

**EMAAR MISR FOR DEVELOPMENT
COMPANY (S.A.E.)
INTEREM FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2016
TOGETHER WITH REVIEW REPORT**

Emaar Misr for Development Company (S.A.E.)

Interim Financial Statements

For the period ended 30 June 2016

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REPORT ON REVIEW OF INTERIM FINANCIAL STATEMENTS TO THE MEMBERS OF THE BOARD OF DIRECTORS OF EMAAR MISR FOR DEVELOPMENT COMPANY (S.A.E.)

Introduction

We have reviewed the accompanying statement of financial position of **EMAAR MISR FOR DEVELOPMENT COMPANY – (S.A.E.)** as of 30 June 2016 as well as the related statements of profit or loss, comprehensive income, changes in equity and cash flows for the six-month period 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 review.

Scope of Review

We conducted our review in accordance with Egyptian Standard on Review Engagements No. 2410, "Review of Interim Financial Statements Performed by the Independent Auditor of the Entity." A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A 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.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial statements does not give a true and fair view, in all material respects, of the financial position of the entity as at 30 June 2016, and of its financial performance and its cash flows for the six-month period then ended in accordance with Egyptian Accounting Standards.


Amr El Shaabini
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Cairo: 8 August 2016

Emaar Misr for Development Company (S.A.E)

Translation of financial statements
Originally issued in Arabic

STATEMENT OF FINANCIAL POSITION

As at 30 June 2016

	Notes	30 June 2016 EGP	31 December 2015 EGP
ASSETS			
Non-current assets			
Fixed assets	17	491,484,784	510,871,745
Fixed assets under construction	18	93,194,655	65,983,022
Investment properties	19	79,146,998	79,281,356
Held to maturity investments	13	266,891,372	867,835,636
Deferred tax assets	11	106,170,421	89,324,852
Total non-current assets		1,036,888,230	1,613,296,611
Current assets			
Development properties	16	10,054,704,511	9,876,750,208
Held to maturity investments	13	1,898,896,043	1,068,385,745
Accounts and notes receivables	14	1,704,769,789	1,380,891,635
Due from related parties	33a	2,818	2,818
Prepayments, other receivables and other debit balances	15	1,705,295,148	1,481,732,021
Cash on hand and at banks	12	2,658,081,309	2,092,569,704
Total current assets		18,021,749,618	15,900,332,131
TOTAL ASSETS		19,058,637,848	17,513,628,742
EQUITY AND LIABILITIES			
Equity			
Share capital	28	4,619,338,000	4,619,338,000
Legal reserve	29	63,878,774	21,145,120
Share premium	28	1,602,790,008	1,602,790,008
Treasury shares	28	(342,503,840)	(342,503,840)
Retained earnings (accumulated deficit)		796,455,634	(15,483,796)
Profit for the period/year		691,277,053	854,673,084
Total equity		7,431,235,629	6,739,958,576
LIABILITIES			
Non-current liabilities			
Credit facilities	25	36,007,606	158,665,846
Land purchase liabilities	22	-	471,115,573
Provision for employees' end-of-service benefits	26	16,037,392	12,291,596
Total non-current liabilities		52,044,998	642,073,015
Current liabilities			
Provisions	27	50,726,969	50,521,690
Trade payables, accrued expenses and other credit balances	20	2,494,121,260	2,152,605,942
Due to related parties	33a	14,751,021	9,250,255
Income tax payable		48,361,216	14,728,532
Advances from customers	23	8,110,355,498	7,330,175,161
Retentions payable	24	202,428,084	189,258,360
Credit facilities	25	77,130,779	132,550,519
Borrowings from related parties	33b	5,493,067	4,842,083
Land purchase liabilities	22	571,989,330	247,664,609
Total current liabilities		11,575,357,221	10,131,597,151
TOTAL LIABILITIES		11,627,402,219	10,773,670,166
TOTAL LIABILITIES AND EQUITY		19,058,637,848	17,513,628,742

Board Director

Chairman

The accompanying notes 1 to 35 form an integral part of these financial statements.

STATEMENT OF PROFIT OR LOSS

For The Period Ended 30 June 2016

	Note s	<i>Six Months</i>		<i>Three Months</i>	
		2016	2015	2016	2015
		<i>EGP</i>	<i>EGP</i>	<i>EGP</i>	<i>EGP</i>
Revenue	4	1,780,688,494	1,560,390,464	1,183,263,678	808,933,423
Cost of revenue	5	(1,107,836,522)	(941,070,770)	(752,762,601)	(418,227,760)
GROSS PROFIT		672,851,972	619,319,694	430,501,077	390,705,663
Selling and marketing expenses	6	(81,759,378)	(70,590,414)	(33,784,936)	(41,940,912)
General and administrative expenses	7	(99,829,960)	(96,588,646)	(56,518,432)	(46,869,857)
Finance income	8	232,867,507	50,516,790	121,384,905	31,505,873
Finance cost	9	(13,936,251)	(5,164,156)	(597,834)	(1,852,942)
Other income	10	20,646,696	25,869,200	10,229,533	19,547,884
Provisions		(932,818)	(2,217,388)	(842,818)	(2,060,232)
Provisions no longer required	27	626,500	1,866,496	176,500	106,007
PROFIT FOR THE PERIOD BEFORE INCOME TAX		730,534,268	523,011,576	470,547,995	349,141,484
Income tax	11	(39,257,215)	(822,469)	(33,760,545)	344,527
PROFIT FOR THE PERIOD		691,277,053	522,189,107	436,787,450	349,486,011
Earnings Per Share - basic and diluted	30	0.14	0.17	0.09	0.12

The accompanying notes 1 to 35 form an integral part of these financial statements

Emaar Misr for Development Company (S.A.E)

STATEMENT OF COMPREHENSIVE INCOME

For The Period Ended 30 June 2016

	<i>Six Months</i>		<i>Three Months</i>	
	2016 <i>EGP</i>	2015 <i>EGP</i>	2016 <i>EGP</i>	2015 <i>EGP</i>
PROFIT FOR THE PERIOD	691,277,053	522,189,107	436,787,461	349,486,009
OTHER COMPREHENSIVE INCOME	-	-	-	-
TOTAL COMPREHENSIVE INCOME	691,277,053	522,189,107	436,787,461	349,486,009

The accompanying notes 1 to 35 form an integral part of these financial statements.

Emaar Misr for Development Company (S.A.E)

STATEMENT OF CHANGES IN EQUITY

For The Period Ended 30 June 2016

	Share capital	Share premium	Treasury Shares	Legal reserve	Retained Earnings/ (accumulated deficit)	Profit for the period	Total
	EGP	EGP	EGP	EGP	EGP	EGP	EGP
Balance at 1 January 2016	4,619,338,000	1,602,790,008	(342,503,840)	21,145,120	(15,483,796)	854,673,084	6,739,958,576
Transfer to accumulated deficit and legal reserve	-	-	-	42,733,654	811,939,430	(854,673,084)	-
Total comprehensive income	-	-	-	-	-	691,277,053	691,277,053
Balance at 30 June 2016	4,619,338,000	1,602,790,008	(342,503,840)	63,878,774	796,455,634	691,277,053	7,431,235,629

The accompanying notes 1 to 35 form an integral part of these financial statements.

