

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

**Separate Financial Statements
For The Financial Period Ended September 30, 2013**

And Limited Review Report

 **Hazem Hassan**
Public Accountants & Consultants

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Report on Limited Review of Interim Financial Statements

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

Introduction

We have performed a limited review for the accompanying separate balance sheet of Sixth of October for Development and Investment Company "SODIC", as at September 30, 2013 and the related separate statements of income, cash flows and changes in equity for the Nine-month then ended, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and fair presentation of these interim financial statements in accordance with Egyptian Accounting Standards. Our responsibility is to express a conclusion on these interim financial statements based on our limited review.

Scope of Limited Review

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

Conclusion

Based on our limited review, nothing has come to our attention that causes us to believe that the accompanying separate interim financial statements do not present fairly, in all material respects, the separate financial position of the Company as at September 30, 2013, and of its separate financial performance and cash flows for the Nine-month then ended in accordance with Egyptian Accounting Standards.

Emphasis of matter

Without qualifying our opinion

- Regarding to what has been mentioned in details in Note No.(16-c) related to total investment that had been injected for the Company's projects in Syria through the related parties accounts amounting to approximately L.E 514 million till September 30, 2013, the Company was unable to gather the appropriate information, which could enable it to disclose the effect, if any of the

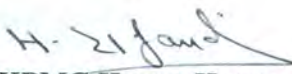
current events taking place on The Arab Republic of Syria on the values of the assets, liabilities and the results of operations in the foreseeable future. These amounts and results may differ significantly in the foreseeable future when reliable indicators and signs become available, which enable the use of those indicators and signs in determining the extent and the impact of the current events on the carrying value of the assets and liabilities included in the financial statements. The Company's management believes that the debit balances due from related Companies in Syria are totally covered by the net value of the assets and properties of the projects in Syria, and the Company's management has no reason to make it believe that these debit balances need to be impaired despite the events that Syria encountering currently.

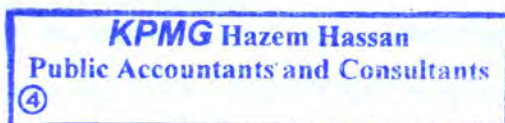
- As mentioned in details in note (51-1) On March 29, 2012 Sixth of October for Development & Real Estate Projects Co. "SOREAL" (Subsidiary 99.99% owned to Sixth of October for Development and Investment Company "SODIC") has received a letter from the Urban Communities Authority stating that the main real estate committee in its session No. 9 as at January 8, 2012 has decided to cancel the allocation of land plot No. 16 in the investees southern investors east extension area which is allocated to the company and revocation of the contract dated March 13, 2005 and appendix dated September 3, 2006.

On November 4, 2013 the company received a letter issued by the New Urban Communities Authority stating that the main real estate committee in its session No. 37 as at October 24, 2013 has decided to cancel the allocation of land plot No. 16 in the southern east extension area for investors and the revocation of the contract with the Community. On November 9, 2013 the judgment of administrative court is to stop the procedures taken by the Community and the decision issued by the real estate committee on October 24, 2013 referred to above, and to continue to implement the judgment released in the urgent part of the lawsuit No. 48136 for year 66 Judicial till resolving the matter of the lawsuit No. 6448/68 Judicial.

Therefore the Company's management has nothing to believe that its investments in Sixth of October for Development & Real Estate Projects Co. "SOREAL" need to be impaired.

As mentioned in details in note (51-2) There is a legal dispute between Sixth of October for Development and Investment Company "SODIC" and Solidare – Egypt Company. The Company's management and its external legal consultant believe that the situation of Sixth of October for Development and Investment Company "SODIC" is positive in that dispute.


KPMG Hazem Hassan



Cairo, November 14, 2013

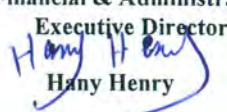
**Sixth of October for Development and Investment Company "SODIC"
(An Egyptian Joint Stock Company)**

Separate Balance Sheet

As at September 30, 2013

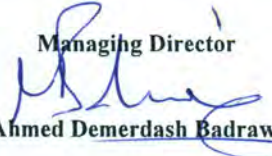
	Note No.	30/9/2013 L.E	31/12/2012 L.E
<u>Long - term assets</u>			
Fixed assets (net)	(6)	22 157 080	86 634 951
Projects under construction	(7)	-	1 095 633
Investments in subsidiaries	(8)	520 844 496	520 844 496
Investments - available for sale	(9)	4 277 402	4 277 402
Investment properties (net)	(10)	80 603 457	65 835 835
Investment property advances	(11)	126 587 384	105 523 260
Trade and notes receivable (net)	(12)	1 330 985 736	1 242 642 280
Total long - term assets		2 085 455 555	2 026 853 857
<u>Current assets</u>			
Inventory - Materials		204 205	204 205
Completed units ready for sale	(13)	47 277 755	47 277 755
Works in process	(14)	1 364 847 956	1 310 797 731
Trade & notes receivable (net)	(15)	964 033 915	1 038 848 412
Due from related parties	(16)	1 540 457 556	1 508 336 395
Debtors & other debit balances	(17)	259 554 372	260 983 369
Cash at banks & on hand	(18)	292 480 321	268 773 453
Total current assets		4 468 856 080	4 435 221 320
<u>Current liabilities</u>			
Provision for completion	(19)	90 705 483	127 166 085
Provisions	(20)	18 642 550	22 451 188
Bank - Lenders		537	11 524
Bank - credit facilities	(21)	50 668 237	34 916 404
loans - Short term	(32)	208 091 372	107 144 710
Advances from customers	(22)	2727 377 366	2 707 590 184
Contractors, suppliers & notes payable	(23)	145 907 663	127 594 264
Due to related parties	(24)	187 029 914	105 896 427
Creditors & other credit balances	(25)	229 526 093	278 731 081
Total current liabilities		3 657 949 215	3 511 501 867
Working capital		810 906 865	923 719 453
Total investments		2 896 362 420	2 950 573 310
These investments are financed as follows:-			
<u>Shareholders' equity</u>			
Issued & fully paid in capital	(26)	362 705 392	362 705 392
Legal reserve	(27)	181 352 693	181 352 693
Special reserve - share premium	(28)	1 316 921 569	1 316 921 569
Retained earnings		802 786 772	512 544 421
Profit from sale of treasury shares	(29)	3 692 867	3 692 867
Shares kept for bonus & incentive plan	(30)	(80 000 000)	(80 000 000)
Set aside amount for bonus & incentive plan	(31)	25 323 711	25 323 711
Net profit for the period / year		100 712 996	290 242 351
Total shareholders' equity		2 713 496 000	2 612 783 004
<u>Long-term liabilities</u>			
loans - long term	(32)	130 104 291	256 381 985
Notes payable	(33)	49 053 527	79 951 702
Deferred tax liabilities	(34)	3 708 602	1 456 619
Total long-term liabilities		182 866 420	337 790 306
Total shareholders' equity & long - term liabilities		2 896 362 420	2 950 573 310

* The accompanying notes from (1) to (51) are an integral part of these separate financial statements and to be read therewith.

Financial & Administration
Executive Director

Hany Henry

Chief Financial Officer

Omar Elhamawy

Managing Director

Ahmed Demerdash Badrawi

Chairman

Hani Sarie El Din

* Limited Review Report "attached"

Sixth of October for Development and Investment Company "SODIC"
(An Egyptian Joint Stock Company)
Separate Income Statement
For The Financial period Ended September 30, 2013

	Note	from 1/1/2013 till 30/09/2013	Three-months ended in 30/09/2013	from 1/1/2012 till 30/09/2012	Three-months ended in 30/09/2012
	No.	<u>L.E</u>	<u>L.E</u>	<u>L.E</u>	<u>L.E</u>
Sales (net)	(35)	523 659 860	308 228 438	850 638 690	253 448 977
Cost of sales	(36)	(307 744 460)	(178 721 157)	(540 336 849)	(127 326 754)
Gross profit		215 915 400	129 507 281	310 301 841	126 122 223
Other operating revenues	(37)	55 801 702	36 855 087	44 377 713	15 854 926
Selling and marketing expenses	(38)	(54 369 525)	(31 066 818)	(60 908 715)	(17 720 487)
General and administrative expenses	(39)	(83 600 321)	(55 179 378)	(103 131 788)	(35 603 514)
Other operating expenses	(40)	(18 551 180)	(11 046 492)	(15 040 885)	(4 483 580)
Operating profit		115 196 076	69 069 680	175 598 166	84 169 568
Finance income	(41)	60 329 603	40 279 189	17 905 499	6 501 972
Finance cost	(42)	(50 341 564)	(32 556 317)	(41 592 455)	(13 010 289)
Net finance (cost)/income		9 988 039	7 722 872	(23 686 956)	(6 508 317)
Net profit for the period - before income tax		125 184 115	76 792 552	151 911 210	77 661 251
Income tax (expense)	(43)	(24 471 119)	(10 300 909)	(3 646 584)	(6 031 746)
Net profit for the period		100 712 996	66 491 643	148 264 626	71 629 505
Earnings per share (L.E / Share)	(44)	1.11	0.73	1.65	0.80

* The accompanying notes from (1) to (51) are an integral part of these separate financial statements and to be read
Limited Review Report "attached"

Sixth of October for Development and Investment Company "SODIC"
(An Egyptian Joint Stock Company)
Separate Statement of Changes in Equity
For The Financial period Ended September 30, 2013

	Issued & paid in capital <u>L.E</u>	Legal reserve <u>L.E</u>	Special reserve- share premium <u>L.E</u>	Treasury shares <u>L.E</u>	Profit from sale of treasury shares <u>L.E</u>	Shares kept for bonus & incentive plan <u>L.E</u>	Set aside amount for bonus & incentive plan <u>L.E</u>	Retained earnings <u>L.E</u>	Net profit for the period <u>L.E</u>	Total <u>L.E</u>
Balance as at December 31, 2011	362 705 392	181 352 693	1 316 921 569	(18 018 000)	-	(80 000 000)	25 267 256	635 902 754	(123 358 333)	2 300 773 331
Return of stock dividends of bonus & incentives plan for employees and managers	-	-	-	-	-	-	56 455	-	-	56 455
transfer to retained earnings	-	-	-	-	-	-	-	(123 358 333)	123 358 333	-
Sold treasury shares	-	-	-	18 018 000	-	-	-	-	-	18 018 000
Profit from sale of treasury shares	-	-	-	-	3 692 867	-	-	-	-	3 692 867
Net Income for the period	-	-	-	-	-	-	-	-	148 264 626	148 264 626
Balance as at September 30, 2012	<u>362 705 392</u>	<u>181 352 693</u>	<u>1 316 921 569</u>	<u>-</u>	<u>3 692 867</u>	<u>(80 000 000)</u>	<u>25 323 711</u>	<u>512 544 421</u>	<u>148 264 626</u>	<u>2 470 805 279</u>
Balance as at December 31, 2012	362 705 392	181 352 693	1 316 921 569	-	3 692 867	(80 000 000)	25 323 711	512 544 421	290 242 351	2 612 783 004
transfer to retained earnings	-	-	-	-	-	-	-	290 242 351	(290 242 351)	-
Net profit for the Period	-	-	-	-	-	-	-	-	100 712 996	100 712 996
Balance as at September 30, 2013	<u>362 705 392</u>	<u>181 352 693</u>	<u>1 316 921 569</u>	<u>-</u>	<u>3 692 867</u>	<u>(80 000 000)</u>	<u>25 323 711</u>	<u>802 786 772</u>	<u>100 712 996</u>	<u>2 713 496 000</u>

* The accompanying notes from (1) to (51) are an integral part of these separate financial statements and to be read therewith.

