

Translation from Arabic

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

Consolidated Financial Statements

For The Financial Year Ended December 31, 2009

And Auditor’s Report

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Auditor's Report

To the Shareholders of Sixth of October for Development and Investment Company "SODIC"

We have audited the accompanying consolidated financial statements of Sixth of October for Development and Investment Company "SODIC" S.A.E, which comprise the consolidated balance sheet as at December 31, 2009, and the consolidated income statement, consolidated statement of changes in equity and consolidated statement of cash flows for the financial year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Consolidated Financial Statements

These consolidated financial statements are the responsibility of Company's management. Management is responsible for the preparation and fair presentation of these financial statements in accordance with the Egyptian Accounting Standards and in the light of the prevailing Egyptian laws, management responsibility includes, designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; management responsibility also includes selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Egyptian Standards on Auditing and in the light of the prevailing Egyptian laws. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Sixth of October for Development and Investment Company "SODIC" Company as of December 31, 2009, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the Egyptian Accounting Standards and the Egyptian laws and regulations relating to the preparation of these consolidated financial statements.

KPMG Hazem Hassan

Cairo, March 31, 2010

Sixth of October for Development and Investment Company "SODIC"
(An Egyptian Joint Stock Company)
Consolidated Balance Sheet
As at December 31, 2009

	Note No.	<u>31/12/2009</u> L.E	<u>31/12/2008</u> L.E
<u>Long - term assets</u>			
Fixed assets	(6)	51 154 157	43 779 028
Intangible assets	(7)	19 435	38 868
Projects under construction	(8)	12 380 561	1 857 713
Investments in associates	(9)	-	-
Available for sale investments	(10)	4 280 500	4 250 000
Amounts paid on account of investments in companies under establishment	(11)	25 799 500	-
Investment property	(12)	306 209 710	306 555 773
Trade & notes receivables	(13)	1 114 762 514	1 257 858 894
Deferred tax assets	(14)	48 678 703	22 505 683
Total long - term assets		<u>1 563 285 080</u>	<u>1 636 845 959</u>
<u>Current assets</u>			
Completed residential units ready for sale	(15)	493 910	355 542
Inventories & letters of credit		898 361	1 084 841
Construction works in process		197 059	459 413
Works in process	(16)	1 714 423 892	1 309 790 878
Amounts due from customers - constructions		8 659 435	1 977 802
Trade & notes receivable	(17)	739 777 423	637 341 225
Debtors & other debit balances	(18)	387 336 168	416 059 670
Held for trading investments	(19)	119 045 460	-
Cash at banks & on hand	(20)	482 296 480	238 028 125
Total current assets		<u>3 453 128 188</u>	<u>2 605 097 496</u>
<u>Current liabilities</u>			
Provisions	(21)	99 413 603	103 577 896
Bank - credit facilities	(22)	97 347 618	1 344 343
Customers - deposits	(23)	2 625 702 237	1 976 116 091
Amounts due to customers - constructions		1 071 874	-
Contractors, suppliers & notes payable	(24)	87 834 220	34 559 387
Creditors & other credit balances	(25)	200 773 135	161 278 376
Total current liabilities		<u>3 112 142 687</u>	<u>2 276 876 093</u>
Working capital		<u>340 985 501</u>	<u>328 221 403</u>
Total investments		<u>1 904 270 581</u>	<u>1 965 067 362</u>
These investments are financed as follows:			
<u>Equity</u>			
Authorized share capital	(27)	500 000 000	500 000 000
Issued & fully paid in capital and share premium	(27)	284 133 960	284 133 960
Amounts paid on account of share capital increase and share premium	(28)	83 070 956	-
Legal reserve	(29)	141 906 330	139 566 980
Special reserve - share premium	(30)	912 439 354	912 439 354
Retained earnings		491 764 307	465 586 930
Treasury shares	(31)	(80 007 242)	(80 000 000)
Amount set aside for incentive & bonus plan	(32)	13 750 000	8 750 000
Net profit (loss) for the year		(114 382 871)	27 255 076
Total equity attributable to equity holders of the Company		<u>1 732 674 794</u>	<u>1 757 732 300</u>
Minority interest	(26)	25 759 079	24 590 711
Total equity		<u>1 758 433 873</u>	<u>1 782 323 011</u>
<u>Long-term liabilities</u>			
Notes payable	(34)	145 836 708	182 744 351
Total long-term liabilities		<u>145 836 708</u>	<u>182 744 351</u>
Total equity and long - term liabilities		<u>1 904 270 581</u>	<u>1 965 067 362</u>

* The accompanying notes on pages form (5) to (48) are an integral part of these consolidated financial statements and to be read therewith.

Administrative & financial Manager

Hany Henery

Managing Director

Maher Maksoud

Chairman

Magdy Rasekh

* Auditor's Report " attached "
KPMG Hazem Hassan

Sixth of October for Development and Investment Company "SODIC"
(An Egyptian Joint Stock Company)
Consolidated Income Statement
For The Financial Year Ended December 31, 2009

	Note No.	<u>2009</u> L.E	<u>2008</u> L.E
Real estate sales	(35)	742 265	212 013 643
Construction contracts revenues		21 500 449	6 873 105
Real estate consultancy, promotion & marketing services revenues		1 816 619	7 165 484
Service revenues of Beverly Hills City		6 621 404	6 005 050
Total revenues		<u>30 680 737</u>	<u>232 057 282</u>
Cost of real estate sold	(36)	(704 590)	(87 931 607)
Construction contracts cost		(15 683 980)	(5 497 811)
Cost of real estate consultancy, promotion & marketing services		(1 049 742)	(4 402 220)
Service costs of Beverly Hills City		(15 517 538)	(10 984 246)
Total costs		<u>(32 955 850)</u>	<u>(108 815 884)</u>
Gross profit (loss)		<u>(2 275 113)</u>	<u>123 241 398</u>
Other operating revenues	(37)	46 176 478	38 440 604
Loss on sale of investments in associates		-	(1 033 088)
Selling & marketing expenses	(38)	(45 897 846)	(45 955 158)
General & administrative expenses	(39)	(93 138 613)	(57 154 508)
Board of directors remunerations & allowances	(40)	(19 074 907)	(31 769 385)
Other operating expenses	(41)	(22 802 519)	(664 984)
Operating profit (loss)		<u>(137 012 520)</u>	<u>25 104 879</u>
Finance income	(42)	19 683 218	28 132 418
Finance expenses	(43)	(20 580 537)	(16 465 309)
Net finance income (expenses)		<u>(897 319)</u>	<u>11 667 109</u>
Share in profits in associates			219 024
Net profit (loss) for the year before income tax		<u>(137 909 839)</u>	<u>36 991 012</u>
Deduct: Income tax			
Current income tax expense		806 907	18 143 319
Deferred income tax benefit	(14)	(26 173 020)	(7 978 098)
Net profit (loss) for the year		<u>(112 543 726)</u>	<u>26 825 791</u>
Net profit (loss) for the year attributable to:			
Equity holders of the Company		(114 382 871)	27 255 076
Minority share in profits & losses of subsidiaries		1 839 145	(429 285)
Net profit (loss) for the year		<u>(112 543 726)</u>	<u>26 825 791</u>
Earnings (losses) per share (L.E / Share)	(44)	<u>(4.03)</u>	<u>0.96</u>

* The accompanying notes on pages form (5) to (48) 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 Year Ended December 31, 2009

