405 627	
<u>Accumulated Depreciation</u>														
As at January 1, 2011	1 623 742		3 726 953		1 249 370		3 133 269		1 043 931		535 608		11 312 873	
Depreciation for the period	665 441		730 799		315 184		613 710		32 742		164 228		2 522 104	
Disposals	-		-		(67 521)		(49 833)		-		-		(117 354)	
As at June 30, 2011	2 289 183		4 457 752		1 497 033		3 697 146		1 076 673		699 836		13 717 623	
Carrying amount at June 30, 2011	27 770 016		3 096 986		6 809 014		3 728 725		72 730		5 210 533		46 688 004	
Carrying amount at December 31, 2010	1 527 307		3 327 785		3 665 918		3 548 120		105 472		1 120 286		13 294 888	

- Fixed assets include fully depreciated assets costing L.E 3 258 510 as at June 30, 2011.

* Additions to the buildings item during the period are represented in the value of the building of the Company's new administrative premises that was used during April 2011.

7- Projects under construction

	30/6/2011	31/12/2010
	L.E	L.E
Lands	-	7 266 748
Constructions of the new premises of the Company	-	20 003 759
Advance payments for purchasing of house building for employees *	4 135 000	4 100 000
Advance payments for purchasing of fixed assets	-	2 401 983
Advance payments – fixtures and finishing of new sales buildings	6 690 218	7 224 534
	<u>10 825 218</u>	<u>40 997 024</u>

* This item represents the value of purchasing a building of an area of 1 121.70 square meter for the purpose of using it as a house building for the Company's employees.

8- Investments in subsidiaries

	Legal form	Ownership %	Paid amount of Participation %	Carrying amount as at 30/6/2011 L.E	Carrying amount as at 31/12/2010 L.E
SODIC Property Services Co.	S.A.E	51	100	510 000	510 000
Sixth of October for Development and Real Estate Projects Co. (SOREAL)	S.A.E	99.99	100	517 334 516	517 334 516
Beverly Hills Co. for Management of Cities & Resorts *	S.A.E	-	-	-	4 226 152
SODIC for Development & Real Estate Investment Co.	S.A.E	99.99	100	2 999 980	2 999 980
Balance as at June 30, 2011				<u>520 844 496</u>	<u>525 070 648</u>

* During the period, the ownership of a number of 420 000 shares of the shares owned by the Company in the share capital of Beverly Hills Co. for Management of Cities & Resorts was transferred to one of its subsidiaries . These shares represents 13.16% of the issued share capital of Beverly Hills Co. for Management of Cities & Resorts. The sale was made for L.E 4 788 000 which represents the book value of these shares as at 30/9/2010 and the resulting gain amounting to L.E 588 000 has been included in the income statement during the period . In addition , the book value of the remaining shares owned by the Company amounting to L.E 26 152 has been reclassified as available –for – sale investments.

9- Available-for- sale investments

	Legal form	Ownership %	Paid amount of participation %	Carrying amount as at 30/6/2011 L.E	Carrying amount as at 31/12/2010 L.E
Egyptian Company for Development & Management of Smart Villages	S.A.E	1.01	100	4 250 000	4 250 000
SODIC for Golf and Tourist Development Co.	S.A.E	0.0025	25	1 250	1 250
Beverly Hills Co. for Management of Cities & Resorts		0.06	100	26 152	-
Balance as at June 30, 2011				<u>4 277 402</u>	<u>4 251 250</u>

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

10- Investment properties

The net carrying amount of the investment properties as at June 30, 2011 amounted to L.E 134 928 212 Movement on the investment property item and its depreciation during the period were as follows:-

<u>Description</u>	<u>Units leased out to others</u>	<u>Golf course *</u>	<u>Total</u>
<u>Cost</u>			
At January 1 , 2011	1 531 214	-	1 531 214
Additions during the period	-	133 915 753	133 915 753
At June 30, 2011	1 531 214	133 915 753	135 446 967
<u>Accumulated depreciation</u>			
At January 1 , 2011	123 984	-	123 984
Depreciation for the period	15 312	379 459	394 771
At June 30, 2011	139 296	379 459	518 755
Carrying amount as at June 30, 2011	1 391 918	133 536 294	134 928 212
Carrying amount as at December 31, 2010	1 407 230	-	1 407 230

- * The item is represented in the cost of the assets of the golf course that was transferred from the works in process item during the period . The golf course is managed and operated by one of the Company's subsidiaries as detailed in note No. (15) . The carrying amount as at June 30, 2011 is represented as follows:-

	<u>Land & building of Golf club</u>	<u>Agriculture & tools system of Golf club</u>	<u>Total</u>
	<u>L.E</u>	<u>L.E</u>	<u>L.E</u>
Total cost transferred from works in process	114 212 206	19 703 547	133 915 753
Depreciation for the period	50 902	328 557	379 459
Carrying amount as at June 30, 2011	114 161 304	19 374 990	133 536 294

- The fair value of units leased out to others amounts to L.E 7 531 300 as at June 30, 2011.
- There is a difficulty in determining the fair value of the investment properties of the golf course reliably for the purpose of disclosure because of the rarity of such business in Egypt and due to the unavailability of an active market.

11- Payments on account of acquisition of investment properties

This item amounting to L.E 76 016 272 as at June 30, 2011 is represented in the amounts paid to SODIC SIAC for Real Estate Investment Co. -a subsidiary- on account of the acquisition of building No. (1) of the Polygon project with total value of L.E 131 704 850 according to the contract concluded between the Company and SCDIC SIAC for Real Estate Investment Co. dated January 5, 2010 for the purpose of leasing it out to others. The building will be received during a maximum year of three years from the contract date. This item includes an amount of L.E 5 295 462 representing the amount paid under maintenance, management & operation expenses of the project's public utilities related to the building for three years.

12- Long - term trade & notes receivable

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

	<u>30/6/2011</u>	<u>31/12/2010</u>
	<u>L.E</u>	<u>L.E</u>
Trade receivables	100 851 834	165 475 185
Notes receivable	801 094 801	1 104 286 254
	<u>901 946 635</u>	<u>1 269 761 439</u>
<u>Deduct:</u> unamortized discount	48 778 216	96 346 202
	<u>853 168 419</u>	<u>1 173 415 237</u>

- The Company's exposure to credit, currency risks & impairment losses related to trade & notes receivable are disclosed in note No. (45).

13- Unrecognized deferred tax assets

	<u>30/6/2011</u>	<u>31/12/2010</u>
	<u>USD</u>	<u>USD</u>
Tax losses	22 148 948	-
	<u>22 148 948</u>	<u>-</u>

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

14- Completed units ready for sale

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

	<u>30/6/2011</u>	<u>31/12/2010</u>
	<u>L.E</u>	<u>L.E</u>
<u>Units in the first phase of the project</u>		
Cost of completed commercial units in 3/B area	759 490	493 910
Cost of commercial units in 3/B area	<u>3 503 315</u>	<u>3 503 315</u>
Total cost of completed units in first phase of the project	4 262 805	3 997 225
Cost of units purchased for resale *	43 014 950	-
	<u>47 277 755</u>	<u>3 997 225</u>

- * 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 – a related party – for the purpose of resale to others.