Sixth of October for Development and Investment Company "SODIC"
(An Egyptian Joint Stock Company)
Separate Statement of Cash Flows
For The Financial period Ended September 30, 2013

	Note No.	from 1/1/2013 till 30/09/2013 <u>L.E</u>	from 1/1/2012 till 30/09/2012 <u>L.E</u>
<u>Cash flows from operating activities</u>			
Net profit for the Period before income tax		125 184 115	151 911 210
<u>Adjustments for :</u>			
Depreciation of fixed assets and rented units		10 931 373	11 468 863
Capital gains/(losses)		(52 351)	15 068
Provisions no longer required		(12 127 822)	(16 787 656)
Provision for completion - formed	(19)	23 121 933	43 479 295
Provisions formed		67 986	67 986
share-based payments	(31) , (50)	-	56 455
Operating profit before changes in working capital items		147 125 234	190 211 221
<u>Changes in working capital items</u>			
Change in Works in process		(54 050 225)	98 781 037
Change in investment properties		(16 235 499)	5 502 433
Change in trade & notes receivables		(13 528 959)	(558 042 132)
Change in due from related parties		(32 121 161)	(134 468 101)
Change in debtors & other debit balances		1 428 997	11 089 820
Provisions - used	(19)	(51 331 337)	(51 103 617)
Change in advances from customers		19 787 182	194 586 052
Change in contractors, suppliers & notes payable		(12 584 776)	(36 684 322)
Change in due to related parties		81 133 487	75 168 760
Change in creditors & other credit balances		(81 422 217)	65 401 676
Restricted cash		-	4 198 000
Net cash (used in) operating activities		(11 799 274)	(135 359 173)
<u>Cash flows from investing activities</u>			
Payments for purchase of fixed assets & projects under construction		(667 558)	(6 011 417)
Payments for acquisition of investment properties	(11)	(21 064 124)	(12 207 421)
Payment for acquisition of treasury bills		-	(39 442 722)
Proceeds from sale of fixed assets		66 828 010	310 051
Net cash provided from (used in) investing activities		45 096 328	(57 351 509)
<u>Cash flows from financing activities</u>			
bank - credit facilities and long term loans	(32) , (21)	(9 590 186)	(68 448 921)
Proceeds from sale treasury shares		-	21 710 867
Net cash used in financing activities		(9 590 186)	(46 738 054)
Net change in cash & cash equivalents during the period		23 706 868	(239 448 736)
Cash & cash equivalents at the beginning of the period		218 773 453	350 969 744
Cash & cash equivalents at the end of the period	(18)	242 480 321	111 521 008

* The accompanying notes from (1) to (51) are an integral part of these separate financial statements and to be read therewith.

**Sixth of October for Development and Investment Company "SODIC"
(An Egyptian Joint Stock Company)
Notes to the separate financial statements
For the financial Period ended September 30, 2013**

1- Background and activities

1-1 Sixth of October for Development and Investment Company "SODIC" – An Egyptian Joint Stock Co. – was incorporated in accordance with the provisions of Law No. 159 of 1981 and its Executive Regulations and considering the provisions of Law No. 95 of 1992 and its Executive Regulations and by virtue of the decree of the Minister of Economy and International Cooperation No. 322 of 1996 issued on May 12, 1996. The Company was registered in Giza Governorate Commercial Registry under No. 625 on May 25, 1996.

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

- Working in the field of purchasing lands for the purpose of providing utilities for them and making them ready for building, dividing these lands and selling or leasing them.
- Working in the field of construction, integrated construction and supplementary works for it.
- Planning, dividing and preparing lands for building according to modern building techniques.
- Building, selling and leasing all various kinds of real estate.
- Developing and reclaiming lands in the urban communities.
- Working in the field of tourist development and in all tourist establishments field including, building , managing , selling or utilizing hotels, motels and tourist villages in accordance with applicable Egyptian laws and regulations.
- Building, managing, selling and leasing – out of the residential, service, commercial, industrial and tourist projects.
- Importing and working as trade agents for that is permitted within the limits of the Company's purpose.(Not with the purpose of trading)
- Financing lease in accordance with Law No. 95 of 1995.
- Working in all fields of information technology and systems, hardware and software (computer software and services).
- Working in all fields of services of communication systems, internet, space stations and transmission except for the field of satellites.
- Investing in the various activities related to petroleum, gas and petrochemicals.
- Working in the field of coordinating and planting the gardens, roads and squares and also providing security, steward - ship, maintenance and cleaning services.
- Working in the field of ownership and management of sporting, entertainment, medical, educational buildings and also ownership, management and operating of restaurants.

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

- 1-3 The Company's duration is 50 years starting from the date of registration in the Commercial Registry.
- 1-4 The Company is listed in the formal listing in Cairo and Alexandria Stock Exchanges.
- 1-5 The registered office of the Company is located at Km. 38 Cairo / Alexandria Deseret Road, Sheikh Zayed City. Mr. Hany Sary El-Deen is the Chairman of the Board and Mr. Ahmed Demerdash Badrawy is the Member of the Board of Directors

2- Basis of preparation of the financial statements

2-1 Statement of compliance

- These separate financial statements have been prepared in accordance with Egyptian Accounting Standards and relevant Egyptian laws and regulations.
- The financial statements have been authorized by Company's board of directors as November 13, 2013

2-2 Basis of measurement

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

- Financial assets and liabilities recognized at fair values through profits and losses measured at fair value.
- 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.

2-3 Functional currency and presentation currency

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

2-4 Use of estimates and judgments

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

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

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

- Provisions for claims
- Fixed assets useful life
- Deferred tax
- Accruals
- Provision for completion
- Valuation of investment in subsidiaries
- Valuation of investment properties
- Impairment of debtors and other debit balances
- Impairment of fixed assets

2-5 Consolidated financial statement

The Company has subsidiaries and according to the Egyptian Accounting Standards No. (17) "consolidated and separate financial statements" and Article 188 of the executive regulations for Companies' law No. 159 of 1981, the Company is preparing consolidated financial statements for the Group and it should be used as a reference to understand the financial position, financial performance and cash flows for the group as a whole.

3- Significant accounting policies

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

3-1 Foreign currency transactions

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

3-2 Fixed assets and depreciation

a) Recognition and measurement

- Fixed assets that are used in production, providing goods and services or for administrative purposes are stated at historical cost less accumulated depreciation and impairment losses (note No. 3-10). Cost includes expenditures that are directly attributable to the acquisition of the asset and necessary to have the asset ready for use in the purpose for which the asset was acquired.
- Where parts of an item of fixed assets have different useful lives, they are accounted for as separate items of property, plant and equipment.
- The assets under construction for production or rent or administrative purposes are registered at their cost less impairment losses, where the cost includes professional fees and all other direct expenditures that are directly attributable to the acquisition of the asset. Thus, calculation of depreciation begins when the asset is substantially completed and ready for its intended use.
- The cost of self-constructed assets includes the cost of materials, direct labor and any other cost directly attributable to bringing the asset to a working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located.

b) Subsequent costs

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

c) Depreciation

Depreciation is charged to the income statement on a straight-line basis over the estimated useful lives of each part of Property, plant and equipment. The estimated useful lives are as follows: (Land is not depreciated)

<u>Asset</u>	<u>Years</u>
Buildings of the Company's premises	5 – 10
Vehicles	5
Furniture and office equipment	10
Office equipment and communications	5
Generators, machinery and equipment	5
Leasehold improvements	5 or lease term whichever is lower

3-3 Operating Lease

Payments made under Operating Lease (net of any incentives obtained from the lessor are charged to the income statement based on accrual basis.

3-4 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.

3-5 Investment properties

a) Initial recognition and measurement

This item includes lands held and not allocated for a specific purpose, or lands held for sale on long term as well as the lands and buildings leased to others (by virtue of operating leases). Real estate investments are valued at cost less the accumulated depreciation and "impairment" (3-11). The fair value of these investments are disclosed at the balance sheet date unless if there are cases where the fair value of these investments are difficult to be determined in a reliable manner. In this case such fact shall be disclosed.

b) Depreciation

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

<u>Asset</u>	<u>Years</u>
Leased out units	50
Constructions of golf course	20
Irrigation networks	15
Golf course tools and equipment	15

3-6 Investments

a) Investments in subsidiaries

Subsidiary companies are the entities in which the "Company" investor has the ability to control its financial and operating policies of the entity this ability exists by possessing half of the voting power or more in the related subsidiary.

Investments in subsidiaries are stated – when acquired – at its acquisition cost. If a decline in the recoverable amount exists for any investment below the carrying amount "Impairment" (note No. 3-11), the carrying amount of the investment will be adjusted by the amount of such impairment and will be charged to the income statement for each investment.

b) Available -for- sale investments

Financial instruments held by the Company and classified as available-for-sale investment are initially stated at cost and subsequently measured at fair value (unless this cannot be reliably measured). Changes in fair value are reported as a separate component in equity. When these investments are derecognized, the cumulative gain or loss previously recognized in equity is recognized in income statement. Investments in unlisted securities or where the fair value of investment cannot be determined in a reliable manner such investments are stated at cost less impairment losses (note No. 3-11). Impairment loss is recognized directly in the income statement

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

c) Held for trading investments

Held for trading investments are classified as current assets and are stated at fair value. Any gain or loss resulted from the change in fair value or sale of such investment is recognized in the income statement.

