Translation

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

Separate Financial Statements

For The Financial Period Ended September 30, 2011

And Review Report

Contents

KPMG

Hazem Hassan
Public Accountants & Consultants

Pyramids Heights Office Park
Km 22 Cairo/Alex Road
P.O. Box 48 Al Ahram
Giza - Cairo - Egypt

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

Translation

Review Report on Interim separate 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 September 30, 2011 and the related separate statements of income, cash flows and changes in equity for the nine -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 separate financial statements in accordance with Egyptian Accounting Standards. Our responsibility is to express a conclusion on these interim separate 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 September 30, 2011, and of its financial performance and its un consolidated cash flows for the nine-month then ended in accordance with Egyptian Accounting Standards.

Explanatory paragraphs

As discussed in detailed in note No. (53) to the financial statements. The Company was unable to obtain the appropriate data, which could enable it to disclose the effect of the significant events on the value of some of the assets, liabilities and the results of operations in the foreseeable future, since these amounts and results may differ significantly when reliable indicators and signs become available, which enable the use of those indicators and signs in identifying the extent and the impact of the important events on the carrying amount of the assets and liabilities included in the financial statements.

KPMG Hazem Hassan

KPMG Hazem Hassan

KPMG Hazem Hassan
Public Accountants and Consultants
35

Cairo, November 20, 2011

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

	Note No.	30/9/2011 L.E	31/12/2010 L.E
Long - term assets			
Fixed assets	(6)	51 456 921	13 294 888
Projects under construction	(7)	4 448 124	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)	68 153 172	1 407 230
Advance payments for investment properties acquisition	(11)	80 370 083	68 303 756
Trade & notes receivable (net)	(12)	760 837 852	1 173 415 237
Total long - term assets		1 490 388 050	1 826 740 033
Current assets			
Completed units ready for sale	(14)	47 277 755	3 997 225
Works in process	(15)	1 623 652 511	1 593 675 349
Trade & notes receivable (net)	(16)	704 425 796	829 042 389
Due from related parties	(17)	1 302 488 900	1 133 800 297
Debtors & other debit balances	(18)	323 835 416	355 625 378
Held for trading investments	(19)	-	59 230 831
Cash at banks & on hand	(20)	396 498 059	660 350 370
Total current assets		4 398 178 437	4 635 721 839
Current liabilities			
Provisions	(21)	135 007 924	132 976 333
Bank - credit facilities	(22)	20 015 386	85 951 368
Advances from customers	(23)	2 623 466 277	3 123 356 342
Contractors, suppliers & notes payable	(24)	123 613 499	115 169 486
Due to related parties	(25)	15 087 382	12 143 730
Creditors & other credit balances	(26)	235 923 740	227 894 753
Total current liabilities		3 153 114 208	3 697 492 012
Working capital		1 245 064 229	938 229 827
Total investments		2 735 452 279	2 764 969 860
These investments are financed as follows:-			
Shareholders' equity			
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)	1316 921 569	1316 921 569
Retained earnings		635 902 754	443 629 159
Treasury shares	(30)	(98 018 000)	(80 000 000)
Set aside amount for bonus & incentive plan	(31)	25 200 000	18 750 000
Net profit (loss) for the period / year		(105 097 760)	357 355 751
Total shareholders' equity		2 318 966 648	2 600 714 564
Long-term liabilities			
Long-term loans	(32)	301 548 625	-
Notes payable	(33)	114 366 558	163 703 410
Deffered tax liabilities	(34)	570 448	551 886
Total long-term liabilities		416 485 631	164 255 296
Total shareholders 'equity & long - term liabilities		2 735 452 279	2 764 969 860

* **The accompanying notes from (1) to (53) are an integral part of these separate financial statements and to be read therewith.**

Financial & Administrative Manager	Board Director	Deputy Chairman & Managing Director
Hany Henry	Ahmed Badrawy	Maher Maksoud

Hany Henry

* Review Report attached

Sixth of October for Development and Investment Company "SODIC"

(An Egyptian Joint Stock Company)

Separate Income Statement

For The Financial Period Ended September 30, 2011

	Note No.	30/9/2011 From 1/7/2011 till 30/9/2011 L.E	30/9/2011 From 1/1/2011 till 30/9/2011	30/9/2010 From 1/7/2010 till 30/9/2010	30/9/2010 From 1/1/2010 till 30/9/2010 L.E
Sales (net)	(35)	237 221 466	339 979 020	73 958 988	393 827 523
Cost of sales	(36)	(192 575 784)	(369 290 226)	(14 272 509)	(26 947 246)
Gross profit (loss)		44 645 682	(29 311 206)	59 686 479	366 880 277
Other operating revenues	(37)	26 305 968	75 649 908	13 288 008	37 681 078
Impairment in investment properties	(10)	(31 697 000)	(31 697 000)	-	-
Selling & marketing expenses	(38)	(20 312 942)	(47 123 100)	(27 146 896)	(48 032 063)
General & administrative expenses	(39)	(22 833 193)	(73 058 594)	(16 445 763)	(53 459 825)
Other operating expenses	(40)	(3 492 769)	(5 256 303)	(279 403)	(3 207 282)
Operating profit (loss)		(7 384 254)	(110 796 295)	29 102 425	299 862 185
Finance income	(41)	3 351 381	31 589 643	14 565 095	51 437 607
Finance expenses	(42)	(12 180 073)	(25 872 546)	(6 611 731)	(19 838 654)
Net finance income (expenses)		(8 828 692)	5 717 097	7 953 364	31 598 953
Net profit (loss) for the period before income tax		(16 212 946)	(105 079 198)	37 055 789	331 461 138
Income tax expense	(43)	25 257	(18 562)	(7 318 290)	(67 002 236)
Net profit (loss) for the period		(16 187 689)	(105 097 760)	29 737 499	264 458 902
Earnings (losses) per share (L.E / Share)	(44)	(0.18)	(1.16)	0.33	3.07