Emaar Misr for Development Company (S.A.E)

STATEMENT OF CHANGES IN EQUITY (CONTINUED)

Translation of financial statements
Originally issued in Arabic

	Share capital	Amounts paid under capital increase	Share premium	Legal reserve	Retained Earnings/ (accumulated deficit)	Profit for the period	Total
	EGP	EGP	EGP	EGP	EGP	EGP	EGP
Balance at 1 January 2015	878,338,000	3,141,000,000	-	247,803	(412,532,806)	417,946,327	4,024,999,324
Transfer to accumulated deficit and legal reserve	-	-	-	20,897,317	397,049,010	(417,946,327)	-
Capital increase	3,141,000,000	(3,141,000,000)	-	-	-	-	-
Issuance of shares	600,000,000	-	1,594,567,988	-	-	-	2,194,567,988
Total comprehensive income	-	-	-	-	-	522,189,107	522,189,107
Balance at 30 June 2015	<u>4,619,338,000</u>	<u>-</u>	<u>1,594,567,988</u>	<u>21,145,120</u>	<u>(15,483,796)</u>	<u>522,189,107</u>	<u>6,741,756,419</u>

The accompanying notes 1 to 35 form an integral part of these financial statements.

STATEMENTS OF CASH FLOWS

For The Period Ended 30 June 2016

	Notes	<i>Six Months</i>	
		<i>2016</i>	<i>2015</i>
		<i>EGP</i>	<i>EGP</i>
Cash flows from operating activities			
Profit for the period before income tax		730,534,268	523,011,576
Depreciation expenses of fixed assets	17	27,780,786	28,906,352
Depreciation expenses of investment properties	19	1,844,850	1,878,741
Provision for employees' end-of-service benefits	26	4,561,997	4,188,879
Provisions charged during the period	27	1,162,757	2,217,388
Provision no longer required	27	(626,500)	(1,866,496)
Gain on disposal of fixed assets	17	(96,925)	-
Reversal impairment of development properties	16	(3,707,780)	(8,944,089)
Finance costs	9	13,936,251	5,164,156
Finance income	8	(232,867,507)	(50,516,790)
Cash from operations activities		542,522,197	504,039,717
Changes in accounts and notes receivables		(323,878,154)	(188,240,221)
Changes in prepayments, other receivables and other debit balances		(194,827,471)	(237,723,786)
Changes in development properties		(137,002,580)	193,088,825
Changes in advances from customers		780,180,337	558,405,165
Changes in trade payables, accrued expenses and other credit balances		326,805,291	183,384,255
Changes in due to related parties		4,021,024	2,184,712
Changes in retentions payable		13,169,721	(18,553,933)
Provisions used	27	(330,978)	(2,214,985)
Employees' end-of-service benefits paid	26	(816,201)	(1,072,302)
Income tax paid		(18,786,600)	-
Net cash from operating activities		991,056,586	993,297,447
Cash flows from investing activities			
Finance income received		174,177,391	41,232,061
Purchase of fixed assets	17	(8,521,700)	(14,706,578)
Proceeds from sale of fixed assets	17	224,800	-
Purchase of investment properties	19	(1,710,492)	-
Payments in fixed assets under construction	18	(27,211,633)	(13,094,741)
Purchase of held to maturity investments		(583,956,712)	-
Proceeds from held to maturity investments		380,661,637	-
Net cash from investing activities		(66,336,709)	13,430,742
Cash flows from financing activities			
Proceeds from credit facilities	25	18,578,691	179,676,691
Repayment of credit facilities	25	(196,656,671)	(402,653,159)
Finance costs paid		(9,352,137)	(33,960,629)
Payment of issued shares expenses		-	(12,238,492)
Proceeds from Issuance of shares		-	2,280,000,000
Change in due to related parties		-	846,341
Payments of land purchase liabilities		(177,548,888)	(157,536,712)
Net cash from financing activities		(364,979,005)	1,854,134,040
Increase in cash and cash equivalents		559,740,872	2,860,862,229
Net foreign exchange differences		5,770,733	3,503,409
Cash and cash equivalent at the beginning of the period	12	2,092,569,704	871,900,404
Cash and cash equivalent at the end of the period	12	2,658,081,309	3,736,266,042

The accompanying notes 1 to 35 form an integral part of these financial statements.

1 BACKGROUND

Emaar Misr for Development Company (S.A.E.) (the "Company") is a joint stock company established in Egypt under the Investment Guarantees and Incentives Law No. 8 of 1997. The Company was registered in the commercial register on 16 March 2005 under No. 12841.

The listing of Emaar Misr for Development Company (S.A.E.) on the Egyptian stock exchange was approved in 4 March 2015 according to resolution of listing committee of Egyptian stock exchange.

The purpose of the Company is:

- Planning and construction of urban districts and providing them with utilities and services,
- Designing, constructing, managing, operating and maintenance of power plants with their different sources and distribution networks.
- Constructing, operating, managing and maintenance of water desalination and refining plants together with their distribution networks,
- Constructing, operating, managing and maintenance of sewage systems,
- Projects development, investment and real estate development,
- Owning, constructing, managing and touristic marketing for hotels, motels, lodges and tourism villages and its related supplementary activities in servicing, entertainment, sporting, commercial, and cultural,
- Establishing and operating yachts marina, golf courses and diving centres and its related supplementary activities,
- Finance leasing.

The Company is currently engaged in planning and construction of urban districts and providing them with utilities, services and projects development, investment and real estate development.

The Company's parent is Emaar Properties PJSC.

These financial statements for the six months ended 30 June 2016 were authorized for issuance in accordance with the resolution of the directors on 8 August 2016.

2.1 BASIS OF PREPARATION

The financial statements of the Company are prepared in accordance with Egyptian Accounting Standards ("EAS").

The financial statements have been prepared in Egyptian pounds (EGP), which is the Company's functional and presentation currency.

The financial statements have been prepared under the going concern assumption on a historical cost basis.

2.2 SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of these financial statements requires management to make judgments and estimates that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures and the disclosure of contingent liabilities at the reporting date. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the assets or liabilities affected in future periods.

Estimates and their underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised.

The key judgements and estimates that have a significant impact on the financial statements of the Company are discussed below:

Judgments

Revenue recognition for real estate units

In making their judgment, the management considered the detailed criteria for the recognition of revenue from the sale of real estate units as set out in EAS 11 *Revenue*, and, in particular, whether the Company had transferred to the buyer the significant risks and rewards of ownership of the real estate units.