Treasury bills is recognized by the net value less amortization and impairment losses (note No. 3-11).

3-7 Units ready for sale

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

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

3-8 Work in process

All costs relating to uncompleted work are recorded in work in process account till the completion of work. Work in process is stated in the balance sheet at cost or net realizable value whichever is lower. Costs include directly attributable cost needed to bring the units to the selling status for their intended use.

3-9 Trade and notes receivables, debtors and other debit balances

Trade and notes receivables are non- interest bearing and are stated at their nominal value and reduced by impairment losses note (3-11). Impairment is recognized when there is objective evidence that the Company is not able to collect the due amounts according to the original terms of contracts. Impairment is the difference between the book value and the recoverable amount which represents the expected cash in flow for the Company.

Long term trade and notes receivables are initially recognized at fair value and subsequently re-measured at amortized cost using effective interest rate method.

3-10 Cash and cash equivalents

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

3-11 Impairment of assets

a) Financial assets

A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the 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 income statement. Any cumulative loss in respect of an available-for-sale financial asset recognized previously in equity is transferred to income statement.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognized for financial assets measured at amortized cost and available-for-sale financial assets that are debt securities, the reversal is recognized in income statement. For available-for-sale financial assets that are equity securities, the reversal is recognized directly in equity.

b) Non-financial assets

The carrying amounts of the Company's non-financial assets, other than, investment property, units ready for sale and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite lives or that are not yet available for use, recoverable amount is estimated at each reporting date.

An impairment loss is recognized if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups. Impairment losses are recognized in the income statement.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognized in prior years are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

3-12 Provisions

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

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

a- Provision for completion

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

3-13 Borrowing costs

Borrowing costs are recognized as expense in the income statement when incurred using the effective interest rate.

3-14 Interest -bearing borrowings

Interest - bearing borrowings are recognized initially at fair value, net of attributable transaction costs incurred. Borrowings are subsequently stated at amortized cost, any differences between cost and redemption value are recognized in the income statement over the period of the borrowing using the effective interest rate.

3-15 Suppliers, contractors and other credit balances

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

3-16 Share capital

Common shares are classified in the owners' equity.

a) Issuance of ordinary shares

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

b) Treasury shares

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

c) Dividends

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

d) Finance of the incentive and bonus plan

Equity shares issued for the purpose of the incentive and bonus plan of the Company's employees and managers which are financed by the Company are presented as shares kept for incentive and bonus plan and are included in equity. The resulting outcome from sale of these shares is recognized in equity.

e) Reserves

As per the Companies' law and the Company's articles of incorporation, 5% of the net profit of the year is set aside to form the legal reserve.

Transfer to the legal reserve may be suspended once the reserve reaches 50% of the Company's issued capital. However, if the reserve balance falls below 50% of the Company's issued capital then transfers to the legal reserve become required to be resumed by setting aside at least 5% of the net profit for the year.

The transferred amount can be recorded at the period in which the general assembly authorized such transfer.

3-17 Share – based payments transactions

a) Equity settled share – based payments

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

b) Cash settled share - based payments

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

3-18 Notes payable

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

3-19 Revenue recognition

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

a) Sales revenue

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

b) Rental income

Rental income resulted from investment properties (less any discounts) is recognized in the income statement on a straight-line basis over the terms of the lease.

c) Interest income

Interest income is recognized in the income statement, using the accrual basis of accounting, considering the period of time and effective interest rate.

d) Dividends

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

3-20 Cost of sold lands

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

3-21 Expenses

a) Lease payments

Payments under leases are recognized in the income statement (less any discounts), on a straight-line basis over the terms of the lease, using the accrual basis of accounting.

b) Employees' pension

1. Pension obligations

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

2. Employees' profit sharing

As per the Companies Law, employees are entitled to receive not less than 10% of the distributed profits, after deducting a percentage to support the legal reserve, according to the rules proposed the Company's board of directors and after the approval of General Assembly Meeting which should not exceed the total employees' annual salaries.

Employees' share in profit is recognized as dividends of profit and shown in the statement of changes in equity and as a liability in the financial year at which the declaration has been authorized by the shareholders.

3-22 Income tax

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

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

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

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

3-23 Earnings / (losses) per share

Earning / (loss) per share is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period/year in which financial statements are prepared.

4- Determination of fair values

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

4-1 Investments in equity instruments

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

4-2 Trade, note receivables and other debtors

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

4-3 Investment property

The fair value is based on market values, being the estimated amount for which property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably , prudently and in free well.

4-4 Share – based payment transactions

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

5- Financial risk management

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

- Credit risk
- Liquidity risk
- Market risk

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

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

The Company, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations. The Board of Directors of the Company is assisted in its oversight role by the Audit Committee, and Internal Audit. Internal Audit undertakes both regular and sudden reviews of risk management controls and procedures, the result of which are reported to the Board of Directors.

5-1 Credit risk

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

Trade and other receivables

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

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

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

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

Investments

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

Guarantees

The Company's policy is to provide financial guarantees only to subsidiaries, it needed, and after the approval of the board of directors, At January 15, 2013 Company's Extra - Ordinary General Assembly meeting agreed to grant a corporate guarantee of a loan granted to Sixth of October for Development & Real Estate Projects Co. "SOREAL" (Subsidiary 99.99% owned to Sixth of October for Development and Investment Company "SODIC").

5-2 Liquidity risk

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

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

The Company ensures that it has sufficient cash on demand to meet expected operational expenses for appropriate period of time including the cost servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

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

- L.E 435 million as long-term loans guaranteed by a promissory note amounting to the whole amount of the loan. Interest would be payable at the rate of 2.85 % per annum above the CORRIDOR of borrowing rate declared by the Central Bank of Egypt.
- A facility amounting to L.E 45.5 million covered by a guarantee of time deposits amounting to L.E 50 million.
- A facility amounting to L.E 50 million. Interest would be payable at the rate of 2.75 % per annum above the CORRIDOR average and a minimum rate of 12.5%.
- A facility amounting to L.E 150 million. Interest would be payable at the rate of 3 % per annum above the CORRIDOR average and 0.75% commitment fees from the total facility amount.

5-3 Market risk

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

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

5-4 Currency risk

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

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

The Company's investments in its subsidiaries are not hedged as those currency positions are considered to be long-term in nature. The Company does not enter into currency risk hedging contracts.

5-5 Interest rate risk

The company adopts a policy to limit the company's exposure to interest rate risk, therefore the Company's management evaluate the available alternatives for finance and negotiating with banks to obtain the best available interest rates and conditions. Borrowing contracts are presented to the board of directors. The finance position and finance cost is periodically evaluated by the Company's management. The Company does not enter into hedging contracts for interest rates.

5-6 Other market price risk

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

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

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

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

5-7 Capital management

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

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

There were no changes in the Company's approach to capital management during the period / 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 separate financial statements For the financial period ended September 30, 2013 (Cont.)

6- Fixed assets

This item is represented as follows:

	Land	Buildings of the Company's premises	Vehicles	Furniture and office fixtures	Office equipments and communication	Generators, machinery and equipment	Leasehold improvements	Total
	<u>L.E</u>	<u>L.E</u>	<u>L.E</u>	<u>L.E</u>	<u>L.E</u>	<u>L.E</u>	<u>L.E</u>	<u>L.E</u>
Cost as at 1/1/2013	24 210 813	46 799 300	7 724 706	8 854 229	15 556 411	3 625 013	13 509 497	120 279 969
Additions during the period	-	-	-	69 779	1 110 252	9 900	573 260	1 763 191
Disposals	(24 210 813)	(45 664 014)	(80 000)	(4 896)	(189 670)	-	(1 655 894)	(71 805 287)
Cost as at 30/9/2013		1 135 286	7 644 706	8 919 112	16 476 993	3 634 913	12 426 863	50 237 873
Accumulated depreciation as at 1/1/2013	-	10 876 870	6 256 361	2 381 943	8 144 110	1 597 624	4 388 110	33 645 018
Depreciation during the period	-	3 013 303	655 901	660 751	2 553 223	502 276	2 078 042	9 463 496
Accumulated depreciation for disposals	-	(13 334 330)	(77 808)	(1 573)	(167 434)	-	(1 446 576)	(15 027 721)
Accumulated depreciation as at 30/9/2013	-	555 843	6 834 454	3 041 121	10 529 899	2 099 900	5 019 576	28 080 793
Net book value as at September 30, 2013	-	579 443	810 252	5 877 991	5 947 094	1 535 013	7 407 287	22 157 080
Net book value as at December 31, 2012	24 210 813	35 922 430	1 468 345	6 472 286	7 412 301	2 027 389	9 121 387	86 634 951

- Fixed assets include fully depreciated assets costing L.E 6 466 400 as at September 30, 2013 (2012: L.E 5 363 326)

7- Projects under construction

	30/9/2013	31/12/2012
	<u>L.E</u>	<u>L.E</u>
Company's new premises	-	1 095 633
	-	1 095 633

8- Investments in subsidiaries

	Legal Form	Ownership %	Paid amount of Participation %	Carrying amount as at 30/9/2013 <u>L.E</u>	Carrying amount as at 31/12/2012 <u>L.E</u>
SODIC Property Services Co.	S.A.E	51	100	510 000	510 000
Sixth of October for Development and Real Estate Projects Co. (SOREAL)	S.A.E	99.99	100	517 334 516	517 334 516
SODIC for Development and Real Estate Investment Co.	S.A.E	99.99	100	2 999 980	2 999 980
				<u>520 844 496</u>	<u>520 844 496</u>

9- Investments – available for sale

	Legal Form	Ownership %	Paid amount of Participation %	Carrying amount as at 30/9/2013 <u>L.E</u>	Carrying amount as at 31/12/2012 <u>L.E</u>
Egyptian Company for Development and Management of Smart Villages	S.A.E	1.01	100	4 250 000	4 250 000
SODIC for Golf and Tourist Development Co.	S.A.E	0.0025	25	1 250	1 250
Beverly Hills Co. for Management of Cities and Resorts	S.A.E	0.06	100	26 152	26 152
				<u>4 277 402</u>	<u>4 277 402</u>

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

10- Investment properties

The net carrying amount of the investment properties as at September 30, 2013 amounting to L.E 80 603 457, movement on the investment property item during the period was as follows:-

Description	Units leased out to others	Golf course	Total
<u>Cost</u>	<u>L.E</u>	<u>L.E</u>	<u>L.E</u>
At January 1, 2013	1 531 214	99 377 533	100 908 747
Addition during the period	16 235 499	-	16 235 499
At September 30, 2013	17 766 713	99 377 533	117 144 246
<u>Accumulated depreciation</u>			
At January 1, 2013	185 232	3 190 680	3 375 912
Depreciation for the period	100 441	1 367 436	1 467 877
At September 30, 2013	285 673	4 558 116	4 843 789
<u>Deduct:</u>			
Impairment of investment properties (a)	-	31 697 000	31 697 000
Net value as at September 30, 2013	17 481 040	63 122 417	80 603 457
Net value as at December 31, 2012	1 345 982	64 489 853	65 835 835

- (a) This item represent the impairment of the golf course by L.E 31 697 000 which represents the increase in its book value over its recoverable amount which have been measured by the value in use.
- There is a difficulty in determining the fair value of the investment properties of the golf course reliably for the purpose of disclosure because of the rarity of such business in Egypt and due to the unavailability of an active market.
 - The fair value of units leased out to others amounts to L.E 31 914 500 as at September 30, 2013.