* The accompanying notes from (1) to (53) 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 September 30, 2011

	Note No.	Issued & paid in capital L.E	Amount paid for capital increase & share premuim 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 premuim		-	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		-	-	-	-	-	3 750 000	-	-	3 750 000
Net profit for the period		-	-	-	-	-	-	-	264 458 902	264 458 902
Balance as at September 30, 2010		362 705 390	-	181 352 695	1 316 921 569	(80 000 000)	17 500 000	443 629 159	264 458 902	2 506 567 715
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 & incintives 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 & incevtive plan for employees & manageres	(31)	-	-	-	-	-	5 200 000	-	(5 200 000)	-
Purchase of treasury stocks		-	-	-	-	(18 018 000)	-	-	-	(18 018 000)
Net loss for the period		-	-	-	-	-	-	-	(105 097 760)	(105 097 760)
Balance as at September 30, 2011		362 705 392	-	181 352 693	1 316 921 569	(98 018 000)	25 200 000	635 902 754	(105 097 760)	2 318 966 648

* The accompanying notes from (1) to (53) 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 September 30, 2011

	Note No.	The nine-month ended 30/9/2011 L.E	The nine-month ended 30/9/2010 L.E
Cash flows from operating activities			
Net profit (loss) for the period before income tax		(105 079 198)	331 461 138
Adjustments for :			
Depreciation of fixed assets & rented units		5 711 336	2 456 250
Investment income		-	(350 247)
Gain on sale of fixed assets		(17 581)	(52 817)
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)	(3 022 180)
Provisions formed	(21)	26 830 212	15 938 068
Impairment in investment properties		31 697 000	-
Equity - setteled share based payment transactions	(31),(51)	1 250 000	3 750 000
Operating profit (loss) before changes in working capital items		**(55 230 592)**	**350 180 212**
Changes in working capital items			
Change in units ready for sale		(43 280 530)	(3 503 315)
Change in investment properties		(98 442 942)	
Change in work in process		(29 977 162)	(554 455 992)
Change in trade & notes receivables		537 193 978	(61 408 321)
Change in due from related parties		(163 900 603)	(510 916 760)
Change in debtors & other debit balances		36 989 962	(6 441 215)
Provisions - used	(21)	(11 258 833)	(1 371 012)
Change in advances from customers		(499 890 065)	599 386 080
Change in contractors, suppliers & notes payable		(40 892 839)	37 090 311
Change in due to related parties		2 943 652	3 281 260
Change in creditors & other credit balances		8 028 987	(17 098 919)
Restricted cash		-	83 070 956
Dividend paid to employees		(20 000 000)	(27 000)
Net cash (used in) operating activities		**(377 716 987)**	**(82 213 715)**
Cash flows from investing activities			
Payments for purchase of fixed assets & projects under construction		(7 375 065)	(19 440 961)
Dividends from available -for- sale investments		-	350 247
Payments for acquisition of investment properties	(11)	(12 066 327)	(62 202 332)
Payments for purchase of held for trading investments		-	(34 999 997)
Proceed from sale of held for trading investments		60 725 404	98 973 039
Proceeds from sale of fixed assets		68 177	105 058
Net cash provided from (used in) investing activities		**41 352 189**	**(17 214 946)**
Cash flows from financing activities			
Bank facilities	(22),(32)	235 612 643	(10 076 923)
Purchase of treasury shares		(18 018 000)	-
Proceeds from capital increase premium		-	466 929 054
Payments for issuance expenses of share capital increase		-	(27 500 000)
Dividends paid to shareholders		(145 082 156)	-
Net cash provided from financing activities		**72 512 487**	**429 352 131**
Net movement in cash & cash equivalents during the period		(263 852 311)	329 923 470
Cash & cash equivalents as at January 1, 2011		660 350 370	344 900 527
Cash & cash equivalents as at June 30, 2011	(20)	**396 498 059**	**674 823 997**

*** The accompanying notes from (1) to (53) 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 September 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.

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

- Provisions for claims
- Fixed assets useful life
- Deferred tax
- Accruals

3- Significant accounting policies

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

3-1 Foreign currency transactions

Transactions in foreign currencies are translated at the foreign exchange rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the 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 that are used in production, providing goods and services or for administrative purposes are stated at historical cost less accumulated depreciation and impairment losses (note No. 3-10). Cost includes expenditures that are directly attributable to the acquisition of the asset and necessary to have the asset ready for use in the purpose for which the asset was acquired.
- Where parts of an item of fixed assets have different useful lives, they are accounted for as separate items of property, plant and equipment.
- The assets under construction for production or rent or administrative purposes are registered at their cost less impairment losses, where the cost includes professional fees and all other direct expenditures that are directly attributable to the acquisition of the asset. Thus, calculation of depreciation begins when the asset is substantially completed and ready for its intended use.
- The cost of self-constructed assets includes the cost of materials, direct labor and any other cost 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.

b) Subsequent costs

The Company recognizes the cost of replacing part of an item in the carrying amount of such an item of fixed assets after disposal of the cost of this replacing part when that cost is incurred and if it is probable that future economic benefits will flow to the Company as a result of replacing this part of such an item and the cost can be measured reliably. All other costs are recognized in the income statement as an expense as incurred.

c) Depreciation

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

Asset	Years
Buildings of the Company's premises	5 – 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 on long term 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 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 such fact shall be disclosed.

b) Depreciation

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

Asset	Years
Leased out units	50
Constructions of golf course	20
Irrigation networks	15
Golf course tools & equipment	15

3-5 Investments

a) Investments in subsidiaries and associates

Subsidiary companies are the entities in which the "Company" investor has the ability to control its financial and operating policies of the entity this ability exists by possessing half of the voting power or more in the related subsidiary.
Investments in subsidiaries 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 impairment and will be charged to the income statement for each investment.

b) Available -for- sale investments

Financial instruments held by the Company and classified as available-for-sale investment 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 unlisted 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 resulting from the change in the fair value or the sale of this trading investments recognized in the income statement.

