

Translation from Arabic

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

Consolidated Financial Statements

For The Financial Period Ended September 30, 2008

And Review Report

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Translation from Arabic

Review Report

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

We have reviewed the accompanying consolidated financial statements of Sixth of October for Development and Investment Company “SODIC” represented in the consolidated balance sheet as of September 30, 2008 and the related consolidated statements of income, changes of equity and cash flows for the financial period then ended. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to issue a report on these financial statements based on our review.

We conducted our review in accordance with the Egyptian Standard on Auditing applicable to review engagements. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the financial statements are free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provide less assurance than an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Based on our review on the consolidated financial statements of Sixth of October for Development and Investment Company “SODIC” for the financial period ended September 30, 2008, nothing has come to our attention that causes us to believe that the accompanying financial statements are not fairly presented, in all material respects in accordance with Egyptian Accounting Standards.

KPMG Hazem Hassan

Cairo, November 30, 2008

Sixth of October for Development and Investment Company "SODIC"
(An Egyptian Joint Stock Company)
Consolidated Balance Sheet
As at September 30, 2008

	Note No.	<u>30/9/2008</u> L.E	<u>31/12/2007</u> L.E
<u>Long - term assets</u>			
Fixed assets	(6)	41 641 332	12 266 854
Intangible assets	(7)	44 421	380 907
Projects under construction	(8)	1 863 906	21 913 337
Investments in associates	(9)	-	2 634 064
Available for sale investments	(10)	4 250 000	4 250 000
Investment property	(11)	306 608 224	1 499 103
Trade & notes receivables	(13)	1 219 295 364	337 558 530
Deferred tax assets	(14)	12 063 893	14 527 584
Total long - term assets		<u>1 585 767 140</u>	<u>395 030 379</u>
<u>Current assets</u>			
Completed residential units ready for sale	(15)	355 542	880 078
Biological assets		120 186	-
Inventories		21 764	-
Works in process	(16)	1 235 568 896	882 271 651
Amounts due from customers - constructions		1 398 880	-
Trade & notes receivable	(17)	640 844 516	177 349 915
Debtors & other debit balances	(18)	381 382 182	261 327 253
Held for trading investments	(19)	-	77 670 614
Cash at banks & on hand	(20)	189 374 222	467 252 796
Total current assets		<u>2 449 066 188</u>	<u>1 866 752 307</u>
<u>Current liabilities</u>			
Provisions	(21)	56 054 834	67 886 576
Bank - credit balances		2 362 339	44 941
Customers - deposits	(22)	1 916 884 825	119 487 975
Amounts due to customers - constructions		155 841	-
Contractors, suppliers & notes payable	(23)	20 336 796	11 536 378
Creditors & other credit balances	(24)	120 112 896	134 819 500
Total current liabilities		<u>2 115 907 531</u>	<u>333 775 370</u>
Working capital		<u>333 158 657</u>	<u>1 532 976 937</u>
Total investments		<u>1 918 925 797</u>	<u>1 928 007 316</u>
These investments are financed as follows:			
<u>Equity</u>			
Issued & fully paid in capital	(26)	284 133 960	279 133 960
Legal reserve	(27)	139 566 980	139 566 980
Special reserve - share premium	(28)	912 439 354	917 439 354
Retained earnings		465 275 255	154 040 713
Treasury shares	(29)	(80 000 000)	(80 000 000)
Amount set aside for incentive & bouns plan	(30)	7 500 000	3 750 000
Net profit (loss) for the period / year		(9 946 931)	331 234 542
Total equity attributable to equity holders of the Company		<u>1 718 968 618</u>	<u>1 745 165 549</u>
Minority interest	(25)	<u>19 406 162</u>	<u>18 540 445</u>
Total equity		<u>1 738 374 780</u>	<u>1 763 705 994</u>
<u>Long-term liabilities</u>			
Notes payable	(32)	180 551 017	164 301 322
Total long-term liabilities		<u>180 551 017</u>	<u>164 301 322</u>
Total equity and long - term liabilities		<u>1 918 925 797</u>	<u>1 928 007 316</u>

* The accompanying notes on pages form (5) to (47) are an integral part of these consolidated financial statements and to be read therewith.

Administrative & financial Manager

Mr. Hany Henery

Managing Director

Mr. Maher Maksoud

Chairman

Mr. Magdy Rasekh

* Review Report " attached "

Sixth of October for Development and Investment Company "SODIC"
(An Egyptian Joint Stock Company)
Consolidated Income Statement
For The Financial Period Ended September 30, 2008

	Note No.	<u>2008</u>		<u>2007</u>	
		<u>From 1/7/2008</u>	<u>From 1/1/2008</u>	<u>From 1/7/2007</u>	<u>From 1/1/2007</u>
		<u>till 30/9/2008</u>	<u>till 30/9/2008</u>	<u>till 30/9/2007</u>	<u>till 30/9/2007</u>
		L.E	L.E	L.E	L.E
Net real estate sales	(33)	3 714 964	40 898 764	122 327 248	321 250 764
Construction contracts revenue		1 549 904	4 716 399	-	-
Total revenues		<u>5 264 868</u>	<u>45 615 163</u>	<u>122 327 248</u>	<u>321 250 764</u>
Cost of real estate sold	(34)	(2 438 311)	(10 144 824)	(54 703 053)	(140 919 534)
Construction contracts cost		(2 150 429)	(4 676 445)	-	-
Total cost		<u>(4 588 740)</u>	<u>(14 821 269)</u>	<u>(54 703 053)</u>	<u>(140 919 534)</u>
Gross profit		676 128	30 793 894	67 624 195	180 331 230
Other operating revenues	(35)	11 334 674	41 187 857	5 308 304	21 458 472
Loss on sale of investments in associates		(2 841)	(1 033 088)	-	-
Selling & marketing expenses	(36)	(20 372 234)	(38 874 477)	(3 703 863)	(19 067 650)
General & administrative expenses	(37)	(10 848 449)	(29 583 626)	(12 013 522)	(22 544 067)
Board of directors remunerations & allowances	(38)	(2 848 711)	(15 626 669)	(3 897 046)	(12 984 612)
Other operating expenses	(39)	(3 106 490)	(7 948 268)	(257 745)	(1 076 293)
Operating profit (loss)		<u>(25 167 923)</u>	<u>(21 084 377)</u>	<u>53 060 323</u>	<u>146 117 080</u>
Finance income	(40)	6 513 836	25 770 403	8 655 452	31 912 119
Finance expenses	(41)	(3 209 193)	(12 314 811)	(3 545 719)	(4 847 678)
Net finance income		<u>3 304 643</u>	<u>13 455 592</u>	<u>5 109 733</u>	<u>27 064 441</u>
Share in profits in associates		-	219 024	187 887	576 033
Net profit (loss) for the period before income tax		<u>(21 863 280)</u>	<u>(7 409 761)</u>	<u>58 357 943</u>	<u>173 757 554</u>
Deduct					
Current income tax expense	(14)	(4 561 595)	813 565	1 500 972	4 876 691
Deferred income tax expense (benefit)		625 896	2 463 691	(3 190 675)	(9 150 972)
Net profit (loss) for the period		<u>(17 927 581)</u>	<u>(10 687 017)</u>	<u>60 047 646</u>	<u>178 031 835</u>
Net profit (loss) for the period attributable to:					
Equity holders of the Company		(18 014 175)	(9 946 931)	60 258 224	177 933 846
Minority share in profits & losses of subsidiaries		86 594	(740 086)	(210 578)	97 989
Net profit (loss) for the period		<u>(17 927 581)</u>	<u>(10 687 017)</u>	<u>60 047 646</u>	<u>178 031 835</u>
Earnings per share (L.E / Share)	(42)	<u>(0.64)</u>	<u>(0.35)</u>	<u>2.00</u>	<u>6.03</u>

* The accompanying notes on pages form (5) to (47) are an integral part of these consolidated financial statements and to be read therewith.

Sixth of October for Development and Investment Company "SODIC"
(An Egyptian Joint Stock Company)
Consolidated Statement of Changes in Equity
For The Financial Period Ended September 30, 2008

	Note No.	Issued & paid up capital L.E	Legal reserve L.E	Special reserve-share premium L.E	Treasury shares L.E	Set aside for bonus & incentive plan L.E	Retained earnings (carried forward losses) L.E	Net profit (loss) for the period L.E	Equity attributable to equity holders of the Company L.E	Minority interest L.E	Total equity L.E
Balance as at January 1, 2007		269 133 960	134 566 980	832 439 354	-	-	(68 874 061)	222 914 774	1 390 181 007	655 214	1 390 836 221
Amounts transferred to carried forward losses		-	-	-	-	-	222 914 774	(222 914 774)	-	-	-
Share capital increase		10 000 000	-	-	-	-	-	-	10 000 000	-	10 000 000
Share premium		-	5 000 000	85 000 000	-	-	-	-	90 000 000	-	90 000 000
Treasury shares		-	-	-	(100 000 000)	-	-	-	(100 000 000)	-	(100 000 000)
Set aside amount for incentive & bonus plan during the period	(30)	-	-	-	-	7 000 000	-	-	7 000 000	-	7 000 000
Minority interest		-	-	-	-	-	-	-	-	46 566	46 566
Net profit for the period		-	-	-	-	-	-	177 933 846	177 933 846	97 989	178 031 835
Balance as at September 30, 2007		279 133 960	139 566 980	917 439 354	(100 000 000)	7 000 000	154 040 713	177 933 846	1 575 114 853	799 769	1 575 914 622
Balance as at January 1, 2008		279 133 960	139 566 980	917 439 354	(80 000 000)	3 750 000	154 040 713	331 234 542	1 745 165 549	18 540 445	1 763 705 994
Share capital increase	(26)	5 000 000	-	(5 000 000)	-	-	-	-	-	-	-
Set aside amount for incentive & bonus plan during the period	(30)	-	-	-	-	3 750 000	-	-	3 750 000	-	3 750 000
Employees' dividends	(31)	-	-	-	-	-	-	(20 000 000)	(20 000 000)	-	(20 000 000)
Amounts transferred to retained earnings		-	-	-	-	-	311 234 542	(311 234 542)	-	-	-
Minority interest		-	-	-	-	-	-	-	-	1 605 803	1 605 803
Net loss for the period		-	-	-	-	-	-	(9 946 931)	(9 946 931)	(740 086)	(10 687 017)
Balance as at September 30, 2008		284 133 960	139 566 980	912 439 354	(80 000 000)	7 500 000	465 275 255	(9 946 931)	1 718 968 618	19 406 162	1 738 374 780

* The accompanying notes on pages form (5) to (47) are an integral part of these consolidated financial statements and to be read therewith.