11- Investment properties advances

This item amounting to L.E 126 587 384 as at September 30, 2013 (2012: L.E 105 523 260) is represented in the amounts paid to SODIC - SIAC for Real Estate Investment Co. (a subsidiary) on account of the acquisition of building No. (1) of the **Polygon project**, to be leased out for others, with total value of L.E 131 704 850 according to the contract concluded between the Company and SODIC SIAC for Real Estate Investment Co. dated January 5, 2010. The building will be received during a maximum period of three years from the contract date. This item includes an amount of L.E 5 295 462 representing the amount paid under maintenance, management and operation expenses of the project's public utilities related to the building for three years.

12- Long - term trade and notes receivable

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

	30/9/2013	31/12/2012
	<u>L.E</u>	<u>L.E</u>
Trade receivables	31 198 796	48 789 367
Notes receivable	1 346 745 233	1 240 251 070
	<u>1 377 944 029</u>	<u>1 289 040 437</u>
<u>Deduct:</u> unamortized interest – Notes receivable	46 958 293	46 398 157
	<u>1 330 985 736</u>	<u>1 242 642 280</u>

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

13- Completed units ready for sale

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

	30/9/2013	31/12/2012
	<u>L.E</u>	<u>L.E</u>
Cost of completed commercial units	4 262 805	4 262 805
Cost of units purchased for resale (13-1)	43 014 950	43 014 950
	<u>47 277 755</u>	<u>47 277 755</u>

- 13-1** This item is represented in the purchasing cost of 63 units in Casa project (Half Finished) that were purchased from Royal Gardens Co. for Real Estate Investment -associate- for the purpose of resale to others.

14- Work in process

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

	30/9/2013 <u>L.E</u>	31/12/2012 <u>L.E</u>
<u>Allegria project cost</u>		
Cost of the Company's land intended for use	95 917 427	121 718 560
Planning, survey, supervision, soil researches	194 474 709	199 871 306
Buildings and utilities	379 852 056	420 982 857
Other costs	110 340 163	96 885 280
Price differences for repurchased units (14-1)	18 150 728	18 150 728
	<u>798 735 083</u>	<u>857 608 731</u>
<u>WESTOWN project cost</u>		
Cost of the Company's land intended for use	64 086 307	65 767 522
Planning , survey , supervision, soil researches	82 183 518	74 575 173
Buildings and utilities	385 912 107	223 040 887
Other costs	24 197 380	20 985 651
	<u>556 379 312</u>	<u>384 369 233</u>
<u>Fourth phase costs (4A, 4B), showrooms and others</u>		
Cost of land	3 635 690	64 197 715
Planning , survey , supervision and soil researches	977 534	1 097 852
Building and utilities	4 745 988	3 149 854
Other costs	374 349	374 346
	<u>9 733 561</u>	<u>68 819 767</u>
	<u>1 364 847 956</u>	<u>1 310 797 731</u>

14-1 This item amounting to L.E 18 150 728 in September 30, 2013 (Year 2012: L. E 18 150 728) represent the additional costs for the re-acquisition of some units in Allegria project.

15- Trade and notes receivable - Current

	30/9/2013 <u>L.E</u>	31/12/2012 <u>L.E</u>
Trade receivables (15-1)	237 280 008	229 409 447
Notes receivable	734 312 031	815 567 518
	<u>971 592 039</u>	<u>1 044 976 965</u>
<u>Deduct:</u> Unamortized interest – notes receivables	7 358 124	5 928 553
	<u>964 233 915</u>	<u>1 039 048 412</u>
Impairment loss of trade and notes receivables	(200 000)	(200 000)
	<u>964 033 915</u>	<u>1 038 848 412</u>

15-1 This item includes an amount of L.E 94.06 million which represents the amount due from SODIC Garden City for Development and Investment Co. (subsidiary).

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

16- Due from related parties

	30/9/2013	31/12/2012
	<u>L.E</u>	<u>L.E</u>
Sixth of October for Development and Real Estate Projects (SOREAL) – a subsidiary note No. (51-1)	466 084 522	601 584 470
SODIC Garden City for Development and Investment Co. – a subsidiary	1 076	527 023
Greenscape for Agriculture and Reclamation Co. – a subsidiary (under Liquidation)	4 700 331	4 730 436
Move-In for Advanced Contracting Co. – a subsidiary	14 245 068	8 023 491
El Yosr for Projects and Agriculture Development Co. – a subsidiary	41 037 703	20 982 182
SODIC for Development and Real Estate Investment Co. – a subsidiary	273 222 328	253 354 755
SODIC SIAC for Real Estate Investment Co. – a subsidiary	149 265 709	97 234 056
SODIC Syria Co. – a subsidiary (16- a)	430 108 096	392 709 598
Fourteen for Real Estate Investment Co. – a subsidiary (16- b)	53 779 884	47 992 028
La Maison for Real Estate Investment Co. - S.A.E	44 799 531	19 529 938
Edara for Services of Cities and Resorts Co. – a subsidiary	17 854 103	24 859 517
Palmyra Real Estate Development Co. –a Joint project	30 596 041	20 076 903
Tegara for Trading Centers Co. – a subsidiary	3 050 767	1 948 829
SODIC for Golf and Tourist Development Co. – a subsidiary	11 528 769	14 647 841
Other related companies	183 628	135 328
	<u>1 540 457 556</u>	<u>1 508 336 395</u>

(16- a) On June 15, 2010, SODIC Syria Co. –a Syrian limited liability Company- 99% owned by Fourteen for Real Estate Investment Co. which is a wholly owned by a subsidiary was incorporated for the purpose of acquiring a stake of 50% of the share capital of Palmyra Real Estate Development Company–a Syrian limited liability Company. The balance due from SODIC Syria Co. includes an amount of L.E 134 355 000 equivalent to USD 19.5 million transferred to SODIC Syria Co. on September 15, 2010 according to the resolution of the Company's board of directors on September 5 , 2010.

(16-b) The balance due from Fourteen for Real Estate Investment Co. includes an amount of L.E 52 452 881 equivalent to USD 7 612 900 for the purpose of financing Palmyra Real Estate Development Co. –a Joint project as a down payment from the **Bridge Loan** amounting to a total of USD 25 million according to the resolution of the Company's board of directors on October 27, 2010.

(16- c) with reference to what has been mentioned in paragraphs (16- a) and (16- b), the total amount due from related companies relating to investments in companies and the company's projects in Syria, which is amounting to L.E 514 484 021 as at September 30, 2013.

Considering current situation in Arab Republic of Syria, that has a significant impact on the economic sectors, in general, a matter which may lead to a decline in the economic activities. Therefore, there is a possibility that the said events will have a significant impact on the assets, liabilities, its recoverable/settlement amounts and the results of operations in the foreseeable future. At the present time, it is not possible to quantify the effect on the assets and the liabilities included in the company's financial statements, since quantifying the effect of these events relies on the expected range and the time when these events, and its consequences, are expected to be finished.

Despite of the events that The Arab Republic of Syria has encountered, which are mentioned in the previous paragraph, the management of the Company believes that the balances due from Syrian Companies and projects are covered and fully recoverable, as the fair values of the assets and the properties of the projects in Syria are higher than the book value of the investments and the balances due from the companies in Syria, this laid on reports of valuation from an independent expert during October 2013, Also, generally, there is no restriction on the ownership transfer of these lands except for the pledge of some lands for the benefit of the lending banks, it is worth mentioned that the fair values of the assets of the project is adequate to settle all its liabilities, to cover the investments value and to settle the due balances to the associate companies and the Company has no information regards any problems related to the custody and ownership of these lands.

17- Debtors and other debit balances

	30/9/2013	31/12/2012
	<u>L.E</u>	<u>L.E</u>
Contractors and suppliers – advance payments	156 357 449	163 666 942
Accrued management fees (17-1)	2 153 438	3 933 563
Prepaid expenses	81 191 259	77 410 480
Deposits with others	2 272 033	2 478 482
Due from the bonus and incentive plan to employees and managers fund (17-2)	5 323 710	5 323 710
Advanced Lease rent	1 087 452	-
Other debit balances	11 524 188	8 525 349
	<u>259 909 529</u>	<u>261 338 526</u>
Impairment loss on debtors and other debit balances	(355 157)	(355 157)
	<u>259 554 372</u>	<u>260 983 369</u>

(17-1) The Company undertakes the management of SODIC - Palmyra Real Estate Development Company - a Syrian limited liability Company which SODIC Syria Co. – a subsidiary has a participation of 50% according to the Partners Agreement concluded between this subsidiary and SODIC - Palmyra Real Estate Development Company LTD dated June 16, 2010.

(17-2) This item is represents the amount due from the bonus and incentives plan to employees and managers fund which is represented in the value of dividends of the shares of the bonus and incentives plan for the financial year ended December 31, 2010 according to the resolution of the Ordinary General Assembly Meeting held on April 12, 2011, and its related interests.

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

18- Cash at banks and on hand

	30/9/2013	31/12/2012
	<u>L.E</u>	<u>L.E</u>
Bank – time deposits (18-1)	147 118 500	103 496 450
Bank – current accounts	125 880 052	137 606 781
Cheques under collection	19 121 397	26 967 784
Cash on hand	360 372	702 438
	<u>292 480 321</u>	<u>268 773 453</u>

18-1 Deposits include L.E 50 million restricted as a guarantee for the facilities granted to the Company from some commercial banks.