3-6 Units ready for sale

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).
The net realizable value is determined based on the selling price on the due course of business less the estimated costs for the completion and any other necessary costs to complete the sale.

3-7 Work in process

All expenditures directly attributable to work in process are included in work in process account till the completion of these work. They are transferred to completed units ready for sale caption when they are completed. Work in process are stated at the balance sheet date at lower of cost and net realizable value. Cost includes expenditures that are directly attributable to the acquisition & necessary to have units ready for sale and for their intended use.

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

Trade and notes receivables are non- interest bearing and are stated at their nominal value and reduced by impairment losses. Impairment is recognized when there is objective evidence that the Company is not able to collect the due amounts according to the original terms of contracts. Impairment is the difference between the book value and the recoverable amount which represents the expected cash in flow for the Company. 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

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

Provisions are reviewed at the balance sheet date, and revised - when necessary - to reflect the current best estimate.

Provision for completion

A provision for completion of work is formed at the estimated value of the completion of the projects' (relating to the units delivered to customers and the completed units according to the contractual terms and conditions and the completed units for which contracts were not concluded) this is based on technical studies by the Company's engineering department .The necessary provision is reviewed at the end of each reporting period till finalization of all the project works.

3-12 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) Treasury shares

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

c) Dividends

Dividends are recognized as a liability in the 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

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

a) Sales revenue

Revenue from sale of residential units, offices, commercial, service units and villas for which contracts was concluded is recorded when all the ownership risks and rewards are transferred to customers 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 of the open area cost.

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. Also it is influenced by the demographics of the Company's customer base, including the default risk of the industry which 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 chequs 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 September 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 at 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:

	Buildings of the Company's premises	Vehicles	Furniture & office fixtures	Office equipment & communication	Generators, machinery & equipment	Leasehold improvements	Total
	L.E	L.E	L.E	L.E	L.E	L.E	L.E
Cost							
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	665 000	3 617 780	879 432	-	11 853 603	43 923 965
Disposals during the period	-	(73 250)	(114 171)	(118 849)	-	-	(306 270)
As at September 30, 2011	30 059 199	7 646 488	8 418 897	7 441 972	1 149 403	13 509 497	68 225 456
Accumulated depreciation							
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	2 624 731	1 097 913	517 854	959 278	49 384	462 176	5 711 336
Disposals	-	(60 245)	(94 831)	(100 598)	-	-	(255 674)
As at September 30, 2011	4 248 473	4 764 621	1 672 393	3 991 949	1 093 315	997 784	16 768 535
Carrying amount at September 30, 2011	25 810 726	2 881 867	6 746 504	3 450 023	56 088	12 511 713	51 456 921
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 3 511 862 as at September 30, 2011.

7- Projects under construction

	30/9/2011 L.E	31/12/2010 L.E
Land	-	7 266 748
Constructions of the Company's new premises	313 124	20 003 759
Advance payment for employees housing	4 135 000	4 100 000
Advance payment for fixed assets	-	2 401 983
Advance payments – fixtures and finishing of new sales buildings	-	7 224 534
	4 448 124	40 997 024

* 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 residential building for the Company's employees.

8- Investments in subsidiaries

	Legal form	Ownership %	Paid amount of Participation %	Carrying amount as at 30/9/2011 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 September 30, 2011				520 844 496	525 070 648

* 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 represent 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 30/9/2011	Carrying amount as at 31/12/2010
		%	%	L.E	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	S.A.E	0.06	100	26 152	-
Balance as at September 30, 2011				4 277 402	4 251 250

- 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 September 30, 2011 amounted to L.E 68 153 172 Movement on the investment property item and its depreciation during the period were as follows:-

Description	Units leased out to others	Golf course	Total
Cost			
At January 1, 2011	1 531 214	-	1 531 214
Additions during the period (a)	-	133 915 753	133 915 753
Adjustments (b)	-	(34 538 220)	(34 538 220)
At September 30, 2011	1 531 214	99 377 533	100 908 747
Accumulated depreciation			
At January 1, 2011	123 984	-	123 984
Depreciation for the period	22 968	911 623	934 591
At September 30, 2011	146 952	911 623	1 058 575
Deduct:			
Impairment of investment properties (c)	-	31 679 000	31 679 000
Carrying amount as at September 30, 2011	1 384 262	66 768 910	68 153 172
Carrying amount as at December 31,2010	1 407 230	-	1 407 230

(a) This item represents the initial measurement of the cost related to the assets of the golf course that have been transferred from work in process during the period.

(b) The adjustment represents the allocation of part of golf course cost to the units benefits from the course (phase one and phase two of Allegria project). Such allocation was made based on the salable area for each unit.

(c) This item represent the impairment of the golf course by (31 697 000) due to the increase in its book value over its recoverable amount (which have been measured by the value in use)

(d) 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.

(e) The fair value of units leased out to others amounts to L.E 7 531 300 as at September 30, 2011.

11- Payments on account of acquisition of investment properties

This item amounting to L.E 80 370 083 as at September 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:-

	30/9/2011 L.E	31/12/2010 L.E
Trade receivables	94 757 823	165 475 185
Notes receivable	716 990 862	1 104 286 254
	811 748 685	1 269 761 439
Deduct: unamortized discount	50 910 833	96 346 202
	760 837 852	1 173 415 237

- 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

	30/9/2011 L.E	31/12/2010 L.E
Tax losses	24 810 726	-
	24 810 726	-

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:

	30/9/2011 L.E	31/12/2010 L.E
Units in the first phase of the project		
Cost of completed commercial units in 3/B area	759 490	493 910
Cost of commercial units in 3/B area	3 503 315	3 503 315
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	-
	47 277 755	3 997 225