	Note No.	Issued & paid up capital L.E	Amounts paid on account of share capital increases and share premium L.E	Legal reserve L.E	Special reserve-share premium L.E	Treasury shares L.E	Set aside amount for bonus & incentive plan L.E	Retained earnings L.E	Net profit (loss) for the year L.E	Equity attributable to equity holders of the Company L.E	Minority interest L.E	Total equity L.E
Balance as at December 31, 2007		279 133 960	-	139 566 980	917 439 354	(80 000 000)	3 750 000	154 352 388	331 234 542	1 745 477 224	18 540 445	1 764 017 669
Share capital increase and share premium		5 000 000	-	-	(5 000 000)	-	-	-	-	-	-	
Amount set aside amount for incentive & bonus plan during the year		-	-	-	-	-	5 000 000	-	-	5 000 000	-	5 000 000
Employees & executive directors' dividends		-	-	-	-	-	-	-	(20 000 000)	(20 000 000)	-	(20 000 000)
Amount transferred to retained earnings		-	-	-	-	-	-	311 234 542	(311 234 542)	-	-	
Minority interest		-	-	-	-	-	-	-	-	-	6 479 551	#VALUE!
Net profit for the year		-	-	-	-	-	-	-	27 255 076	27 255 076	(429 285)	26 825 791
Balance as at December 31, 2008		284 133 960		139 566 980	912 439 354	(80 000 000)	8 750 000	465 586 930	27 255 076	1 757 732 300	24 590 711	1 782 323 011
Amounts paid on account of share capital increase & share premium	(28)	-	83 070 956	-	-	-	-	-	-	83 070 956	-	83 070 956
Amount transferred to legal reserve		-	-	2 339 350	-	-	-	-	(2 339 350)	-	-	
Amount transferred to retained earnings		-	-	-	-	-	-	24 915 726	(24 915 726)	-	-	
Amount set aside for incentive & bonus plan during the year	(32)	-	-	-	-	-	5 000 000	-	-	5 000 000	-	5 000 000
Treasury shares acquired		-	-	-	-	(7 242)	-	-	-	(7 242)	-	(7 242)
Minority interest		-	-	-	-	-	-	-	-	-	(63 032)	(63 032)
Gain on acquisition of minority interest	(33)	-	-	-	-	-	-	653 906	-	653 906	-	653 906
Gain on dilution of minority interest		-	-	-	-	-	-	607 745	-	607 745	(607 745)	
Net loss for the year		-	-	-	-	-	-	-	(114 382 871)	(114 382 871)	1 839 145	(112 543 726)
Balance as at December 31, 2009		284 133 960	83 070 956	141 906 330	912 439 354	(80 007 242)	13 750 000	491 764 307	(114 382 871)	1 732 674 794	25 759 079	1 758 433 873

* The accompanying notes on pages form (5) to (48) 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 Year Ended December 31, 2009

	Note No.	2009 L.E	2008 L.E
<u>Cash flows from operating activities</u>			
Net profit (loss) for the year before income tax		(137 909 839)	36 991 012
<u>Adjustments for:-</u>			
Depreciation of fixed assets & rented units		6 055 683	3 155 963
Amortization of other assets		19 433	342 039
Impairment loss of fixed assets		-	254 719
Investment income form available for sale investments		-	(811 055)
Gain on sale of fixed assets		(60 988)	(23 688)
Share in profits / losses in associates		-	(219 024)
Loss on sale of investments in associates		-	1 033 088
Unrealized gain on held for trading investments		(4 943 361)	-
Provisions formed	(21)	52 048	66 101 279
Impairment loss of debtors & other debit balances		3 000	86 396
Equity - setteled share - based payment transactions	(32),(50)	5 000 000	5 000 000
Operating profit before changes in working capital items		(131 784 024)	111 910 729
<u>Changes in working capital items</u>			
Change in resednital units ready for sale		-	383 346
Change in inventories & letters of credit		186 480	(1 084 841)
Change in works in process		(404 633 014)	(436 337 444)
Change in due from customers - constructions		(6 684 633)	(1 977 802)
Change in construction works in process		262 354	(459 413)
Change in trade & notes receivables		40 660 182	(1380 291 674)
Change in debtors & other debit balances		28 723 502	(154 815 813)
Provision for completion of works - used	(21)	(4 216 341)	(30 409 959)
Change in customers deposits		649 586 146	1856 628 116
Change in amounts due to customers - Contractors		1 071 874	-
Change in contractors , suppliers & notes payable		16 367 190	41 466 038
Change in creditors & other credit balances		40 312 843	11 729 475
Restricted cash	(20),(28)	(71 143 956)	11 422 414
Change in saving certificates (due within three years)		1 000 000	1 150 000
Net cash provided from operating activities		159 708 603	29 313 172
<u>Cash flows from investing activities</u>			
Payments for purchase of fixed assets & projects under construction		(24 174 566)	(14 085 735)
Payments for acquisition of investments in subsidiaries (net of cash acquired)		-	(296 067 670)
Payments for acquisition of investments in subsidiaries and associates		(4 900)	-
Payments on account of investments in companies under establishment	(11)	(25 799 500)	-
Payments for acquisition of available for sale investments		(30 500)	-
Payments for acquisition of amounts due to old shareholders in subsidiaries		-	(808 888)
Proceeds from sale of investments in associates		-	1 820 000
Proceeds from sale of held for trading investments		-	77 670 614
Payments for acquisition of held for trading investments		(114 102 099)	-
Dividends received from available for sale investments		-	811 055
Proceeds from sale of fixed assets		489 591	46 330
Net cash used in investing activities		(163 621 974)	(230 614 294)
<u>Cash flows from financing activities</u>			
Bank - credit facilities		96 049 111	1 298 512
Minority interest		595 773	1 605 823
Amounts collected on account of share capital increase & share premium	(28)	83 070 956	-
Payments for purchase of treasury shares	(31)	(7 242)	-
Dividends paid for employees		(1 624 992)	(18 256 365)
Net cash provided from (used in) financing activities		178 083 606	(15 352 030)
Net movement in cash & cash equivalents during the year		174 170 235	(216 653 152)
Cash & cash equivalents as at January 1, 2009		208 657 470	425 310 622
Cash & cash equivalents as at December 31, 2009	(20)	382 827 705	208 657 470

* The accompanying notes on pages form (5) to (48) 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 year ended December 31, 2009**

1. Background and activities

- Sixth of October for Development and Investment Company “SODIC” (the Company) – An Egyptian Joint Stock Company – was incorporated in accordance with the provisions of Law No. 159 of 1981 and its Executive Regulations and considering the provisions of Law No. 95 of 1992 and its Executive Regulations and by virtue of the decree of the Minister of Economy & International Cooperation No. 322 of 1996 issued on May 12, 1996. The Company was registered in Giza Governorate Commercial Registry under No. 625 on May 25, 1996.
- 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 year ended December 31, 2009 comprise the financial statements of the Company and its subsidiaries (together referred to as the "Group") and the Group's interest in associates.
- The registered office of the Parent Company is located at Km. 38 Cairo / Alexandria Desert Road, Sheikh Zayed City. Mr. 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.
- The consolidated financial statements were authorized for issuance by the Board of Directors of the Company on March 31, 2010.

b. **Basis of measurement**

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

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

c. **Functional 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 a going basis.
- Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

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>December 31, 2009</u>	<u>December 31, 2008</u>
	<u>%</u>	<u>%</u>
SODIC Property Services Co. - S.A.E *	100	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 **	58.59	52.31
SODIC Garden City for Development & Investment Co.***	50	50
Move-In for Advanced Contracting Co. - S.A.E	55	55
Greenscape for Agriculture & Reclamation Co. - S.A.E	51	51
El Yosr for Projects and Agriculture Development Co. - S.A.E	99.99	99.99
SODIC for Development & Real Estate Investment Co. - S.A.E	99.99	99.99

* During the year, the Group acquired an additional share of 49% of the issued share capital of SODIC Property Services Co. as detailed in note No.(33) below.