Sixth of October for Development and Investment Company "SODIC"
(An Egyptian Joint Stock Company)
Consolidated Statement of Cash Flows
For The Financial Period Ended September 30, 2008

	Note No.	For the financial period ended 30/9/2008 L.E	For the financial period ended 30/9/2007 L.E
<u>Cash flows from operating activities</u>			
Net profit (loss) for the period before income tax		(7 409 761)	173 757 554
<u>Adjustments for:-</u>			
Depreciation of fixed assets & rented units		2 070 749	754 288
Amortization of other assets		336 486	26 522
Investment income form available for sale investments		(811 055)	(668 005)
Gain on sale of fixed assets		(25 192)	(143 040)
Share in profits / losses in associates		(219 024)	576 033
Loss on sale of investments in associates		1 033 088	-
Provisions formed	(21)	3 991 064	55 400 299
Impairment loss of debtors & other debit balances		-	10 322
Other expenses		-	154 096
Equity - setteled share - based payment transactions	(30),(47)	3 750 000	6 187 500
Operating profit before changes in working capital items		2 716 355	236 055 569
<u>Changes in working capital items</u>			
Change in resednital units ready for sale		383 246	2 208 141
Change in inventories		(21 764)	-
Change in works in process		(361 297 611)	35 702 803
Change in due from customers - constructions		(1 398 880)	-
Change in trade & notes receivables		(1345 231 435)	(250 053 571)
Change in debtors & other debit balances		(120 051 929)	(205 524 474)
Provision for completion of works - used	(21)	(16 640 657)	(43 286 442)
Change in customers deposits		1797 396 850	154 059 410
Change in due to customers - constuctions		155 841	-
Change in contractors , suppliers & notes payable		25 050 113	167 735 488
Change in creditors & other credit balances		(17 291 654)	(17 972 558)
Blocked deposits & bank accounts		16 392 223	(727 488)
Net cash provided from (used in) operating activities		(19 839 302)	78 196 878
<u>Cash flows from investing activities</u>			
Payments for purchase of fixed assets & projects under construction		(11 008 727)	(4 022 004)
Payments for acquisition of intangible assets		-	(106 090)
Payments on account of acquisition of subsidiaries	(12)	(296 067 670)	(306 226 989)
Payments for acquisition of amounts due to old shareholders in subsidiaries	(12)	(808 888)	-
Minority interest		1 578 500	46 566
Proceeds from sale of investments in associates		1 820 000	-
Payments for acquisition of available for sale investments		-	(1 264 695)
Proceeds from sale of held for trading investments		77 670 614	-
Payments for acquisition of held for trading investments		-	(59 268 828)
Dividends received from available for sale investments		811 055	-
Dividends recieved from associates		-	2 691 596
Proceeds from sale of fixed assets		297 034	202 940
Net cash used in investing activities		(225 708 082)	(367 947 504)
<u>Cash flows from financing activities</u>			
Proceeds from share capital increase & share premium	(28)	-	100 000 000
Treasury shares	(29)	-	(100 000 000)
Dividends paid	(31)	(18 256 365)	-
Net cash used in financing activities		(18 256 365)	-
Net movement in cash & cash equivalents during the period		(263 803 749)	(289 750 626)
Cash & cash equivalents as at January 1, 2008		425 310 622	792 855 199
Cash & cash equivalents as at September 30, 2008	(20)	161 506 873	503 104 573

* The accompanying notes on pages form (5) to (47) are an integral part of these consolidated financial statements and to be read therewith.

**Sixth of October for Development and Investment Company “SODIC”
(An Egyptian Joint Stock Company)
Notes to the consolidated financial statements
For the financial period ended 30 September 2008**

1. Background and activities

- Sixth of October for Development and Investment Company “SODIC” An Egyptian Joint Stock company was incorporated in accordance with the provisions of Law No. 159 of 1981 and its Executive Regulations and considering the provisions of Law No. 95 Of 1992 and its Executive Regulations and by virtue of the decree of the Minister of Economy & International Cooperation No. 322 of 1996 issued on May 12, 1996. The Company was registered in Giza Governorate Commercial Registry under No. 625 on May 25, 1996.

On April 6, 2008, The Company’s Extraordinary General Assembly agreed to add “SODIC” name to the original name of Sixth of October for Development and Investment Company to become Sixth of October for Development and Investment Company “SODIC”. Annotation was made in the Company’s Commercial Registry to this effect on June 18, 2008.

- The Company’s purpose is represented in the following:
 - Working in the field of purchasing of lands for the purpose of providing utilities for them and making them ready for building, dividing these lands and selling or leasing them.
 - Working in the field of construction, integrated construction and supplementary works for it.
 - Planning, dividing and preparing lands for building according to modern building techniques.
 - Building, selling and leasing all various kinds of real estate.
 - Developing and reclaiming lands in the urban communities.
 - Working in the field of tourist development and in all tourist establishments field including, building , managing , selling or utilizing hotels, motels and tourist villages in accordance with applicable Egyptian laws & regulations.
 - Building, managing, selling and leasing – out of the residential, service, commercial, industrial and tourist projects.
 - Importing and working as trade agents for that is permitted within the limits of the Company’s purpose.
 - 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 Parent Company is listed in the formal listing in Cairo & Alexandria Stock Exchange.
- The consolidated financial statements of Sixth of October for Development Investment Company "SODIC" (the Parent Company) for the financial period ended September 30, 2008 comprise the financial statements of the Company and its subsidiaries (together referred to as the "Group") and the Group's interest in associates.
- The registered office of the Parent Company is located at Km. 38 Cairo / Alexandria Desert Road, Sheikh Zayed City, Cairo, Egypt. Mr. Mohamed Magdy Rasekh is the Chairman of the Parent Company.

2. **Basis of preparation**

a. **Statement of compliance**

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

b. **Basis of measurement**

The consolidated financial statements have been prepared on historical cost basis except for the following assets and liabilities:

- Available for sale investments which are stated at fair values.
- Liabilities for cash settled share - based payments transactions which are stated at fair values.

c. **Functional currency and presentation currency**

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

d. **Use of estimates and judgments**

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

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

3. Significant accounting policies

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

3.1 Basis of consolidation

3.1.1 Subsidiaries

Subsidiaries are entities controlled by the Parent Company. Control exists when the Parent Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Subsidiaries are represented in the following:-

<u>Subsidiary name</u>	<u>Ownership</u>	
	<u>As at</u>	<u>As at</u>
	<u>September 30, 2008</u>	<u>December 31, 2007</u>
	<u>%</u>	<u>%</u>
SODIC Property Services Co. - S.A.E	51	51
Sixth of October for Development & Real Estate Projects Company "SOREAL" – S.A.E	99.99	99.99
Beverly Hills for Management of Cities & Resorts Co. – S.A.E *	52.31	52.31
Egyptian Co. for Investment and Real Estate & Tourist Development – S.A.E **	50	50
Move-In for Advanced Contracting Co. - S.A.E ***	55	-
Greenscape for Agriculture & Reclamation Co. ****	51	-
El Yosr for Projects and Agriculture Development Co. *****	99.99	-

* The legal participation in Beverly Hills for Management of Cities and Resorts Co. amounts to 71% which includes 18.69% represents transitory shares are currently in the name of the Company and the title of these shares will be transferred to the real shareholders (Owners of the units).

** Egyptian Co. for Investment and Real Estate & Tourist Development has been established on January 27, 2008 in conjunction with some of the board members and their owned companies.

*** Move-In for Advanced Contracting Co. has been established on April 21, 2008.

**** Greenscape for Agriculture & Reclamation Co. has been established on April 20, 2008.

***** El Yoser for Projects and Agriculture Development Co. has been acquired during September 2008.

3.1.2 Associates

Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies. The consolidated financial statements include the Group's share of the total recognised gains and losses of associates on an equity accounted basis, from the date that significant influence commences until the date that significant influence ceases.

3.1.3 Transactions eliminated on consolidation

Intra-group balances and any unrealised gains and losses or income and expenses arising from intragroup transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with associates and jointly controlled entities are eliminated to the extent of the Group's interest in the entity. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

3.2 Foreign currency translation

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

3.3 Fixed assets & depreciation

a. Recognition and measurement

Property, plant and equipment are stated at cost less accumulated depreciation (note No. 3-3-c) and impairment losses (note No. 3-13).

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

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

b. Subsequent costs

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

c. Depreciation

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

<u>Asset</u>	<u>Years</u>
Buildings & constructions	10-20
Caravans	10
Vehicles	5
Furniture & fixtures	4-10
Office & communications equipment	5
Generators, machinery & equipment	2-5
Wells, pumps & networks	4
Leasehold improvements	Lesser of 5 years or lease term

3.4 Intangible assets

3.4.1 Goodwill

Goodwill represents the excess of the cost of acquisition over the Parent Company's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquiree. Goodwill is stated at cost less any accumulated impairment losses. Impairment of goodwill is not reversed subsequently. When the excess is negative (negative goodwill) it is recognized immediately in the income statement.

3.4.2 Other intangible assets

a. Recognition

Identifiable non-monetary assets acquired for business purposes and from which future benefits are expected to flow are treated as tangible assets. Intangible assets consist of trademarks & softwares.

b. Measurement

Intangible assets are measured at cost, being the cash price at recognition date. If payment is deferred beyond the normal credit terms the difference between the cash price equivalent and the total payment is recognized as interest over the period of credit. Intangible assets are presented net of amortization (note No. 3-4-2-d) and impairment (note No.3-13).

c. Subsequent expenditure

Subsequent expenditure on capitalised intangible assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

d. Amortization

Amortization is charged to the income statement on a straight-line basis over the estimated useful lives of intangible assets unless such lives are indefinite. Intangible assets with an indefinite useful life are systematically tested for impairment at each balance sheet date. Intangible assets are amortized from the date they are available for use. The estimated useful lives of these intangible assets range between 2 to 7 years.