15- Works in process

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

	<u>30/6/2011</u>	<u>31/12/2010</u>
	L.E	L.E
<u>Allegria project</u>		
Cost of the Company's land intended for use	231 948 579	247 910 689
Planning , survey , supervision, soil researches & others	186 006 981	170 205 285
Buildings & traffics	798 138 340	731 134 254
Other costs	77 992 35	29 536 991
	<u>1 294 086 255</u>	<u>1 178 787 219</u>
<u>WESTOWN project</u>		
Cost of the Company's land intended for use	69 064 160	67 516 366
Planning , survey , supervision, soil researches & others	70 398 825	59 408 330
Buildings & traffics	51 122 986	23 572 413
Other costs	21 457 845	15 533 161
	<u>212 043 816</u>	<u>166 030 270</u>
<u>Golf course & club Project *</u>		
Cost of the land	29 468 923	29 468 923
Other Costs	104 446 830	111 691 579
	<u>133 915 753</u>	<u>141 160 502</u>
Amount transferred to investment properties *	(133 915 753)	-
	<u>-</u>	<u>141 160 502</u>
<u>Fourth phase costs (4A, 4B), showrooms & others</u>		
Cost of land	81 626 465	74 359 718
Planning , survey , supervision & soil researches & others	1 042 709	1 042 709
Building & utilities	3 172 484	2 990 166
Other costs	374 346	374 346
	<u>86 216 004</u>	<u>78 766 939</u>
	<u>1 592 346 075</u>	<u>1 564 744 930</u>

- * On April 1st, 2011, an agreement has been concluded with SODIC for Golf and Tourist Development Co. (a subsidiary) to grant it the right of management and operation of the golf course and the house club for a period of 20 years. Such period is non renewable without a written consent from the Company. The total cost of the works of the golf course project amounted to L.E 133 915 753 has been transferred to the investment properties caption as from that date.

16- Trade & notes receivable

	<u>30/6/2011</u>	<u>31/12/2010</u>
	L.E	L.E
Trade receivables	81 824 548	224 064 024
Notes receivable	630 142 186	613 522 568
	<u>711 966 734</u>	<u>837 586 592</u>
<u>Deduct:</u> Unamortized discount	(9 543 506)	(8 344 203)
	<u>702 423 228</u>	<u>829 242 389</u>
Impairment loss on trade & notes receivables	(200 000)	(200 000)
	<u>702 223 228</u>	<u>829 042 389</u>

- The Company's exposure to credit & currency risks related to trade & notes receivable is disclosed in note No. (45).

17- Due from related parties

	<u>30/6/2011</u>	<u>31/12/2010</u>
	L.E	L.E
SODIC Property Services Co. – a subsidiary	19 448 364	19 074 105
Sixth of October for Development & Real Estate Projects (SOREAL) – a subsidiary	543 450 238	506 591 738
SODIC Garden City for Development & Investment Co. – a subsidiary	21 327	518 294
Greenscape for Agriculture & Reclamation Co. – a subsidiary	7 657 053	2 983 373
Move-In for Advanced Contracting Co. – a subsidiary	4 231 119	6 938
El Yosr for Projects and Agriculture Development Co. – a subsidiary	11 056 959	1 641 633
SODIC for Development and Real Estate Investment Co. – a subsidiary	196 485 655	192 184 052
SODIC SIAC for Real Estate Investment Co. – a subsidiary	31 302 468	7 204 487
SODIC Syria Co. – a subsidiary *	371 285 425	360 916 472
Fourteen for Real Estate Investment Co. – a subsidiary **	34 821 630	29 090 493
Ceremony for Real Estate Investment Co. – a subsidiary	12 899	11 485
La maison for Real Estate Investment Co. – a subsidiary	12 897	11 483
Edara for Services of Cities and Resorts Co. – a subsidiary	7 229 629	2 138 033
SODIC Co. for Management of Cities and Resorts	-	3 455
SODIC Allegria for Real Estate Investment – a subsidiary	11 642	10 520
Royal Gardens Co. for Real Estate Investment – an associate	11 116	-
Palmyra Real Estate Development Co. – a subsidiary	11 918 000	947 527
Tegara for Trading Centers Co. – a subsidiary	-	574 400
SODIC for Golf & Tourist Development Co. – a subsidiary	10 918 425	9 728 436
Beverly Hills Co. for Management of Cities & Resorts – a subsidiary	68 050	163 373
	<u>1 249 942 896</u>	<u>1 133 800 297</u>

- * On June 15, 2010, SODIC Syria Co. – a Syrian limited liability Company- a 99% owned by Fourteen for Real Estate Investment Co. which is a wholly owned by a subsidiary was incorporated for the purpose of acquiring a stake of 50% of the share capital of Palmyra Real Estate Development Company. The balance due from SODIC Syria Co. includes an amount of L.E 116 200 500 equivalent to USD 19.5 million transferred to SODIC Syria Co. on September 15, 2010 according to the resolution of the Company's board of directors on September 5, 2010.

- ** The balance due from Fourteen for Real Estate Investment Co. includes an amount of L.E 29 795 000 equivalent to USD 5 million transferred to SODIC Syria Co. as a down payment from the bridge loan totaled USD 25 million which shall be paid in full in a maximum period ending on December 2011 according to the resolution of the Company's board of directors on October 27, 2010.

18- Debtors & other debit balances

	<u>30/6/2011</u>	<u>31/12/2010</u>
	L.E	L.E
Contractors & suppliers – advance payments	229 338 738	249 338 390
Corporate profit tax paid in excess *	227 256	227 256
Interest receivable	417 715	1 970 608
Accrued management fees **	-	5 792 500
Prepaid expenses ***	129 501 190	125 582 856
Due from the bonus & incentives plan to employees and managers fund ****	5 200 000	-
Deposits with others	951 262	942 301
Other debit balances	1 246 521	1 057 043
	<u>366 882 682</u>	<u>384 910 954</u>
Impairment loss on debtors & other debit balances	<u>(355 157)</u>	<u>(355 157)</u>
	<u>366 527 525</u>	<u>384 555 797</u>

- * This item is represented in the amount due from the Tax Authority – Corporate Profit Tax which represents the tax paid in excess according to the amended tax return for year 2008 of L.E 12 973 398 after deducting the income tax payable for the financial period ended March 31, 2010 of L.E 12 746 142 as detailed in note No. (49) below.

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

- *** This item includes an amount of L.E 35 065 310 (2010: an amount of L.E 28 930 419) representing the capitalized amount for the amounts paid to some customers who booked residential units in Allegria project and assigned their contracts to the Company. The balance will be capitalized till the resale and the recognition of revenues related to these units.

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

- The Company's exposure to credit & currency risks related to other debtors is disclosed in note No. (45).

19- Held for trading investments

This item is represented in the following:

	<u>30/6/2011</u>	<u>31/12/2010</u>
	L.E	L.E
Investment instruments -Alexandria Bank Fund	-	59 230 831
	<u>-</u>	<u>59 230 831</u>

- The Company's exposure to market risk related to trading investments is disclosed in note No. (45).

20- Cash at banks & on hand

	<u>30/6/2011</u>	<u>31/12/2010</u>
	<u>L.E</u>	<u>L.E</u>
Bank – time deposits	285 585 500	546 094 016
Bank – current accounts	131 573 872	107 077 543
Checks under collection	5 081 779	6 370 245
Cash on hand	723 251	808 566
	<u>422 964 402</u>	<u>660 350 370</u>

- The Company's exposure to interest rate risk & sensitivity analysis for financial assets is disclosed in note No. (45).