** The legal participation in Beverly Hills for Management of Cities and Resorts Co. amounts to 74.8% which includes 16.21% represents transitory shares which are currently in the name of the Company and the title of these shares will be transferred to the real shareholders (Owners of the units).

*** The Company participates in the share capital of SODIC Garden City for Development & Investment Co. (previously named the Egyptian Company for Investment and Real Estate & Tourist Development) in conjunction with some board members and their owned companies.

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 transactions

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the 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

Fixed assets 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 from others	5
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). 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. 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 consolidated balance sheet date at lower of cost or net releasable value .The cost is determined based on the outcome of multiplying of the total area of the remaining completed 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 presented as (due to customers) in the consolidated balance sheet as current liabilities.

3.11 Trade, notes receivable and debtors

Trade, notes receivable and debtors are recognized and carried at original invoice amount less an allowance for any uncollectible amounts. An estimate of doubtful debts is made when collections of the full amount is no longer probable. Bad debts are written off when identified. Other debit balances are stated at cost less impairment losses (note No. 3-13). 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 preparing 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 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 consolidated 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.

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 consolidated balance sheet date and after deducting the value of sales returns (represented in the saleable value of the sales returns less unrealized interests that have been previously excluded from the saleable value).

b. Construction contracts

- Contract revenue includes the initial amount agreed in the contract plus any variations in contract work, claims and incentive payments to the extent that is probable that they will result in revenue and can be measured reliably. As soon as the outcome of a construction contract can be estimated reliably, contract revenue and expenses are recognized in profit or loss in proportion to the stage of completion of the contract.

The stage of completion is assessed by reference to surveys of work performed. When the outcome of a construction contract 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.
 - The contract costs attributable to the contract, whether or not specifically reimbursable, can be clearly identified and measured reliably.

c. Service revenues

Revenue from services is recognized in the consolidated income statement when the service is rendered.

d. Rental income

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

e. Interest income

Interest income is recognized as it accrues in the consolidated income statement, according to the accrual basis of accounting.

f. Commission revenue

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

g. Dividends

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

3.21 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 period comprises current and deferred tax. Income tax is recognized in the consolidated income statement except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current tax is the expected tax payable on the net taxable income for the period, 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 (losses) per share

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

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

4.2 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 receivables & 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 consolidated 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 December 31, 2009, 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.

In addition, the Group maintains the following lines of credit:

- L.E 85 million as short-term bank facilities guaranteed by a promissory note amounting to the whole amount of facility. Interest would be payable at the rate of 2% per annum above the borrowing and discount rate declared by the Central Bank of Egypt.
- L.E 50 million as short-term bank facilities guaranteed by a promissory note amounting to the whole amount of facility. Interest would be payable at the rate of 1.5 % per annum above the average corridor rate.
- L.E 450 thousand as short-term bank facilities guaranteed by a blocked deposit amounting to L.E 500 thousand. Interest would be payable at the rate of 9.75 % per annum and a commission of 1.5 per mille above the highest debit balance during the month.
- L.E 4 million as short-term bank facilities guaranteed by platinum saving certificates amounting to L.E 5.5 million. Interest would be payable at the rate of 10.5 % per annum and a commission of 0.75 per mille above the highest debit balance during the month.

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 adopts a policy of ensuring that there is no exposure to changes in interest rates on borrowings on a fixed rate basis. 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 year 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 year. 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 year ended December 31, 2009

Translation from Arabic

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>Leasehold improvements</u>	<u>Total</u>
	L.E	L.E	L.E	L.E	L.E	L.E	L.E	L.E
Cost								
As at January 1, 2009	19 570 544	8 318 685	5 432 779	5 385 671	5 152 451	7 923 509	-	51 783 639
Additions during the year	-	857 090	4 519 907	2 684 402	1 024 968	3 355 042	1 210 309	13 651 718
Disposals during the year	-	-	(576 160)	(15 429)	(230 548)	(99 426)	-	(921 563)
As at December 31, 2009	19 570 544	9 175 775	9 376 526	8 054 644	5 946 871	11 179 125	1 210 309	64 513 794
Accumulated depreciation & impairment								
As at January 1, 2009	-	1 578 029	1 884 655	1 247 672	1 838 968	1 455 287	-	8 004 611
Depreciation for the year	-	399 848	1 701 660	1 008 128	878 218	1 604 278	255 854	5 847 986
Accumulated depreciation of disposals	-	-	(312 468)	(1 442)	(141 216)	(37 834)	-	(492 960)
Accumulated depreciation & impairment loss at December 31, 2009	-	1 977 877	3 273 847	2 254 358	2 575 970	3 021 731	255 854	13 359 637
Carrying amount at December 31, 2009	19 570 544	7 197 898	6 102 679	5 800 286	3 370 901	8 157 394	954 455	51 154 157
Carrying amount at December 31, 2008	19 570 544	6 740 656	3 548 124	4 137 999	3 313 483	6 468 222	-	43 779 028

* This item includes fully depreciated assets of L.E 4 301 830 as at December 31, 2009.

7. **Intangible assets**

This item is represented as follows:

	Cost as at	Accumulated amortization as at <u>1/1/2009</u>	Amortization for the year	Accumulated amortization as at <u>31/12/2009</u>	Carrying amount as at <u>31/12/2009</u>
	L.E	L.E	L.E	L.E	L.E
Software	106 090	67 222	19 433	86 655	19 435
	<u>106 090</u>	<u>67 222</u>	<u>19 433</u>	<u>86 655</u>	<u>19 435</u>

8. **Projects under construction**

This item is represented as follows:

	<u>31/12/2009</u>	<u>31/12/2008</u>
	L.E	L.E
Fixtures in the administrative premises	-	223 868
Land of the compound of services	-	749 396
Lands *	7 089 510	-
Advance payments for purchasing of machinery and equipment	1 172 023	160 133
Advance payments for fixtures	1 329 007	478 788
Buildings & constructions	2 536 125	-
Wells under construction	253 896	245 528
	<u>12 380 561</u>	<u>1 857 713</u>

* This item represents the acquisition cost of a vacant plot of land with an area of 2 363.17 square meter for the purpose of the construction of administrative offices for the Parent Company.

9. **Investments in associates**

This Group has the following investments in associates:

	<u>Ownership</u>		<u>Carrying amount</u>	
	<u>31/12/2009</u>	<u>31/12/2008</u>	<u>31/12/2009</u>	<u>31/12/2008</u>
	%	%	L.E	L.E
Royal Gardens for Investment Property Co. – S.A.E *	20	20	-	-
			<u>-</u>	<u>-</u>

Summary of financial information on associates – 100 percent:-

	<u>Assets</u>	<u>Liabilities</u>	<u>Equity</u>	<u>Revenues</u>	<u>Expenses</u>
	L.E	L.E	L.E	L.E	L.E
December 31, 2008	537 337 929	(527 940 997)	9 396 932	6 482 360	(7 471 474)
	<u>=====</u>	<u>=====</u>	<u>=====</u>	<u>=====</u>	<u>=====</u>
December 31, 2009	640 953 341	(622 901 689)	18 051 652	15 675 198	(7 020 478)
	<u>=====</u>	<u>=====</u>	<u>=====</u>	<u>=====</u>	<u>=====</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' share in the associate's cumulative losses was not charged to the consolidated income statement with an amount of L.E 610 330 till December 31, 2009 as the book value of the investment balance is nil in the consolidated financial statement as at December 31, 2009.