* 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- Work in process

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

	30/9/2011	31/12/2010
	L.E	L.E
Allegria project		
Cost of the Company's land intended for use	238 079 260	247 910 689
Planning , survey , supervision, soil researches & others	197 400 647	170 205 285
Buildings & traffics	796 935 906	731 134 254
Other costs	51 875 258	29 536 991
Price differences for repurchased units (15-1)	35 065 310	28 930 419
	1 319 356 381	1 207 717 638
WESTOWN project		
Cost of the Company's land intended for use	69 064 160	67 516 366
Planning , survey , supervision, soil researches & others	72 665 638	59 408 330
Buildings & traffics	68 523 166	23 572 413
Other costs	23 527 861	15 533 161
	233 780 825	166 030 270
Golf course & club Project *		
Cost of the land	-	29 468 923
Other Costs	-	111 691 579
	-	141 160 502
	-	141 160 502
Fourth phase costs (4A, 4B), showrooms & others		
Cost of land	66 608 255	74 359 718
Planning , survey , supervision & soil researches & others	1 017 852	1 042 709
Building & utilities	2 514 852	2 990 166
Other costs	374 346	374 346
	70 515 305	78 766 939
	1 623 652 511	1 593 675 349

15-1 This item amounting to L.E 35 065 310 in September 30 2011 (December 31, 2010: L. E 28 930 419) represent the additional costs for the re-acquisition of some units in Allegria project.

* 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 house for a period of 20 years. Such period is non renewable without a written consent from the Company. The total cost of the golf course project has been transferred to the investment properties caption as from that date.

16- Trade & notes receivable

	30/9/2011 L.E	31/12/2010 L.E
Trade receivables	99 464 181	224 064 024
Notes receivable	611 655 685	613 522 568
	711 119 866	837 586 592
Deduct: Unamortized discount	(6 494 070)	(8 344 203)
	704 625 796	829 242 389
Impairment loss on trade & notes receivables	(200 000)	(200 000)
	704 425 796	829 042 389

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

17- Due from related parties

	30/9/2011 L.E	31/12/2010 L.E
SODIC Property Services Co. – a subsidiary	19 468 410	19 074 105
Sixth of October for Development & Real Estate Projects (SOREAL) – a subsidiary	544 198 789	506 591 738
SODIC Garden City for Development & Investment Co. – a subsidiary	243 700	518 294
Greenscape for Agriculture & Reclamation Co. – a subsidiary	5 286 493	2 983 373
Move-In for Advanced Contracting Co. – a subsidiary	10 286 023	6 938
El Yosr for Projects and Agriculture Development Co. – a subsidiary	11 061 851	1 641 633
SODIC for Development and Real Estate Investment Co. – a subsidiary	218 613 085	192 184 052
SODIC SIAC for Real Estate Investment Co. – a subsidiary	49 050 105	7 204 487
SODIC Syria Co. – a subsidiary *	371 540 020	360 916 472
Fourteen for Real Estate Investment Co. – a subsidiary **	41 611 689	29 090 493
Ceremony for Real Estate Investment Co. – a subsidiary	15 399	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	6 928 815	2 138 033
SODIC Co. for Management of Cities and Resorts	-	3 455
SODIC Allegria for Real Estate Investment– a subsidiary	14 142	10 520
Royal Gardens Co. for Real Estate Investment – an associate	11 891	-
Palmyra Real Estate Development Co. –a Joint project	11 554 640	947 527
Tegara for Trading Centers Co. – a subsidiary	141 808	574 400
SODIC for Golf & Tourist Development Co. – a subsidiary	12 349 379	9 728 436
Beverly Hills Co. for Management of Cities & Resorts – a subsidiary	99 764	163 373
	1 302 488 900	1 133 800 297

* On June 15, 2010, SODIC Syria Co. –a Syrian limited liability Company- 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 116 142 000 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 41 501 560 equivalent to USD 6 963 349 for the purpose of financing Palmyra Real Estate Development Co. –a Joint project as a down payment from the bridge loan amounting to a total of 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

	30/9/2011	31/12/2010
	L.E	L.E
Contractors & suppliers – advance payments	224 999 075	249 338 390
Corporate profit tax paid in excess (18-1)	227 255	227 256
Interest receivable	675 884	1 970 608
Accrued management fees (18-2)	1 861 250	5 792 500
Prepaid expenses	88 676 305	96 652 437
Due from the bonus & incentives plan to employees and managers fund (18-3)	5 200 000	-
Deposits with others	951 262	942 301
Other debit balances	1 599 542	1 057 043
	324 190 573	355 980 535
Impairment loss on debtors & other debit balances	(355 157)	(355 157)
	323 835 416	355 625 378

(18-1) 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 December 31, 2010 of L.E 12 746 142 as detailed in note No. (49) below.

(18-2) 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.

(18-3) 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

	30/9/2011	31/12/2010
	L.E	L.E
Investment instruments -Alexandria Bank Fund	-	59 230 831
	-	59 230 831

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

20- Cash at banks & on hand

	30/9/2011 L.E	31/12/2010 L.E
Bank – time deposits (20-1)	335 482 000	546 094 016
Bank – current accounts	50 565 832	107 077 543
Checks under collection	9 464 513	6 370 245
Cash on hand	985 714	808 566
	396 498 059	660 350 370

20-1 Deposits include 9 million dollars represents a guarantee for the facility granted to the Company as detailed in note No. (22).

- 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:-

	Balance as at 1/1/2011 L.E	Provision formed during the period L.E	Provision used during the period L.E	Provision no-longer required L.E	Balance as at 30/9/2011 L.E
Provision for completion of works *	126 906 439	26 762 227	(11 258 833)	(13 539 788)	128 870 045
Provision for expected claims **	6 069 894	67 985	-	-	6 137 879
	132 976 333	26 830 212	(11 258 833)	(13 539 788)	135 007 924

* 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 expected claims from third parties regarding the Company`s activity and the information used to be declared about the provisions according to Egyptian Accounting Standards were not disclosed as the Company's management believes that doing so will severely affect the result of negotiations with these authorities.