21- Provisions

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

	<u>Balance as at 1/1/2011</u>	<u>Provision formed during the period</u>	<u>Provision used during the period</u>	<u>Provision no-longer required</u>	<u>Balance as at 30/6/2011</u>
	<u>L.E</u>	<u>L.E</u>	<u>L.E</u>	<u>L.E</u>	<u>L.E</u>
Provision for completion of works *	126 906 439	14 658 967	(7 769 943)	(13 539 788)	120 255 675
Provision for claims **	6 069 894	45 324	-	-	6 115 218
	<u>132 976 333</u>	<u>14 704 291</u>	<u>(7 769 943)</u>	<u>(13 539 788)</u>	<u>126 370 893</u>

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

** This provision is formed for probable taxes, lawsuits and some other expected liabilities.

22- Bank – credit facilities

	<u>30/6/2011</u>	<u>31/12/2010</u>
	<u>L.E</u>	<u>L.E</u>
The amount used from the credit facility granted to the Company from Alexandria Bank during the year 2009 with total amount of L.E 85 million and bears interest rate of 2% per annum over borrowing and discount rate declared by the Central Bank of Egypt. This facility is guaranteed by a promissory note amounting to L.E 85 million. At the end of 2010, the Company agreed with the bank to restructure this facility and agreed to consider the balance of this facility amounted to L.E 85 951 368 as part of the medium –term loan totaled L.E 435 million as detailed in note No. (32) below.	-	85 951 368
Balance as at June 30, 2011	<u>-</u>	<u>85 951 368</u>

23- Advances from customers

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

	<u>30/6/2011</u>	<u>31/12/2010</u>
	L.E	L.E
Advances - land (Fourth area)	676 599	676 599
Advances for booking , contracting & installments of residential units (Fourth area)	785 804	785 804
Advances – Allegria project	2 590 292 131	2 846 593 355
Advances – Forty West project	242 700 559	275 300 584
Advances – Casa	542 355	-
	<u>2 834 997 448</u>	<u>3 123 356 342</u>

24- Contractors, suppliers & notes payable

	<u>30/6/2011</u>	<u>31/12/2010</u>
	L.E	L.E
Contractors	61 399 343	58 317 463
Suppliers	4 134 682	6 033 796
Notes payable	59 917 310	55 300 402
	<u>125 451 335</u>	<u>119 651 661</u>
<u>Deduct:</u> Discount on notes payable	9 270 342	4 482 175
	<u>116 180 993</u>	<u>115 169 486</u>

- The Company's exposure to currency & liquidity risks related to contractors & suppliers is disclosed in note no. (45).

25- Due to related parties

	<u>30/6/2011</u>	<u>31/12/2010</u>
	L.E	L.E
Move - In for Advanced Contracting Co. -- a subsidiary	327 595	126 574
Greenscape for Agriculture & Reclamation Co. – a subsidiary.	1 562 828	1 203 622
WESTOWN for Real Estate Co.– a subsidiary	241 669	242 727
Polygon for Tourist Development Co.– a subsidiary	242 700	243 759
WESTOWN for Real Estate Development Co. – a subsidiary	241 689	242 747
Tegara for Trading Centers Co. – a subsidiary	271 539	-
SODIC SIAC Co. for Real Estate Investment – a subsidiary	5 395 871	9 183 922
Edara for Services of Cities and Resorts Co. – a subsidiary	3 012 008	900 379
Beverly Hills Co. for Management of Cities & Resorts – a subsidiary	53 676	-
	<u>11 349 575</u>	<u>12 143 730</u>

26- Creditors & other credit balances

	30/6/2011	31/12/2010
	L.E	L.E
Accrued expenses	97 587 591	127 537 957
Amounts collected on account of management, operation & maintenance of Allegria project	56 377 227	57 156 117
Customers of Beverly Hills Co. & Resorts – capital contributions	4 107 322	4 334 493
Amounts collected on account of management, operation & maintenance of Forty West project	5 141 706	6 030 077
Deposits collected from customers	8 901 034	8 001 034
Customers-credit balances of Polygon project	8 129 122	10 350 706
Liability for cash settled share-based payments transactions – Executive directors *	485 248	1 237 181
Customers – credit balances	51 924 798	6 749 909
Dividends payable	91 643	91 643
Tax Authority	3 251 636	3 042 177
Accrued compensated absence	1 566 070	1 165 820
Sundry creditors	2 947 284	2 197 639
	<u>240 510 681</u>	<u>227 894 753</u>

* This item represents the amount due to some executive directors as detailed in note No. (39).

- The Company's exposure to currency & liquidity risks related to creditors is disclosed in note No. (45).

27- Share capital

- The Company's authorized capital before increase was determined at L.E 500 million (five hundred million Egyptian pounds).
 - The Company's issued share capital before the increase amounted to L.E 167 981 070 (only hundred sixty seven million nine hundred eighty one thousand and seventy Egyptian Pounds) distributed over 16 798 107 shares at a par value of L.E 10 per share fully paid, and annotation was made in the Company's Commercial Registry to this effect.
 - On July 10, 2003, the Company's Extraordinary General Assembly Meeting decided to reduce the Company's issued capital with an amount of L.E 8 134 750 (eight million hundred thirty four thousand seven hundred and fifty Egyptian Pounds) representing the par value of the treasury shares – according to article 48 of law No. 159 of 1981 to L.E 159 846 320 (hundred fifty nine million eight hundred forty six thousand and three hundred and twenty Egyptian Pounds) distributed over 15 984 632 shares (fifteen million nine hundred eighty four thousand six hundred and thirty two shares). Capital Market Authority issued its letter No. 6610 on October 9, 2003 approving the reduction of the Company's issued capital, and annotation was made in the Company's Commercial Registry to this effect.
 - On October 16, 2006, the Company's Extraordinary General Assembly Meeting has unanimously decided to:
 - Approve the Company's board of directors resolution made on 10/9/2006 regarding the increase in the issued capital through offering 9 million shares to new shareholders in a private placement and increasing the shares offered in the private placement with 2 million to be allocated to the original shareholders with the same conditions and terms .Accordingly , the increase in the issued capital from L.E 159 846 320 to L.E 269 846 320 shall be within the limits of the authorized share capital amounting to L.E 500 million by issuing 11 million ordinary shares at a fair value of L.E 100 per share (representing a par value of L.E 10 in addition to a share premium of L.E 90) as determined by the Company's and prepared according to the average share price at Cairo & Alex Stock Exchange prevailing during the two years (a week and two months, average share price for a week and two months) prior to the date of publishing the approval of the Company's board of directors on the capital increase made on 11/9/2006 .Subscription in the increase introduced to the new shareholders in a private offering shall be made as a deduction from the credit balances of these new shareholders directly paid to the Company before the date of the shareholders' meeting , and the credit balances set aside in the escrow account in favor of the Company as well as the credit balances that shall be transferred to the Company's account within three weeks from holding the shareholders' meeting on condition that the total of those credit balances should be added to the capital participation provided that the original shareholders shall be allowed to make subscriptions in the private offering of 2 million additional shares at the same terms and conditions (2 million shares of the increase shares) within a week after the lapse of 15 days from publishing the invitations of original shareholders to make the subscriptions.
- In addition to the above , the shareholders meeting approved the board of directors resolution regarding the increase in the issued capital with one million shares where the board of directors shall be authorized to issue these shares at the same value in order to finance the employees and managers incentive and bonus plan.
- Approve assigning the preemption right of the original shareholders to subscribe in the issued capital increase by issuing 9 million shares to be allocated to the new shareholders, and authorize the board of directors to issue one million shares allocated for the employees and managers incentive and bonus plan at a fair value of L.E 100 per share , without applying the preemption right of the original shareholders stated in the Company's Articles of Association, and in light of using the credit balances to finance the purchase of 99.99 % of the Capital of Sixth of October Company for Real Estate Development and the reasons of limiting the private placement to new shareholders, as well as the Company's expansion plan explained in detail at the shareholders meeting.