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 31/12/2009 L.E</u>	<u>Carrying amount as at 31/12/2008 L.E</u>
United Company for Rear Estate Services	S.A.E	10	10	30 000	-
SODIC for Golf & Tourist Development Co.(Under establishment)	S.A.E	0.0025	10	500	-
Egyptian Company for Development & Management of Smart Villages	S.A.E	1.8	100	4 250 000	4 250 000
				4 280 500	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. Amounts paid on account of investments in companies under establishment

	<u>Legal form</u>	<u>Ownership %</u>	<u>Paid amount of participation %</u>	<u>31/12/2009 L.E</u>
SODIC for Golf & Tourist Development Co. (Under establishment)	S.A.E	99.997	10	19 999 500
Polygon for Real Estate Development Co.	LLC	100	100	250 000
El Sheikh Zaid for Real Estate Development Co.	LLC	100	100	250 000
West Town for Real Estate Development Co.	LLC	100	100	250 000
West Town Real Estate Co.	LLC	100	100	250 000
SODIC SIAC for Real Estate Investment Co.	S.A.E	80	100	4 800 000
				25 799 500

* These companies have been incorporated during January and February, 2010.

12. Investment property

The carrying amount of the investment property (units leased out to others and agricultural lands) as at December 31, 2009 amounted to L.E 306 209 710 and is represented in commercial & residential units leased out to others and agricultural lands. Movement on the investment property account and its depreciation during the year is as follows:-

<u>Description</u>	<u>L.E</u>
<u>Cost</u>	
At 1/1/2009	306 738 200
The value of units reclassified to completed units ready for sale *	(141 190)
Total cost of completed residential units leased out to others as at December 30 , 2009 **	306 597 010
<u>Accumulated depreciation</u>	
At 1/1/2009	182 427
Depreciation for the year	207 697
Accumulated depreciation of the reclassified units	(2 824)
At December 31, 2009	387 300
Carrying amount as at December 31, 2009	306 209 710
Carrying amount as at December 31, 2008	306 555 773

* During the year, an amount of L.E 138 366 representing residential units leased out to others was reclassified to the completed residential units ready for sale item.

** The fair value of completed residential units leased out to others amounts to L.E 25 278 520 as at December 31, 2009.

13. Long - term trade & notes receivable

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

	<u>31/12/2009</u>	<u>31/12/2008</u>
	<u>L.E</u>	<u>L.E</u>
Trade receivables	219 797 711	339 392 531
Notes receivable	922 820 249	1 030 929 597
	1 142 617 960	1 370 322 128
<u>Deduct:</u> Unamortized discount	27 855 446	112 463 234
	1 114 762 514	1 257 858 894

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

14. Deferred tax assets

	<u>31/12/2009</u>		<u>31/12/2008</u>	
	<u>Assets</u>	<u>Liabilities</u>	<u>Assets</u>	<u>Liabilities</u>
	L.E	L.E	L.E	L.E
Fixed assets	-	1 365 263	-	545 123
Provisions	(21 085 654)	-	(20 126 423)	-
Tax losses	(2 750 000)	-	-	-
Other items	(26 208 312)	-	(2 924 383)	-
Total deferred tax (asset)/ liability	(50 043 966)	1 365 263	(23 050 806)	545 123
Net deferred tax asset	(48 678 703)	-	(22 505 683)	-

15. Completed residential units ready for sale

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

	<u>31/12/2009</u>	<u>31/12/2008</u>
	L.E	L.E
Cost of completed commercial units in 3/B area	493 910	355 542
	<u>493 910</u>	<u>355 542</u>

16. Work in process

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

	<u>31/12/2009</u>	<u>31/12/2008</u>
	L.E	L.E
<u>Company's land intended for use in Allegria project</u>		
Cost of the Company's land intended for use	278 415 085	277 182 833
Planning , survey , supervision & soil researches	98 094 429	67 038 640
Building & utilities	407 037 632	174 090 947
Other costs	11 448 150	9 182 201
	<u>794 995 296</u>	<u>527 494 621</u>
<u>WESTOWN project costs</u>		
Cost of the Company's land intended for use	45 897 023	40 390 271
Planning , survey , supervision & soil researches	36 903 841	20 412 725
Other costs	8 902 093	4 810 848
	<u>91 702 957</u>	<u>65 613 844</u>
<u>Golf course & club project costs</u>		
Cost of the Company's land intended for use	29 468 923	-
Planning , survey , supervision & soil researches	16 020 174	13 975 833
Building & utilities	73 883 384	27 128 286
Other costs	5 664 265	3 378 563
	<u>125 037 746</u>	<u>45 482 712</u>

	125 036 746	44 482 682
<u>Cost of the fourth phase (4A & 4B), showrooms & others</u>		
Cost of land	3 714 415	3 743 034
Planning , survey , supervision & soil researches	1 219 288	1 216 954
Building & utilities	2 892 053	4 961 351
Cost of land of Dahshor' showrooms	25 313 372	25 313 371
A plot of land in the Fifth Community (plot No. 1)	75 770 894	75 770 894
Expenses related to plot of land No. 1	19 214 255	9 143 685
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	37 453 389	18 478 084
Buildings & constructions	17 617 069	14 078 200
	<u>702 688 893</u>	<u>672 199 731</u>
	<u>1 714 423 892</u>	<u>1 309 790 878</u>

(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 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

	<u>31/12/2009</u>	<u>31/12/2008</u>
	<u>L.E</u>	<u>L.E</u>
Trade receivable	86 211 775	24 696 817
Notes receivable	661 123 357	623 925 123
	<u>747 335 132</u>	<u>648 621 940</u>
<u>Deduct</u> : unamortized discount	7 357 709	11 080 715
	<u>739 977 423</u>	<u>637 541 225</u>
Impairment losses of trade & notes receivable	(200 000)	(200 000)
	<u>739 777 423</u>	<u>637 341 225</u>

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

18. Debtors & other debit balances

	<u>31/12/2009</u>	<u>31/12/2008</u>
	<u>L.E</u>	<u>L.E</u>
Contractors & suppliers – advance payments	299 599 896	358 155 123
Interests receivable	1 959 751	310 353
Prepaid expenses	66 904 746	52 183 315
Deposits with others	929 393	580 878
Tax Authority	596 635	708 423
SODIC for Golf & Tourist Development Co. (Under establishment)	1 001 288	-
Due from Royal Gardens Co.	-	86 396
Customers – assignments *	14 635 220	-
Other debit balances	2 064 396	4 476 735
	<u>387 691 325</u>	<u>416 501 223</u>
Impairment loss of debtors & other debit balances	(355 157)	(441 553)
	<u>387 336 168</u>	<u>416 059 670</u>

* This balance is represented in the capitalized amount for the amounts paid to some customers who booked residential units in Allegria project and assigned their contracts to the Company. The balance will be capitalized till the resale and the recognition of revenues related to these units.