22- Bank – credit facilities

30/9/2011 L.E		31/12/2010 L.E
-	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 by clearing its balance and agreed to consider the balance of this facility amounted to L.E 85 951 368 as a part of the medium –term loan totaled L.E 435 million as detailed in note No. (32) below.	85 951 368
20 015 386	The amount used from the credit facility granted to the Company from Alexandria Bank during the third quarter of year 2011 with total amount of $ 8.5 million. The facility is subject to interest rate of 3.25% per annum. The interest and all expenses are added monthly to debit balance. This facility is secured by a time deposit amounting to USS 9 million.	-
20 015 386	**Balance as at September 30, 2011**	85 951 368

23- Advances from customers

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

	30/9/2011 L.E	31/12/2010 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	2 381 330 105	2 846 593 355
Advances – Forty West project	222 678 995	275 300 584
Advances – Casa	17 994 774	-
	2 623 466 277	3 123 356 342

24- Contractors, suppliers & notes payable

	30/9/2011 L.E	31/12/2010 L.E
Contractors	65 317 954	58 317 463
Suppliers	3 911 654	6 033 796
Notes payable	60 876 150	55 300 402
	130 105 758	119 651 661
Deduct: Unamortized interest on notes payable	6 492 259	4 482 175
	123 613 499	115 169 486

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

25- Due to related parties

	30/9/2011 L.E	31/12/2010 L.E
Move - In for Advanced Contracting Co. – a subsidiary	532 359	126 574
Greenscape for Agriculture & Reclamation Co. – a subsidiary.	1 810 370	1 203 622
Westown for Real Estate Co.– a subsidiary	239 169	242 727
Polygon for Tourist Development Co.– a subsidiary	240 200	243 759
Westown for Real Estate Development Co. – a subsidiary	239 189	242 747
Sodic siac Co. for Real Estate Investment – a subsidiary	9 749 682	9 183 922
Edara for Services of Cities and Resorts Co. – a subsidiary	2 025 115	900 379
Beverly Hills Co. for Management of Cities & Resorts – a subsidiary	251 298	-
	15 087 382	12 143 730

26- Creditors & other credit balances

	30/9/2011 L.E	31/12/2010 L.E
Accrued expenses	120 727 040	127 537 957
Amounts collected on account of management, operation & maintenance of Allegria project	55 913 999	57 156 117
Customers of Beverly Hills Co. & Resorts – capital contributions	4 339 211	4 334 493
Amounts collected on account of management, operation & maintenance of Forty West project	5 286 723	6 030 077
Amounts collected on account of management, operation & maintenance of CASA project	1 234 750	-
Deposits collected from customers – against improvements	9 136 034	8 001 034
Customers-credit balances of Polygon project	9 178 241	10 350 706
Liability for cash settled share-based payments transactions – Executive directors *	507 329	1 237 181
Customers cancellation – credit balance	21 822 342	6 749 909
Dividends payable	91 643	91 643
Tax Authority	3 116 178	3 042 177
Accrued compensated absence	1 339 109	1 165 820
Sundry creditors	3 231 141	2 197 639
	235 923 740	227 894 753

* 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 was determined at L.E 2 800 million (two billion and eight hundred million Egyptian pounds), and the issued capital is 362 705 392 Egyptian pounds fully issued distributed over 90 676 348 shares at a par value L.E 4 per share.
- On November 4, 2009, the Board of Directors discussed increasing the issued capital of the Company within the limit of the authorized capital and determining the offering price of the capital increase shares as proposed in the report of the independent financial advisor who was appointed pursuant to the resolution issued by the Board of Directors in its meeting held on October 12, 2009 which resolved that the fair value of the Company's share shall be L.E 153.50 per share, and recommended in its report that the increase price shall range between L.E 65 and L.E 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 31, 2009. Subscription was made in these shares in full and the value of the increase was deposited at the bank based on the certificate of deposit of Bank of Alexandria – Cairo Branch, dated January 24, 2010. On March 4, 2010 annotation was made in the Company's Commercial Registry to the effect of the increase, accordingly, the 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.

The capital structure is represented as follows :

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

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 September 30, 2011 is represented as follows:

	L.E
Legal reserve balance as at 1/1/2003	6 530 455
Add:	
Increase of the legal reserve with the difference between the par value of the treasury shares and its actual cost (according to the Company's Extra-Ordinary General Assembly Meeting held on July 10, 2003).	4 627 374
Increase of the legal reserve with part of capital increase share premium with limits of half of the Company's issued share capital during 2006. (Note No. 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
Deduct:	
The amount used to increase the issued share capital during the period (Note No. 27).	2
Balance as at September 30, 2011	181 352 693

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:-

Description	L.E
Total value of the capital increase share premium collected during 2006	983 588 760
Deduct:	
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
Add:	
Share premium of the employees' incentive & bonus plan issued during 2007	90 000 000
Deduct:	
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
Deduct:	
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
Add:	
Total share premium of the increase in share capital collected during 2010	471 428 580
Deduct:	
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
Deduct:	
Total issuance expenses attributable to the issuance of the capital increase shares during 2010.	27 500 000
Balance as at September 30, 2011.	1 316 921 569

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) in addition to this, 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 (the par value is 4 L.E 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 at most from the date of the approval of the Egyptian Financial Supervisory Authority thereof as follows:-

Description	L.E
For financing of one million shares from the bonus& incentive plan with a fair value of L.E 100 per share during 2007.	100 000 000
Deduct:	
The value of 200 000 shares sold by the beneficiaries from the bonus & incentive plan during December 2007 out of which an amount of L.E 15 million was paid to the Company of L.E 75 per share.	20 000 000
Add:	
Cost of treasury stocks purchase	18 018 000
Balance as at September 30, 2011	98 018 000

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:-

Description	L.E
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 September 30, 2011.	25 000 000
Deduct:	
The difference between the grant date fair value of the shares and the agreed upon share price in accordance with the bonus & incentive plan for 200 000 share that were sold in favor of the beneficiaries during December 2007.	5 000 000
	20 000 000
Add:	
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 September 30, 2011	25 200 000

* 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

	30/9/2011	31/12/2010
	L.E	L.E
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 :-	301 548 625	-

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:-

a) Signing on a promissory note with a total amount of L.E 435 million.
b) The pledge of the shares of El Yosr for Projects and Agriculture Development Co. (a subsidiary).
c) The bank maintains the account of the revenue of Allegria project in name of the Company which is represented in commercial papers representing the incoming cash flows of the project with total amount of L.E 1.32 billion throughout the facility term.