3.5 Projects under construction

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

3.6 Investment property

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

3.7 Investments

a. Available for sale investments

Financial instruments held by the Company are classified as being available-for-sale and are generally stated at fair value (except investments in unquoted equity securities), with any resultant gain or loss being recognized directly in equity. When these investments are derecognized, the cumulative gain or loss previously recognized in equity is recognized in consolidated income statement, except for impairment losses. Investments in unquoted equity securities are stated at cost less impairment losses (note No. 3-13).

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

b. Investments in treasury bills

Treasury bills discountable at the Central Bank of Egypt are stated at nominal value and the unearned interests are recorded under creditors and other credit balance account. Treasury bills are shown in the consolidated balance sheet at their nominal value less the balance of unearned interests.

c. Held for trading investments

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

3.8 Residential units ready for sale

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

3.9 Works in process

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

3.10 Construction work in progress

Construction work in progress (due from customers) represents the gross unbilled amount expected to be collected from customers for contract work performed to date. It is measured at cost plus profit recognized to date less progress billings and recognized losses. Costs include all expenditures related directly to specific projects and allocation of fixed and variable overheads incurred in the Group's contract activities based on normal operating capacity.

Provisions for estimated losses on incomplete contracts are made in the period in which such losses are determined.

Construction work in progress is presented as part of current assets in the consolidated balance sheet. If payments received from customers exceed the income recognized, then the difference is presents as (due to customers) in the consolidated balance sheet.

3.11 Trade and other receivables

Trade, notes and other receivables are recognized and carried at original invoice amount less an allowance for any uncollectible amounts. An estimate of doubtful debts is made when collections of the full amount is no longer probable. Bad debts are written off when identified. Other debit balances are stated at cost less impairment losses (note No. 3-13). Long term trade and notes receivables are initially recognized at fair value and subsequently re-measured at amortized cost using effective interest rate method.

3.12 Cash and cash equivalents

Cash and cash equivalents comprise cash at banks and on hand, time deposits, investments in treasury bills 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 Group's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

3.13 Impairment

a. Financial assets

- A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.
- An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate.
- An impairment loss in respect of an available-for-sale financial asset is calculated by reference to its current fair value.

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

b. Non-financial assets

The carrying amounts of the Company's non-financial assets other than inventories, 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 consolidated 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

3.14 Provisions

A 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.

Provision for completion of works

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

3.15 Borrowing costs

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

3.16 Trade, contractors and other credit balances

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

3.17 Share capital

a. Ordinary shares

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

b. Repurchase of share capital

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

c. Dividends

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

d. Finance of the incentive and bonus plan

Financing of the shares issued for the purpose of the incentive and bonus plan of the Company's employees & managers which are kept in a bank which works as 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.

3.18 Share – based payments transactions

a. Equity – settled share – based payments

The difference between the grant date fair value of shares and the amount incurred by the beneficiary of the employees & managers bonus & incentive plan is recognized in the income statement over the period that the beneficiaries become unconditionally entitled to these shares. The expected number of beneficiaries from the plan and the extent of their benefit are reviewed at the consolidated financial statements date. Necessary changes are made for the expense to reflect the best estimate and the corresponding amount is included in equity 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 period of time .The amount or the value of the purchased services and incurred liabilities is measured at the fair value of the said liability and until the settlement of such liability , the Company re-measures the fair value of the liability at the consolidated financial statements date and at settlement date and takes into account any changes in the recognized fair value of the liability in the income statement.

3.19 Long-term notes payable

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

3.20 Revenue recognition

a. Real estate sales

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

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

b. Construction contracts

- Contract revenue includes the initial amount agreed in the contract plus any variations in contract work, claims and incentive payments to the extent that is probable that they will result in revenue and can be measured reliably.

The stage of completion is assessed by reference to surveys of work performed. When the outcome of a construction contract can not be estimated reliably, contract revenue is recognized only to the extent of contract costs incurred that are likely to be recoverable. An expected loss on contract is recognized immediately in profit or loss.

- In the case of a cost plus contract, the outcome of a construction contract can be estimated reliably when all the following conditions are satisfied:
 - It is probable that the economic benefits associated with the contract will flow to the entity; and
 - The contract costs attributable to the contract, whether or not specifically reimbursable, can be clearly identified and measured reliably.

c. **Rental income**

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

d. **Interest income**

Interest income is recognized as it accrues in the consolidated income statement, using the effective interest method.

e. **Commission revenue**

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

f. **Dividends**

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

3.21 **Cost of sold lands**

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

3.22 **Expenses**

a. **Lease payments**

Payments under leases are recognized in the consolidated 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 consolidated 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 and its amendment. Under this law, the employees and the employers contribute into the system on a fixed percentage-of-salaries basis. The Company's liability is confined to the amount of its contribution. Contributions are charged to consolidated income statement using the accrual basis of accounting

d. **Income tax**

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

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

Deferred tax is provided using the balance sheet 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 consolidated 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.

3.23 Earnings per share

Earnings 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.

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

4.1 Fixed assets

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

4.2 Intangible assets

The fair value of intangible assets is based on the discounted cash flows expected to be derived from the use and eventual sale of the assets.

4.3 Investments in equity instruments

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

4.4 Trade, note receivables & other debtors

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

4.5 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.

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

- credit risk
- liquidity risk
- market risk.

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

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

The Group, 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.

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

Approximately 100 percent of the Group's revenues is attributable to sales transaction with a vast group of customers. Therefore, geographically, there is no concentration of credit risk.

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

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

Investments

The Group 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 Group's policy is to provide financial guarantees only to wholly-owned subsidiaries. At September 30, 2008, no guarantees were outstanding.

5.2 Liquidity risk

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

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

Typically the Group 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.

5.3 Market risk

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

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

5.4 Currency risk

The Group is exposed to currency risk on sales and financial assets that are denominated in 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 Group ensures that its net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates when necessary to address short-term imbalances.

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

5.5 Interest rate risk

The Group has not obtained loans or borrowings from others that exposed it to interest rate risk. Therefore, the Group 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 Group monitors the mix of equity securities in its investment portfolio based on market indices or an objective valuation of the financial statements related to these shares.

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

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

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

5.7 Capital management

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

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

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

Sixth of October for Development and Investment Company "SODIC"
 "An Egyptian Joint Stock Company"
 Notes to the consolidated financial statements (Cont.)
 For the financial period ended September 30, 2008

6- Fixed assets

This item is represented as follows:-

	<u>Lands</u>	<u>Buildings</u>	<u>Vehicles</u>	<u>Furniture & fixtures</u>	<u>Office equipment & communications</u>	<u>Generators,machinery & equipment</u>	<u>Total</u>
	<u>L.E</u>	<u>L.E</u>	<u>L.E</u>	<u>L.E</u>	<u>L.E</u>	<u>L.E</u>	<u>L.E</u>
<u>Cost</u>							
As at January 1, 2008	2 702 683	3 441 758	4 271 794	2 601 664	2 510 246	1 608 873	17 137 018
Additions during the period	16 849 861	4 469 572	1 010 935	2 627 990	1 652 155	4 750 620	31 361 133
Assets acquired through business combination	-	258 071	-	-	-	-	258 071
Disposals during the period	-	-	(53 100)	(248 305)	(76 560)	(5 755)	(383 720)
As at September 30, 2008	<u>19 552 544</u>	<u>8 169 401</u>	<u>5 229 629</u>	<u>4 981 349</u>	<u>4 085 841</u>	<u>6 353 738</u>	<u>48 372 502</u>
<u>Accumulated depreciation</u>							
As at January 1, 2008	-	1 033 907	1 004 776	601 353	1 320 827	909 301	4 870 164
Depreciation for the period	-	194 229	676 628	477 904	383 632	240 491	1 972 884
Disposals	-	-	(53 100)	(57)	(58 721)	-	(111 878)
As at September 30, 2008	<u>-</u>	<u>1 228 136</u>	<u>1 628 304</u>	<u>1 079 200</u>	<u>1 645 738</u>	<u>1 149 792</u>	<u>6 731 170</u>
Net book value as at September 30, 2008	<u>19 552 544</u>	<u>6 941 265</u>	<u>3 601 325</u>	<u>3 902 149</u>	<u>2 440 103</u>	<u>5 203 946</u>	<u>41 641 332</u>
Net book value as at December 31, 2007	<u>2 702 683</u>	<u>2 407 851</u>	<u>3 267 018</u>	<u>2 000 311</u>	<u>1 189 419</u>	<u>699 572</u>	<u>12 266 854</u>

This item includes fully depreciated assets of L.E 4 277 953 as at September 30, 2008.

7. Intangible assets

This item is represented as follows:

	Cost as at 1/1/2008	Accumulated amortization as at 1/1/2008	Amortization for the period	Carrying amount as at 30/9/2008
	<u>L.E</u>	<u>L.E</u>	<u>L.E</u>	<u>L.E</u>
Coldwell Banker trademarks *	314 600	-	314 600	-
Software	106 090	39 783	21 886	44 421
	<u>420 690</u>	<u>39 783</u>	<u>336 486</u>	<u>44 421</u>

* Represents the amount paid in accordance with agreement concluded with Betna for Investment & Marketing of Real Estate Co. for the license of utilizing Coldwell Bankers trademark effective from 1 January 2008 and for a seven year period. The agreement of Coldwell Banker trade mark was terminated on July 10, 2008 and the remaining balance on that date was depreciated in full.

8. Projects under construction

This item is represented as follows:

	30/9/2008	31/12/2007
	<u>L.E</u>	<u>L.E</u>
Beverly Hills club	-	19 608 259
Fixtures in the administrative premises	223 868	204 368
Land of the services compound	673 891	-
Advance payments for purchasing of machinery and equipment	160 133	1 333 826
Advance payments for fixtures	503 139	766 884
Wells under construction	302 875	-
	<u>1 863 906</u>	<u>21 913 337</u>

9. Investments in associates

This Group has the following investments in associates:

	Ownership		Carrying amount	
	30/9/2008	31/12/2007	30/9/2008	31/12/2007
	<u>%</u>	<u>%</u>	<u>L.E</u>	<u>L.E</u>
Rabyia for Agricultural & Urban Development Co. – S.A.E	-	26	-	2 634 064
Royal Gardens for Investment Property Co. – S.A.E *	20	20	-	-
			<u>-</u>	<u>2 634 064</u>

* On May 4, 2008, the board of directors approved the sale of 259 285 shares of the Parent Company' shares in Rabyia for Agricultural & Urban Development Co. to a company owned by some board members for the nominal value of these shares. In addition, the remaining 715 shares were sold during the period to the same company mentioned above.