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

19. Held for trading investments

	<u>L.E</u>
Investment instruments - Themar Fund	98 036 562
Investment instruments - Alexandria Bank Fund	21 008 898
	<u>119 045 460</u>

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

20. Cash at banks & on hand

	<u>31/12/2009</u>	<u>31/12/2008</u>
	<u>L.E</u>	<u>L.E</u>
Bank - time deposits *	244 694 620	120 674 620
Saving certificates (3 year maturity)	13 875 000	14 875 000
Bank - current accounts	209 867 066	78 851 493
Bank - blocked accounts **	2 022 819	13 949 819
Checks under collection	11 330 993	8 573 600
Cash on hand	505 982	1 103 593
	<u>482 296 480</u>	<u>238 028 125</u>

* This item includes an amount of L.E 500 000 representing in a 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:

	<u>31/12/2009</u>	<u>31/12/2008</u>
	<u>L.E</u>	<u>L.E</u>
Cash at banks & on hand	482 296 480	238 028 125
<u>Less:</u>		
Saving certificates (3 year maturity)	13 875 000	14 875 000
Restricted cash for share capital increase and share premium	83 070 956	-
Blocked accounts	2 522 819	14 449 819
Bank - credit balances	-	45 836
Cash & cash equivalents in the consolidated statement of cash flows	<u>382 827 705</u>	<u>208 657 470</u>

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

21. Provisions

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

	Balance as at <u>1/1/2009</u>	Provision formed during the <u>year</u>	Provision used during the <u>year</u>	Balance as at <u>31/12/2009</u>
	L.E	L.E	L.E	L.E
Provision for completion of works *	99 391 510	37 251	(4 204 312)	95 224 449
Provision for claims **	4 186 386	14 797	(12 029)	4 189 154
	<u>103 577 896</u>	<u>52 048</u>	<u>(4 216 341)</u>	<u>99 413 603</u>

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

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

22. Bank - credit facilities

This item shown in the consolidated balance sheet amounting to L.E 97 347 618 as at December 31, 2009 is represented in the following:

	<u>31/12/2009</u>	<u>31/12/2008</u>
	L.E	L.E
The amount used from the credit facility granted to the Parent Company from Alexandria Bank during the period totaled L.E 85 million and bears interest rate of 2% per annum over borrowing and discount rate declared by the Central Bank of Egypt. This facility is guaranteed by a promissory note amounting to L.E 85 million.	84 917 118	-
The amount used from the credit facility granted to the Parent Company from Audi Bank during the period totaled L.E 50 million and bears interest rate of 1.5% per annum over the average corridor rate. This facility is guaranteed by a promissory note amounting to L.E 50 million.	10 991 037	-
The amount used from the bank facility granted to the Company from Alwatany Bank of Egypt totaled L.E 450 000 and guaranteed by a blocked deposit (note no. 20) and bears interest rate of 14% per annum and a commission of 1.5 per mille above the highest debit balance during the month.	-	45 836
The amount used from the bank facility granted to the Company from National Bank of Egypt totaled 4 million and guaranteed by saving certificates amounting to L.E 5.5 million (note no 20) and bears interest rate of 10.5% and a commission of 0.75 per mille above the highest debit balance.	1 439 463	1 298 507
Balance as at December 31, 2009	<u>97 347 618</u>	<u>1 344 343</u>

23. Customers – deposits

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

	<u>31/12/2009</u>	<u>31/12/2008</u>
	L.E	L.E
Land deposits	27 133 596	27 245 804
Deposits for booking , contracting & installments of residential units (Fourth area)	25 888 308	23 958 314
Deposits – Allegria project	2 435 480 001	1 924 911 973
Deposits –Forty West project	124 720 135	-
Deposits – Polygon project	12 480 197	-
	<u>2 625 702 237</u>	<u>1 976 116 091</u>

24. Contractors, suppliers & notes payable

	<u>31/12/2009</u>	<u>31/12/2008</u>
	L.E	L.E
Contractors	25 876 267	23 558 687
Suppliers	7 488 979	7 952 946
Notes payable	59 698 178	3 047 754
	<u>93 063 424</u>	<u>34 559 387</u>
<u>Deduct:</u> discount on notes payable	5 229 204	-
	<u>87 834 220</u>	<u>34 559 387</u>

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

25. Creditors & other credit balances

	<u>31/12/2009</u>	<u>31/12/2008</u>
	<u>L.E</u>	<u>L.E</u>
Amounts collected on account of management, operation & maintenance of Allegria project	49 426 136	41 253 209
Amounts collected on account of management, operation & maintenance of Forty West project	2 858 379	-
Amounts collected on account of management, operation & maintenance of Polygon project	389 623	-
Accrued expenses	113 237 033	67 290 815
Liability for cash settled share-based payments transactions– Executive directors *	778 555	370 101
Amounts collected on account of the participation in the share capital of Beverly Hills Co.	5 059 911	9 220 067
Customers – credit balances	4 817 059	4 457 072
Tax Authority	4 890 359	22 110 755
Accrued royalty & trademark – Coldwell Banker	-	178 990
Accrued commissions due to Coldwell Banker	-	183 373
Dividends payable	118 643	1 743 635
Accrued compensated absence	880 469	703 306
Amount due to Rabyia for Agricultural & Urban Development Co.	56 669	-
Deposits collected from customers	7 658 934	6 458 651
Amount due to United Company for Rear Estate Services & Development Co.	60 691	-
Accrued costs of works in process	825 684	4 023 195
Amounts collected on account of management , operation & maintenance of Qatamia Plaza Project	551 720	260 005
Deposits to others	691 400	487 672
Other Creditors	8 471 870	2 537 530
	<u>200 773 135</u>	<u>161 278 376</u>

* Represent the amount due to some of the executive board of directors of the Parent Company as detailed in note no. (40).

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

26. Minority interest

Minority interest balance as at December 31, 2009 represents the minority interest' shares in subsidiary's equity as follows:

	<u>Minority interest</u>	<u>Minority share in profit (loss) for the year</u>	<u>Minority share in equity excluding profit (loss) for the year</u>	<u>Minority interest as at 31/12/2009</u>	<u>Minority interest as at 31/12/2008</u>
	%	L.E	L.E	L.E	L.E
SODIC Property Services Co.	-	(16 859)	-	-	675 664
Sixth of October for Development & Real Estate Projects Co. "SOREAL"	0.01	(136)	46 319	46 183	46 319
Beverly Hills for Management of Cities & Resorts Co.	41.41	184 192	17 227 679	17 411 871	17 239 651
SODIC Garden City for Development & Investment Co.	50	370 636	2 778 658	3 149 294	2 778 658
Move-In for Advanced Contracting Co.	45	542 701	786 295	1 328 996	786 295
Greenscape for Agriculture & Reclamation Co.	49	758 642	3 036 852	3 795 494	3 036 852
El Yosr for Projects and Agriculture Development Co.	0.001	(31)	27 252	27 221	27 252
SODIC for Development & Real Estate Investment Co.	0.001	-	20	20	20
		<u>1 839 145</u>	<u>23 903 075</u>	<u>25 759 079</u>	<u>24 590 711</u>

27. 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. (30). 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.
- On December 7, 2009, the Parent Company's Extraordinary General Assembly Meeting agreed to increase the authorized capital to become L.E 2 800 000 000 (Two billion and

eight hundred Egyptian Pound). Annotation was made in the Parent Company's Commercial Registry to reflect such increase on March 4, 2010.