Balance as at September 30, 2011	301 548 625	-

33- Long-term notes payable

This item is represented in the following:

	30/9/2011	31/12/2010
	L.E	L.E
Total nominal value of the checks issued to New Urban Communities Authority which are payable during the period from May 2, 2013 till May 2, 2016.	119 267 955	154 595 816
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 *	17 142 087	42 172 820
	136 410 042	196 768 636
Unamortized interest - notes payable	(22 043 484)	(33 065 226)
	114 366 558	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

	30/9/2011 L.E	31/12/2010 L.E
Fixed assets	570 448	551 886
Deferred tax liability	570 448	551 886

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:

	30/9/2011		30/9/2010	
	From 1/7/2011 till 30/9/2011 L.E	From 1/1/2011 till 30/9/2011 L.E	From 1/7/2010 till 30/9/2010 L.E	From 1/1/2010 till 30/9/2010 L.E
Sale of lands	32 642 892	32 642 892	53 085 732	136 709 382
Sale of land to SODIC SIAC for Real Estate Investment Co.	-	-	-	236 244 885
Sale of villas in Allegria project	204 578 574	467 203 285	9 107 190	9 107 190
Adjustments	-	-	11 766 066	11 766 066
	237 221 466	499 846 177	73 958 988	393 827 523
Sales returns of lands	-	(96 249 044)	-	-
Sales returns of Allegria project*	-	(63 618 113)	-	-
	237 221 466	339 979 020	73 958 988	393 827 523

* This caption includes an amount L.E 61 093 982 representing sales return related to Allgeria project from related parties with cost of L.E 28 519 563 by virtue of termination agreements concluded with those parties during the period.

36- Cost of sales

	30/9/2011		30/9/2010	
	From 1/7/2011 till 30/9/2011 L.E	From 1/1/2011 till 30/9/2011 L.E	From 1/7/2010 till 30/9/2010 L.E	From 1/1/2010 till 30/9/2010 L.E
Cost of lands sold	15 736 898	15 736 898	6 598 334	10 587 319
Cost of land sold to SODIC SIAC for Real Estate Investment Co.	-	-	-	8 685 752
Cost of villas sold in Allegria project	178 070 771	400 682 203	7 674 175	7 674 175
	193 807 669	416 419 101	14 272 509	26 947 246
Cost of sales return of lands	-	(11 466 190)	-	-
Cost of sales returns of Allgeria project	(1 231 885)	(35 662 685)	-	-
	192 575 784	369 290 226	14 272 509	26 947 246

37- Other operating revenues

	30/9/2011		30/9/2010	
	From 1/7/2011 till 30/9/2011	From 1/1/2011 till 30/9/2011	From 1/7/2010 till 30/9/2010	From 1/1/2010 till 30/9/2010
	L.E	L.E	L.E	L.E
Interest income realized from installments during the period	8 747 237	25 673 285	8 356 050	24 103 347
Assignment, cancellation dues & delay penalties	13 419 189	27 559 371	740 719	3 396 240
Sundry income	1 065 607	2 993 519	362 190	2 345 144
Management fees	1 861 250	7 986 748	2 840 000	2 840 000
Reversal of early payment discount	-	8 347 420	-	-
Income from management & operation of the golf club *	1 200 000	2 400 000	-	-
Gain on sale of investments in subsidiaries	-	588 000	-	-
Buildings rental income	3 600	83 984	92 391	276 871
Gain on sale of fixed assets	9 085	17 581	598	52 819
Commission on marketing and promotion of Auto Ville project	-	-	896 060	4 666 657
	26 305 968	75 649 908	13 288 008	37 681 078

* This amount is represents the income from management and running of the golf club during the period from April 1st , 2011 till September 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

	30/9/2011		30/9/2010	
	From 1/7/2011 till 30/9/2011	From 1/1/2011 till 30/9/2011	From 1/7/2010 till 30/9/2010	From 1/1/2010 till 30/9/2010
	L.E	L.E	L.E	L.E
Salaries & wages	4 823 663	15 279 327	3 592 985	9 776 452
Sales commissions	6 887 635	14 093 918	3 157 292	4 014 694
Advertising expenses	6 237 266	10 359 922	17 544 351	25 244 919
Conferences & exhibitions	-	65 684	649 344	3 128 887
Rent	747 764	2 338 828	651 503	1 796 103
Travelling and transportation	300 063	1 457 510	981 772	1 056 194
Others	1 316 551	3 527 911	569 649	3 014 814
	20 312 942	47 123 100	27 146 896	48 032 063

39- General & administrative expenses

	30/9/2011		30/9/2010	
	From 1/7/2011 till 30/9/2011	From 1/1/2011 till 30/9/2011	From 1/7/2010 till 30/9/2010	From 1/1/2010 till 30/9/2010
	L.E	L.E	L.E	L.E
Salaries, wages & bonuses *	7 341 321	24 914 285	9 009 298	23 900 270
Board of directors' remunerations & allowances	400 000	4 412 968	1 387 500	5 257 939
Professional & consultancy fees	416 248	3 579 002	331 885	1 921 542
Advertising	579 935	1 777 323	-	515 413
Donations	94 980	1 297 465	-	4 001 000
Maintenance, cleaning, agriculture & security	6 568 396	19 925 099	1 701 955	5 288 010
Administrative depreciation of fixed assets & investment properties	3 728 514	6 645 388	885 773	2 456 264
Subscriptions & governmental dues	827 285	2 005 957	42 707	560 451
Travelling and transportation	384 822	947 430	257 702	1 124 198
Communication and electricity	525 856	1 245 225	266 687	1 097 928
Others	1 965 836	6 308 452	2 562 256	7 336 810
	22 833 193	73 058 594	16 445 763	53 459 825