2.2 SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES (continued)

Judgments (continued)

Classification of properties

The Company determines whether a property is classified as investment property or development property:

Investment property comprises land and buildings that are not occupied substantially for use by, or in the operations of, the Company, nor for sale in the ordinary course of business, but are held primarily to earn rental income and capital appreciation. These land and buildings are substantially rented to tenants and not intended to be sold in the ordinary course of business.

Development property comprises property that is held for sale in the ordinary course of business. Principally, this is residential property that the Company develops and intends to sell before or on completion of construction.

Operating lease commitments – Company as lessor

The Company has entered into leases on its investment properties. The Company has determined, based on an evaluation of the terms and conditions of the arrangements, finance lease criteria are not met and accounts for the contracts as operating leases.

Estimations

Estimation of net realisable value for development property

Development property is stated at the lower of cost or net realisable value (NRV).

NRV for completed property is assessed by reference to market conditions and prices existing at the reporting date and is determined by the Company, based on comparable transactions.

NRV in respect of development property under construction is assessed with reference to market prices at the reporting date for similar completed property, less estimated costs to complete construction.

Valuation of investment properties

The Company hires the services of third party professionally qualified valuers to obtain estimates of the market value of investment properties using recognised valuation techniques for the purposes of their impairment review and disclosures in the financial statements.

Impairment of trade and other receivables

An estimate of the collectible amount of trade and other receivables is made when collection of the full amount is no longer probable. For individually significant amounts, this estimation is performed on an individual basis. Amounts which are not individually significant, but which are past due, are assessed collectively and a provision applied according to the length of time past due, based on historical recovery rates.

Useful lives of fixed assets and investment properties

The Company's management determines the estimated useful lives of its fixed assets and investment properties for calculating depreciation. This estimate is determined after considering the expected usage of the asset or physical wear and tear. The management periodically reviews estimated useful lives and the depreciation method to ensure that the method and period of depreciation are consistent with the expected pattern of economic benefits from these assets.

Cost to complete the projects

The Company estimates the cost to complete the projects in order to determine the cost attributable to revenue being recognised. These estimates include the cost of providing infrastructure, potential claims by contractors as evaluated by the project consultant and the cost of meeting other contractual obligations to the customers.

2.2 SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES (continued)

Estimations (continued)

Taxes

The Company is subject to income taxes in Egypt. Significant judgment is required to determine the total provision for current and deferred taxes. The Company established provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities in Egypt. The amount of such provision is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the Company and the responsible tax authority. Such differences of interpretations may arise on a wide variety of issues depending on the conditions prevailing in Egypt.

Deferred tax assets are recognised for unused accumulated tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

Impairment of non-financial assets

The Company assesses whether there are any indicators of impairment for all non-financial assets at each reporting date. The non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. When value in use calculations are undertaken, management estimates the expected future cash flows from the asset or cash-generating unit and chooses a suitable discount rate in order to calculate the present value of those cash flows.

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue and costs, if applicable, can be measured reliably.

Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes and duty.

The specific recognition criteria described below must also be met before revenue is recognized.

Revenue of sale of completed development property

The Company recognises revenue of sale of property when the risks and rewards of ownership of the property have been transferred to the buyer which occurs when the units are delivered either actually or implied.

Rental income from lease of investment properties

Rental income arising from operating leases on investment property is accounted for on a straight-line basis over the lease terms and is included in other income in the Statement of Profit or Loss.

Hospitality revenue

Revenue from hotel accommodation, food and beverages and other related services are recognised, net of discount and municipality fees, at the point at which the services are rendered.

Finance income

Finance income is recognised as it accrues using the effective interest rate (EIR) method. EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or liability.

Customers' charges

Income arising from providing utilities (water and electricity) to customers is recognised when rendered. Customer charges revenues are included in other income in the Statement of Profit or Loss.

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Borrowing

Borrowings are initially recognized at the value of the consideration received. Amounts maturing within a year are classified as current liabilities, unless the Company has the right to postpone the settlement for a period exceeding one year after the financial position date, then the loan balance should be classified as long term liabilities.

After initial recognition, credit facilities are subsequently measured at amortized cost using the effective interest rate method. Gains and losses are recognized in the statement of profit or loss when the liabilities are derecognized as well as through the effective interest rate method amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fee or costs that are an integral part of the effective interest rate. The effective interest rate amortization is included in finance cost in the statement of profit or loss.

Borrowing cost

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale are capitalised as part of the cost of the assets. All other borrowing costs are expensed in the period in which they are incurred. The borrowings costs are represented in interest and other finance costs that company pay to obtain the funds.

Income tax

Income tax is calculated in accordance with the Egyptian tax law.

Current income tax

Current income tax assets and liabilities for the current and prior years are measured at the amount expected to be recovered from or paid to the tax authority.

Deferred income tax

Deferred income tax is recognized using the liability method on temporary differences between the amount attributed to an asset or liability for tax purposes (tax base) and its carrying amount in the financial position (accounting base) using the applicable tax rate.

Deferred tax asset is recognized when it is probable that the asset can be utilized to reduce future taxable profits and the asset is reduced by the portion that will not create future benefit.

Current and deferred tax shall be recognized as income or an expense and included in the statement of profit or loss for the period, except to the extent that the tax arises from a transaction or event which is recognized, in the same or a different period, directly in equity.

Development Properties

Properties acquired, constructed in the course of construction for sale are classified as development properties. Unsold and unproperties are stated at the lower of cost or net realisable value.

The cost of development properties includes the cost of land and other related expenditure which are capitalised when activities that are necessary to get the properties ready for sale are in progress. Net realisable value represents the estimated selling price less costs to be incurred in selling the property.

Investment properties

Investment properties are land and buildings which are held to earn rental or for capital appreciation or both. Investment properties are measured at cost including acquisition cost or construction cost or any other related direct cost.

After initial recognition Investment properties are measured at cost less accumulated depreciation and any accumulated impairment value depreciation is completed using the straight line method according to the estimated useful life of the assets 20 years .

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**Held to maturity investments**

Held to maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the company's management has the positive intention and ability to hold to maturity.

This classification requires using high degree of professional judgment and to achieve that, the company evaluate its intention of keeping these investments till maturity date. If not, except in some rare circumstances such as selling of insignificant investments prior to maturity date then, all held to maturity investments re-classified to available for sale investments. Accordingly, Investments will be measured at fair value not amortised cost and cease any classification of investments.

Held to maturity investments are initially recognized at fair value inclusive direct attributable expenses.

After initial recognition, the held to maturity investments are measured at amortized cost using the effective interest method less impairment. Gains and losses are recognized in statement of profit or loss when the investments are derecognized or impaired, impairment is recovered, as well as through the amortization process

Fixed assets

Fixed assets are stated at historical cost net of accumulated depreciation and accumulated impairment losses. Such cost includes the cost of replacing part of the plant and equipment when that cost is incurred, if the recognition criteria are met. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in statement of profit or loss as incurred.