28. Amounts paid on account of share capital increase and share premium

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

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

29. Legal reserve

According to the Parent Company's statutes, the Parent Company are required to set aside 5 % of annual net profit to form a legal reserve. This transfer to legal reserve ceases once the reserve reaches 50 % of the issued share capital. The reserve balance as at December 31, 2009 is represented as follows:-

	L.E
Legal reserve balance as at 1/1/2003	6 530 455
<u>Add:</u>	
Increase of the legal reserve with the difference between the par value of the treasury shares and its actual cost (according to the 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. 30).	123 409 151

Increase of the legal reserve with part of capital increase share premium during year 2007 with limits of half of the Parent Company's issued share capital. (Note no. 30).	5 000 000
Increase of the legal reserve by 5% of the net profit for year 2008.	2 339 350
Legal reserve balance as at December 31, 2009	141 906 330

30. 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 December 31, 2006	832 439 354
<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. 27)	5 000 000
Balance as at December 31, 2009	912 439 354

31. Treasury shares

This item is represented in the remainder of 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 note No. (27) 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
<u>Add:</u>	
Treasury shares acquired by subsidiaries during the period	7 242

Balance as at December 31, 2009

80 007 242

32. 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 45 months and the agreed upon share price in accordance with the incentive & bonus plan as at December 31, 2009.	18 750 000
<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 December 31, 2009	13 750 000

33. Gain on acquisition of minority interest

During the year , the Group acquired 4 900 shares represents 49% of the share capital of Sodic Property Services Co. – a subsidiary – and this amount represents the difference between the consideration paid to acquire these shares of L.E 4 900 and its book value as at March 31, 2009 which amounted to L.E 658 905. Since the Group has control over this company before this transaction, this amount has been included in retained earnings as this transaction represents equity transaction.

34. 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:

	<u>31/12/2009</u>	<u>31/12/2008</u>
	<u>L.E</u>	<u>L.E</u>
Total nominal value of the issued checks	192 128 025	249 909 622
Discount on notes payable	(46 291 317)	(67 165 271)
	<u>145 836 708</u>	<u>182 744 351</u>

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

35. 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. The Group's revenues can be analyzed as follows:

	<u>2009</u> <u>L.E</u>	<u>2008</u> <u>L.E</u>
Sale of villas & residential units from the first phase	-	2 081 637
Sale of lands	-	31 602 268
Sale of residential units & villas from the second phase	742 265	31 602 268
Sale of land to Solidaire Egypt for Real Estate Investment & Development Co.	-	171 114 879
	<u>742 265</u>	<u>212 013 643</u>

36. Cost of real estate sold

	<u>2009</u> <u>L.E</u>	<u>2008</u> <u>L.E</u>
Cost of villas & residential units from the first phase	-	383 342
Cost of villas & residential units sold from the second phase	704 590	6 286 856
Cost of lands sold	-	3 474 626
Cost of land sold to Solidaire Egypt for Real Estate Investment & Development Co.	-	77 786 783
	<u>704 590</u>	<u>87 931 607</u>

37. Other operating revenues

	<u>2009</u> <u>L.E</u>	<u>2008</u> <u>L.E</u>
Interest income realized from installments during the year	35 432 789	33 152 997
Sundry income	10 575 164	5 260 452
Provisions – no longer required	98 425	-
Gain on sale of fixed assets	70 100	27 155
	<u>46 176 478</u>	<u>38 440 604</u>

38. Selling & marketing expenses

	<u>2009</u> <u>L.E</u>	<u>2008</u> <u>L.E</u>
Salaries & wages	7 898 656	6 523 612
Sales commissions	84 823	1 701 200
Customer deposits – Contact	359 213	-

Collection fees of Contact checks	657 689	-
Advertising	23 861 806	29 877 390
Printouts & photocopy	176 422	398 406
Conferences & exhibitions	5 487 851	4 001 766
Rent	1 789 078	1 431 047
Others	5 582 308	2 021 737
	<u>45 897 846</u>	<u>45 955 158</u>

39. General & administrative expenses

	<u>2009</u>	<u>2008</u>
	<u>L.E</u>	<u>L.E</u>
Salaries , wages and bonuses *	74 200 262	30 993 177
Equity settled share – based payments transactions **	874 850	874 850
Training	510 333	1 357 088
Professional & consultancy fees	3 120 884	3 015 533
Advertising	2 250 661	5 461 736
Donations	470 279	5 534 675
Maintenance of gardens	4 040 066	2 638 447
Administrative depreciation of fixed assets & leased out units	3 432 816	3 155 963
Amortization of other assets	99 307	342 039
Bids & tenders	-	101 502
Subscriptions & governmental dues	1 738 583	641 852
Rent	469 925	517 397
Others	1 930 647	2 520 249
	<u>93 138 613</u>	<u>57 154 508</u>

* This item includes an amount of L.E 56 681 286 representing bonuses for employees and executive directors according to the resolution of the Parent Company's board of directors meeting held on March 31, 2010.

** 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 managers & employees of the Parent Company.

40. Board of directors remunerations and allowances

	<u>2009</u>	<u>2008</u>
	<u>L.E</u>	<u>L.E</u>
Remunerations & bonuses *	12 575 687	23 586 222
Attendance & transportations allowances	72 475	51 500
Cash settled share – based	2 301 745	4 006 663

payments **

Equity settled share - based payments *** 4 125 000 4 125 000

19 074 907	31 769 385
------------	------------

* On April 6, 2008, the Parent Company's General Ordinary Assembly agreed to delegate the board of directors in determining the proper increment of the monthly remuneration of the Chairman as from January 1st, 2007 and also to delegate the Parent Company's board in determining his bonus. This item includes an amount of L.E 750 000 represented in the salary of the chairman according to the approval of the Parent Company's board of directors in this regard and an amount of L.E 3 500 000 as bonus for the chairman according to the resolution of the Parent Company's General Assembly Meeting held on March 31, 2009 which was set by the Parent's Company's board of directors held on October 12, 2009.

** 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 31/12/2009</u> L.E	<u>Conditions</u>
Some executive Board members	1/4/2006	-	75	80.02	Vested after 6 months of period from grant date (salaries)

The amount of expense charged to the consolidated income statement during the year amounted to L.E 2 301 745 and the liability balance payable amounted to L.E 778 555 as at December 31, 2009 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.(50) as follows:

- On May 16, 2006, the Parent Company's board of directors approved some other benefits to the Parent Company's managing director which are represented in granting him share appreciation rights for a number of 750 thousand of the Parent Company's shares with exercise price of L.E 75 per share effective from 1/4/2006 and for five years 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 Parent Company's managing director within the employees' incentive and bonus plan note no. (50) 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 these shares in addition to 75 thousand shares to a board member as detailed in note no. (50) below. Accordingly, total shares allocated to the board of directors of the Parent Company from the incentive & bonus plan reached 825 000 shares as at December 31, 2009.

41. Other operating expenses

	<u>2009</u>	<u>2008</u>
	L.E	L.E
Discount for early payment *	22 599 246	128 098
Depreciation of leased out units	176 364	117 574
Provision for claims	14 797	162 769
Impairment loss on buildings	-	254 719
Impairment loss on trade receivables	3000	-
Loss on sale of fixed assets	9 112	1 824
	<u>22 802 519</u>	<u>664 984</u>

* This item represents the cash discount granted by the Parent Company to Solidaire Egypt as a result of the early cash payment of the remaining installments from the land value amounting to L.E 213 750 000 that was due till June 15, 2014 and was discounted using an annual discount rate of 18% from the cash payment till October 30, 2009. This discount was approved by the Parent Company's board of directors on January 19, 2010.