- The Company's exposure to interest rate risk for financial assets is disclosed in note No. (45).
- For the purpose of preparing the separate statement of cash flows, cash and cash equivalents items is represented as follows:

	30/9/2013	31/12/2012
	<u>L.E</u>	<u>L.E</u>
Cash at banks and on hand	292 480 321	268 773 453
<u>Less:</u>		
Restricted cash (facilities guarantee)	50 000 000	50 000 000
Cash and cash equivalent according to separate statement of cash flows	<u>242 480 321</u>	<u>218 773 453</u>

19- Provision for completion

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

	Balance as at 1/1/2013 <u>L.E</u>	Provision formed during the period <u>L.E</u>	Provision used during the period <u>L.E</u>	Provision used during the period <u>L.E</u>	Balance as at 30/9/2013 <u>L.E</u>
Provision for completion	127 166 085	23 121 933	(47 454 713)	(12 127 822)	90 705 483
	<u>127 166 085</u>	<u>23 121 933</u>	<u>(47 454 713)</u>	<u>(12 127 822)</u>	<u>90 705 483</u>

19-1 This provision is formed against the estimated costs to complete the execution of the delivered works and expected to be incurred and finalized during the following years.

20- Provisions

	Balance as at 1/1/2013 <u>L.E</u>	Provision formed during the period <u>L.E</u>	Provision used during the period <u>L.E</u>	Balance as at 30/9/2013 <u>L.E</u>
Provisions for expected claims	22 451 188	67 986	(3 876 624)	18 642 550
	<u>22 451 188</u>	<u>67 986</u>	<u>(3 876 624)</u>	<u>18 642 550</u>

- The provision for claims is related to probable claims from some external parties regarding the Company's activities, the management is reviewing these provisions each period and adjust the amount of the provision according to the latest developments, discussion and agreements with those parties.

The information used to be disclosed about the provisions according to accounting Standards were not disclosed as the Company's management believes that doing so will severely affect the result of negotiations with these parties.

21- Bank – credit facilities

This item is represented in the following:

	30/9/2013	31/12/2012
	<u>L.E</u>	<u>L.E</u>
The amount used from the credit facility granted to the Company from Audi Bank with total amount of L.E 45.5 million and bears interest rate of 1.75% per annum above to the credit interest rate on the guarantying time deposit. This facility is guaranteed by time deposits amounting to L.E 50 million.	30 176 330	15 916 404
The amount used from the credit facility granted to the Company from Audi Bank with total amount of L.E 50 million and bears interest rate of 2.75% per annum above to the CORRIDOR average and a minimum rate of 12.5%.	20 491 907	19 000 000
	<u>50 668 237</u>	<u>34 916 404</u>

22- Advances from customers

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

	30/9/2013	31/12/2012
	<u>L.E</u>	<u>L.E</u>
Advances for booking , contracting and installments of residential units (Fourth area)	676 599	676 599
Advances - land (Fourth area)	-	785 804
Advances – Allegria project	1 127 910 575	1 421 463 826
Advances – Forty West project	235 571 028	212 056 792
Advances – West town Residences project	1 300 508 558	1 025 219 278
Advances – Casa	62 710 606	47 387 885
	<u>2 727 377 366</u>	<u>2 707 590 184</u>

23- Contractors, suppliers and notes payable

	30/9/2013	31/12/2012
	<u>L.E</u>	<u>L.E</u>
Contractors	70 042 200	76 550 233
Suppliers	16 457 401	11 200 258
Notes payable (23-1)	63 521 535	42 790 957
	<u>150 021 136</u>	<u>130 541 448</u>
Deduct: Unamortized interest - notes payable	4 113 473	2 947 184
	<u>145 907 663</u>	<u>127 594 264</u>

23-1 This item includes an amount of L.E 7.033 million which represents the amount due to Sodic Siac Co. for Real Estate Investment (subsidiary)

The Company's exposure to currency and liquidity risks related to contractors, suppliers and notes payable is disclosed in note no. (45).

24- Due to related parties

	30/9/2013	31/12/2012
	<u>L.E</u>	<u>L.E</u>
Sixth of October for Development and Real Estate Projects (SOREAL) (Note 51-1)	60 340 027	-
Move - In for Advanced Contracting Co. – a subsidiary	-	3 458 842
Green scape for Agriculture and Reclamation Co. – a subsidiary (under Liquidation).	2 748 261	3 038 194
Sodic siac Co. for Real Estate Investment – a subsidiary	62,475 530	39 409 628
Tegara for Trading Centers Co. – a subsidiary	55 600 000	55 600 000
SODIC Property Services Co. – a subsidiary (under Liquidation)	2 712 660	2 712 660
Edara for Services of Cities and Resorts Co. – a subsidiary	2 773 012	117 144
Beverly Hills Co. for Management of Cities and Resorts	380 424	269 541
Other related parties	-	1 290 418
	<u>187 029 914</u>	<u>105 896 427</u>

25- Creditors and other credit balances

	30/9/2013	31/12/2012
	<u>L.E</u>	<u>L.E</u>
Accrued expenses	65 110 862	133 928 613
Amounts collected on account for management, operation and maintenance	89 642 570	84 159 962
Deposits collected from customers – against improvements	169 600	172 600
Customers-credit balances of Polygon project	11 717 180	9 367 037
Liability for cash settled share-based payments transactions – Executive managers	-	633 261
Bonyan for development and trading Co.	891 305	3 413 456
Customers cancellation	9 109 250	24 666 518
Dividends payable	91 643	91 643
Tax Authority	30 741 588	14 250 786
Accrued compensated absence	2 256 293	2 562 591
Sundry creditors	7 474 471	5 484 614
Amount collected on accounts for Edara	2 323 238	-
Capital gain-Deferred (A)	9 998 093	-
	<u>229 526 093</u>	<u>278 731 081</u>

A) The amount represents the capital gain resulted from the sale of the land and the buildings of the administrative building, which is deferred and amortized over the lifetime of the financial lease contract as it is shown in details in note No.(32-1)

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

26- Share capital

- The Company's authorized capital was determined at L.E 2 800 million, and the issued capital is L.E 362 705 392 fully paid and distributed over 90 676 348 shares at a value L.E 4 per share.
- On January 27, 2011, the Extra-ordinary General Assembly meeting of the Company agreed on the stock splitting of the par value of the Company's share of L.E 10 to become L.E 4 per share.

It's worth mentioning that on March 3, 2011, the Egyptian Financial Supervisory Authority, , approved that the Company's management shall proceed with the procedures of issuing the Company's issued capital of a number of 90 676 348 common cash shares at a par value of L.E 4 each (after splitting) with an increase of L.E 2 to be paid from the legal reserve according to the Company's financial statements as at December 31, 2009 . Thus, the issued and fully paid capital has become L.E 362 705 392 distributed over 90 676 348 shares. Annotation was made to this effect in the Company's Commercial Register on June 16, 2011.

The capital structure is as follows:

Shareholder	Number of shares	Share value L.E	Ownership percentage %
October property development limited Co.	14 136 228	56 544 912	15.59
Alian saudian investments limited Co.	11 237 896	44 951 580	12.39
Incentive and bonus plan of employees and managers	3 250 000	13 000 000	3.58
Other shareholders	62 052 224	248 208 900	68.44
	<u>90 676 348</u>	<u>362 705 392</u>	<u>100</u>

27- Legal reserve

According to the Company' statutes, the Company is required to set aside 5 % of annual net profit to form a legal reserve, transfer to the legal reserve may be suspended once the reserve reaches 50% of the Company's issued capital. The reserve balance as at September 30, 2013 is represented as follows:

	<u>L.E</u>
Legal reserve balance as at 1/1/2003	6 530 455
<u>Add:</u>	
Increase of the legal reserve with the difference between the par value of the treasury shares and its actual cost (according to the Company's Extra-Ordinary General Assembly Meeting held on July 10, 2003).	4 627 374
Increase of the legal reserve with part of capital increase share premium with limits of half of the Company's issued share capital during 2006. (Note No. 28).	123 409 151
Increase of the legal reserve with part of capital increase share premium during 2007 with limits of half of the Company's issued share capital. (Note No. 28).	5 000 000
Increase of legal reserve with a 5% of the net profit for year 2008.	2 339 350
Increase in legal reserve with a part of the capital share premium during 2010 with limits of half of the Company's issued share capital (Note No. 28)	39 446 365
<u>Deduct:</u>	
The amount used to increase the issued share capital during the year 2011 (Note No. 26).	2
	<u>181 352 693</u>

28- Special reserve – share premium

The balance is represented in the remaining amount of capital increase share premium for a number of 11 million shares during 2006 and share premium increase of one million share for the incentive and bonus plan during 2007 share premium increase of 7 857 143 shares during 2010 after deducting the amounts transferred to the legal reserve, and also after deducting the issuance expenses of such increase in addition to the amount credited to the share capital according to the Extra Ordinary General Assembly Meeting decision as follows:-

<u>Description</u>	L.E
Total value of the capital increase share premiums collected during 2006 and 2010	1 455 017 340
<u>Add:</u>	
Share premium of the employees' incentive and bonus plan issued during 2007	90 000 000
<u>Deduct:</u>	
- Amounts transferred to the legal reserve	(167 855 516)
- Capital increase – related expenses	(55 240 255)
- Amount used for share capital increase during 2008	(5 000 000)
	<u>1 316 921 569</u>

29- Treasury shares

On August 14, 2011, the board of directors of the Company approved the purchase of one million shares as a treasury shares at L.E 18 per share (the par value is L.E 4 per share) with a total amount of L.E 18 018 000 from the shares of the Company offered in the stock exchange and as at August 13, 2012 the Company's board of directors agreed to sell these shares and it has been sold with an amount of L.E 21 710 867 resulting in profit from selling treasury shares with an amount of L.E 3 692 867 .

30- Shares kept for bonus and incentive plan

This item is represented in the remainder of the amount paid by the Company in return for issuing one million ordinary share with a fair value of L.E 100 per share (before splitting) under account and in favor of the incentive and bonus plan of the Company's employees and managers which are kept in Arab African International Bank.

<u>Description</u>	L.E
For financing of one million shares from the bonus and incentive plan with a fair value of L.E 100 per share (before splitting) during 2007.	100 000 000
<u>Deduct:</u>	
The value of 200 000 shares sold by the beneficiaries from the bonus and incentive plan during December 2007 out of which an amount of L.E 15 million was paid to the Company for L.E 75 per share (before splitting).	20 000 000
	<u>80 000 000</u>

31- Set aside amount for bonus and incentive plan

The balance is represented in the remaining balance from the difference between the grant date fair value of shares and the amount incurred by the beneficiary from the incentive and bonus plan for the Company's managers and employees for the shares issued during 2007 in addition to share of the shares of the incentive plan in dividends as follows:-

Description

L.E

Represents the difference between the fair value of the shares granted to the beneficiaries from the bonus and incentive plan for one million share (allocated over 5 years) for 60 months and the agreed upon share price in accordance with the bonus and incentive plan as at December 31, 2012.