Depreciation of an asset begins when it is in the location and condition necessary for it to be capable of operating in the manner intended by management , and is computed using the straight-line method according to the estimated useful life of the asset as follows:

	Years
Buildings	20
Model homes and other assets	6
Machinery and equipment	4
Motor vehicles	4
Computers	2
Furniture, fixtures and office equipment	4
Banners	4
Heavy equipment	4-20
Tools	2

Fixed assets are derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognizing of the asset is included in the statement of profit or loss when the asset is derecognized.

The assets residual values, useful lives and methods of depreciation are reviewed at each financial year end.

The Company assesses at each financial position date whether there is an indication that fixed assets may be impaired. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses are recognized in the statement of profit or loss.

A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized.

The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the statement of profit or loss.

Fixed assets under construction

Fixed assets under construction represent the amounts that are paid for the purpose of constructing or purchasing fixed assets until it is ready to be used in the operation, upon which it is transferred to fixed assets. Fixed assets under construction are valued at cost net of impairment loss (if any) .

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment

Impairment of financial assets

The Company assesses at each financial position date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset and has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated.

Impairment of non financial assets

The Company assesses at each financial position date whether there is an indication that an asset may be impaired. Where the carrying amount of an asset or cash-generating unit's (CGU) exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses are recognized in the statement of profit or loss.

A previously recognized impairment loss is only reversed if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the statement of profit or loss.

Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash in hand, bank balances, and short-term deposits with an original maturity of three months .

Trade payables and accrued expenses

Liabilities are recognised for amounts to be paid in the future for goods or services received, whether billed by the suppliers and contractors or not.

Provisions

Provisions are recognized when the Company has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made. Provisions are reviewed at the financial position date and adjusted to reflect the current best estimate.

Where the effect of the time value of money is material, the amount of a provision should be the present value of the expected expenditures required to settle the obligation. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

Social insurance and Employees' End-of-services

a- Social Insurance: The Company makes contributions to the General Authority for Social Insurance calculated as a percentage of the employees' salaries. The Company's obligations are limited to these contributions, which are expensed when due.

b- Employees' End-of-services: The Company provides end-of-service benefits to its employees. The entitlement to these benefits is usually based upon the employees' final salary and length of service, subject to the completion of a minimum service period. The costs of these benefits are accrued over the period of employment.

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Foreign currencies

Transactions in foreign currencies are recorded at the rate prevailing at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated using the exchange rate prevailing at the financial position date. All differences are recognized in the statement of profit or loss.

Nonmonetary items that are measured at historical cost in foreign currency are translated using the exchange rates prevailing at the dates of the initial recognition.

Nonmonetary items measured at fair value in a foreign currency are translated using the exchange rates prevailing at the date when the fair value is determined.

Contingent Liabilities and Assets

Contingent liabilities are not recognized in the financial statements. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is not recognized in the financial statements but disclosed when an inflow of economic benefits is probable.

Related party transactions

Related parties represent in parent company , associated companies, major shareholders, directors and key management personnel of the Company, and entities controlled, jointly controlled or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by the boards of directors.

Statement of cash flows

The statement of cash flows is prepared using the indirect method.

Expenses

All expenses including operating expenses, general and administrative expenses and other expenses are recognized and charged to the statement of profit or loss in the financial year in which these expenses were incurred.

Accounts receivable and other debit balances

Accounts receivable and other debit balances are stated at book less any impairment losses.

Impairment losses are measured as the difference between the receivables carrying amount and the present value of estimated future cash flows. The impairment loss is recognized in the statement of profit or loss. Reversal of impairment is recognized in the statement of profit or loss in the period in which it occurs.

Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability or the most advantageous market for the asset or liability.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

For assets traded in an active market, fair value is determined by reference to quoted market bid prices.

The fair value of interest-bearing items is estimated based on discounted cash flows using interest rates for items with similar terms and risk characteristics.

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fair value measurement (Continued)

For unquoted assets, fair value is determined by reference to the market value of a similar asset or is based on the expected discounted cash flows.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 – Fair value measurements are those derived from quoted prices in an active market (that are unadjusted) for identical assets or liabilities.
- Level 2 – Fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 – Fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation at the end of each reporting period.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

2.4 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted this period are consistent with those of the previous year except for the amendments required by the new Egyptian Accounting Standards issued during the year 2015 which is effective for the periods starting on or after 1 January 2016, disclosed below the most prominent amendments which is applicable to the company and the effects of this new amendments on Financial statements, if any.

EAS (1) revised Presentation of Financial Statements:

The revised standard requires the company to disclose all items of income and expenses that were recognized during the period in two separate statements, statement of profit or loss (statement of income) which disclose all items of income and expenses and statement of Comprehensive income which starts with profit or loss and presents items of other Comprehensive income (Statement of Comprehensive income).

It also requires an additional statement to the Statement of Financial Position disclosing balances as of the beginning of the first presented comparative period in case of retrospective implementation or change in an accounting policy or reclassification carried out by the company. The amended standard does not require the presentation of working capital.

The company has prepared the Statement of Comprehensive income and presentation of financial statements according to revised standard and there is no retrospective adjustments that requires presenting Statement of Financial position which include beginning balances of the first presented comparative period.

EAS (10) revised Fixed Assets and depreciation:

The revised standard has eliminated the option of using the revaluation model in the subsequent measurement of fixed assets.

The strategic (major) spare parts and stand-by equipment can be classified as fixed assets when the entity expects to use them for more than one period (when the definition of fixed assets applies thereto).

There is no impact for this amendment on company's financial statements.

2.4 CHANGES IN ACCOUNTING POLICISE AND DISCLOSURES (continued)

EAS (14) revised Borrowing Costs:

The revised standard has eliminated previous benchmark treatment that recognised the borrowing cost directly attributable to the acquisition, construction or production of a qualifying asset in the Statement of Profit or Loss. The revised standard requires capitalisation of this cost on qualifying assets.

There is no impact for this amendment on company's financial statements.

EAS (23) revised Intangible Assets:

The revised standard has eliminated the option of using the revaluation model in the subsequent measurement of intangible assets.

There is no impact for this amendment on company's financial statements.

EAS (34) revised Investment Property:

The revised standard has eliminated the option of using the fair value model in the measurement after recognition of the Investment Property. The standard requires to disclose fair value.

There is no impact for this amendment on company's financial statements.

EAS (38) revised Employee Benefits:

Defined benefit plans

The revised standard requires immediate recognition for accumulated actuarial gains and losses in statement comprehensive income. Also, recognition of past service cost as expense at earlier of:

A) When plan amended or curtailed or,

B) When entity execute substantial restructure for its activities, hence the entity recognise related restructuring costs which comprise paying end of service benefits.