- An amount equivalent to L.E 900 million was collected from the new shareholders of which L.E 90 million represents the par value of the increase shares 9 million shares, and the remaining L.E 810 million represent share premium of these shares as shown in note No. (29). Annotation was made in the Company's Commercial Registry on 18/12/2006.
- On 24/10/2006, convocation was made for the original shareholders to subscribe to 2 million shares at a fair value of L.E 100 per share. The amount subscribed to and paid till 20/11/2006 (the date of closing the subscription) is L.E 192 876 400 for 1 928 764 shares of which L.E 19 287 640 represents the par value of the shares subscribed to and L.E 173 588 760 represents share premium as stated in the Egyptian Gulf Bank certificate dated 26 / 11 / 2006.
- Accordingly, the Company's issued capital after the increase shall become L.E 269 133 960 (only two hundred sixty nine million, hundred thirty three thousand and nine hundred sixty Egyptian Pounds) distributed over a number of 26 913 396 shares at par value of L.E 10 per share fully paid, and annotation was made in the Company's Commercial Registry on 18/12/2006.
- On May 16, 2007, The Company's board of directors decided to approve the increase of the issued capital through the issuance of one million ordinary shares in favor of and under the account of incentive & bonus thus, in line with implementing the Extraordinary General Assembly decision dated on October 16, 2006. Capital Market Authority made its decision on June 28, 2007 regarding the approval of issuing the shares of the capital increase in the amount of one million ordinary nominal share with nominal value of L.E 10 for each share, and the total amount of the issuance is L.E 10 million that is fully paid in cash and equivalent to 100 % of the increase amount in addition to L.E 90 million as share premium to be transferred to the reserves, according to the certificate of Arab African International Bank's Head office as at June 5, 2007. Annotation was made in the Company's Commercial Registry on 5/7/2007.

Accordingly, the issued capital after the increase is amounting to L.E 279 133 960 (only two hundred seventy nine million one hundred thirty three thousands, and nine hundred and sixty Egyptian Pound) distributed over 27 913 396 cash share with nominal value of L.E 10 per share fully paid.

- On April 6, 2008, the Extra-ordinary General Assembly Meeting agreed the approval of the Company's board of director's decision issued on August 6, 2007 regarding the increase of the Company's capital with additional 500 000 shares (only five hundred thousand shares) of the Company's shares to be issued on nominal value and to be allocated for the incentive and bonus plan of the Company's employees, directors and executive board members. Accordingly, the Company's share capital will amount L.E 284 133 960 (only two hundred eighty four million one hundred thirty three thousand, and nine hundred and sixty Egyptian Pound) distributed over 28 413 396 shares (twenty eight million four hundred thirteen thousand and three hundred and ninety six shares) instead of L.E 279 133 960 (only two hundred seventy nine million and one hundred thirty three thousand and nine hundred and sixty Egyptian Pound) provided that the finance of such increase will be made by utilizing the reserves with the assignment of the preemptive right of the old shareholders to subscribe in the said increase. Accordingly, the allocated shares for this plan will become 1.5 million shares instead of one million only.
- On June 11, 2008, Capital Market Authority approved the issuance of the shares of the share capital increase of 500 000 ordinary nominal share with nominal value of L.E 10 per share with total amount of the issuance of L.E 5 million as additional shares to be allocated for the incentive and bonus plan of the Company's employees, directors and executive board members and fully paid from the special reserve according to the financial position as at December 31, 2007. Accordingly, the Company's total issued share capital become L.E 284 133 960 (only two hundred eighty four million one hundred thirty three thousand and nine hundred and sixty Egyptian Pound) distributed over 28 413 396 shares (twenty eight million four hundred thirteen thousand and three hundred and ninety six shares) with a nominal value of L.E 10 per share which are fully paid. Annotation was made in the Company's Commercial Registry on June 18, 2008.
- On December 7, 2009, the Company's Extraordinary General Assembly Meeting agreed to increase the authorized capital to become L.E 2 800 000 000 (Two billion and eight hundred Egyptian Pound). Annotation was made in the Company's Commercial Registry to reflect such increase on March 4, 2010.

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

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

- On January 27, 2011, the Extra-ordinary General Assembly meeting of the Company agreed on the proposition of the Company's board of directors meeting held on December 15, 2010 with respect to the stock split of the par value of the Company' share of L.E 10 to become L.E 4 per share in the light of the consent of the Egyptian Financial Supervisory Authority issued on December 14, 2010.
- According to the certificate of the Legal Affairs Sector of the General Authority for Investment and Free Zones dated February 28, 2011, the Company's management decided to increase its issued capital from L.E 362 705 390 to L.E 362 705 392 with an increase of L.E 2. The increase was financed from the Company's legal reserve balance on December 31, 2009 a matter which was approved by the Economic Performance Sector on February 24, 2011, accordingly , the number of shares have become 90 676 348 shares at par value L.E 4 per share.

On March 3, 2011, the Egyptian Financial Supervisory Authority, based on the documents presented thereto , approved that the Company's management shall proceed with the procedures of issuing the Company's issued capital of a number of 90 676 348 common cash shares at a par value of L.E 4 each (after amendment) , and a total value of issued capital of L.E 362 705 392 with an increase of L.E 2 to be paid from the legal reserve according to the Company's financial statements as at December 31, 2009 . Thus , the issued capital has become L.E 362 705 392 distributed over 90 676 348 shares at a par value of L.E 4 per share and all of the shares are paid in full. Annotation was made to this effect in the Company's Commercial Register on June 16, 2011 and the Committee of Listing the securities in the stock exchange decided in its session held on July 13, 2011 to approve splitting the par value of the Company's share .

28- Legal reserve

According to the Company' statutes, the Company is required to set aside 5 % of annual net profit to form a legal reserve. The reserve balance as at June 30, 2011 is represented as follows:

	L.E
Legal reserve balance as at 1/1/2003	6 530 455
<u>Add:</u>	
Increase of the legal reserve with the difference between the par value of the treasury shares and its actual cost (according to the Company's Extra-Ordinary General Assembly Meeting held on July 10, 2003).	4 627 374
Increase of the legal reserve with part of capital increase share premium with limits of half of the Company's issued share capital during 2006. (Note No. 29).	123 409 151
Increase of the legal reserve with part of capital increase share premium during 2007 with limits of half of the Company's issued share capital. (Note No. 29).	5 000 000
Increase of legal reserve with a 5% of the net profit for year 2008.	2 339 350
Increase in legal reserve with a part of the capital share premium during 2010 with limits of half of the Company's issued share capital (Note No. 29)	39 446 365
<u>Deduct:</u>	
The amount used to increase the issued share capital during the period (Note No. 27).	2
Balance as at June 30, 2011	<u><u>181 352 693</u></u>

29- 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	983 588 760
<u>Deduct:</u>	
Amounts credited to the legal reserve during 2006 according to the provision of Article No. (94) Of the executive regulations of law No. 159 of 1981 related to the addition of the share premium to the legal reserve until equal to half of the issued capital.	123 409 151
Total issuance expenses attributable to the issuance of the capital increase shares during 2006.	27 740 255
<u>Add:</u>	
Share premium of the employees' incentive & bonus plan issued during 2007	90 000 000
<u>Deduct:</u>	
Amounts credited to the legal reserve during 2007 according to the provision of Article No. (94) of the executive regulations of law No. 159 of 1981 related to the addition of the share premium to the legal reserve until equal to half of the issued capital.	5 000 000
<u>Deduct:</u>	
Amounts credited to the share capital during 2008 according to the Extra Ordinary General Assembly Meeting held on 6/4/2008 (note No. 27).	5 000 000
<u>Add:</u>	
Total share premium of the increase in share capital collected during 2010	471 428 580
<u>Deduct:</u>	
Amounts credited to the legal reserve during 2010 according to the provision of Article No. (94) of the executive regulations of law No. 159 of 1981 related to the addition of the share premium to the legal reserve until equal to half of the issued capital.	39 446 365
<u>Deduct:</u>	
Total issuance expenses attributable to the issuance of the capital increase shares during 2010.	27 500 000
Balance as at June 30, 2011.	<u><u>1 316 921 569</u></u>

30- Treasury shares

This item is represented in the remainder of the amount paid by the Company in return for issuing one million ordinary share with a fair value of L.E 100 per share under account and in favor of the incentive and bonus plan of the Company's employees and managers which are kept in Arab African International Bank as detailed in note No. (27) as follows:-

<u>Description</u>	<u>L.E</u>
For financing of one million shares from the bonus & incentive plan with a fair value of L.E 100 per share during 2007.	100 000 000
<u>Deduct:</u>	
The value of 200 000 shares sold by the beneficiaries from the bonus & incentive plan during December 2007 out of which an amount of L.E 15 million was paid to the Company of L.E 75 per share.	20 000 000
Balance as at June 30, 2011	<u>80 000 000</u>

31- Set aside amount for bonus & incentive plan

The balance is represented in the remaining balance from the difference between the grant date fair value of shares and the amount incurred by the beneficiary from the incentive & bonus plan for the Company's managers & employees for the shares issued during 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 bonus & incentive plan for one million share (allocated over 5 years) for 60 months and the agreed upon share price in accordance with the bonus & incentive plan as at June 30, 2011.	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 bonus & incentive plan for 200 000 share that were sold in favor of the beneficiaries during December 2007.	5 000 000
	<u>20 000 000</u>
<u>Add:</u>	
The value of the share of the shares of the bonus & incentive plan to employees in the dividends declared in accordance with the resolution of the Ordinary General Assembly Meeting held on April 12, 2011 of L.E 4 per share *	5 200 000
Balance as at June 30, 2011	<u>25 200 000</u>

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

32- Long-term loans

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

Loan term: - 3 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 withdrawal period.