25 000 000

Deduct:

The difference between the grant date fair value of the shares and the agreed upon share price in accordance with the bonus and incentive plan for 200 000 shares that were sold in favor of the beneficiaries during December 2007.

5 000 000

Add:

20 000 000

The value of the share of the shares of the bonus and incentive plan to employees in the dividends declared in accordance with the resolution of the Ordinary General Assembly Meeting held on April 12, 2011, L.E 4 each *

5 200 000

Accrued returns amount of shares of bonus and incentive plan to employees in the dividends declared.

123 711

25 23 711

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

32- Long-term loans

	<u>30/9/2013</u>	<u>31/12/2012</u>
At the end of year 2010, the Company concluded an agreement with Alexandria Bank to obtain a medium-term loan amounting to L.E 435 million for the purpose of financing part of the establishment of Allegria project and its infrastructure. By virtue of this agreement, the bank grants a new finance of L.E 350 million in addition to the amount of L.E 85 million that was previously granted by virtue of the facility agreement dated February 22, 2009 and at the end of year 2012, A medium-term loan agreement was amended with the following conditions and guarantees :- Loan term: - four years and nine months effective from the signing date on the loan agreement till June 30, 2015. Withdrawal period:- starts at September 27, 2010 and ends at November 30, 2012. Grace period:- 30 days starting from the end of the usage period. Terms of payment: - the loan is repayable on (11) unequal quarterly installments according to the mentioned schedule in the contract. Interest rate: - CORRIDOR rate for lending declared by Central Bank plus 2.85%. Guarantees:- a) Signing on a promissory note with the total amount of the facility which equals to L.E 435 million. b) The pledge of the shares of El Yosr for Projects and Agriculture Development Co. (a subsidiary). c) The bank maintains the account of the revenue of Allegria project in name of the Company which is represented in commercial notes representing the cash inflows of the project with total amount of L.E 1.32 billion throughout the facility term. d) A first class mortgage on a plot of land located at km 43 Cairo – Alexandria desert road which equals 300 Fadden owned by El Yosr for Projects and Agriculture Development Co. - a subsidiary. The Company has concluded an agreement with Arab African International Bank at July 4, 2013 to obtain a medium short term facility against check under collection – facility channel to finance the construction cost of Sodic West project with amount L.E. 150 million for 9 month from the first withdrawal date.	283 168 163	363 526 695
	<u>55 027 500</u>	<u>-</u>
	<u>338 195 663</u>	<u>363 526 695</u>
Deduct: current portion		
Alex Bank (short term)	153 063 872	107 144 710
Arab African International Bank	55 027 500	-
	<u>208 091 372</u>	<u>107 144 710</u>
	<u>130 104 291</u>	<u>256 381 985</u>

32-1 The Company has concluded a medium term financing contract (financial lease) with an amount of L.E 32 178 922 with financing percentage represents %75 out of the value of the assets sold to the financial lease Company, then, it has been rented with the virtue of two contracts related to each other and to be settled over 20 quarterly installment, the contract parties are as follows:

1- PIRAEUS Bank Egypt – Lender (first party)

2- PIRAEUS Company "for financing lease" – the lessor and attorney of the guarantee (second party)

3-Sixth of October for Development and Investment Company "SODIC"

The purpose of the finance: using that finance to settle the capital expenditures the Company committed with

The period of finance: 5 years

Interest rate: corridor lending rate announced by the Central Bank plus 2.75%

And the above-mentioned financing operation represented in a medium range loan proceeded according to the following:

First: Concluding a primary sale contract with the date of May 2013, for PIRAEUS Company for financial lease with the whole of the land plot and the buildings of the administrative building which exists on land plot No.(26) at the area (17) in West Town Project – Beverly Hells – Elsheikh Zayed – 6 of October City, Giza, with an area of 22 086 m², the book value of the land plot is amounting to L.E 8 675 157, the book value of the building is amounting to L.E 26 921 350 and their accumulated depreciation is amounting to L.E 11 640 063 at the date of the sale, the sale has to be with an amount of L.E 32 178 922 (which represents the medium term financing loan), referred to above.

Second: Concluding a financial lease contract with the date of May 15, 2013 between the "the Holding Company" and PIRAEUS Egypt Company for financial lease for the same asset previously sold in the contract referred to above, dated in the same date of the lease contract with a total lease value of L.E 43 497 954 (which represents the loan amount and its total related interests), which is paid in advance as L.E 2 174 898 quarterly during the contract lifetime, the rent shall be paid to the lessor in the 15th day of the 3 months for 60 months, the Company shall account for the Financial lease assets according to the Egyptian Accounting Standard No.(20) as an operating lease.

As at September 15, 2013 the Company has requested from Perious- Egypt Company* for financial lease to increase its finance (a med term loan), that had been previously given to, by the virtue of tri-finance contract in the limit of L.E 42 953 477 to become L.E 75 132 399 excluding returns, commissions and all expenses, and to apply on the whole finance all of guarantees, terms and provisions mentioned in the tri-finance contract dated on May 15, 2013.

At the same date an appendix has been concluded to amend the financial lease contract dated on May 15, 2013, as the Company and Perious- Egypt Company for financial lease have agreed to amend the description and the details of the leased money mentioned in second article of the financial lease contract dated on May 15, 2013 to be as follows:

First: The whole land and buildings of the administrative building existed on plot No.26 in the area 17 at West Town Project – Biverly Hells – El-Sheikh Zayed with a total space of 22086 m² approximately.

Second: The whole land and buildings of the sales building existed on plot Building 1 Block 1 the seventeenth avenue next to the desert road show rooms 38 km Cairo Alex desert road with a space of 4 977 m².

This lease has been for a total lease value of L.E 95 366 168.

33- Long-term notes payable

This item is represented in the following:

	30/9/2013 <u>L.E</u>	31/12/2012 <u>L.E</u>
Total nominal value of the checks issued to New Urban Communities Authority which are payable during the period from May 2, 2015 till May 2, 2016.	55 225 281	86 144 445
Total nominal value of the checks issued to SODIC SIAC for Real Estate Investment Co. which are payable during the period from 2014 till 2015 (33-1)	441 288	7 033 348
	<u>55 666 569</u>	<u>93 177 793</u>
Unamortized interest - notes payable	(6 613 042)	(13 226 091)
	<u>49 053 527</u>	<u>79 951 702</u>

33-1 This amount is represented in the checks issued to SODIC SIAC for Real Estate Investment Co. - a subsidiary- on account of the purchase of building No.(1) in the **Polygon project** as detailed in note No.(11) above.

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

34- Deferred tax liabilities

	30/9/2013 <u>L.E</u>	31/12/2012 <u>L.E</u>
Fixed assets	3 708 602	1 456 619
Tax raised to liability	<u>3 708 602</u>	<u>1 456 619</u>

35- Sales (net)

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

	Nine-month ended in 30/9/2013 <u>L.E</u>	Nine-month ended in 30/9/2012 <u>L.E</u>
Sale of villas in Allegria project	441 070 894	806 475 467
Sale of lands	85 588 968	44 163 223
	<u>526 659 862</u>	<u>850 638 690</u>
Sales returns – Allegria project	(3 000 002)	-
	<u>523 659 860</u>	<u>850 638 690</u>

36- Cost of sales

	Nine-month ended in 30/9/2013 <u>L.E</u>	Nine-month ended in 30/9/2012 <u>L.E</u>
Cost of villas sold in Allegria project	265 756 640	538 611 089
Cost of lands sold	56 118 868	18 513 416
	<u>321 875 508</u>	<u>557 124 505</u>
Cost of sales returns – Allegria project	(2 003 226)	-
Adjustments	(12 127 822)	(16 787 656)
	<u>307 744 460</u>	<u>540 336 849</u>

37- Other operating revenues

	Nine-month ended in 30/9/2013 <u>L.E</u>	Nine-month ended in 30/9/2012 <u>L.E</u>
Interest income realized from installments during the period	20 043 729	18 366 721
Assignment, cancellation dues and delay penalties	21 362 720	14 757 931
Sundry income	6 526 350	4 588 631
Management fees (37-1)	6 468 875	5 677 811
Income from management & operation of the golf course	900 000	900 000
Buildings rental income	447 677	86 611
Capital income	52 351	-
	<u>55 801 702</u>	<u>44 377 711</u>

37-1 This amount represents the management fees due to the Group for management works of Palmyra SODIC for Real Estate Development Company - a Syrian limited liability Company according to the Partners Agreement concluded with Palmyra – SODIC for Real Estate Development Company LTD dated June 16, 2010.

38- Selling and marketing expenses

	Nine-month ended in 30/9/2013 <u>L.E</u>	Nine-month ended in 30/9/2012 <u>L.E</u>
Salaries and wages	14 566 376	12 948 017
Sales commissions	17 201 278	23 732 111
Advertising expenses	10 585 692	12 144 009
Conferences and exhibitions	2 045 237	298 330
Rent	2 553 774	2 268 420
Donation	1 858 865	654 714
Maintenance, Cleaning and Agriculture	1 794 915	1 715 836
Professional fees and consultancy	1 187 893	1 195 509
Others	2 575 495	5 951 769
	<u>54 369 525</u>	<u>60 908 715</u>

39- General and administrative expenses

	Nine-month ended in 30/9/2013 <u>L.E</u>	Nine-month ended in 30/9/2012 <u>L.E</u>
Salaries, wages and bonuses	27 956 794	49 175 481
Board of directors' remunerations and allowances	3 858 600	5 856 162
Maintenance, Cleaning & Agriculture	11 056 387	6 600 970
Security	11 634 777	12 341 780
Administrative depreciation of fixed assets and Rented units	10 931 373	12 501 156
Rents	6 155 365	2 525 226
Consultancy and professional fees	1 624 711	2 466 665
Donations	1 655 044	1 945 899
Communication and electricity	1 458 131	1 238 483
Computer supplies	1 704 070	1 245 134
Advertising	358 431	93 208
Subscriptions and governmental dues	156 311	2 916 632
Travelling and transportation	727 311	1 397 233
Others	4 323 016	2 827 759
	<u>83 600 321</u>	<u>103 131 788</u>

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

	Nine-month ended in 30/9/2013 <u>L.E</u>	Nine-month ended in 30/9/2012 <u>L.E</u>
Salaries	10 453 531	5 625 062
Cash settled share-based payments (a)	665 079	2 205 333
	<u>11 118 610</u>	<u>7 830 395</u>

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

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

*Sixth of October for Development and Investment Company "SODIC" - "An Egyptian Joint Stock Company"
Notes to the separate financial statements For the financial period ended September 30, 2013 (Cont.)*

Parties entitled	Grant date	Number of shares in thousands	Fair value of share at grant date (before splitting) <u>L.E</u>	Market value of share at 30/9/2013 <u>L.E</u>	Conditions
Some executive board members	1/4/2006	-	75	21.95	Vested after 6 months from grant date

The amount of expense charged to the income statement during the period is amounted to L.E 665 079 and there is no liability due as at September 30, 2013 was included under creditors and other credit balances caption in the separate balance sheet.