New EAS (40) financial instruments "Disclosures":

A new EAS (40) Financial instruments: "Disclosures" has been issued to include all required disclosures for financial instruments. The company has disclosed required disclosures in the financial statements.

New EAS (41) Operating segments:

The EAS (33) Segment Reporting has superseded by EAS (41) Operating segment. Accordingly, segment reporting which should be disclosed and the required disclosures basically depends on the information about segment in the way that operating decision maker use. As described in note (3) the company currently has only one major operating segment.

New EAS (45) Fair Value Measurement:

The new EAS (45) Fair Value measurement has been issued; this standard is applied when other standard requires or permits to measure or disclose the fair value. This standard defines fair value and set the frame to measure fair value in one standard and determine the required disclosure for measurements of fair value. The company disclosed all required discourses according to standards.

3 SEGMENT INFORMATION

Currently the Company's main business segment is developing projects and selling the developed units. Revenues, profits and investments in other business segments are currently immaterial. Accordingly retail, commercial and hospitality business segments do not meet the criteria of reportable segments under EAS (41), and as such, are not separately disclosed in the financial statements. All revenues of the Company in the period ended 30 June 2016 were reported under one segment in the financial statements.

4 REVENUE

	<i>Six Months</i>		<i>Three Months</i>	
	2016	2015	2016	2015
	EGP	EGP	EGP	EGP
Revenue from sale of development properties				
Marassi Project	758,000,351	741,405,929	587,680,585	450,772,317
Uptown Cairo Project	456,869,771	147,506,574	295,401,473	49,280,037
Mivida Project	565,818,372	671,477,961	300,181,620	308,881,069
	<u>1,780,688,494</u>	<u>1,560,390,464</u>	<u>1,183,263,678</u>	<u>808,933,423</u>

5 COST OF REVENUE

	<i>Six Months</i>		<i>Three Months</i>	
	2016	2015	2016	2015
	EGP	EGP	EGP	EGP
Cost of revenue from sale of development properties				
Marassi Project	448,347,909	329,338,218	370,040,122	159,251,777
Uptown Cairo Project*	298,861,411	134,238,117	195,593,400	37,998,877
Mivida Project	360,627,202	477,494,435	187,129,079	220,977,106
	<u>1,107,836,522</u>	<u>941,070,770</u>	<u>752,762,601</u>	<u>418,227,760</u>

*The cost of revenue of Uptown Cairo Project includes the reversal of an impairment loss amounting to EGP 3,707,780 (30 June 2015: EGP 8,944,091).

6 SELLING AND MARKETING EXPENSES

	<i>Six Months</i>		<i>Three Months</i>	
	2016	2015	2016	2015
	EGP	EGP	EGP	EGP
Advertisements	24,731,381	19,699,688	10,580,730	13,021,748
Depreciation expenses of fixed assets (Note 17)	2,888,968	3,558,974	1,540,098	1,779,329
Marketing production and materials	4,067,164	3,565,028	2,284,536	3,190,229
Events and exhibitions	9,016,027	8,333,079	2,288,047	7,197,473
Sales commission	34,976,585	31,172,298	14,874,739	14,066,956
Other marketing expenses	6,079,253	4,261,347	2,216,786	2,685,177
	<u>81,759,378</u>	<u>70,590,414</u>	<u>33,784,936</u>	<u>41,940,912</u>

7 GENERAL AND ADMINISTRATIVE EXPENSES

	<i>Six Months</i>		<i>Three Months</i>	
	2016 EGP	2015 EGP	2016 EGP	2015 EGP
Depreciation expenses of fixed assets (Note 17)	23,416,542	23,153,289	11,564,355	11,599,687
Depreciation expenses of investment property (Note 19)	1,844,850	1,878,741	930,175	939,370
Salaries and benefits	29,934,313	37,557,310	15,049,053	17,921,846
Professional fees	3,085,263	1,766,232	939,047	(1,181,307)
IT expenses	4,937,059	4,175,836	3,436,589	2,263,232
Travel and entertainment	2,751,017	2,670,319	1,234,866	1,456,797
Cleaning and maintenance	3,467,539	3,282,193	1,666,781	1,695,682
Communication	1,012,228	1,150,064	552,765	492,708
Facility management expenses	10,623,056	13,199,051	4,518,445	5,872,542
Other bank charges	938,738	691,343	538,028	388,620
Other expenses	17,819,355	7,064,268	16,088,328	5,420,680
	<u>99,829,960</u>	<u>96,588,646</u>	<u>56,518,432</u>	<u>46,869,857</u>

8 FINANCE INCOME

	<i>Six Months</i>		<i>Three Months</i>	
	2016 EGP	2015 EGP	2016 EGP	2015 EGP
Interest from time deposits and bank current accounts	103,953,488	48,636,768	61,105,060	31,207,825
Interest from held to maturity investments	128,914,019	-	60,279,845	-
Net foreign exchange gain	-	1,880,022	-	298,048
	<u>232,867,507</u>	<u>50,516,790</u>	<u>121,384,905</u>	<u>31,505,873</u>

9 FINANCE COST

	<i>Six Months</i>		<i>Three Months</i>	
	2016 EGP	2015 EGP	2016 EGP	2015 EGP
Interest on bank credit facilities and loans	3,492,962	4,534,258	525,092	1,787,812
Bank charges – Letters of Guarantees related to borrowings	-	598,244	-	65,130
Other bank charges	33,763	31,654	15,954	-
Net foreign exchange loss	10,409,526	-	56,788	-
	<u>13,936,251</u>	<u>5,164,156</u>	<u>597,834</u>	<u>1,852,942</u>

10 OTHER INCOME

	<i>Six Months</i>		<i>Three Months</i>	
	2016	2015	2016	2015
	EGP	EGP	EGP	EGP
Customers service charges	29,625,661	33,630,811	14,028,702	22,169,377
Operating (loss) from El Alamain hotel, Golf club, Beach club in Marassi and Golf club in UTC	(13,521,816)	(10,167,439)	(5,727,187)	(3,688,654)
Operating lease income	2,436,292	2,405,828	740,384	1,067,161
Gain from sale of fixed assets	96,925	-	300	-
Other operating income	2,009,634	-	1,187,334	-
	<u>20,646,696</u>	<u>25,869,200</u>	<u>10,229,533</u>	<u>19,547,884</u>

11 INCOME TAX

	<i>Six Months</i>		<i>Three Months</i>	
	2016	2015	2016	2015
	EGP	EGP	EGP	EGP
Statement of Profit or Loss				
Current income tax	(56,102,784)	-	(32,483,736)	-
Deferred income tax	16,845,569	(822,469)	(1,276,809)	344,527
	<u>(39,257,215)</u>	<u>(822,469)</u>	<u>(33,760,545)</u>	<u>344,527</u>