Summary of financial information on associates – 100 per cent:-

	Assets	Liabilities	Equity	Revenues	Expenses
	<u>L.E</u>	<u>L.E</u>	<u>L.E</u>	<u>L.E</u>	<u>L.E</u>
Royal Gardens for Investment Property Co.					
December 31, 2007	<u>235 308 495</u>	<u>236 425 876</u>	<u>(1 117 381)</u>	<u>1 310 323</u>	<u>(17 427 704)</u>
September 30, 2008	<u>574 166 809</u>	<u>582 889 846</u>	<u>(8 723 037)</u>	<u>5 157 602</u>	<u>(12 763 258)</u>

- * Royal Gardens for Investment Property Co. was established on December 6, 2006 in conjunction with Palm Hills and other shareholders. The cost of investment amounted to L.E 3 million represents 50 % of the Parent Company's participation in the share capital of Royal Gardens Co. The Parent Company share in the unrealized gain resulted from the sale of land made by the Parent Company to its associate during 2007 amounted to L.E 32 298 112 out of which only L.E 3 million was eliminated to the extent of the Parent Company's interest in the associate when preparing the consolidated financial statements.

Nonetheless, the Parent Company's share in the associates' losses was not charged to the consolidated income statement with an amount of L.E 4 744 607 till September 30, 2008 due to the lack of any book value of the investment balance in the consolidated financial statement as at September 30, 2008.

10. Available for sale investments

This item is represented as follows:

	<u>Legal form</u>	<u>Ownership</u> %	<u>Paid amount of participation</u> %	<u>Carrying amount as at 30/9/2008</u> <u>L.E</u>	<u>Carrying amount as at 31/12/2007</u> <u>L.E</u>
Egyptian Company for Development & Management of Smart Villages	S.A.E	1.8	100	4 250 000	4 250 000
				4 250 000	4 250 000

- 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.

11. Investment property

The carrying amount of the investment property as at September 30, 2008 amounted to L.E 306 608 224 and are represented in commercial & residential units leased out to others and agricultural lands. Movement on the investment property balance and its depreciation during the period is as follows:-

<u>Description</u> <u>Cost</u>	<u>L.E</u>
At 1/1/2008	1 531 214
Commercial units	141 190
Residential units	8 818 217
Total cost of completed residential units leased out to others *	10 490 621
<u>Add:</u> Investment property acquired through business combination **	296 247 579
At September 30, 2008	306 738 200
<u>Accumulated depreciation</u>	
At 1/1/2008	32 111
Depreciation for the period	97 865
At September 30, 2008	129 976
Carrying amount as at September 30, 2008	306 608 224
Carrying amount as at December 31, 2007	1 499 103

- * The fair value of completed residential units leased out to others amounts to L.E 28 786 390 as at September 30, 2008.
- ** Represented in the fair value of agricultural lands acquired during the period through business combination of El Yosr for Projects and Agriculture Development Co. (note No. 12) with a total area of 1 213 850 square meter at K.M 43.5 Cairo / Alexandria Desert Road for the purpose of developing and establishing residential projects on these lands based on the possible building up portion.

12. Acquisition of subsidiaries:

On August 4, 2008, the Group acquired shares in El Yosr for Projects and Agriculture Development Co. of 999 997 amounting to L.E 290 899 127. The acquisition was made by virtue of the Sale Agreement dated August 5, 2008. According to article No.(6) of the said agreement, this amount was reduced by an amount of L.E 808 888 represents the assignment of the Company's old shareholders of their credit balance due from El Yosr for Projects and Agriculture Development Co. in favor of Sixth of October for Development & Real Estate Projects Company "SOREAL" as part of the purchase price. The acquisition cost includes an amount of L.E 5 977 431 represents the amount paid for brokerage commission and others. The ownership title of these shares was transferred to SOREAL during the period from September 16 to September 21, 2008.

The acquisition had the following effect on the Group's assets, liabilities and contingent liabilities on acquisition date:

	Carrying amounts on acquisition date L.E	Fair value adjustments L.E	Fair values on acquisition date L.E
Total consideration paid, satisfied in cash	-	-	290 899 127
Less:			
Assignment of the amounts due to old shareholders	-	-	808 888
Add: Commissions & other acquisition costs	-	-	5 977 431
Net consideration paid	-	-	296 067 670
Fixed assets & projects under construction	560 946	-	560 946
Investment property	12 415 500	278 483 500	290 899 000
Other current assets	123 186	-	123 186
Current liabilities	(836 738)	-	(836 738)
Minority interest	(1 152)	(26 151)	(27 303)
Net identifiable assets on acquisition	12 261 742		290 719 091
Excess of acquisition cost charged to the cost of land acquired through business combination as considered additional cost for the acquisition of land.			5 348 579

13. Long - term trade & notes receivables

This item is represented in the amortized cost of trade & notes receivables using the effective interest rate as follows:-

	30/9/2008	31/12/2007
	<u>L.E</u>	<u>L.E</u>
Trade receivables	129 602 001	148 097 721
Notes receivable *	1 143 872 252	247 290 431
	<u>1 273 474 253</u>	<u>395 388 152</u>
<u>Deduct:</u>		
Unamortized discount	54 178 889	57 829 622
	<u>1 219 295 364</u>	<u>337 558 530</u>

* This item includes an amount of L.E 29 397 501 representing the nominal value of the notes receivables delivered to a company for the purpose of providing some services with respect to the extension of payments terms with interests and to follow up its collection in accordance with the agreement concluded on May 5, 2008 in this regard.

- The Group's exposure to credit, currency risks and impairment losses related to trade & notes receivable is disclosed in note No.(43).

14. Deferred tax

	30/9/2008		31/12/2007	
	<u>Assets</u>	<u>Liabilities</u>	<u>Assets</u>	<u>Liabilities</u>
	<u>L.E</u>	<u>L.E</u>	<u>L.E</u>	<u>L.E</u>
Fixed assets	-	553 289	-	270 863
Provisions	(10 497 977)	-	(13 048 447)	-
Other items	(2 119 205)	-	(1 750 000)	-
Total deferred tax asset	<u>(12 617 182)</u>	<u>553 289</u>	<u>(14 798 447)</u>	<u>270 863</u>
Net deferred tax asset	<u>(12 063 893)</u>	<u>-</u>	<u>(14 527 584)</u>	<u>-</u>

15. Completed residential units ready for sale

This item consists of the cost of the completed residential units ready for sale in the first phase of the project and is represented as follows:

	30/9/2008	31/12/2007
	<u>L.E</u>	<u>L.E</u>
Cost of completed commercial units in 3/A area	-	383 342
Cost of completed commercial units in 3/B area	355 542	496 736
	<u>355 542</u>	<u>880 078</u>

16. Works in process

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

	30/9/2008	31/12/2007
	<u>L.E</u>	<u>L.E</u>
<u>Company's land intended for use in Allegria project</u>		
Cost of the Company's land intended for use *	313 934 536	58 138 672
Planning , survey , supervision & soil researches	87 654 133	49 849 633
	<hr/>	<hr/>
<u>WESTOWN project costs</u>		
Cost of the Company's land intended for use	49 272 566	49 272 566
Planning , survey , supervision & soil researches	24 008 916	9 239 083
	<hr/>	<hr/>
	73 281 482	58 511 649
<u>Cost of the fourth phase (4A & 4B), exhibitions & others</u>		
Cost of land	46 210 367	47 991 618
Planning , survey , supervision & soil researches	22 515 002	6 813 857
Building & utilities	40 339 299	33 461 277
Cost of land of Dahshor' showrooms	25 313 371	23 247 486
A plot of land in the Fifth Community (plot No. 1)	75 770 894	76 292 642
Expenses related to plot of land No. 1	6 880 246	1 971 266
A plot of land in the Fifth Community (plot No. 2)	519 494 158	519 494 158
Expenses related to plot of land No. 2	11 710 404	150 776
Buildings & constructions	12 465 004	6 348 617
	<hr/>	<hr/>
	760 698 745	715 771 697
	<hr/>	<hr/>
	1 235 568 896	882 271 651

* The master plan of Allegria project has been approved by the New Urban Communities Authority on January 14, 2008. The approval of the master plan of WESTOWN project is currently in process

(1) **Plot No. (1)**

The fair value of the vacant plot of land owned by Sixth of October for Development & Real Estate Projects Company "SOREAL", subsidiary Company in the Investors Zone, plot No. (24 a) with a an area of 30 feddens that is equivalent to 125 993.55 square meter according to the handover minute, dated November 9, 2006 located at the communities east to the Ring Road, (New Cairo City), the land ownership was transferred to the Company by virtue of the assignment given by Picorp Holding (the main shareholder), and a decision was issued by the Main Real Estate Committee in its session No.37 dated August 13, 2006 concerning the approval of the said assignment.

(2) **Plot No. (2)**

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

17. Trade & notes receivable

	30/9/2008	31/12/2007
	<u>L.E</u>	<u>L.E</u>
Trade receivable	54 449 845	45 392 015
Notes receivable *	599 888 500	138 661 232
	<u>654 338 345</u>	<u>184 053 247</u>
<u>Deduct</u> : unamortized discount	13 293 829	6 503 332
	<u>641 044 516</u>	<u>177 549 915</u>
Impairment loss of trade & notes receivables	(200 000)	(200 000)
	<u>640 844 516</u>	<u>177 349 915</u>

* This item includes an amount of L.E 3 266 389 representing the nominal value of the notes receivables delivered to a company for the purpose of providing some services with respect to the extension of payments terms with interests and to follow up its collection in accordance with the agreement concluded on May 5, 2008 in this regard.

- The Company's exposure to credit, currency risks and impairment losses related to trade & notes receivable is disclosed in note No. (43).