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

	30/9/2011		30/9/2010	
	From 1/7/2011 till 30/9/2011	From 1/1/2011 till 30/9/2011	From 1/7/2010 till 30/9/2010	From 1/1/2010 till 30/9/2010
	L.E	L.E	L.E	L.E
Salaries & bonuses	783 184	4 461 350	899 993	4 335 851
Cash settled share-based payments (a)	22 178	767 092	1 512 089	3 252 515
Equity settled share - based payments (b)	-	1 250 000	1 250 000	3 750 000
	805 362	6 478 442	3 662 082	11 338 366

(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:

Employees entitled	Grant date	Number of shares in thousands	Fair value of share at grant date	Market value of share at 30/9/2011	Conditions
			L.E	L.E	
Some executive board members	1/4/2006	-	75	32.47	Vested after 6 months from grant date (salaries)

The amount of expense charged to the income statement during the period amounted to L.E 767 092 and the liability balance amounted to L.E 507 329 as at September 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

	30/9/2011		30/9/2010	
	From 1/7/2011 till 30/9/2011	From 1/1/2011 till 30/9/2011	From 1/7/2010 till 30/9/2010	From 1/1/2010 till 30/9/2010
	L.E			L.E
Discount for early payment	3 470 108	5 188 318	101 147	1 549 976
Provision for claims	22 661	67 985	178 256	1 657 306
	3 492 769	5 256 303	279 403	3 207 282

41- Finance income

	30/9/2011		30/9/2010	
	From 1/7/2011 till 30/9/2011	From 1/1/2011 till 30/9/2011	From 1/7/2010 till 30/9/2010	From 1/1/2010 till 30/9/2010
	L.E	L.E	L.E	L.E
Interest income	3 684 113	16 249 437	13 602 960	48 065 153
Unrealized gain on held for trading investments	-	1 494 573	962 135	3 022 180
Income from available- for -sale investments	-	-	-	350 274
Net foreign exchange differences	(332 732)	13 845 633	-	-
	3 351 381	31 589 643	14 565 095	51 437 607

42- Finance expenses

	30/9/2011		30/9/2010	
	From 1/7/2011 till 30/9/2011	From 1/1/2011 till 30/9/2011	From 1/7/2010 till 30/9/2010	From 1/1/2010 till 30/9/2010
	L.E			L.E
Interest charges	9 401 990	16 860 888	2 823 671	8 476 160
Interests expense of installments of Sheikh Zayed land	2 778 083	9 011 658	3 380 002	10 593 120
Net foreign exchange differences	-	-	408 058	769 374
	12 180 073	25 872 546	6 611 731	19 838 654

43- Income tax expense

	The nine-months ended 30/9/2011 L.E	The nine-months ended 30/9/2010 L.E
Current income tax expense	-	44 121 781
Deferred income tax expense	18 562	22 880 455
	18 562	67 002 236

Reconciliation of effective tax rate

	The nine-months ended 30/9/2011 LE	The nine-months ended 30/9/2010 L.E
Net profit (loss) before income tax	(105 079 198)	331 461 138
Tax rate	25%--20%	20%
Expected income tax	-	66 292 228
Effect of depreciation	18 562	10 564
Effect of provisions	-	331 462
Effect of separate tax pool	-	-
Other	-	367 982
Tax as shown in the income statement *	18 562	67 002 236
Effective tax rate	(0.017)%	20.21%

* Income tax expense of the nine- month ended September 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:

	30/9/2011		30/9/2010	
	From 1/7/2011 till 30/9/2011 L.E	From 1/1/2011 till 30/9/2011 L.E	From 1/7/2010 till 30/9/2010 L.E	From 1/1/2010 till 30/9/2010 L.E
Net profit (loss) for the period	(16 187 689)	(105 097 760)	29 737 499	264 458 902
Divided by:				
Weighted average number of shares outstanding during the period *	90 676 348	90 676 348	90 676 348	86 143 380
Earnings (losses) per share (L.E/share)	(0.18)	(1.16)	0.33	3.07

* 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:-

	30/9/2011		30/9/2010	
	From 1/7/2011 till 30/9/2011	From 1/1/2011 till 30/9/2011	From 1/7/2010 till 30/9/2010	From 1/1/2010 till 30/9/2010
	L.E	L.E	L.E	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	-	-	19 642 858	15 109 890
Weighted average number of shares outstanding during the period	90 676 348	90 676 348	90 676 348	86 143 380

45- Financial instruments

45-1 Credit risk

Exposure to credit risk

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

	Note No.	30/9/2011	31/12/2010
		L.E	L.E
Long-term trade & notes receivable	(12)	760 837 852	1 173 415 237
Short-term trade & notes receivable	(16)	704 425 796	829 042 389
Other debtors	(18)	10 160 036	9 634 551
Held for trading investments	(19)	-	59 230 831
Cash & cash equivalents	(20)	395 512 345	659 541 804
		1 870 936 029	2 730 864 812

45-2 Liquidity risk

The following are the contractual maturities of financial liabilities:

September 30, 2011

	Carrying amount L.E	6 months Or less L.E	6-12 months L.E	1-2 years L.E	2-5 years L.E	More than 5 years L.E
Long-term loans	301 548 625	-	-	-	301 548 625	-
Contractors & suppliers	69 229 608	14 678 083	54 551 525	-	-	-
Other creditors	235 923 756	140 287 087	37 962 031	49 315 958	8 358 680	-
Notes payable – short term	60 876 150	60 876 150	-	-	-	-
Notes payable – long term	114 366 558	-	-	33 973 563	80 392 995	-
Total	781 944 697	215 841 320	92 513 556	83 289 521	390 300 300	-