Deferred income tax

	Statement of financial position		Statement of Profit or Loss	
	30 June 2016	31 December 2015	30 June 2016	30 June 2015
	EGP	EGP	EGP	EGP
Depreciation of fixed assets	(7,194,669)	(7,222,497)	27,828	(339,527)
Provisions and accruals	113,365,090	96,547,349	16,817,741	(482,942)
Net deferred income tax assets	<u>106,170,421</u>	<u>89,324,852</u>	<u>16,845,569</u>	<u>(822,469)</u>

11 INCOME TAX (continued)

The company's tax position is as follows:

1. Corporate Tax

- The company regularly files its corporate income tax return on due dates.
- The company's records were inspected from inception to 31 December 2008 and the tax authority has sent the tax claim requiring to the company. The company has submitted an objection to such claim and the dispute points have been transferred to the Internal Committee that issue its decision by resolving some dispute points and there are some points transferred to the appeal committee.
- The company's records were inspected for period from 1 January 2009 to 31 December 2010, and the company has submitted an objection to the inspection result and the dispute points have been transferred to the internal committee.
- The company's records were not inspected for the period from 1 January 2011 to 30 June 2016. The company submitted tax returns for such period within the legal grace period.
- The company enjoys tax relief on the projects established in the urban area to 31 December 2018.

2. Salary Tax

- The company's records were inspected from inception to 31 December 2008 and all tax dues were settled.
- The company's records are in process of inspection for years from 1 January 2009 to 31 December 2011.
- The company's records were not inspected from 1 January 2012 to 30 June 2016.

3. Sales Tax

- The company's records were inspected from inception to 31 December 2013, all tax dues were settled.
- The company's records were not inspected for the period from 1 January 2014 to 30 June 2016.

4. Stamp Tax

- The company's records were inspected from inception to 31 December 2010 and tax due were settled.
- The company's records were not inspected for the period from 1 January 2011 to 30 June 2016.

12 CASH ON HAND AND AT BANKS

	<i>30 June 2016</i> EGP	<i>31 December 2015</i> EGP
a) Egyptian pound		
Cash on hand	65,493	2,354,927
Current accounts	223,338,928	356,756,845
Time deposits (maturity within 3 months)	2,391,900,000	1,687,900,000
	<u>2,615,304,421</u>	<u>2,047,011,772</u>
b) Foreign currency		
Current accounts	42,776,888	45,557,932
	<u>42,776,888</u>	<u>45,557,932</u>
	<u>2,658,081,309</u>	<u>2,092,569,704</u>

Bank balances and cash are denominated in the following currencies:

	<i>30 June 2016</i> EGP	<i>31 December 2015</i> EGP
United Arab Emirates Dirham (AED)	793,159	707,454
United States Dollar (USD)	37,657,304	42,389,730
Euro (EUR)	4,286,946	2,425,953
Egyptian Pound (EGP)	2,615,304,421	2,047,011,772
Saudi Riyals (SAR)	39,479	34,795
	<u>2,658,081,309</u>	<u>2,092,569,704</u>

Cash at banks earn interest based on prevailing bank deposit rates. Short-term fixed deposits are made for varying periods between one day and three months, depending on the immediate cash requirements of the company.

Current account with an average effective interest rate of 7.62% (2015: 7%). Time deposits with an average effective interest rate of 10.52% (2015: 9.2%). The cash and cash equivalent is equal to bank balances and cash.

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13 HELD TO MATURITY INVESTMENTS

	30 June 2016 EGP	31 December 2015 EGP
Treasury Bills	603,000,000	400,000,000
Unearned interest	(14,854,763)	(19,338,363)
	<u>588,145,237</u>	<u>380,661,637</u>
Bonds	<u>1,577,642,178</u>	<u>1,555,559,744</u>
	<u>1,577,642,178</u>	<u>1,555,559,744</u>
Total held to maturity investments	<u>2,165,787,415</u>	<u>1,936,221,381</u>
	30 June 2016 EGP	31 December 2015 EGP
Amounts matures within 12 months	1,898,896,043	1,068,385,745
Amounts matures after 12 months	<u>266,891,372</u>	<u>867,835,636</u>
	<u>2,165,787,415</u>	<u>1,936,221,381</u>

14 ACCOUNTS AND NOTES RECEIVABLES

	30 June 2016 EGP	31 December 2015 EGP
Amounts receivable within 12 months	708,824,990	552,838,923
Amounts receivable after 12 months	<u>1,408,409,853</u>	<u>1,203,127,810</u>
	<u>2,117,234,843</u>	<u>1,755,966,733</u>
Unamortised discount	(417,652,356)	(380,482,992)
Amounts receivable, net	<u>1,699,582,487</u>	<u>1,375,483,741</u>
Accounts receivables, hotels	<u>5,187,302</u>	<u>5,407,894</u>
	<u>1,704,769,789</u>	<u>1,380,891,635</u>

At 30 June 2016 and 31 December 2015, the ageing analysis of net accounts and notes receivables is as follows:

		<i>Neither Past Due nor Impaired EGP</i>	<i>Past due but not impaired</i>			
	<i>Total EGP</i>		<i>Less than 30 days EGP</i>	<i>Between 30 to 60 days EGP</i>	<i>Between 60 to 90 days EGP</i>	<i>More than 90 days EGP</i>
2016	<u>1,699,582,487</u>	<u>1,621,185,416</u>	<u>16,812,939</u>	<u>10,514,057</u>	<u>3,876,447</u>	<u>47,193,628</u>
2015	<u>1,380,891,635</u>	<u>1,315,748,125</u>	<u>8,132,027</u>	<u>8,472,259</u>	<u>679,331</u>	<u>47,859,893</u>

As at 30 June 2016, accounts and notes receivables were not impaired (impairment of 2015: nil)

Refer to Note 34a on credit risks of trade receivables, which discusses how the company manages and measures credit quality of trade receivables that are past due not impaired.

15 PREPAYMENTS, OTHER RECEIVABLES AND OTHER DEBIT BALANCES

	<i>30 June 2016</i> <i>EGP</i>	<i>31 December 2015</i> <i>EGP</i>
Prepayments	8,572,085	9,293,030
Advances to contractors and suppliers	769,220,723	772,725,895
Advances to employees	3,812,133	1,516,099
Accrued interest	81,660,797	52,925,141
Customers maintenance – Current accounts*	47,477,135	34,288,629
Customers maintenance – Time deposits*	672,029,474	517,160,435
Other receivables	122,522,801	93,822,792
	<u>1,705,295,148</u>	<u>1,481,732,021</u>

*These amounts represents amounts collected from customers, which are invested in interest bearing current accounts and time deposits , the interest income generated is used for the purpose of financing the facility management expenses for delivered units, the company cannot use these amounts except for this purpose.