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

Guarantees:-

- Signing on a promissory note of the total amounting to L.E 435 million.
- The pledge of the shares of El Yosr for Projects and Agriculture Development Co. (a subsidiary).
- 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.

Balance as at June 30, 2011

<u>30/6/2011</u>	<u>31/12/2010</u>
L.E	L.E
230 044 426	-

33- Long-term notes payable

This item is represented in the following:

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.

Total nominal value of the checks issued to SODIC SIAC for Real Estate Investment Co. which are payable during the period from 2012 till 2015 *

Discount on notes payable

<u>30/6/2011</u>	<u>31/12/2010</u>
L.E	L.E
119 267 955	154 595 816
17 583 375	42 172 820
136 851 330	196 768 636
(22 043 484)	(33 065 226)
114 807 846	163 703 410

* This amount is represented in the checks issued to SODIC SIAC for Real State Investment Co. - a subsidiary- on account of the purchase of building No.(1) in the Polygon project as detailed in note No.(11) above.

- The Company's exposure to credit risk related to long-term notes payable is disclosed in note No. (45).

34- Deferred tax liabilities

	<u>30/6/2011</u>	<u>31/12/2010</u>
	<u>L.E</u>	<u>L.E</u>
Fixed assets	595 705	551 886
Deferred tax liability	<u>595 705</u>	<u>551 886</u>

35- Sales (net)

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

	<u>30/6/2011</u>		<u>30/6/2010</u>	
	<u>From 1/4/2011</u>	<u>From 1/1/2011</u>	<u>From 1/4/2010</u>	<u>From 1/1/2010</u>
	<u>till 30/6/2011</u>	<u>till 30/6/2011</u>	<u>till 30/6/2010</u>	<u>till 30/6/2010</u>
	<u>L.E</u>	<u>L.E</u>	<u>L.E</u>	<u>L.E</u>
Sale of lands	-	-	83 623 650	83 623 650
Sale of land to SODIC SIAC for Real Estate Investment Co.	-	-	-	236 244 885
Sale of villas in Allegria project	210 896 983	262 624 711	-	-
	<u>210 896 983</u>	<u>262 624 711</u>	<u>83 623 650</u>	<u>319 868 535</u>
Sales return of lands*	(145 229 663)	(159 867 157)	-	-
	<u>65 667 320</u>	<u>102 757 554</u>	<u>83 623 650</u>	<u>319 868 535</u>

* This item includes an amount L.E 61 093 982 representing sales return of lands from related parties with cost of L.E 26 079 369 by virtue of termination agreements concluded with those parties during the period.

36- Cost of sales

	<u>30/6/2011</u>		<u>30/6/2010</u>	
	<u>From 1/4/2011</u>	<u>From 1/1/2011</u>	<u>From 1/4/2010</u>	<u>From 1/1/2010</u>
	<u>till 30/6/2011</u>	<u>till 30/6/2011</u>	<u>till 30/6/2010</u>	<u>till 30/6/2010</u>
	<u>L.E</u>	<u>L.E</u>	<u>L.E</u>	<u>L.E</u>
Cost of lands sold	-	-	3 988 985	3 988 985
Cost of land sold to SODIC SIAC for Real Estate Investment Co.	-	-	-	8 685 752
Cost of villas sold in Allegria project	181 736 972	222 611 432	-	-
	<u>181 736 972</u>	<u>222 611 432</u>	<u>3 988 985</u>	<u>12 674 737</u>
Cost of sales return of lands	(38 958 454)	(45 896 990)	-	-
	<u>142 778 518</u>	<u>176 714 442</u>	<u>3 988 985</u>	<u>12 674 737</u>

37- Other operating revenues

	30/6/2011		30/6/2010	
	From 1/4/2011 till 30/6/2011	From 1/1/2011 till 30/6/2011	From 1/4/2010 till 30/6/2010	From 1/1/2010 till 30/6/2010
	L.E	L.E	L.E	L.E
Interest income realized from installments during the period	5 083 929	16 926 048	8 826 128	15 747 297
Assignment, cancellation dues & delay penalties	11 911 148	14 140 182	1 060 351	2 655 521
Sundry income	53 664	1 927 912	1 202 476	1 982 956
Management fees	2 992 998	6 125 498	-	-
Reversal of early payment discount	8 347 420	8 347 420	-	-
Income from management & operation of the golf club *	1 200 000	1 200 000	-	-
Gain on sale of investments in subsidiaries	588 000	588 000	-	-
Rental income	32 994	80 384	92 390	184 480
Gain on sale of fixed assets	8 393	8 496	14 171	52 219
Commission on marketing and promotion of Auto Ville project	-	-	3 408 293	3 770 597
	<u>30 218 546</u>	<u>49 343 940</u>	<u>14 603 809</u>	<u>24 393 070</u>

* This amount is represented in the value of the income from management and operation of the golf course during the period from April 1st, 2011 till June 30, 2011 according to the agreement concluded between the Company and SODIC for Golf & Tourist Development Co. – a subsidiary dated April 1st, 2011.

38- Selling & marketing expenses

	30/6/2011		30/6/2010	
	From 1/4/2011 till 30/6/2011	From 1/1/2011 till 30/6/2011	From 1/4/2010 till 30/6/2010	From 1/1/2010 till 30/6/2010
	L.E	L.E	L.E	L.E
Salaries & wages	5 275 142	10 455 664	3 199 448	6 183 467
Sales commissions	5 788 287	7 206 283	732 046	857 402
Customer deposits – Contact	-	-	121 321	168 852
Collection fees for Contact checks	-	-	131 900	135 708
Advertising expenses	1 873 953	4 122 656	3 871 188	7 700 568
Printouts & photocopy	14 698	36 080	27 096	73 847
Conferences & exhibitions	(9 778)	65 684	2 263 218	2 479 543
Rent	982 682	1 591 064	696 609	1 144 600
Entertainment	155 525	179 246	-	-
Travelling and transportation	437 517	1 157 447	74 423	74 423
Others	1 040 700	1 996 034	1 477 665	2 066 757
	<u>15 558 726</u>	<u>26 810 158</u>	<u>12 594 914</u>	<u>20 885 167</u>