December 31, 2010

	Carrying amount L.E	6 months or less L.E	6-12 months L.E	1-2 years L.E	2-5 years L.E	More than 5 years 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	592 719 017	242 978 020	126 473 518	99 847 756	99 113 605	24 306 118

45-3 Currency risk

Exposure to currency risk

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

	30/9/2011		31/12/2010	
Description	**L.E**	**USD**	**L.E**	**USD**
Cash at banks	186 573 568	35 245 885	591 321 050	11 917 017
Other creditors	(235 923 740)	-	(221 972 848)	(1 022 340)
Net risk exposure	(49 350 172)	35 245 885	369 348 202	10 894 677

The following significant exchange average rates applied during the period:

L.E	Average rate		Reporting date spot rate	
	30/9/2011	30/9/2010	30/9/2011	31/12/2010
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 September 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.

	Profit & loss L.E
September 30, 2011	
USD	21 006 548
December 31, 2010	
USD	6 310 741

A 10 percent weakening of the USD against the above currencies at September 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:-

	Carrying amount	
	30/9/2011	31/12/2010
	L.E	L.E
Fixed rate instruments		
Financial assets	1 465 263 648	2 002 457 626
Financial liabilities	(470 299 074)	(195 261 635)
	994 964 574	1 807 195 991
Variable rate instruments		
Financial liabilities	-	(85 951 368)
	-	(85 951 368)

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:

	30/9/2011		31/12/2010	
	Carrying amount	Fair value	Carrying amount	Fair value
	L.E	L.E	L.E	L.E
Trade & notes receivable	1 465 263 648	1 465 263 648	2 002 457 626	2 002 457 626
Held for trading investments	-	-	59 230 831	59 230 831
Cash and cash equivalents	396 498 059	396 498 059	660 350 370	660 350 370
Contractors, suppliers & notes payable	(123 613 499)	(123 613 499)	(115 169 486)	(115 169 486)
Other creditors	(235 923 740)	(235 923 740)	(227 894 753)	(227 894 753)
Notes payable	(114 366 558)	(114 366 558)	(163 703 410)	(163 703 410)
	1 387 857 910	1 387 857 910	2 215 271 178	2 215 271 178

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 September 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	L.E
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.	4 788 000

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:-

Party	Nature relationship	Nature of transaction	The nine-month ended 30/9/2011 Amount of Transaction L.E	The nine-month ended 30/9/2010 Amount of Transaction L.E
Beverly Hills Co. for Management of Cities & Resorts	A subsidiary	Works of agriculture, maintenance & security services for Beverly Hills City.	4 197 050	8 616 103
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	78 426 579	71 595 696
		Cash proceeds	40 819 529	63 907 324
SODIC Garden City for Development & Investment Co.	A subsidiary	Payments on behalf of the Company	243 308	11 446
		Commissions of Auto Ville project.	-	3 770 597
Move-In for Advanced Contracting Co.	A subsidiary	Completion & furnishing works	1 869 967	666 582
		Rent of administrative units	315 164	40 000
Edara for Services of Cities and Resorts Co.	A subsidiary	Works of agriculture, maintenance & security services for Allegria City.	1 130 238	-
		Sale of Beverly Hills' shares	4 788 000	-
Tegara for Trading Centers Co.	A subsidiary	Payments on behalf of the Company.	141 808	-
SODIC for Golf and Tourist Development Co.	A subsidiary	Payments on behalf of the Company.	12 349 378	5 674 494
		Income from management & operation of the golf course	2 400 000	-
SODIC SIAC for Real Estate Investment Co.	A subsidiary	Payments on behalf of the Company	18 422	7 033 707
		Works of SODIC SIAC building No.(1)	12 066 327	62 202 332

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	13 787 307	5 578 674
SODIC for Development & Real Estate Investment Co.	A subsidiary	Financing of investments in subsidiaries	22 000 000	165 683 113
		Payments & expenses made on its behalf.	-	192 053
		Cash collection	-	2 760 000
SODIC Syria	A subsidiary	Payments on behalf of the Company	10 623 548	242 901 685
		Financing	-	110 808 750
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	3 561 851	-
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 February 22, 2010 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 December 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 paid the tax differences.

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 30 658 242 (2010: L.E 28 145 664) and the executed part of these contracts till 30/9/2011 amounted to L.E 29 588 853 (2010: L.E 21 492 519).

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 statues 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 30, 2015 instead of March 30, 2011.
  - The recommendation to extend the exercise right in the current bonus & incentive plan to be ended on March 2015 instead of March 2011.
  - The recommendation to amend article No. (11) of the bonus & incentive plan with respect to the management of the plan to give the board the right to assign an alternative member in case of death or resignation of any member of the Supervisory Committee.
  - The delegation of the chairman to call for an 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' 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:

Employees entitled	Grant date	No. of shares in thousands	Fair value of share at grant date	Exercising price	Conditions
			L.E	L.E	
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- Comparative figures

Some comparative figures were re-classified to comply with the presentation of the current financial period and the most significant items affected by the reclassification are listed below:

Separate balance sheet

	L.E
Works in process	28 930 419
Debtors & other debit balances	(28 930 419)

53- Subsequent events

The Arab Republic of Egypt has encountered certain events that have a significant impact on the economic sectors in general, a matter which may lead to a substantial decline in the economic activities in the foreseeable future.

Therefore, there is a possibility that the above mentioned events will have a significant impact on the Company's assets, liabilities, their recoverable/settlement amounts and the results of operations in the foreseeable future.

At the present, it is not possible to quantify the effect on the Company's assets and liabilities included in the company's financial statements, since quantifying the effect of these events relies on the expected extent and the time frame, when these events and their consequences, are expected to be finished.