Customers' maintenance - Current account with an average effective interest rate of 7.62% (2015: 6.75%) for balance of EGP 47,477,135 (2015: EGP 34,288,629)

Customers' maintenance - Time deposits with effective interest rate of 10.28% (2015: 9.2%) for balance of EGP 672,029,474 (2015: EGP 517,160,435).

	<i>30 June 2016</i> <i>EGP</i>	<i>31 December 2015</i> <i>EGP</i>
Amounts recoverable within 12 months	1,109,337,284	846,042,809
Amounts recoverable after 12 months	595,957,864	635,689,212
	<u>1,705,295,148</u>	<u>1,481,732,021</u>

16 DEVELOPMENT PROPERTIES

	<i>30 June 2016</i> <i>EGP</i>	<i>30 June 2015</i> <i>EGP</i>
Balance at the beginning of the period	9,876,750,208	9,809,475,474
Add: cost incurred during the period	1,115,723,930	680,693,919
Add: borrowing costs capitalised during the period	8,485,907	34,537,447
Add: land discounting capitalised	30,758,036	44,308,335
Add: depreciation of fixed assets (capitalised portion) (Note 17)	387,750	387,750
Less: transfers to cost of revenue during the period	(981,109,100)	(874,170,496)
Add: Reversal of impairment of development properties (Note 5)	3,707,780	8,944,091
Balance at the end of the period	<u>10,054,704,511</u>	<u>9,704,176,520</u>

Properties acquired, constructed or in the course of construction for sale in the ordinary course of business are classified as development properties and include the costs of:

- Land;
- Amounts paid to contractors for construction including the cost of construction of infrastructure; and
- Borrowing costs, planning and design costs, costs of site preparation, professional fees for legal services, construction overheads and other related costs.

Common infrastructure costs are allocated to various projects and forms part of the estimated cost to complete a project in order to determine the cost attributable to revenue being recognised. The development plan of some of the development properties is estimated to be over 10 years.

16 DEVELOPMENT PROPERTIES (continued)

Development properties are analysed as follows:

	<i>30 June 2016</i> EGP	<i>31 December 2015</i> EGP
Mivida project	3,312,155,984	3,101,414,280
Marassi project	3,368,907,580	3,508,791,163
Uptown Cairo project	3,150,006,350	3,044,617,948
Cairo Gate project	223,162,089	225,162,089
Smart Village project	2,825,738	2,825,738
	<u>10,057,057,741</u>	<u>9,882,811,218</u>
Less: Impairment of development properties	(2,353,230)	(6,061,010)
	<u>10,054,704,511</u>	<u>9,876,750,208</u>

	<i>30 June 2016</i> EGP	<i>31 December 2015</i> EGP
Land (including land instalments interest due)*	2,995,830,285	3,053,949,047
Consultations and designs	1,684,006,739	1,590,764,460
Construction and infrastructure works	4,281,304,592	4,118,396,072
Capitalized finance costs	1,095,916,125	1,119,701,639
	<u>10,057,057,741</u>	<u>9,882,811,218</u>
Less: Impairment of development properties	(2,353,230)	(6,061,010)
	<u>10,054,704,511</u>	<u>9,876,750,208</u>

* The Company is in process of completing the required legal procedures related to official registration of all land owned as of 30 June 2016.

The movement of impairment of development properties as follows:

	<i>30 June 2016</i> EGP	<i>30 June 2015</i> EGP
Beginning balance	6,061,010	56,577,454
Reversed during the period	(3,707,780)	(8,944,091)
Ending balance	<u>2,353,230</u>	<u>47,633,363</u>

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17 FIXED ASSETS

	Land	Buildings	Computers	Heavy equipment	Motor Vehicles	office equipment, furniture and fixtures	Model homes, Sales centre, Mock-up	Equipment and tools	Banners and other assets	Total
	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP
Cost										
As of 1 January 2016	28,781,986	459,155,038	30,956,664	115,537,971	34,969,722	47,750,543	72,597,955	30,312,575	9,851,868	829,914,322
Additions	-	1,686,332	2,768,651	776,040	479,030	1,566,051	13,200	1,232,396	-	8,321,700
Disposals	-	-	-	-	(255,750)	-	-	-	-	(255,750)
As of 30 June 2016	28,781,986	460,841,370	33,725,315	116,314,011	35,193,002	49,316,594	72,611,155	31,544,971	9,851,868	838,180,272
Accumulated depreciation										
As of 1 January 2016	-	(115,768,028)	(25,050,807)	(26,856,966)	(25,458,641)	(35,906,023)	(58,898,225)	(21,252,019)	(9,851,868)	(319,042,577)
Depreciation	-	(11,829,934)	(2,711,498)	(4,072,020)	(1,746,506)	(2,422,913)	(2,895,007)	(2,102,908)	-	(27,780,786)
Disposals	-	-	-	-	127,875	-	-	-	-	127,875
As of 30 June 2016	-	(127,597,962)	(27,762,305)	(30,928,986)	(27,077,272)	(38,328,936)	(61,793,232)	(23,354,927)	(9,851,868)	(346,695,488)
Net carrying amount :	28,781,986	333,243,408	5,963,010	85,385,025	8,115,730	10,987,658	10,817,923	8,190,044	-	491,484,784
At 30 June 2016	28,781,986	343,387,010	5,905,857	88,681,005	9,511,081	11,844,520	13,699,730	9,060,556	-	510,871,741
At 31 December 2015										

There is no mortgage or restriction on fixed assets.

Depreciation expense is allocated as follows:

- Gain from sale of fixed assets as follows:

	30 June 2016	EGP	EGP
Selling and marketing expenses (Note 6)	2,888,968		224,800
General and administrative expenses (Note 7)	23,416,542	255,750	
Facility Management expenses	1,087,526	(127,875)	
Depreciation expense charged to the statement of profit or loss	27,393,036		127,875
Development properties (Note 16)	387,750		96,925
Total depreciation expenses	27,780,786		

Emaar Misr for Development Company (S.A.E)