(b) the company has a bonus and incentive plan as shown in Note No.(50) .

40- Other operating expenses

	Nine-month ended in 30/9/2013 <u>L.E</u>	Nine-month ended in 30/9/2012 <u>L.E</u>
Discount for early payment	18 483 194	14 902 598
Provision for claims	67 986	123 219
Capital loss	-	15 068
	<u>18 551 180</u>	<u>15 040 885</u>

41- Finance income

	Nine-month ended in 30/9/2013 <u>L.E</u>	Nine-month ended in 30/9/2012 <u>L.E</u>
Interest income	11 375 383	7 852 954
Income from treasury bills	-	4 432 693
Resulted from valuation of held for trading investments	-	162 438
Net foreign exchange differences	48 954 220	5 457 414
	<u>60 329 603</u>	<u>17 905 499</u>

42- Finance cost

	Nine-month ended in 30/9/2013 <u>L.E</u>	Nine-month ended in 30/9/2012 <u>L.E</u>
Interest expense	41 893 874	33 455 097
Interests of installments of Sheikh Zayed land	8 447 690	8 137 358
	<u>50 341 564</u>	<u>41 592 455</u>

43- Income tax expense

	Nine-month ended in 30/9/2013 <u>L.E</u>	Nine-month ended in 30/9/2012 <u>L.E</u>
Current income tax expense	22 219 136	3 990 865
Deferred income tax (benefit) / expense	2 251 983	(344 281)
	<u>24 471 119</u>	<u>3 646 584</u>

Reconciliation of effective tax rate

	<u>Tax rates</u> <u>%</u>	Nine-month ended in 30/9/2013 <u>L.E</u>	<u>Tax rates</u> <u>%</u>	Nine-month ended in 30/9/2012 <u>L.E</u>
Net profit before income tax	25%	125 184 115	20-25%	151 911 210
Expected tax income on accounting profit		31 296 029		30 382 242
Effect of Depreciation		2 592 737		(344 281)
Provisions		(7 111 929)		-
Provisions no longer required		(3 031 956)		-
Effect of separate tax base		-		3 990 865
Tax adjustment of the period		-		(30 382 242)
Others		726 238		-
Taxes as income statement	19%	<u>24 471 119</u>	2.4%	<u>3 646 584</u>

44- Earnings per share

Earnings per share are calculated on the basis of net profits of the period and also the weighted average number of shares outstanding during the Period as follows:

	Nine-month ended in 30/9/2013 <u>L.E</u>	Nine-month ended in 30/9/2012 <u>L.E</u>
Net profit for the period	100 712 996	148 264 626
<u>Divided by:</u>		
Weighted average number of shares outstanding during the period	90 676 348	89 761 280
Earnings per share (L.E/share)	<u>1.11</u>	<u>1.65</u>

45- Financial instruments

45-1 Credit risk

Exposure to credit risk

The carrying amount of financial assets represented in the balances of trade and notes receivables, debtors and cash and cash equivalent represent the maximum credit exposure. These balances amounting to L.E 2 608 057 812 as at September 30, 2013 (December 31, 2012: L.E 2 568 384 387).

45-2 Liquidity risk

This note represents the contractual terms of financial liabilities:

September 30, 2013

	Carrying amount <u>L.E</u>	Less than 1 year <u>L.E</u>	1-2 years <u>L.E</u>	2-5 years <u>L.E</u>
Banks – credit facility	50 668 237	50 668 237	-	-
Banks-lenders	537	537	-	-
Short-term loans	208 091 372	208 091 372	-	-
Long-term loans	130 104 291	-	-	130 104 291
Contractors and suppliers	86 499 601	86 499 601	-	-
Other creditors	229 526 093	142 700 254	83 668 036	3 157 803
Notes payable – short term	59 408 062	59 408 062	-	-
Notes payable – long term	49 053 527	-	25 197 992	23 855 535
Total	813 351 720	547 368 063	108 866 028	157 117 629

December 31, 2012

	Carrying amount <u>L.E</u>	Less than 1 year <u>L.E</u>	1-2 years <u>L.E</u>	2-5 years <u>L.E</u>
Banks – credit facility	34 916 404	34 916 404	-	-
Banks-lenders	11 524	11 524	-	-
Short-term loans	107 144 710	107 144 710	-	-
Long-term loans	256 381 985	-	-	256 381 985
Contractors and suppliers	87 750 491	87 750 491	-	-
Other creditors	278 731 081	193 262 996	85 468 085	-
Notes payable – short term	39 843 773	39 843 773	-	-
Notes payable – long term	79 951 702	-	55 645 584	24 306 118
Total	884 731 670	462 929 898	141 113 669	280 688 103

45-3 Currency risk

Exposure to currency risk

The Company's exposure to foreign currency risk was as follows:

Description	30/9/2013	31/12/2012
	<u>USD</u>	<u>USD</u>
Cash at banks	4 264 425	9 881 816
Other debtors	312 500	625 000
Due from related parties	74 297 521	72 701 028
Surplus of foreign currencies	78 874 446	83 207 844

45-4 Interest rate risk

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

	Carrying amount	
	30/9/2013	31/12/2012
	<u>L.E</u>	<u>L.E</u>
<u>Fixed rate instruments</u>		
Financial assets	2 295 019 651	2 281 490 692
Financial liabilities	(108 461 589)	(119 795 475)
	2 186 558 062	2 161 695 217
<u>Variable rate instruments</u>		
Financial liabilities	(388 864 437)	(398 454 623)
	(388 864 437)	(398 454 623)

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

45-5 Fair values

Fair values versus carrying amounts

The main financial instruments for the Company represents in the balances of cash at banks, investments, trade and notes receivables, its associates and Subsidiaries, suppliers, contractors, notes payables, creditors and other credit balances and the monetary items included in debtors and creditors. The main purpose of these instruments is to finance the Company's activities.

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

46- Transactions with related parties

Related parties are represented in the 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 Company made several transactions during the Period with related parties and these transactions have been done in accordance with the terms determined by the board of directors of the Company and were approved by the Company's Ordinary General Assembly. Summary of significant transactions concluded during the period at the separate balance sheet date were as follows:-

Party	Nature of relationship	Nature of transaction	30/9/2013 Amount of Transaction L.E
Beverly Hills Co. for Management of Cities and Resorts	A subsidiary	Works of agriculture, maintenance and security services for Beverly Hills City.	2 946 873
Sixth of October for Development and Real Estate Projects (SOREAL)	A subsidiary	Cash receivables	195 340 559
		Purchase of Fixed Assets	267 000
Garden City for development and investment	A subsidiary	Payments on behalf of the Company	1 721 515
		Cash receivables	2 247 462
Move-In for Advanced Contracting Co.	A subsidiary	Completion and furnishing works	10 797 301
		Rent of managerial Units	252 000
Edara for Services of Cities and Resorts Co.	A subsidiary	Cash payments	8 796 430
		Works of agriculture, maintenance and security services for Allegria City.	18 626 850
		Sale of land	3 305 120
SODIC for Golf and Tourist Development Co.	A subsidiary	Payments on behalf of the Company.	1 523 380
		Revenue from management and operation of the golf course and club	900 000
		Cash receivables	542 4525
Sodic SIAC for Real estate investment	A subsidiary	Works of SODIC SIAC building No.(1)	21 064 124
		Payments on behalf of the Company.	54 073 600
Green scape for Agriculture and Reclamation Co.	A subsidiary	Rent of managerial units	52 200

<u>Party</u>	<u>Nature of relationship</u>	<u>Nature of transaction</u>	<u>Amount of Transaction</u>
		Payment on behalf of the company	264 206
		Cash receivables	346 511
Tegara CO. for trading centers	A subsidiary	Expenses on behalf of the company	1 101 938
El Yosr for Projects and Agriculture Development Co.	A subsidiary	Payment on behalf of the company	20 055 520
Fourteen Co. for Real estate investment	A subsidiary	Payments on behalf of the company	1 455 836
Sodic - Syria	A subsidiary	Payments on behalf of the company	131 765
La maison Co. for Real estate investment	A subsidiary	Payments on behalf of the Company	25 168 130
Royal Gardens Co.	A subsidiary	Payments on behalf of the company	39 133
Sodic for development and Real estate investment	A subsidiary	Payments on behalf of the Company	21 101 427
		Cash receivables	1 233 854
Executive managers & board members	Board of directors and executive directors		(Note No. 39)

47- Legal status

There is a dispute between the Company and another 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 acres approximately and which has not been delivered up till this date as the management of this party did not abide by the detailed conditions of the contract. There are exchanged notifications concerning this land between the management of the Company and the management of the third party. During 2009, this party raised a court case No. 3 of 2009 Civil 6th of October against the Company asking it for the delivery of the allocated land. A preliminary sentence was issued by the court in its session held on February 22, 2010 to refer this matter to Experts and to delegate the Experts Office of the Ministry of Justice to embark this case and set a session to be held on April 26, 2010 for the expert to present his report. The session was postponed by the court several times and the last one will be held on January 6, 2014. The Company's legal counsel or 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 in front of court.