18. Debtors & other debit balances

	30/9/2008	31/12/2007
	<u>L.E</u>	<u>L.E</u>
Contractors & suppliers – advance payments	329 045 080	31 129 641
Interests receivable	341 407	1 049 388
Accrued income	6 333	-
Prepaid expenses	48 115 002	9 258 746
Deposits with others	350 228	285 228
Tax Authority	592 512	382 940
Due from Royal Gardens Co.	299 587	350 000
Payments for the purchase of new lands	-	188 033 735
Restricted cash – bonus & incentive plan *	-	30 326 079
Other debit balances	2 987 190	866 653
	<u>381 737 339</u>	<u>261 682 410</u>
Impairment loss of debtors & other debit balances	(355 157)	(355 157)
	<u>381 382 182</u>	<u>261 327 253</u>

* The restricted cash resulting from the exercise of the beneficiaries from the bonus and incentive plan for sale of 200 thousand shares during December 2007 was paid to beneficiaries after the lapse of the prohibition period on March 31, 2008 in accordance with the bonus and incentive plan.

- The Company's exposure to credit & currency risks related to other debtors is disclosed in note No.(43).

19. Held for trading investments

	30/9/2008	31/12/2007
	<u>L.E</u>	<u>L.E</u>
Investment instruments – Themar Fund	-	77 670 614
	<u>-</u>	<u>77 670 614</u>

- The Group's exposure to market risks related to held for trading investments is disclosed in note No. (43).

20. Cash at banks & on hand

	30/9/2008	31/12/2007
	<u>L.E</u>	<u>L.E</u>
Bank - time deposits *	64 444 620	271 960 000
Saving certificates (3 year maturity)	11 375 000	16 025 000
Bank - current accounts	90 495 268	141 421 804
Bank - blocked accounts **	13 630 010	25 372 233
Checks under collection	8 688 858	12 232 071
Cash on hand	740 466	241 688
	<u>189 374 222</u>	<u>467 252 796</u>

* This item includes an amount of L.E 500 000 representing in blocked deposit as guarantee for the facility agreement granted from a bank.

** This item represents the bank account which earns interest income on daily basis placed and kept at Banque Misr. The use of this account is not allowable unless an official letter issued & approved by the Urban Communities Authority according to the agreement with the Urban Authority in this regard.

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

	30/9/2008	31/12/2007
	<u>L.E</u>	<u>L.E</u>
Cash at banks & on hand	189 374 222	467 252 796
<u>Less:</u>		
Saving certificates (3 year maturity)	11 375 000	16 025 000
Blocked accounts	14 130 010	25 872 233
Bank - credit balances	2 362 339	44 941
Cash & cash equivalents in the statement of cash flows	<u>161 506 873</u>	<u>425 310 622</u>

- The Group's exposure to interest rate risk & sensitivity analysis for financial assets is disclosed in note No.(43).

21. Provisions

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

	Balance as at 1/1/2008 <u>L.E</u>	Provision formed during the period <u>L.E</u>	Provision used during the period <u>L.E</u>	Balance as at 30/9/2008 <u>L.E</u>
Provision for completion of works*	64 109 776	4 761 024	(16 640 657)	52 230 143
Provision for claims **	3 776 800	47 891	-	3 824 691
	<u>67 886 576</u>	<u>4 808 915</u>	<u>(16 640 657)</u>	<u>56 054 834</u>

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

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

22. Customers – deposits

This item consists of the deposits for booking and contracting of units not ready for delivery yet and is represented as follows:

	30/9/2008	31/12/2007
	<u>L.E</u>	<u>L.E</u>
Land deposits – (Fourth area)	27 245 804	1 861 380
Deposits for booking , contracting & installments of residential units (Fourth area)	17 484 786	6 000 324
Deposits for booking the land of Solidere *	23 750 000	-
Deposits for booking , contracting & installments of villas (Fourth area)	-	1 764 300
Deposits – Allegria project	1 848 404 235	109 861 971
	<u>1 916 884 825</u>	<u>119 487 975</u>

* This item represents a 10% of the value of Sub projects totaled L.E 237 500 000 which Solidere Egypt for Real Estate Investment Co. exercised the purchase option in accordance with the Purchase Option Agreement concluded on June 15, 2008 which was granted by the Company to Solidere Egypt for Real Estate Investment & Development Co. within the agreement concluded between the Company and Solidere Management Services Co. dated April 26, 2007 with respect to the development works of Sheikh Zayed project. The Sub projects will be delivered upon approving the master plan of the project.

23. Contractors, suppliers & notes payable

	30/9/2008	31/12/2007
	<u>L.E</u>	<u>L.E</u>
Contractors	12 590 674	5 961 257
Suppliers	6 269 498	5 519 689
Notes payable	1 476 624	55 432
	<u>20 336 796</u>	<u>11 536 378</u>

- The Company's exposure to currency & liquidity risks related to suppliers & contractors is disclosed in note No. (43).

24. Creditors & other credit balances

	30/9/2008	31/12/2007
	<u>L.E</u>	<u>L.E</u>
New Urban Communities Authority *	14 484 942	13 043 478
Land purchase creditors – SOREAL **	-	41 950 000
Amounts collected on account of management, operation & maintenance of Allegria project	40 385 720	-
Accrued expenses	17 158 585	14 615 365
Due to Beverly Hills Co. for Management of Cities & Resorts	8 181 885	8 064 653
Liability for cash settled share-based payments transactions– Executive directors ***	1 798 585	1 801 715
Amounts due to the beneficiaries from the incentive & bonus plan Customers – credit balances	-	30 326 079
Tax Authority	6 834 609	1 158 784
Accrued royalty & trademark – Coldwell Banker	5 492 016	9 058 445
Accrued Commissions due to Coldwell Banker	178 990	374 284
Dividends payable	3 479 873	48 983
Accrued compensated absence	1 743 635	-
Amount due to Rabyia for Agricultural & Urban Development Co.	540 287	555 158
Deposits collected from customers	-	78 381
Accrued costs of works in process	5 596 151	4 323 405
Sundry creditors	2 966 889	-
	<u>11 270 729</u>	<u>9 420 770</u>
	<u>120 112 896</u>	<u>134 819 500</u>

* This amount is represented in the present value of the amount related to the assignment of an area of one million meter of land according to a claim received from New Urban Communities Authority of L.E 15 million on 19/9/2005 and due on 30/12/2008 after excluding the amortization of discount related to this assignment.

** This balance is represented in the third installment due to New Urban Communities Authority – New Cairo City Organization –of the open plot of land with an area of 204.277 feddens (plot No. 2) located in the Future Extension Area of New Cairo City in which its payment is due on 1/1/2008. This amount has not been paid yet because of not completing the utilities work of the land.

*** Represent the amount due to some of the executive board of directors of the Parent Company as detailed in note No. (38).

- The Group's exposure to currency & liquidity risks related to creditors is disclosed in note No. (43).

25. Minority interest

Minority interest balance as at 30 September 2008 represents the minority interest' shares in subsidiary's equity as follows:

	<u>Minority interest</u>	<u>Minority share in profit (losses) for the period</u>	<u>Minority share in equity excluding profits (losses) for the period</u>	<u>Minority interest as at 30/9/2008</u>	<u>Minority interest as at 31/12/2007</u>
	%	L.E	L.E	L.E	L.E
SODIC Property Services Co.	49	90 382	363 803	454 185	363 803
Sixth of October for Development & Real Estate Projects Co. "SOREAL"	0.01	(109)	46 594	46 485	46 594
Beverly Hills for Management of Cities & Resorts Co.	47.69	394 094	11 880 048	12 274 142	11 880 048
Egyptian Co. for Investment and Real Estate & Tourist Development	50	(2 549 621)	6 250 000	3 700 379	6 250 000
Move-In for Advanced Contracting Co.	45	198 508	598 500	797 008	-
Greenscape for Agriculture & Reclamation Co.	49	1 126 660	980 000	2 106 660	-
El Yosr for Projects and Agriculture Development Co.	0.001	-	27 303	27 303	-
		<u>(740 086)</u>	<u>20 146 248</u>	<u>19 406 162</u>	<u>18 540 445</u>

26. Share capital

- a - The Parent Company's authorized capital was determined at L.E 500 million (five hundred million Egyptian pounds).
- b - The Parent Company's issued share capital before the increase amounted to L.E 167 981 070 (only hundred sixty seven million nine hundred eighty one thousand and seventy Egyptian Pounds) distributed over 16 798 107 shares at a par value of L.E 10 per share fully paid , and annotation was made in the Parent Company's Commercial Registry to this effect.
- c - On July 10, 2003, the Parent Company's Extraordinary General Assembly Meeting decided to reduce the Parent Company's issued capital with an amount of L.E 8 134 750 (eight million hundred thirty four thousand seven hundred and fifty Egyptian Pounds) representing the par value of the treasury shares – according to article 48 of law No. 159 of 1981 to L.E 159 846 320 (hundred fifty nine million eight hundred forty six thousand and three hundred and twenty Egyptian Pounds) distributed over 15 984 632 shares (fifteen million nine hundred eighty four thousand six hundred and thirty two shares). Capital Market Authority issued its letter No. 6610 on 9 October 2003 approving the reduction of the Parent Company's issued capital, and annotation was made in the Parent Company's Commercial Registry to this effect.
- d - On October 16, 2006, the Parent Company's Extraordinary General Assembly Meeting has unanimously decided to:

- Approve the Parent Company's board of directors resolution made on 10/9/2006 regarding the increase in the issued capital through offering 9 million shares to new shareholders in a private placement and increasing the shares offered in the private placement with 2 million to be allocated to the original shareholders with the same conditions and terms. Accordingly, the increase in the issued capital from L.E 159 846 320 to L.E 269 846 320 shall be within the limits of the authorized share capital amounting to L.E 500 million by issuing 11 million ordinary shares at a fair value of L.E 100 per share (representing a par value of L.E 10 in addition to a share premium of L.E 90) as determined by the Parent Company and prepared according to the average share price at Cairo & Alex Stock Exchange prevailing during the two periods (a week and two months, average share price for a week and two months) prior to the date of publishing the approval of the Parent Company's board of directors on the capital increase made on 11/9/2006 .Subscription in the increase introduced to the new shareholders in a private offering shall be made as a deduction from the credit balances of these new shareholders directly paid to the Parent Company before the date of the shareholders' meeting, and the credit balances set aside in the escrow account in favor of the Parent Company as well as the credit balances that shall be transferred to the Parent Company's account within three weeks from holding the shareholders' meeting on condition that the total of those credit balances should be added to the capital participation provided that the original shareholders shall be allowed to make subscriptions in the private offering of 2 million additional shares at the same terms and conditions (2 million shares of the increase shares) within a week after the lapse of 15 days from publishing the invitations of original shareholders to make the subscriptions. In addition to the above, the shareholders meeting approved the board of directors resolution regarding the increase in the issued capital with one million shares where the board of directors of the Parent Company shall be authorized to issue these shares at the same value in order to finance the employees and managers incentive and bonus plan.
- Approve assigning the preemption right of the original shareholders to subscribe in the issued capital increase by issuing 9 million shares to be allocated to the new shareholders, and authorize the board of directors of the Parent Company to issue one million shares allocated for the employees and managers incentive and bonus plan at a fair value of L.E 100 per share, without applying the preemption right of the original shareholders stated in the Parent Company's Articles of Association, and in light of using the credit balances to finance the purchase of 99.99 % of the Capital of Sixth of October Company for Real Estate Development and the reasons of limiting the private placement to new shareholders, as well as the Parent Company's expansion plan explained in detail at the shareholders meeting.
- An amount equivalent to L.E 900 million was collected from the new shareholders of which L.E 90 million represents the par value of the increase shares 9 million shares, and the remaining L.E 810 million represent share premium of these shares as shown in note No. (28). Annotation was made in the Parent Company's Commercial Registry on 18/12/2006.
- On 24/10/2006, convocation was made for the original shareholders to subscribe to 2 million shares at a fair value of L.E 100 per share. The amount subscribed to and paid till 20/11/2006 (the date of closing the subscription) is L.E 192 876 400 for 1 928 764 shares of which L.E 19 287 640 represents the par value of the shares subscribed to and L.E 173 588 760 represents share premium as stated in the Egyptian Gulf Bank certificate dated 26 / 11 / 2006.

- Accordingly, the Parent Company's issued capital after the increase shall become L.E 269 133 960 (only two hundred sixty nine million, hundred thirty three thousand and nine hundred sixty Egyptian Pounds) distributed over a number of 26 913 396 shares at par value of L.E 10 per share fully paid, and annotation was made in the Parent Company's Commercial Registry on 18/12 / 2006.
- On May 16, 2007 the Parent Company's board of directors decided to approve the increase of the issued capital through the issuance of one million ordinary shares in favor of and under the account of incentive & bonus thus, in line with implementing the Extraordinary General Assembly decision dated October 16, 2006. Capital Market Authority made its decision on June 28, 2007 regarding the approval of issuing the shares of the capital increase in the amount of one million ordinary nominal share with nominal value of L.E 10 for each share, and the total amount of the issuance is L.E 10 million that is fully paid in cash and equivalent to 100 % of the increase amount in addition to L.E 90 million as share premium to be transferred to the reserves, according to the certificate of Arab African International Bank's Head office as at June 5, 2007. Annotation was made in the Parent Company's Commercial Registry on 5/7/2006.

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

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

27. Legal reserve

According to the Parent Company' statutes, the Parent Company is required to set aside 5 % of annual net profit to form a legal reserve. This transfer to legal reserve ceases once the reserve reaches 50 % of the issued share capital. The reserve balance as at September 30, 2008 is represented as follows:-

	<u>L.E</u>
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 Parent 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 Parent Company's issued share capital during 2006. (note No. 26).	123 409 151
Increase of the legal reserve with part of capital increase share premium during the year 2007 with limits of half of the Parent Company's issued share capital. (note No. 26).	5 000 000
Legal reserve balance as at September 30, 2008	<u>139 566 980</u>

28. Special reserve – share premium

This balance is represented in the remaining value 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 after deducting the amounts that have been credited to the legal reserve, and after deducting the issuance expenses of such increase in addition to the amount credited to the share capital according to the Extra-ordinary General Assembly Meeting decision as follows:

<u>Description</u>	<u>L.E</u>
Total value of the capital increase share premium collected during 2006	983 588 760
<u>Deduct:</u>	
Amounts credited to the legal reserve 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
Balance as at 31 December 2006	<u>832 439 354</u>
<u>Add:</u>	
Share premium of the employees' incentive and bonus plan issued during year 2007	90 000 000
<u>Deduct</u>	
Amounts credited to the legal reserve according to the provision of Article No. (94) of the Executive Regulations of Law No. 159 of 1981 related to the addition of the share premium to the legal reserve until equal to half of the issued capital.	5 000 000
Amounts credited to the share capital during the period according to the Extra Ordinary General Assembly Meeting held on 6/4/2008. (note No. 26)	5 000 000
Balance as at September 30, 2008	<u>912 439 354</u>

29. Treasury shares

This item is represented in the amount paid by the Parent Company in return for issuing one million ordinary share with a fair value of L.E 100 per share under the account and in favor of the incentive and bonus plan of the Parent Company's employees and managers which are kept in Arab African International Bank as detailed in notes No. (26) & (47) as follows:

<u>Description</u>	<u>L.E</u>
For financing of one million shares from the incentive & bonus plan with a fair value of L.E 100 per share during year 2007.	100 000 000
<u>Deduct:</u>	
The value of 200 000 shares sold by the beneficiaries from the incentive & bonus plan during December 2007 out of which an amount of L.E 15 million was paid to the Company of L.E 75 per share.	20 000 000
Balance as at September 30, 2008	<u><u>80 000 000</u></u>

30. Amount set aside for incentive & bonus 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 Parent Company's managers & employees for the shares issued during year 2007 as follows:-

<u>Description</u>	<u>L.E</u>
Represents the difference between the fair value of the shares granted to the beneficiaries from the incentive & bonus plan for one million share (allocated over 5 years) for 24 months and the agreed upon share price in accordance with the incentive & bonus plan as at September 30, 2008.	12 500 000
<u>Deduct:</u>	
The difference between the grant date fair value of the shares and the agreed upon share price in accordance with the incentive & bonus plan for 200 000 share that were sold in favor of the beneficiaries during December 2007.	5 000 000
Balance as at September 30, 2008	<u><u>7 500 000</u></u>

31. Dividends distribution

On April 6, 2008, the Parent Company's Ordinary General Meeting unanimously decided to disburse dividends for employees only at a ratio not exceeding 5.5% of the net profit for year 2007 and delegated the board of directors in distributing this ratio and setting the necessary basis in this regard. This ratio amounted to L.E 20 million out of which an amount of L.E 18 256 365 was paid during the period. In addition, the board of directors of the Parent Company in its session held on May 4, 2008 resolved to distribute an amount of L.E 5 990 675 from these dividends to some board members.

32. Long-term notes payable

This item is represented in the value of checks issued to New Urban Communities Authority – Sheikh Zayed City Organization. These checks are due from 2/5/2010 till 2/5/2016 as follows:

Total nominal value of the issued checks	<u>L.E</u> 251 659 622
Discount on notes payable	(71 108 605)
	<u>180 551 017</u>

- The Company's exposure to credit risk related to long-term notes payable is disclosed in note No. (43).

33. Net real estate sales

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

	<u>2008</u>		<u>2007</u>	
	<u>From 1/7/2008 till 30/9/2008</u>	<u>From 1/1/2008 till 30/9/2008</u>	<u>From 1/7/2007 till 30/9/2007</u>	<u>From 1/1/2007 till 30/9/2007</u>
	<u>L.E</u>	<u>L.E</u>	<u>L.E</u>	<u>L.E</u>
Sale of villas & residential units from the first phase	23 692	2 081 637	811 849	3 022 086
Deduct: sales return of villas & residential units from the first phase	-	-	-	82 500
Net sales of villas & residential units from the first phase	<u>23 692</u>	<u>2 081 637</u>	<u>811 849</u>	<u>2 939 586</u>
Sales of Desert Road showrooms	-	-	106 787 554	106 787 554
Sale of lands	567 989	31 602 268	3 993 043	159 248 185
Sale of residential units & villas from the second phase	3 123 283	7 214 859	10 736 754	37 859 565
Sale of land & building of the club to Beverly Hills Co. – a subsidiary	-	-	-	14 500 000
	<u>3 714 964</u>	<u>40 898 764</u>	<u>122 329 200</u>	<u>321 334 890</u>
Deduct: Special discount	-	-	1 952	84 126
	<u>3 714 964</u>	<u>40 898 764</u>	<u>122 327 248</u>	<u>321 250 764</u>

34. Cost of real estate sold

	<u>2008</u>		<u>2007</u>	
	<u>From 1/7/2008 till 30/9/2008</u>	<u>From 1/1/2008 till 30/9/2008</u>	<u>From 1/7/2007 till 30/9/2007</u>	<u>From 1/1/2007 till 30/9/2007</u>
	<u>L.E</u>	<u>L.E</u>	<u>L.E</u>	<u>L.E</u>
Cost of villas & residential units from the first phase	-	383 342	374 410	1 645 624
Deduct: Cost of sales return	-	-	-	35 298
Net cost of sales of villas & residential units from the first phase	<u>-</u>	<u>383 342</u>	<u>374 410</u>	<u>1 610 326</u>
Cost of villas & residential units sold from the second phase	2 438 311	6 286 856	8 220 310	28 716 400
Cost of lands sold	-	3 474 626	1 370 514	58 872 774
Cost of Desert Road showrooms sold	-	-	44 737 819	44 737 819
Cost of lands & building of the club sold to Beverly hills Co. – a subsidiary	-	-	-	6 982 215
	<u>2 438 311</u>	<u>10 144 824</u>	<u>54 703 053</u>	<u>140 919 534</u>

35. Other operating revenues

	2008		2007	
	From 1/7/2008 till 30/9/2008	From 1/1/2008 till 30/9/2008	From 1/7/2007 till 30/9/2007	From 1/1/2007 Till 30/9/2007
	L.E	L.E	L.E	L.E
Realized interest income from installments during the period	7 298 833	26 196 734	3 177 687	11 994 634
Sundry income	781 528	3 988 411	1 432 122	3 750 218
Gain on sale of fixed assets	320	26 835	56 000	181 150
Consultancy , promotion & marketing services	410 196	5 883 174	642 495	5 532 470
Service revenues of Beverly Hills City	2 843 797	5 092 703	-	-
	<u>11 334 674</u>	<u>41 187 857</u>	<u>5 308 304</u>	<u>21 458 472</u>