42. Finance income

	<u>2009</u>	<u>2008</u>
	L.E	L.E
Interest income	14 739 857	21 600 080
Investment income from available-for-sale investments	-	811 055
Unrealized gain on held for trading investments	4 943 361	5 721 283
	<u>19 683 218</u>	<u>28 132 418</u>

43. Finance expenses

	<u>2009</u>	<u>2008</u>
	L.E	L.E
Interest charges	4 304 944	555 309
Interest expense of installments of Sheikh Zayed land	15 644 750	12 601 525
Deferred interest for the assignment amount due to the Authority	-	1 956 521
Net foreign exchange loss	630 843	1 351 954
	<u>20 580 537</u>	<u>16 465 309</u>

44. Earnings (losses) per share

The calculation of earnings (losses) per share at December 31, 2009 was based on the losses attributable to ordinary shareholders of the Parent Company for the financial period and a weighted average number of ordinary shares outstanding during the year as follows:

	<u>2009</u>	<u>2008</u>
	<u>L.E</u>	<u>L.E</u>
Net profit (loss) for the year	(114 382 871)	27 255 076
Divided by:-		
Weighted average number of shares outstanding during the year	28 413 396	28 413 396
Earnings (losses) per share (L.E / share)	<u>(4.03)</u>	<u>0.96</u>

45. Financial instruments

45.1 Credit risk

Exposure to credit risk

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

	<u>Note</u>	<u>31/12/2009</u>	<u>31/12/2008</u>
	<u>No.</u>	<u>L.E</u>	<u>L.E</u>
Long-term trade & notes receivable	(13)	1 114 762 514	1 257 858 894
Short-term trade & notes receivable	(17)	739 777 423	637 341 225
Other debtors	(18)	387 336 168	416 059 670
Held for trading investments	(19)	119 045 460	-
Cash & cash equivalents	(20)	481 790 498	236 924 532
		<u>2 842 712 063</u>	<u>2 548 184 321</u>

45.2 Liquidity risk

The following are the contractual maturities of financial liabilities:

December 31, 2009

	<u>Carrying amount</u>	<u>6 months or less</u>	<u>6-12 months</u>	<u>1-2 years</u>	<u>2-5 years</u>	<u>More than 5 years</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>
Bank – credit facilities	97 347 618	97 347 618	-	-	-	-
Contractors, suppliers	35 281 826	29 923 142	5 358 684	-	-	-
Other creditors	200 773 135	133 420 837	11 987 118	27 404 110	27 961 070	-
Short-term notes payable	52 552 394	52 552 394	-	-	-	-
Long-term notes payable	145 836 708	-	-	-	72 918 354	72 918 354

531 791 681	313 243 991	17 345 802	27 404 110	100 879 424	72 918 354
=====					=====

December 31, 2008

	<u>Carrying amount</u> L.E	<u>6 months or less</u> L.E	<u>6-12 months</u> L.E	<u>1-2 years</u> L.E	<u>2-5 years</u> L.E	<u>More than 5 years</u> L.E
Bank – credit balances	1 344 343	1 344 343	-	-	-	-
Contractors, suppliers & notes payable	34 559 387	21 076 528	12 587 460	895 399	-	-
Other creditors	161 278 376	101 388 383	16 122 069	23 271 322	20 496 602	-
Long-term notes payable	182 744 351	-	36 907 643	-	72 918 354	72 918 354
	379 926 457	123 809 254	65 617 172	24 166 721	93 414 956	72 918 354
	=====	=====			=====	=====

45.3 Currency risk

Exposure to currency risk

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

Description	<u>31/12/2009</u>		<u>31/12/2008</u>	
	L.E	USD	L.E	USD
Cash at banks	465 760 599	3 023 013	168 595 728	12 601 161
Contractors, suppliers & notes payable	(87 834 220)	-	(34 559 387)	-
Other creditors	(195 801 616)	(908 870)	(151 856 700)	(1 709 923)
Net exposure	182 124 763	2 114 143	(17 820 359)	10 891 238

The following significant exchange average rates applied during the year:

	<u>Average rate</u>		<u>Reporting date spot rate</u>	
	<u>31/12/2009</u>	<u>31/12/2008</u>	<u>31/12/2009</u>	<u>31/12/2008</u>
USD	5.49	5.44	5.47	5.51

45.4 Sensitivity

A 10 percent strengthening of the USD against the following currencies at December 31, 2009 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 2008.

	<u>Profit & loss</u>
	L.E
<u>December 31, 2009</u>	
USD	1 156 436
<u>December 31, 2008</u>	
USD	6 001 072

A 10 percent weakening of the USD against the above currencies at December 31, 2009 would have had the equal but the opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

45.5 Interest rate risk

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

	<u>Carrying amount</u>	
	<u>31/12/2009</u>	<u>31/12/2008</u>
	L.E	L.E
<u>Fixed rate instruments</u>		
Financial assets	1 854 539 937	1 895 200 119
Financial liabilities	(200 305 682)	(182 744 351)
	1 654 234 255	1 712 455 768
<u>Variable rate instruments</u>		
Financial liabilities	(97 347 618)	(1 344 343)
	(97 347 618)	(1 344 343)

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.

45.6 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:

	<u>31/12/2009</u>		<u>31/12/2008</u>	
	<u>Carrying amount</u>	<u>Fair value</u>	<u>Carrying amount</u>	<u>Fair value</u>
	L.E	L.E	L.E	L.E
Trade & notes receivable	1 854 539 937	1 854 539 937	1 895 200 119	1 895 200 119
Cash and cash equivalents	482 296 480	482 296 480	238 028 125	238 028 125
Contractors, suppliers & notes payable	(87 834 220)	(87 834 220)	(34 559 387)	(34 559 387)
Other creditors	(200 773 135)	(200 773 135)	(161 278 376)	(161 278 376)
Notes payable	(145 836 708)	(145 836 708)	(182 744 351)	(182 744 351)
	1 902 392 354	1 902 392 354	1 754 646 130	1 754 646 130

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

46. 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 / Relationship</u>	<u>Nature of transaction</u>	<u>2009</u>	<u>2008</u>
		<u>Amount of transaction</u>	<u>Amount of transaction</u>
		<u>L.E</u>	<u>L.E</u>
Board of directors	Remunerations & bonuses	19 074 907	30 609 959
Executive directors	Bonuses	-	5 990 675
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)	Decorations & finalizing works.	713 053	4 100 799
Feorosema Co. (a company in which the chairman of Greenscape for Agriculture & Reclamation Co. has participation of 4% in its issued share capital)	Advance payments	701 286	881 737
Bonyan Development and Trade Co. (a company in which the chairman of Move-In for Advanced contracting Co. has participation of 15% in its issued share capital)	Decorations & finishing's works.	1 283 025	-
	Metal works.	266 380	-
	Isolation & landscaping works.	2 929 765	-
Donato farm Co. (a company in which the chairman of Greenscape for Agriculture & Reclamation Co. has participation of 20% in its issued share capital)	Supplies	1 524 122	125 682

Land Master Co. (a company in which the chairman of Greenscape for Agriculture & Reclamation Co. has participation of 20% in its issued share capital)	Advance payments for the purchase of digger and rent of equipment.	529 863	-
	Purchase of a rig	555 242	-
	Expenses paid by Land Master Co. on behalf of the Company.	2 315 592	-
	Expenses paid by Greenscape for Agriculture & Reclamation Co. on behalf of the Company.	119 338	-
	Collection of the expenses paid on behalf of Land Master Co.	61 787	-
	Advance payments on behalf of Land Master as a main supplier of the Company.	1 730 658	-

b) Resulting balances from these transactions

<u>Party</u>	<u>Item as shown in the consolidated balance sheet</u>	<u>31/12/2009</u> L.E	<u>31/12/2008</u> L.E
Royal Gardens for Investment Property	Trade & notes receivable (note No. 13 & 17)	96 740 723	96 740 723
	Debtors & other debit balances (note No. 18)	-	86 396
Board of directors	Liability for cash settled share – based payments transactions included in creditors & other credit balances caption (note No. 25)	778 555	370 101
	Creditors & other credit balances – accrued expenses (note No. 25)	-	13 603 491
Bright Living for Trading Co.	Amounts due from customers	749 731	2 775 883
Bonyan Development and Trade Co. Land Master Co.	Amounts due from customers	1 691 433	773 267
	Debtors & other debit balances (note No. 18)	-	382 968
Feorosema Co.	Debtors & other debit balances (note No. 18)	-	180 452