48- Tax status

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

Corporate tax

- A ten – year corporate tax exemption year starting from the year following the date of the activity inception as of 1/1/1998 until 31/12/2007 has been previously granted according to Law No. 59 of 1979 concerning the New Urban Communalities.
- During January 2011, the Company submitted a request to the Tax Authority demanding the amendment of the tax exemption year to start from the date of the actual handing over of the units in the year 2002.
- On January 18, 2011, the Disputes Dispersal Committee of the Tax Authority considered and studied the Company's request in the light of the date of the actual handing over of the units and the regulations applicable to similar companies. Accordingly, the said committee decided to approve the Company's request thus considering the date of the actual business activity of the Company to be the year 2002, hence, the Company shall be entitled to tax exemption from 1/1/2003 to 31/12/2012, and the amendment was annotated in the Company's tax card.
- The amended tax return for year 2008 was submitted to the Tax Authority.
- The Tax Authority assessed corporate profit tax and moveable income tax for the years from 1996 till 2000 on deemed basis. The Company was notified by the tax forms and has objected on such assessment. During 2010, the inspection was made for the said years and the Company has not received any tax claims till authorizing these financial statements for issuance.
- No tax inspection has been carried out for year from 2001 to 2004 till authorizing these financial statements for issuance.
- Inspection was notified for the year from 2006 till 2008 and was notified by form (19) on 29 April 2012 for the year 2006 approximately and was appealed on May 3, 2012 and a request was submitted for re-inspection in 2006 and re-inspection is being carried on.
- The Company submits its annual tax return on due dates in accordance with Law No. 91 of 2005.

Salary tax

- Tax inspection was carried out until year 2001 and the tax claims were paid according to the assessment of the Internal Committee during September 2004.
- Years from 2002 till 2004 were inspected and the Company has paid the tax differences.
- The inspection of the period from 2006 till 2008 has been notified, and a notification by the form (19) as at April 29, 2012 for the year 2006 by estimation and has been appealed as at May 3, 2012 and re inspection for the year 2006 has been requested and re inspection is carried on.
- Years from 2005 till 2010 are under inspection and the Company has not received any tax claims till authorizing these financial statements for issuance.

Withholding tax

Tax inspection was carried out for the previous years and also till the second quarter of 2013 till authorizing these financial statements for issuance.

Stamp tax

- Tax inspection was carried out for the previous years till December 31, 2010 and the tax differences were paid.

Sales tax

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

Real estate property tax

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

49- Capital commitments

Capital commitment as at September 30, 2013 is represented in contracted and unexecuted works amounting to L.E. 608 406 (2012 : L.E. 749 295)

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

- On 16 October 2006, the Company's Extra - Ordinary General Assembly unanimously agreed to approve the incentive plan of the Company's employees and managers and authorizing the Company's board of directors to issue million share with a fair value of L.E 100 per share (before splitting) and appointing an independent committee for supervising the execution of this plan formed by non – executive members in the board of directors.

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

- The bonus and incentive plan works through allocation of shares for the employees, managers and executive board directors.
- Duration of the plan is four years starting from the date of approval of the plan by the shareholders meeting and each beneficiary is allocated during this year a specified number of shares each year over the plan years according to the allocated shares outlined in the appendix of this plan.
- The price of share was determined for the beneficiary at L.E 75 per share. (before splitting)
- The Company shall finance the issuance of the shares of the increase allocated in application of the plan and the value of shares due to the Company will be paid from the proceeds of sale.
- The Company signed a custody agreement with Arab African International Bank on 15 April 2007 to save bonus and incentive shares. The shares of the plan were issued and financed by the Company. Annotation of this increase was registered in the Commercial Registry on July 5, 2007.
- On September 23, 2007, the Supervisory Committee of the bonus and incentive plan of the Company's employees, executive directors and managers agreed to the selection of the beneficiaries and also the number of shares allocated to each one of them. Accordingly, the whole shares of the plan were allocated in full.

- During December 2007, a number of 200 000 shares from the incentive and bonus plan were exercised with average selling price of L.E 226.63 per share. The amounts due to beneficiaries were set aside in special account held by Arab African International Bank until the completion of the prohibition year according to the bonus and incentive plan provisions.
- The number of shares allocated to the plan was increased by 500 000 additional shares.
- On July 3, 2008 the Supervisory Committee of the incentive and bonus plan of the Company's employees, executive directors approved the allocation of 495 000 shares of the total shares to some of the Company's employees and executive directors. Allocation contracts for these shares were signed with the employees and the executive directors during October 2008.
- On December 7, 2009, the Company's Extraordinary General Assembly agreed on the amendment of some articles of the bonus and incentives plan and the allocation contracts of the shares that were approved by the Egyptian Financial Supervisory Authority as follows:
 - Extension of the year of the exercise right stated in the bonus and incentive plan and the allocation contract to be ended on March 2015 instead of March 2011.
 - Amendment of the bonus and incentive plan and the allocation contract to enable the beneficiary from the plan the possibility to transfer the title of the shares allocated to him to be in his name after ending the prohibition year provided the payment of the share price stated in the plan and in this case, the beneficiary is entitled to all rights as determined on the Company's shares.
 - Amendment of article No. (11) of the bonus and incentive plan with respect to the management of the plan to give the board of directors the right – when necessary – of the replacement of a Supervisory Committee member with another one provided that this member to be from non-executive members.
- On April 26, 2010, the Company was notified by the consent of the Egyptian Financial Supervisory Authority on the approval and the amendments made on the bonus and incentive plan.

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

<u>Employees entitled</u>	<u>Grant date</u>	<u>No. of shares in thousands</u>	<u>Fair value of share at grant date</u> <u>L.E</u>	<u>Exercising price</u> <u>(before split)</u> <u>L.E</u>	<u>Conditions</u>
Managing director	28/3/2007	750	100	75	Working from the Company for five years and exercise period from 31/3/2007 till 31/3/2015 – 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 two consecutive years during the vesting year.
Board of director	23/9/2007	75	100	75	According to performance measure and exercise period from 31/3/2007 till 31/3/2015.
Some managers	23/9/2007	175	100	75	According to performance measure and exercise period from 31/3/2007 till 31/3/2015.
Board of director	7/10/2008	25	73.34	75	According to performance measure and exercise period from 31/3/2007 till 31/3/2015.
Some managers	7/10/2008	470	73.34	75	According to performance measure and exercise period from 31/3/2007 till 31/3/2015.

51- Significant events

51-1 The land belongs to Sixth of October for Development and Real Estate Projects Co. "SOREAL"

- On March 29, 2012 the subsidiary Company had received a letter issued by the New Urban Communities Authority dated on March 14, 2012 stating that the main Real Estate Committee main in session No.(9) on January 8, 2012 had decided to cancel the allocation of plot No. (16) in the southern east extension area for investors which is allocated to the Company and the revocation of the contract dated on March 13, 2005 and the appendix signed on 3 September 2006, due to lack of commitment to execute the project to date, which led to the necessity of taking all the required legal procedures in this regard by the Company, including raising of lawsuit No. 48136 for the year 66 Juridical at the Administrative Court of the State Council against the Minister of Housing and others regarding the land of new Cairo, requesting admissibility of the case in form and stop the implementation and the abolition of the decision to cancel the allocation based on what is included in the appealed decision of error in the application of the law for violating the terms of the contract , which designated the commitment to provide the main facilities of the borders of the land and the commitment of Community to authorize the drawings submitted to it, which has not been complied with by the Community, beside the validity of the land for the execution of the project before being cleared by armed forces , also, there is no reason justifies the issuance of the Community for its decision to cancel the allocation , especially with the company's commitment to settle the full price of the land and its permanent insuring of executing the project, and about the cancellation of the appealed decision and its consequent effects, and to bind the administration party to the expenses and the attorney's fees .

- The judgment was issued in the case referred to above No. 48136 of 66 juridical in the session on April 6 , 2013 of the Court of Administrative Justice in urgent incision and which stopping the implementation of the appealed decision with the consequent effects .
- On 4 November 2013 the company received a letter from the New Urban Communities Authority stating that the main Real Estate Committee decided in its session No. (37) on 24 October 2013 to cancel the allocation of the project's land on the grounds that the period of the project's execution has ended.
- The company has filed a lawsuit No. 6448 for the year 68 juridical at the Administrative Court , also submitted a request to the Court to stop the decision to cancel the allotment, and the court on November 9, 2013 has decided regarding the request of the company to stop the procedures taken by the Community and the authority the second and third and stop the issued decision from the Real Estate Committee on October 24, 2013 to cancel the allocation of plot No. (16) from the southern east extension area for investors and to continue to implement the judgment in urgent part of case No. 48136 for the year 66 juridical , until the judgment in case No. 6448 / for the year 68 juridical.
- Based on all the reasons, arguments and the documents relied upon by the company in its defense and in the light of the judgments of the Court of Administrative Justice in urgent part in the favor of the company in the session dated April 6, 2013 and November 9, 2013 to stop the implementation of the appealed decisions and the consequent effects, the company and its external legal counsel believe that the probabilities for a judgment in the matter of the appeal in favor of the company in this conflict is strong.
- Based on the foregoing , there is nothing that makes the company's management believes that the company 's Works in process need to be impaired.

51-2 The legal dispute with Solider – Egypt Company

- During the year 2007 an agreement for cooperation had been signed between the Company and the Solider International – Lebanon Company to establish real estate project, the agreement includes an option for purchasing 250 000 m² from the company's land in West Town project in El-Sheikh Zayed.
- In the year 2008, Solider International Company had activated the practice of the purchasing option through Solider – Egypt Company for investment and real estate development "Solider – Egypt" - wholly owned Company to Solider International Company , and Solider Egypt had paid the option value which amounts to L.E 162 million after early payment discount as a result of early payment.
- Till September 11, 2012, Solider Egypt Company didn't develop the purchased land, accordingly didn't fulfill its contractual obligations, which makes Sodic Company takes the legal procedures as at September 11, 2012 toward Solider International and Solider Egypt Company after the Company submitted a request to Cairo Regional Center for International Commercial Arbitration under the No. of 849 for the year 2012 requesting a sentence admitting the revocation occurrence of the agreed contracts between the Company, Solider International Company and Solider Egypt Company because they didn't fulfill their contractual obligations beside requesting the necessary compensations because unfulfilled the agreements to perceive the Company's and its shareholders rights.
- As at September 19, 2012 the Company has been notified that Solidier Egypt for investment and real estate development "Slidier Egypt" as at September 16, 2012 has raised arbitration claim under the No. of 852 for the year 2012 following the Company's one for the same subject and the same dispute asking the Company to paid an amount of L.E 237.5 million (before early payment discount) in addition to interests and expenses.

- The management of the Company and its external legal consultant believes that:

The situation of Sodic Company in that dispute is positive beside that, Sodic Company has legal evidences to disproof the evidences and says of Solider Egypt Company according to the common intention within the parties and the concluded contracts, and as both cases still in their early stage, the financial effect which could result from the mentioned legal dispute can't be determined in the current time.