39- General & administrative expenses

	<u>30/6/2011</u>		<u>30/6/2010</u>	
	<u>From 1/4/2011</u>	<u>From 1/1/2011</u>	<u>From 1/4/2010</u>	<u>From 1/1/2010</u>
	<u>till 30/6/2011</u>	<u>till 30/6/2011</u>	<u>till 30/6/2010</u>	<u>till 30/6/2010</u>
	<u>L.E</u>	<u>L.E</u>	<u>L.E</u>	<u>L.E</u>
Salaries & bonuses *	11 775 053	17 572 964	7 765 028	14 890 972
Board of directors' remunerations & allowances	311 495	4 012 969	3 654 144	3 870 439
Training	3 868	4 938	23 572	271 419
Professional & consultancy fees	1 120 626	3 162 754	899 677	1 589 657
Advertising	493 756	1 197 388	9 910	515 413
Donations	866 769	1 202 485	3 001 000	4 001 000
Maintenance, cleaning, agriculture & security	7 045 889	13 356 703	1 716 268	3 586 055
Administrative depreciation of fixed assets & investment properties	1 971 048	2 916 874	822 597	1 570 491
Subscriptions & governmental dues	1 079 172	1 178 672	186 924	517 744
Rent	108 040	264 074	81 549	178 620
Travelling and transportation	220 508	562 608	683 587	866 496
Communication and electricity	363 720	719 369	618 827	831 241
Others	1 531 454	4 073 603	2 094 677	4 324 515
	<u>26 891 398</u>	<u>50 225 401</u>	<u>21 557 760</u>	<u>37 014 062</u>

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

	<u>30/6/2011</u>		<u>30/6/2010</u>	
	<u>From 1/4/2011</u>	<u>From 1/1/2011</u>	<u>From 1/4/2010</u>	<u>From 1/1/2010</u>
	<u>till 30/6/2011</u>	<u>till 30/6/2011</u>	<u>till 30/6/2010</u>	<u>till 30/6/2010</u>
	<u>L.E</u>	<u>L.E</u>	<u>L.E</u>	<u>L.E</u>
Salaries & bonuses	1 647 832	3 678 166	1 647 752	3 435 858
Cash settled share-based payments (a)	485 249	744 914	1 011 691	1 740 426
Equity settled share - based payments (b)	-	1 250 000	1 250 000	2 500 000
	<u>2 133 081</u>	<u>5 673 080</u>	<u>3 909 443</u>	<u>7 676 284</u>

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

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

<u>Employees entitled</u>	<u>Grant date</u>	<u>Number of shares in thousands</u>	<u>Fair value of share at grant date</u>	<u>Market value of share at 30/6/2011</u>	<u>Conditions</u>
			<u>L.E</u>	<u>L.E</u>	
Some executive board members	1/4/2006	-	75	62.08	Vested after 6 months from grant date (salaries)

The amount of expense charged to the income statement during the period amounted to L.E 744 914 and the liability balance amounted to L.E 485 248 as at June 30, 2011 was included under creditors & other credit balances caption in the separate balance sheet.

(b) This item is represented in the difference between the grant date fair value of the shares granted to the executive directors and the agreed upon share price in accordance with the bonus & incentive plan as shown in note No.(51) as follows:

- On May 16, 2006, the Company's board of directors approved some other benefits to the Company's managing director which are represented in granting him share appreciation rights for a number of 750 thousand of the Company's shares with exercise price of L.E 75 per share effective from 1/4/2006 and for five years year provided that achieving certain terms and conditions.
- On March 28, 2007, the board of directors agreed on the monthly salary and the additional benefits granted to the managing director within the employees' incentive and bonus plan (note No. 51) starting from 1/4/2006.
- On September 23, 2007, the Supervisory Committee of the bonus & incentive plan of employees & executive board members agreed on the allocation of 75 thousand shares to board members as detailed in note No. (51) below. Accordingly, total shares allocated to the board members & executive directors from the bonus & incentive plan reached 1 000 000 shares on that date.

40- Other operating expenses

	<u>30/6/2011</u>		<u>30/6/2010</u>	
	<u>From 1/4/2011</u>	<u>From 1/1/2011</u>	<u>From 1/4/2010</u>	<u>From 1/1/2010</u>
	<u>till 30/6/2011</u>	<u>till 30/6/2011</u>	<u>till 30/6/2010</u>	<u>till 30/6/2010</u>
	<u>L.E</u>			<u>L.E</u>
Discount on early payment	1 553 437	1 718 210	(1 865)	1 448 829
Provision for claims	6 011	45 324	361 565	1 479 050
	<u>1 559 448</u>	<u>1 763 534</u>	<u>359 700</u>	<u>2 927 879</u>

41- Finance income

	<u>30/6/2011</u>		<u>30/6/2010</u>	
	<u>From 1/4/2011</u>	<u>From 1/1/2011</u>	<u>From 1/4/2010</u>	<u>From 1/1/2010</u>
	<u>till 30/6/2011</u>	<u>till 30/6/2011</u>	<u>till 30/6/2010</u>	<u>till 30/6/2010</u>
	<u>L.E</u>	<u>L.E</u>	<u>L.E</u>	<u>L.E</u>
Interest income	4 315 863	12 565 324	17 818 493	34 462 193
Unrealized gain on held for trading investments	444 683	1 494 573	665 495	2 060 045
Income from available- for -sale investments	-	-	350 274	350 274
Net foreign exchange differences	939 376	14 178 365	(7 708)	-
	<u>5 699 922</u>	<u>28 238 262</u>	<u>18 826 554</u>	<u>36 872 512</u>

42- Finance expenses

	<u>30/6/2011</u>		<u>30/6/2010</u>	
	<u>From 1/4/2011</u>	<u>From 1/1/2011</u>	<u>From 1/4/2010</u>	<u>From 1/1/2010</u>
	<u>till 30/6/2011</u>	<u>till 30/6/2011</u>	<u>till 30/6/2010</u>	<u>till 30/6/2010</u>
	<u>L.E</u>			<u>L.E</u>
Interest charges	4 067 207	7 458 898	2 810 018	5 652 489
Interests expense of installments of Sheikh Zayed land	2 927 053	6 233 575	3 355 508	7 213 118
Net foreign exchange differences	-	-	361 316	361 316
	<u>6 994 260</u>	<u>13 692 473</u>	<u>6 526 842</u>	<u>13 226 923</u>

43- Income tax expense

	The six-months ended 30/6/2011 L.E	The six-months ended 30/6/2010 L.E
Current income tax expense	-	35 551 970
Deferred income tax expense	43 819	24 131 976
	<u>43 819</u>	<u>59 683 946</u>

Reconciliation of effective tax rate

	The six-month ended 30/6/2011 L.E	The six-month ended 30/6/2010 L.E
Net profit (loss) before income tax	(88 866 252)	294 405 349
Tax rate	20%	20%
Expected income tax	-	58 881 070
Effect of depreciation	43 819	10 444
Effect of provisions	-	471 904
Other	-	320 528
Tax as shown in the income statement *	(43 819)	59 683 946
Effective tax rate	<u>(0.049%)</u>	<u>20.27%</u>

* Income tax expense of the six-month ended June 30, 2010 was recognized during this period based on the estimated tax without the effect of what has been stated in note no. (49) below as this amount represented the estimate made by management according to the circumstances available on that date.