47. Tax status

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

Corporate profit tax

- The Company enjoyed a tax exemption from Corporate Profit Tax for a year of ten years started 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
- 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 year 2001 and the tax claims was paid according to the assessment of the Internal Committee and the years from 2000: 2001 were inspected and the differences were taken to the Internal Committee. The resulting tax differences were paid according to the assessment of the Internal Committee in September 2004.
- Years from 2002 to 2004 were inspected & the Company did not receive any tax claims till authorizing these financial statements for issuance.

Withholding tax

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

Stamp tax

Tax inspection was carried out for the previous years and also till 31/7/2006. The tax inspection was made and was referred to Internal Committee.

Sales tax

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

48. Legal position

There is a dispute between the Company and a party regarding the contract concluded between them on 23/2/1999 which is related to delivering this party a plot of land as a usufruct right for indefinite year of time and a return for an annual rental with a minimal amount for a total of 96 feddan approximately and which has not been delivered up till this date as the management of this party did not abide by the detailed conditions of the contract. There are exchanged notifications concerning this land between the management of the Company and the management of this party. During 2009, this party raised a claim No. 3 of 2009 Civil 6th of October against the Company asking it for the

delivery of the allocated land. A preliminary award was issued by the court in its session held on February 2010 to refer this matter to Experts and to delegate the Experts Office of the Ministry of Justice to embark this claim and set a session to be held on April 26, 2010 for the expert to present his report thereon. The Company's legal counselor is of the opinion that the Company has the right to maintain and exploit this land under the contract as the said contract has not been affected and no usufruct right has been arisen to this party since its effect was based on conditions that have not been met. In addition, in case of any dispute raised by this party to possess the land, the Company has the actual and physical possession of the land and hence it has the right to continue in possessing the land till settlement of this dispute before court.

49. Capital commitments

- The contracts concluded with others related to construction, utilities and site works amounted to L.E 1.23 billion (December 31, 2008: L.E 1.30 million) and the executed part of these contracts amounted to L.E 587 million as at December 31, 2009 (December 31, 2008: L.E 506 million).
- Contributions in long – term investments that have not been requested till the consolidated balance sheet date amounted to L.E 3.27 million approximately. (December 31, 2008: L.E 3 million).

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

On October 16, 2006, the Parent Company's Extra - Ordinary General Assembly unanimously agreed to approve the incentive & bonus plan of the Parent Company's employees and managers by setting it in the Parent Company's statutes according to the proposal suggested by the Parent Company's board of directors, and authorizing the Parent Company's board of directors to issue million share with a fair value of L.E 100 per share in application the incentive & bonus plan of the Parent Company's employees and managers, and appointing an independent committee for supervising the execution of this plan formed by non – executive members in the board of directors , 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 year a specified number of shares each year over the plan years according to the allocated shares outlined in the appendix of this plan.
- The price of share was determined for the beneficiary at L.E 75 per share.
- The Parent Company shall finance the issuance of the shares of the increase allocated in application of the plan and the value of shares due to the Parent Company will be paid from the proceeds of sale.
- 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 April 15, 2007. As detailed in note No.(27), the shares of the plan were

issued and financed by the Parent Company. Annotation of this increase was registered in the Commercial Registry on July 5, 2007.

- On September 23, 2007, the Supervisory Committee of the incentive & bonus plan of the Parent Company's employees, executive directors and managers agreed to the selection of the beneficiaries and also the number of shares allocated to each one of them. Accordingly, the whole shares of the plan were allocated in full.
- During December 2007, a number of 200 000 shares from the incentive & bonus plan were exercised with average selling price of L.E 226.63 per share. The amounts due to beneficiaries were set aside in special account held by Arab African International Bank until the completion of the prohibition period according to the incentive & bonus plan provisions.
- The number of shares allocated to the plan was increased by 500 000 additional shares as detailed in note No. (27).
- On July 3, 2008 the Supervisory Committee of the incentive & bonus plan of the Parent Company's employees, executive directors approved the allocation of 495 000 shares of the total shares to some of the Parent Company's employees and executive directors. Allocation contracts for these shares were signed with the employees and the executive directors during October 2008.
- On October 12, 2009, the Parent Company's board of directors decided the following:
 - The extension of the contract of the managing director to be ended on March 30, 2015 instead of March 30, 2011.
 - The recommendation to extend the exercise right in the current bonus & incentive plan to be ended on March 2015 instead of March 2011.
 - The recommendation to amend Article No. (11) of the bonus & incentive plan with respect to the management of the plan to give the board the right to assign an alternative member in case of death or resignation of any member of the Supervisory Committee.
 - The delegation of the chairman to call for an Extra-Ordinary Assembly Meeting to convene to approve the amendment of some articles of the current bonus & incentive plan.
- On December 7, 2009, the Parent Company's Extraordinary General Assembly agreed on the amendment of some articles of the bonus and incentives plan and the allocation contracts of the shares that were approved by the Egyptian Financial Supervisory Authority as follows:
 - Extension of the period of the exercise right stated in the bonus and incentive plan and the allocation contract to be ended on March 2015 instead of March 2011.
 - Amendment of the bonus and incentive plan and the allocation contract to enable the beneficiary from the plan the possibility to transfer the title of the shares allocated to him to be in his name after ending the prohibition period provided the payment of the share price stated in the plan and in this case, the beneficiary is entitled to all rights as determined on the Company' shares.
 - Amendment of article No. (11) of the bonus and incentive plan with respect to the management of the plan to give the board of directors the right – when necessary – of the replacement of a Supervisory Committee member with another one provided that this member to be from non-executive members.

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

<u>Employees entitled</u>	<u>Grant date</u>	<u>No. of shares in thousand</u>	<u>Fair value of share at grant date</u> L.E	<u>Exercising price</u> L.E	<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 extended to March 2015 – the beneficiary is not entitled to this right if the performance of the Company's share is below CASE 30 by more than 20% for 2 consecutive years during the vesting period.
Board of director	23/9/2007	75	100	75	According to performance measure and exercise period from 31/3/2007 till 31/3/2011 extended to 31 March 2015.
Some managers	23/9/2007	175	100	75	According to performance measure and exercise period from 31/3/2007 till 31/3/2011 extended to 31 March 2015.
Board of director	7/10/2008	25	73.34	75	According to performance measure and exercise period from 31/3/2007 till 31/3/2011 extended to 31 March 2015.
Executive directors	7/10/2008	470	73.34	75	According to performance measure and exercise period from 31/3/2007 till 31/3/2011 extended to 31 March 2015.

51. Comparative figures

Some comparative figures were reclassified to conform to the current period's presentation. The items affected by the reclassification are listed below:

<u>Balance sheet</u>	L.E
Minority interest	4 873 728
Creditors & other credit balances	(5 185 403)
Retained earnings	311 675