36. Selling & marketing expenses

	2008		2007	
	From 1/7/2008 till 30/9/2008	From 1/1/2008 till 30/9/2008	From 1/7/2007 till 30/9/2007	From 1/1/2007 till 30/6/2007
	L.E	L.E	L.E	L.E
Salaries & wages	1 654 905	4 843 002	895 878	2 091 835
Commissions for sales personnel	82 942	4 574 014	89 852	8 320 307
Sales commissions	-	-	591 915	2 116 262
Advertising	16 834 460	24 370 812	1 764 918	5 155 507
Printouts & photocopy	48 183	265 553	38 202	231 066
Conferences & exhibitions	1 061 363	2 203 316	-	109 012
Rent	125 350	335 317	121 047	263 838
Others	565 031	2 282 463	202 051	779 823
	<u>20 372 234</u>	<u>38 874 477</u>	<u>3 703 863</u>	<u>19 067 650</u>

37. General & administrative expenses

	2008		2007	
	From 1/7/2008 till 30/9/2008	From 1/1/2008 till 30/9/2008	From 1/7/2007 till 30/9/2007	From 1/1/2007 till 30/9/2007
	L.E	L.E	L.E	L.E
Salaries & wages	4 564 586	10 623 183	362 789	3 497 490
Equity settled share – based payments transactions *	218 600	656 100	812 500	812 500
Employees training & development fund	108 998	307 729	471 989	1 537 083
Professional & consultancy fees	1 125 184	2 242 359	959 098	2 442 544
Advertising	2 205 106	3 117 549	530 292	946 255
Donations	50 000	5 530 975	5 000 000	5 000 000
Maintenance of gardens	975 367	2 554 140	452 830	1 263 401
Administrative depreciation of fixed assets & leased out units	837 568	1 841 810	307 138	754 288
Bids & tenders	18 000	71 500	423 725	1 482 830
Subscriptions & governmental dues	97 186	356 786	169 771	404 940
Rent	160 270	315 780	-	4 260
Others	487 584	1 965 715	2 523 390	4 398 476
	<u>10 848 449</u>	<u>29 583 626</u>	<u>12 013 522</u>	<u>22 544 067</u>

* This amount represents the share for the period from the difference between the grant date fair value of shares and the amount incurred by the beneficiaries from the incentive & bonus plan of the Parent Company's managers & employees.

38. Board of directors remunerations and allowances

	2008		2007	
	From 1/7/2008 till 30/9/2008	From 1/1/2008 till 30/9/2008	From 1/7/2007 till 30/9/2007	From 1/1/2007 till 30/9/2007
	L.E	L.E	L.E	L.E
Remunerations & bonuses	1 351 286	8 865 858	815 242	2 205 326
Attendance & transportations allowances	8 500	30 500	12 000	36 000
Cash settled share - based payments *	457 675	3 636 561	1 569 804	4 555 786
Equity settled share - based payments **	1 031 250	3 093 750	1 500 000	6 187 500
	<u>2 848 711</u>	<u>15 626 669</u>	<u>3 897 046</u>	<u>12 984 612</u>

* On April 6, 2008, the Parent Company's General Ordinary Assembly agreed to delegate the Parent Company's board of directors in determining the proper increment of the monthly remuneration of the Chairman of the Parent Company as from January 1st, 2007 in addition, to delegate the Parent Company's board in determining his bonus. This item includes an amount of L.E 4 964 062 in accordance with the Parent Company's board of directors' approval in this regard.

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

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

<u>Employees entitled</u>	<u>Grant date</u>	<u>Number of shares in thousands</u>	<u>Fair value of share at grant date</u> L.E	<u>Market value of share at 30/9/2008</u> L.E	<u>Conditions</u>
Some executive board members	1/4/2006	-	75	104.90	Vested after 6 months of period from grant date (salaries)

The amount of expense charged to the consolidated income statement during the period amounted to L.E 3 636 561 and the liability balance payable amounted to L.E 1 798 585 as at September 30, 2008 that was included in creditors & other credit balances caption in the consolidated balance sheet.

*** This item is represented in the difference between the grant date fair value of the shares granted to the board members of the Parent Company and the agreed upon share price in accordance with the incentive & bonus plan as shown in note No.(47) as follows:

- On May 16, 2006, the Parent Company's board of directors approved some other benefits to the Parent Company's managing director which are represented in granting him share appreciation rights for a number of 750 thousand of the Parent Company shares with exercise price of L.E 75 per share effective from 1/4/2006 and for five years period provided that achieving certain terms and conditions.
- On March 28, 2007, the Parent Company 's 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. 47) starting from 1/4/2006.
- On September 23, 2007, the Supervisory Committee of the incentive & bonus plan of the Parent Company's employees & executive board members agreed on the allocation of 75 thousand shares to a board member as detailed in note No.(47) below. Accordingly, total shares allocated to the board of directors from the incentive & bonus plan reached 825 000 shares as at September 30, 2008.

39. Other operating expenses

	2008		2007	
	From 1/7/2008 till 30/9/2008	From 1/1/2008 till 30/9/2008	From 1/7/2007 till 30/9/2007	From 1/1/2007 till 30/9/2007
	L.E	L.E	L.E	L.E
Services cost of Beverly Hills City	3 032 784	7 741 777	-	-
Discount for early payment	18 428	119 734	249 795	899 576
Depreciation of leased out units	44 091	73 485	-	-
Provision for claims	1 455	3 540	7 950	128 285
Impairment loss of debtors & other debit balances	8 089	8 089	-	10 322
Loss on sale of fixed assets	1 643	1 643	-	38 110
	<u>3 106 490</u>	<u>7 948 268</u>	<u>257 745</u>	<u>1 076 293</u>

40. Finance income

	2008		2007	
	From 1/7/2008 till 30/9/2008	From 1/1/2008 till 30/9/2008	From 1/7/2007 till 30/9/2007	From 1/1/2007 till 30/9/2007
	L.E	L.E	L.E	L.E
Interest income	4 600 783	19 238 065	8 088 731	23 791 285
Unrealized gain on held for trading investments	1 913 053	5 721 283	566 721	566 721
Investment income from treasury bills	-	-	-	6 886 108
Investment income from available-for-sale investments	-	811 055	-	668 005
	<u>6 513 836</u>	<u>25 770 403</u>	<u>8 655 452</u>	<u>31 912 119</u>

41. Finance expenses

	2008		2007	
	<u>From 1/7/2008 till 30/9/2008</u>	<u>From 1/1/2008 till 30/9/2008</u>	<u>From 1/7/2007 till 30/9/2007</u>	<u>From 1/1/2007 Till 30/9/2007</u>
	L.E	L.E	L.E	L.E
Interest charges	128 662	450 039	37 800	96 220
Interests expense of installments of Sheikh Zayed land	4 140 942	8 658 191	-	-
Deferred interest for the assignment amount due to the Authority	497 370	1 441 464	432 497	1 253 448
Net foreign exchange loss	(1 557 781)	1 765 117	3 075 422	3 498 010
	<u>3 209 193</u>	<u>12 314 811</u>	<u>3 545 719</u>	<u>4 847 678</u>

42. Earnings per share

The calculation of earnings per share at September 30, 2008 was based on the loss attributable to ordinary shareholders of the Parent Company of L.E 9 946 931 (for the financial period ended September 30, 2007: L.E 177 933 846) and a weighted average number of ordinary shares as follows:

	2008		2007	
	<u>From 1/7/2008 till 30/9/2008</u>	<u>From 1/1/2008 till 30/9/2008</u>	<u>From 1/7/2007 till 30/9/2007</u>	<u>From 1/1/2007 till 30/9/2007</u>
	L.E	L.E	L.E	L.E
Net profit for the period	(18 014 175)	(9 946 931)	60 258 206	177 933 846
Employees' share in profit *	-	-	(3 305 996)	(9 884 531)
	<u>(18 014 175)</u>	<u>(9 946 931)</u>	<u>56 952 210</u>	<u>168 049 315</u>
Weighted average number of shares outstanding during the period **	28 413 396	28 413 396	28 413 396	27 841 967
Earnings per share (L.E / share)	<u>(0.64)</u>	<u>(0.35)</u>	<u>2.00</u>	<u>6.03</u>

* Earnings per share for the period has not been affected by the employees' share in profits since these dividends will be approved by the Parent Company's Ordinary General Assembly that will be held in the following year. In addition, earnings per share for the comparative period has been restated with the effect of distribution of 5.5% from the unconsolidated profits of 2007 of the Parent Company.

** Weighted average number of shares outstanding during the period is calculated as follows:

	2008		2007	
	<u>From 1/7/2008 till 30/9/2008</u>	<u>From 1/1/2008 till 30/9/2008</u>	<u>From 1/7/2007 till 30/9/2007</u>	<u>From 1/1/2007 till 30/9/2007</u>
	L.E	L.E	L.E	L.E
Issued shares at January 1 st	27 913 396	27 913 396	27 913 396	26 913 396
Effect of the new shares issued during year 2007	-	-	-	428 571
Effect of the share issued for the bonus & incentive plan during June 2008 *	500 000	500 000	500 000	500 000
Weighted average number of shares outstanding during the period	<u>28 413 396</u>	<u>28 413 396</u>	<u>28 413 396</u>	<u>27 841 967</u>

- * The comparative weighted average number of shares outstanding were restated to consider the increase in the issued share capital with an amount of L.E 5 000 000 for 500 000 shares allocated to the incentive and bonus plan of the employees, directors & executive board member during the period.