44- Earnings (losses) per share

Earnings (losses) per share are calculated using weighted average method to number of shares outstanding during the period as follows:

	30/6/2011		30/6/2010	
	From 1/4/2011 till 30/6/2011 L.E	From 1/1/2011 till 30/6/2011 L.E	From 1/4/2010 till 30/6/2010 L.E	From 1/1/2010 till 30/6/2010 L.E
Net profit (loss) for the period	(90 104 102)	(88 910 071)	57 248 362	234 721 403
Divided by:				
Weighted average number of shares outstanding during the period *	90 676 348	90 676 348	83 839 330	83 839 330
Earnings (losses) per share (L.E/share)	<u>(0.99)</u>	<u>(0.98)</u>	<u>0.68</u>	<u>2.80</u>

* The weighted average number of outstanding shares during the period was calculated considering the amendment of the number of shares as a result of the share split as detailed in note No. (27) as follows:-

	30/6/2011		30/6/2010	
	From 1/4/2011 till 30/6/2011 L.E	From 1/1/2011 till 30/6/2011 L.E	From 1/4/2010 till 30/6/2010 L.E	From 1/1/2010 till 30/6/2010 L.E
Issued share capital before increase	90 676 348	90 676 348	71 033 490	71 033 490
Effect of share capital increase during the period	-	-	12 805 840	12 805 840
Weighted average number of shares outstanding during the period	<u>90 676 348</u>	<u>90 676 348</u>	<u>83 839 330</u>	<u>83 839 330</u>

45- Financial instruments

45-1 Credit risk

Exposed to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the separate financial statements date was:

	Note	30/6/2011	31/12/2010
	No.	L.E	L.E
Long-term trade & notes receivable	(12)	853 168 419	1 173 415 237
Short-term trade & notes receivable	(16)	702 223 228	829 042 389
Other debtors	(18)	7 687 597	9 634 551
Held for trading investments	(19)	-	59 230 831
Cash & cash equivalents	(20)	422 241 151	659 541 804
		<u>1 985 320 395</u>	<u>2 730 864 812</u>

45-2 Liquidity risk

The following are the contractual maturities of financial liabilities:

June 30, 2011

	Carrying amount	6 months or less	6-12 months	1-2 years	2-5 years	More than 5 years
	L.E	L.E	L.E	L.E	L.E	L.E
Long-term loans	230 044 426	-	-	-	230 044 426	-
Contractors & suppliers	65 534 025	15 996 108	49 537 917	-	-	-
Other creditors	240 510 681	131 829 925	52 165 441	48 652 792	7 862 523	-
Notes payable – short term	50 646 968	-	50 646 968	-	-	-
Notes payable – long term	114 807 846	-	-	34 856 140	79 951 706	-
Total	<u>701 543 946</u>	<u>147 826 033</u>	<u>152 350 326</u>	<u>83 508 932</u>	<u>317 858 655</u>	<u>-</u>

December 31, 2010

	Carrying amount	6 months or less	6-12 months	1-2 years	2-5 years	More than 5 years
	L.E	L.E	L.E	L.E	L.E	L.E
Bank – credit facilities	85 951 368	85 951 368	-	-	-	-
Contractors & suppliers	64 351 259	17 391 679	46 959 580	-	-	-
Other creditors	227 894 753	88 816 746	79 513 938	50 069 611	9 494 458	-
Notes payable – short term	50 818 227	50 818 227	-	-	-	-
Notes payable – long term	163 703 410	-	-	49 778 145	89 619 147	24 306 118
Total	<u>592 719 017</u>	<u>242 978 020</u>	<u>126 473 518</u>	<u>99 847 756</u>	<u>99 113 605</u>	<u>24 306 118</u>

45-3 Currency risk

Exposure to currency risk

The Company's exposure to foreign currency risk was as follows based on notional amounts:

Description	<u>30/6/2011</u>		<u>31/12/2010</u>	
	L.E	USD	L.E	USD
Cash at banks	200 933 033	37 259 837	591 321 050	11 917 017
Other creditors	(233 839 196)	(932 585)	(221 972 848)	(1 022 340)
Net exposure	<u>(32 906 163)</u>	<u>36 327 252</u>	<u>369 348 202</u>	<u>10 894 677</u>

The following significant exchange average rates applied during the period:

L.E	<u>Average rate</u>		<u>Reporting date spot rate</u>	
	<u>30/6/2011</u>	<u>30/6/2010</u>	<u>30/6/2011</u>	<u>31/12/2010</u>
USD	5.90	5.49	5.96	5.79

45-4 Sensitivity analysis

A 10 percent strengthening of the USD against the following currencies at June 30, 2011 would have increased (decreased) profit & loss by the amounts shown below.

This analysis assumes that all other variables, in particular interest rates. The analysis is performed on the same basis for year 2010.

	<u>Profit & loss</u>
	L.E
<u>June 30, 2011</u>	
USD	21 647 409
<u>December 31, 2010</u>	
USD	6 310 741

A 10 percent weakening of the USD against the above currencies at June 30, 2011 would have had the equal but the opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

45-5 Interest rate risk

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

	<u>Carrying amount</u>	
	<u>30/6/2011</u>	<u>31/12/2010</u>
	L.E	L.E
<u>Fixed rate instruments</u>		
Financial assets	1 555 391 647	2 002 457 626
Financial liabilities	(395 499 240)	(195 261 635)
	<u>1 159 892 407</u>	<u>1 807 195 991</u>
<u>Variable rate instruments</u>		
Financial liabilities	-	(85 951 368)
	<u>-</u>	<u>(85 951 368)</u>

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

45-6 Fair values

Fair values versus carrying amounts

The fair values of financial assets and liabilities, together with the carrying amounts in the unconsolidated balance sheet are as follows:

	<u>30/6/2011</u>		<u>31/12/2010</u>	
	<u>Carrying amount</u>	<u>Fair value</u>	<u>Carrying amount</u>	<u>Fair value</u>
	<u>L.E</u>	<u>L.E</u>	<u>L.E</u>	<u>L.E</u>
Trade & notes receivable	1 555 391 647	1 555 391 647	2 002 457 626	2 002 457 626
Held for trading investments	-	-	59 230 831	59 230 831
Cash and cash equivalents	422 964 402	422 964 402	660 350 370	660 350 370
Contractors, suppliers & notes payable	(116 180 993)	(116 180 933)	(115 169 486)	(115 169 486)
Other creditors	(240 510 681)	(240 510 681)	(227 894 753)	(227 894 753)
Notes payable	(114 807 846)	(114 807 846)	(163 703 410)	(163 703 410)
	<u>1 506 856 529</u>	<u>1 506 856 529</u>	<u>2 215 271 178</u>	<u>2 215 271 178</u>

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

46- Non-cash transactions

For the purpose of preparing the separate statement of cash flows for the financial period ended June 30, 2011, the effect of the following transactions were excluded on preparing the statement of cash flows as they are considered non-cash transactions:-

Investing activities

The value of selling part of the shares owned by the Company in Beverly Hills Co. for Management of Cities & Resorts (a subsidiary) to Edara for Management of Cities and Resorts Co. (a subsidiary) that was charged to the current account of Edara for Management of Cities and Resorts Co.

L.E
4 788 000

Financing activities

The value of the increase of the issued share capital that was paid by transferring from the legal reserve

2

47- Transactions with related parties

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

<u>Party</u>	<u>Relationship</u>	<u>Nature of transaction</u>	<u>The six-month</u> <u>ended 30/6/2011</u>	<u>The six-month</u> <u>ended 30/6/2010</u>
			<u>Amount of</u> <u>Transaction</u> <u>L.E</u>	<u>Amount of</u> <u>Transaction</u> <u>L.E</u>
Beverly Hills Co. for Management of Cities & Resorts	An associate	Works of agriculture, maintenance & security services for Beverly Hills City.	1 506 863	5 764 272
SODIC Property Services Co.	A subsidiary	Advance payments under the account of sales commissions	-	4 925 580
		Fixed assets transferred to the Company	-	546 231
Sixth of October for Development & Real Estate Projects (SOREAL)	A subsidiary	Payments on behalf of the Company	58 192 171	39 397 069
		Cash proceeds	21 333 671	24 359 070
SODIC Garden City for Development & Investment Co.	A subsidiary	Payments on behalf of the Company	-	11 446
		Commissions of Auto Ville project.	-	3 770 597
Move-In for Advanced Contracting Co.	A subsidiary	Completion & furnishing works	-	106 773
		Rent of administrative units	21 667	40 000
Edara for Services of Cities and Resorts Co.	A subsidiary	Works of agriculture, maintenance & security services for Allegria City.	320 627	-
		Sale of Beverly Hills' shares	4 788 000	-
Tegara for Trading Centers Co.	A subsidiary	Payments on behalf of the Company.	403 681	1 277 898
SODIC for Golf and Tourist Development Co.	A subsidiary	Payments on behalf of the Company.	10 918 425	5 237 533
		Income from management & operation of the golf course	1 200 000	-
SODIC SIAC for Real Estate Investment Co.	A subsidiary	Payments on behalf of the Company	17 104	1 277 898
		Sale of lands	-	59 974 125
		Works of SODIC SIAC building No.(1)	7 712 516	-

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

Notes to the separate financial statements (Cont.)