43. Financial instruments

43.1 Credit risk

Exposure to credit risk

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

	Note	30/9/2008	31/12/2007
	No.	L.E	L.E
Long-term trade & notes receivable	(13)	1 219 295 364	337 558 530
Short-term trade & notes receivable	(17)	640 844 516	177 349 915
Other debtors	(18)	381 382 182	261 327 253
Held for trading investments	(19)	-	77 670 614
Cash & cash equivalents	(20)	188 633 756	467 011 108
		<u>2 430 155 818</u>	<u>1 320 917 420</u>

43.2 Liquidity risk

The following are the contractual maturities of financial liabilities:

September 30, 2008

	Carrying amount	6 months or less	6-12 months	1-2 years	2-5 years	More than 5 years
	L.E	L.E	L.E	L.E	L.E	L.E
Bank – credit balances	2 362 339	2 362 339	-	-	-	-
Contractors & suppliers	20 336 796	12 209 397	3 234 978	4 892 421	-	-
Other creditors	120 112 896	58 302 591	18 733 543	2 691 042	40 385 720	-
Long-term notes payable	180 551 017	-	1 750 000	-	76 629 007	102 172 010
	<u>323 363 048</u>	<u>72 874 327</u>	<u>23 718 521</u>	<u>7 583 463</u>	<u>117 014 727</u>	<u>102 172 010</u>

December 31, 2007

	Carrying amount	6 months or less	6-12 months	1-2 years	2-5 years	More than 5 years
	L.E	L.E	L.E	L.E	L.E	L.E
Bank – credit balances	44 941	44 941	-	-	-	-
Contractors & suppliers	11 536 378	6 097 978	1 035 493	4 402 907	-	-
Other creditors	134 245 102	108 892 723	22 661 337	2 691 042	-	-
Notes payable	164 301 322	-	-	-	70 414 852	93 886 470
	<u>310 127 743</u>	<u>115 035 642</u>	<u>23 696 830</u>	<u>7 093 949</u>	<u>70 414 852</u>	<u>93 886 470</u>

43.3 Currency risk

Exposure to currency risk

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

Description	30/9/2008		31/12/2007	
	<u>L.E</u>	<u>USD</u>	<u>L.E</u>	<u>USD</u>
Cash at banks	17 677 061	12 601 161	325 210 112	25 825 942
Trade & notes receivable	1 860 139 880	-	514 908 445	-
Contractors, suppliers & notes payable	(20 336 786)	-	(11 536 378)	-
Other creditors	(118 402 973)	(1 709 923)	(129 930 297)	(784 510)
Net exposure	<u>1 739 077 182</u>	<u>10 891 238</u>	<u>698 651 882</u>	<u>25 041 432</u>

The following significant exchange average rates applied during the period:

<u>L.E</u>	<u>Average rate</u>		<u>Reporting date spot rate</u>	
	<u>30/9/2008</u>	<u>31/12/2007</u>	<u>30/9/2008</u>	<u>31/12/2007</u>
<u>USD</u>	5.45	5.60	5.44	5.50

43.4 Sensitivity analysis

A 10 percent strengthening of the USD against the following currencies at September 30, 2008 would have increased (decreased) profit & loss by the amounts shown below.

This analysis assumes that all other variables, in particular interest rates are constant. The analysis is performed on the same basis for year 2007.

	<u>Profit & loss</u>
	<u>L.E</u>
<u>September 30, 2008</u>	
USD	124 650 219
<u>December 31, 2007</u>	
USD	13 929 446

A 10 percent weakening of the USD against the above currencies at September 30, 2008 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.

43.5 Interest rate risk

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

	<u>Carrying amount</u>	
	<u>30/9/2008</u>	<u>31/12/2007</u>
<u>Fixed rate instruments</u>		
Financial assets	1 860 139 880	514 908 445
Financial liabilities	(33 035 959)	(177 344 800)
	<u>1 827 103 921</u>	<u>337 563 645</u>
<u>Variable rate instruments</u>		
Financial liabilities	-	-
	<u>-</u>	<u>-</u>

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

43.6 Fair values

Fair values versus carrying amounts

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

	30/9/2008		31/12/2007	
	<u>Carrying amount</u>	<u>Fair value</u>	<u>Carrying amount</u>	<u>Fair value</u>
	<u>L.E</u>	<u>L.E</u>	<u>L.E</u>	<u>L.E</u>
Trade & notes receivable	1 860 139 880	1 860 139 880	514 908 445	514 908 445
Cash and cash equivalents	189 374 222	189 374 222	467 252 796	467 252 796
Suppliers, Contractors & notes payable	(20 336 796)	(20 336 796)	(11 536 378)	(11 536 378)
Other creditors	(120 112 896)	(120 112 896)	(134 245 102)	(134 245 102)
Notes payable	(180 551 017)	(180 551 017)	(164 301 322)	(164 301 322)
	<u>1 728 513 393</u>	<u>1 728 513 393</u>	<u>672 078 439</u>	<u>672 078 439</u>

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

44. Transactions with related parties

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

a) **Transactions with related parties**

<u>Party</u>	<u>Relationship</u>	<u>Nature of transaction</u>	For the financial period ended 30/9/2008 Amount of transaction <u>L.E</u>	For the financial period ended 30/9/2007 Amount of transaction <u>L.E</u>
Royal Gardens for Investment Property *	An associate	Amount recognized from deferred interest	6 911 499	2 962 073
Board of directors		- Remunerations & bonuses	13 950 243	12 984 612
		- Collections from sale of residential units & lands	-	57 438
		- Employees' dividends	5 990 675	-
Rabyia for Agricultural & Urban Development Co.		Sale contracts of agriculture maintenance works	264 828	-
Bright Living for Trading Co. (a company in which the chairman of Move-In for Advanced contracting Co. has participation of 15.5% in its issued share capital)	Related party	Decorations & finalizing works	2 378 916	-
Feorosema Co. (a company in which the chairman of Greenscape for Agriculture & Reclamation Co. has participation of 4% in its issued share capital)	Related party	Advance payments	716 460	-
Donato farm Co. (a company in which the chairman of Greenscape for Agriculture & Reclamation Co. has participation of 20% in its issued share capital)	Related party	Supplies	5 701	-

b) Resulting balances from these transactions

<u>Party</u>	<u>Item as shown in the Consolidated balance sheet</u>	<u>30/9/2008 L.E</u>	<u>31/12/2007 L.E</u>
Rabyia for Agricultural & Urban Development Co.	Contractors – advance payments	-	49 500
	Contractors & suppliers	-	146 629
	Creditors & other credit balances (note No. 24)	-	330 876
Royal Gardens for Investment Property	Trade & notes receivable (note No. 13 & 17)	132 513 191	167 580 000
Board of directors	Liability for cash settled share – based payments transactions included in creditors & other credit balances caption (note No. 24)	1 798 585	1 801 715
	Amounts due to the beneficiaries from incentive & bonus plan (note No. 24)	-	25 019 015
Feorosema Co.	Debtors & other debit balances (note No. 18)	716 459	-
Donato Farm Co.	Debtors & other debit balances (note No. 18)	5 701	-

45. Tax status

The Company enjoyed a tax exemption from corporate profit tax for a period of ten years starting from the next year of starting activity in accordance with law No. 59 of 1979 concerning the New Urban Communities and ended on December 31, 2007. Summary of the Company's tax status at the consolidated financial statements date is as follows:

Corporate profit tax

- 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 .
- 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 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 differences were paid according to the assessment of the Internal Committee in September 2004.
- The years 2002, 2003, 2004 were inspected & the Company did not receive any tax claims till authorizing these financial statements for issuance.

Withholdin tax

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

Stamp tax

Tax inspection was carried out for the previous periods and also till 30/9/2007 & the Company did not receive any tax claims till authorizing these consolidated financial statements for issuance

Sales tax

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

46. Capital commitments

- The contracts concluded with others related to construction, utilities and site works amounted to L.E 1.30 billion (December 31, 2007: L.E 142.2 million) and the executed part of these contracts amounted to L.E 434 million as at September 30, 2008 (December 31, 2007: L.E 59.84 million).
- Contributions in long – term investments that have not been requested till the consolidated balance sheet date amounted to L.E 21.75 million approximately. (December 31, 2007: L.E 21.75 million).

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

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

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

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

- The incentive and bonus plan works through allocation of shares for the Parent Company's employees, managers and executive board directors and to sell these shares in favor of them in preferential conditions.
- Duration of the plan is four years starting from the date of approval of the plan by the Parent Company's Shareholders meeting and each beneficiary is allocated during this period a specified number of shares each year over the plan years according to the allocated shares outlined in the appendix of this plan.

- The price of share was determined for the beneficiary at L.E 75 per share.
- The Parent Company shall finance the issuance of the shares of the increase allocated in application of the plan and the value of shares due to the Parent Company will be paid from the proceeds of sale.
- On March 28, 2007 the board of directors of the Parent Company approved the agreement of 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 Parent Company and Arab African International Bank was signed on 15 April 2007. As detailed in note No.(26), the shares of the plan were issued and financed by the Parent Company. Annotation of this increase was registered in the Commercial Registry on July 5, 2007.
- On September 23, 2007, the Supervisory Committee of the incentive & bonus plan of the Parent Company's employees, executive directors and managers agreed to the selection of the beneficiaries and also the number of shares allocated to each one of them. Accordingly, the whole shares of the plan were allocated in full.
- During December 2007, a number of 200 000 shares from the incentive & bonus plan were exercised with average selling price of L.E 226.63 per share. The amounts due to beneficiaries were set aside in special account held by Arab African International Bank until the completion of the prohibition period according to the incentive & bonus plan provisions.
- The number of shares allocated to the plan was increased by 500 000 additional shares as detailed in note No. (26).
- On July 3, 2008 the Supervisory Committee of the incentive & bonus plan of the Parent Company's employees, executive directors approved the allocation of 495 000 shares of the total shares to some of the Company's employees and executive directors. Allocation contracts for these shares were signed with the employees and the executive directors during October 2008.

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

Employees entitled	Grant date	No. of shares in thousand	Fair value of share at grant date <u>L.E</u>	Exercising price <u>L.E</u>	<u>Conditions</u>
Managing director	28/3/2007	750	100	75	Additional benefits for 5 years working in the Company and exercise period from 31/3/2007 till 31/3/2011 – the beneficiary is not entitled to this right if the performance of the Company's share is below CASE 30 by more than 20% for 2 consecutive years during the vesting period.
Board of director	23/9/2007	75	100	75	According to performance measure and exercise period from 31/3/2007 till 31/3/2011.
Some managers	23/9/2007	175	100	75	According to performance measure and exercise period from 31/3/2007 till 31/3/2011

48. Comparative figures

Comparative figures of the consolidated statements of income, changes in equity and cash flows were restated by the effect of the change made in the accounting for equity – settled share – based payments transactions which were accounted for as cash settled share – based payments till September 30, 2007 and was restated at the end of 2007. Significant items affected by restatement are listed below:

	<u>L.E</u>
Cash settled share - based payments	(28 551 600)
General & administrative expenses	(2 501 525)
Set aside amount for incentive & bonus plan	7 000 000
Board of directors' remunerations	(19 050 075)
Net profit for the period	21 551 600

In addition, this change had impact on earnings per share of the comparative period as follows:

	<u>L.E</u>
Earnings per share before restatement	5.72
Earnings per share after restatement	6.03