For the financial period ended June 30, 2011

Translation from Arabic

Green scape for Agriculture & Reclamation Co.	A subsidiary	Rent of administrative units	-	48 180
		Works of roads, utilities, irrigation, co-ordination and agriculture of Allegria project & golf course	8 034 852	4 648 500
SODIC for Development & Real Estate Investment Co.	A subsidiary	Financing of investments in subsidiaries	-	106 999 940
		Payments & expenses made on its behalf.	-	50 320
SODIC Syria	A subsidiary	Payments on behalf of the Company	-	231 314 102
Royal Gardens Co. for Real Estate Investment	An associate	Purchase of residential units for sale	43 014 950	-
El Yosr for Projects and Agriculture Development Co.	A subsidiary	25% payment of share capital increase	7 500 000	-
		Payments on behalf of the Company	3 556 959	-
La Maison for Real Estate Investment Co.	A subsidiary	Payments on behalf of the Company	12 897	-
EFG-Hermes for Promoting & Underwriting	A shareholder	Securing of underwriting of share capital increase.	-	27 500 000
Executive board members	Board of directors & executive directors	(See note No. 39)		

48- Legal position

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 faddens approximately and which has not been delivered up till this date as the management of this party did not abide by the detailed conditions of the contract. There are exchanged notifications concerning this land between the management of the Company and the management of this party. During 2009, this party raised a claim No. 3 of 2009 Civil 6th of October against the Company asking it for the delivery of the allocated land. A preliminary award was issued by the court in its session held on January 31, 2011 to refer this matter to Experts and to delegate the Experts Office of the Ministry of Justice to embark this claim and set a session to be held on April 26, 2010 for the expert to present his report. The session was postponed by the court several times and the last one will be held on September 26, 2011. The Company's legal counselor is of the opinion that the Company has the right to maintain and exploit this land under the contract as the said contract has not been affected and no usufruct right has been arisen to this party since its effect was based on conditions that have not been met. In addition, in case of any dispute raised by this party to possess the land, the Company has the actual and physical possession of the land and hence it has the right to continue in possessing the land till settlement of this dispute before court.

49- Tax status

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

Corporate profit 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 determined according to Law No. 59 of 1979 concerning the New Urban Communalities.

During January 2011, the Company submitted a request to the Tax Authority demanding the amendment of the tax exemption period to start from the date of the actual handing over of the units in the year 2002.

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

- The Tax Authority assessed corporate profit tax and moveable income tax for the years from 1996 till 2000 on deemed basis. The Company was notified by the tax forms and the Company has objected on such assessment and the dispute is still regarded on the Internal Committee. During 2010, a 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 year 2001 till authorizing these financial statements for issuance.
- The Company submits its annual tax return on due dates in accordance with Law No. 91 of 2005.

Salary tax

- Tax inspection was carried out until year 2001 and the tax claims was paid according to the assessment of the Internal Committee and the years from 2000: 2001 were inspected and the differences were taken to the Internal Committee. The resulting tax differences were paid according to the assessment of the Internal Committee in September 2004.
- Years from 2002 to 2004 were inspected & the Company has not received any tax claims till authorizing these financial statements for issuance.

Withholding tax

Tax inspection was carried out for the previous years and also till the second quarter of 2007 & the Company has not received any tax claims till authorizing these financial statements for issuance.

Stamp tax

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

Sales tax

- The Company was inspected from inception till August 2003 and tax differences were paid.
- No tax inspection for the following years has been carried out till authorizing these financial statements for issuance.

Real estate property tax

The Company submitted the Real Estate Tax returns for year 2009 on due dates in accordance with Law No. 196 of 2008.

50- Capital commitments

Contracts concluded with others with respect to the construction works and furnishings of the administrative building and sales office amounts to L.E 34 817 069 (2010: L.E 28 145 664) and the executed part of these contracts till 30/6/2011 amounted to L.E 32 893 992 (2010: L.E 21 492 519). Contributions of long – term investments that have not been requested till the separate balance sheet date amounted to L.E 3 750.

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

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

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

- The bonus and incentive plan works through allocation of shares for the employees, managers and executive board directors.
 - Duration of the plan is four years starting from the date of approval of the plan by the shareholders meeting and each beneficiary is allocated during this year a specified number of shares each year over the plan years according to the allocated shares outlined in the appendix of this plan.
 - The price of share was determined for the beneficiary at L.E 75 per share.
 - The Company shall finance the issuance of the shares of the increase allocated in application of the plan and the value of shares due to the Company will be paid from the proceeds of sale.
- On March 28, 2007 the board of directors approved the agreement of marinating the shares of the incentive and bonus plan of employees, managers and executive board directors with Arab African International Bank. The agreement concluded between the Company and Arab African International Bank was signed on 15 April 2007. In accordance with the details in note No. (26). the shares of the plan were issued and financed by the Company. Annotation of this increase was registered in the Commercial Registry on July 5, 2007.
 - On September 23, 2007, the Supervisory Committee of the bonus & incentive plan of the Company's employees, executive directors and managers agreed to the selection of the beneficiaries and also the number of shares allocated to each one of them. Accordingly, the whole shares of the plan were allocated in full.
 - During December 2007, a number of 200 000 shares from the incentive & 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 year according to the bonus & incentive plan provisions.
 - The number of shares allocated to the plan was increased by 500 000 additional shares as detailed in note No. (27).

- On July 3, 2008 the Supervisory Committee of the incentive & bonus plan of the Company's employees, executive directors approved the allocation of 495 000 shares of the total shares to some of the Company's employees and executive directors. Allocation contracts for these shares were signed with the employees and the executive directors during October 2008.
- On October 12, 2009, the Company's board of directors decided the following:
 - The extension of the contract of the managing director to be ended on March 31, 2015 instead of March 31, 2011.
 - The recommendation to extend the exercise right in the current bonus & incentive plan to be ended on March 2015 instead of March 2011.
 - The recommendation to amend article No. (11) of the bonus & incentive plan with respect to the management of the plan to give the board the right to assign an alternative member in case of death or resignation of any member of the Supervisory Committee.
 - The delegation of the chairman to call for an Extraordinary Assembly Meeting to convene to approve the amendment of some articles of the current bonus & incentive plan.
- On December 7, 2009, the Company's Extraordinary General Assembly agreed on the amendment of some articles of the bonus and incentives plan and the allocation contracts of the shares that were approved by the Egyptian Financial Supervisory Authority as follows:
 - Extension of the year of the exercise right stated in the bonus and incentive plan and the allocation contract to be ended on March 2015 instead of March 2011.
 - Amendment of the bonus and incentive plan and the allocation contract to enable the beneficiary from the plan the possibility to transfer the title of the shares allocated to him to be in his name after ending the prohibition year provided the payment of the share price stated in the plan and in this case, the beneficiary is entitled to all rights as determined on the Company's shares.
 - Amendment of article No. (11) of the bonus and incentive plan with respect to the management of the plan to give the board of directors the right – when necessary – of the replacement of a Supervisory Committee member with another one provided that this member to be from non-executive members.
- On April 26, 2010, the Company was notified by the consent of the Egyptian Financial Supervisory Authority on the approval and the amendments made on the bonus and incentive plan.

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

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

52- Subsequent events

On August 14, 2011, the board of directors of the Company approved the purchase of treasury shares of one million shares at L.E 18 per share with a total amount of L.E 18 million from the shares of the Company offered in the stock exchange within one month utmost from the date of the approval of the Egyptian Financial Supervisory Authority thereof.