NOTES TO THE FINANCIAL STATEMENTS

30 June 2016

17 FIXED ASSETS (continued)

	Land	Buildings	Computers	Heavy equipment	Motor Vehicles	Office equipment, Furniture and fixtures	Model homes, Sales centre, Mock-up	Equipment and tools	Banners and other assets	Total
	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP
Cost										
As of 1 January 2015	28,141,156	445,642,749	25,709,717	112,731,314	30,726,902	39,419,318	72,451,041	25,743,493	9,851,868	790,417,558
Additions	-	55,425	2,267,602	936,390	3,435,450	5,053,132	392,369	2,566,210	-	14,706,578
As of 30 June 2015	<u>28,141,156</u>	<u>445,698,174</u>	<u>27,977,319</u>	<u>113,667,704</u>	<u>34,162,352</u>	<u>44,472,450</u>	<u>72,843,410</u>	<u>28,309,703</u>	<u>9,851,868</u>	<u>805,124,136</u>
Accumulated depreciation										
As of 1 January 2015	-	(92,620,656)	(19,998,668)	(17,386,159)	(18,467,436)	(31,624,898)	(52,132,192)	(16,784,666)	(9,851,868)	(258,866,543)
Depreciation	-	(11,482,407)	(2,543,305)	(4,640,651)	(2,398,732)	(1,960,213)	(3,564,673)	(2,316,371)	-	(28,906,352)
As of 30 June 2015	<u>-</u>	<u>(104,103,063)</u>	<u>(22,541,973)</u>	<u>(22,026,810)</u>	<u>(20,866,168)</u>	<u>(33,585,111)</u>	<u>(55,696,865)</u>	<u>(19,101,037)</u>	<u>(9,851,868)</u>	<u>(287,772,895)</u>
Net carrying amount : At 30 June 2015	<u>28,141,156</u>	<u>341,595,111</u>	<u>5,435,346</u>	<u>91,640,894</u>	<u>13,296,184</u>	<u>10,887,339</u>	<u>17,146,545</u>	<u>9,208,666</u>	<u>-</u>	<u>517,351,241</u>

There is no mortgage or restriction on fixed assets.

Depreciation expense is allocated as follows:

	30 June 2015 EGP
Selling and marketing expenses (Note 6)	3,558,974
General and administrative expenses (Note 7)	23,153,289
Facility management expenses	1,806,339
Depreciation expense charged to the statement of profit or loss	28,518,602
Development properties (Note 16)	387,750
Total depreciation expenses	<u>28,906,352</u>

18 FIXED ASSETS UNDER CONSTRUCTION

	30 June 2016 EGP	31 December 2015 EGP
Marassi project (buildings, furniture and fixtures)	57,725,741	34,391,433
Uptown Cairo project (buildings, furniture and fixtures)	4,234,981	2,230,820
MIVIDA Cairo project (buildings, furniture and fixtures)	31,233,933	29,360,769
	<u>93,194,655</u>	<u>65,983,022</u>

The movement of fixed assets under construction during the six months ended 30 June is as follows:

	30 June 2016 EGP	30 June 2015 EGP
Beginning balance	65,983,022	45,732,626
Additions during the period	27,211,633	13,094,741
Ending balance	<u>93,194,655</u>	<u>58,827,367</u>

19 INVESTMENT PROPERTIES

	30 June 2016 EGP	30 June 2015 EGP
Cost		
Beginning balance	85,055,189	87,030,973
Additions	1,710,492	-
Ending balance	<u>86,765,681</u>	<u>87,030,973</u>
Accumulated depreciation		
Beginning balance	(5,773,833)	(2,164,531)
Depreciation charged for the period	(1,844,850)	(1,878,741)
Ending balance	<u>(7,618,683)</u>	<u>(4,043,272)</u>
Net carrying amount	<u>79,146,998</u>	<u>82,987,701</u>
	30 June 2016 EGP	31 December 2015 EGP
Land	11,881,336	11,881,336
Building	67,265,662	67,400,020
Net carrying amount	<u>79,146,998</u>	<u>79,281,356</u>

The valuation of the company's investment properties are performed by Osool consultancy (independent valuer). The fair value of investment properties is EGP 185,383,373 as of 31 December 2015.

The buildings and land are valued using market approach by an independent valuer. The market was researched and a minimum of three recent sales of properties were selected that were considered to be most comparable to the subject property. Adjustment was made when appropriate to reflect the market reaction to those items of significant variation. If a significant item in a comparable property is superior to, or more favourable than, the subject property a negative adjustment was made to reduce the sales price of the comparable and, if a significant item in a comparable property is inferior to, or less favourable than the subject property, a positive adjustment was made to increase the adjusted sales price of the comparable.

19 INVESTMENT PROPERTIES (continued)***Fair value hierarchy***

The Company uses the following hierarchy for determining and disclosing the fair value of its investment properties by valuation technique:

	<i>Total EGP</i>	<i>Level 1 EGP</i>	<i>Level 2 EGP</i>	<i>Level 3 EGP</i>
30 June 2016	185,383,373	-	-	185,383,373
31 December 2015	185,383,373	-	-	185,383,373

20 TRADE PAYABLES, ACCRUED EXPENSES AND OTHER CREDIT BALANCES

	<i>30 June 2016 EGP</i>	<i>31 December 2015 EGP</i>
Projects contracts cost accruals	1,347,806,517	1,246,039,965
Trade payables (suppliers, contractors and consultants)	263,242,555	208,178,308
Taxes payables (other than income tax) (Note 21)	8,011,221	8,901,673
Accrued expenses	123,185,483	131,657,689
Deferred revenue*	21,830,531	4,095,464
Social insurance authority	2,792,340	2,469,202
Other payables	12,702,366	4,326,050
Customers maintenance payable**	714,550,247	546,937,591
	<u>2,494,121,260</u>	<u>2,152,605,942</u>

*Deferred revenue represents amounts deducted from customers who cancelled their contracts. Customers can use these amounts to buy new units from the company during one year. If these amounts are not used by customers, the company has the right to keep these amounts and thus transfer to revenue.

**Customers maintenance payable represents the collected instalments in respect of delivered units that are used to finance facility management expenses. These amounts are invested in deposits and interest-bearing current accounts for this purpose (Note 15).

Trade payables, accrued expenses and other credit balances are non-interest bearing and for explanations on the company's liquidity risk management process, refer to (Note 34c).

21 TAXES PAYABLES

	<i>30 June 2016 EGP</i>	<i>31 December 2015 EGP</i>
Tax authority- stamp tax	1,053,921	1,053,835
Tax authority- withholding tax	3,719,155	5,632,514
Tax authority- salary tax	1,590,310	1,783,233
Tax authority- sales tax	133,516	60,859
Tax authority- other tax	1,420,852	341,408
Tax authority- royalty tax	93,467	29,824
	<u>8,011,221</u>	<u>8,901,673</u>

22 LAND PURCHASE LIABILITIES

	<i>30 June 2016</i>	<i>31 December 2015</i>
	<i>EGP</i>	<i>EGP</i>
Gross land purchase liabilities		
Cairo Gate project	13,000,000	13,000,000
Urban Community Authority – Mivida project	609,626,490	787,175,378
	<u>622,626,490</u>	<u>800,175,378</u>
Unamortised discount	(50,637,160)	(81,395,196)
Present value of land purchase liabilities	<u>571,989,330</u>	<u>718,780,182</u>

The present value of land purchase liabilities are as follows:

	<i>30 June 2016</i>	<i>31 December 2015</i>
	<i>EGP</i>	<i>EGP</i>
Current portion	571,989,330	247,664,609
Non current portion	-	471,115,573
	<u>571,989,330</u>	<u>718,780,182</u>

The effective interest rate used to discount land purchase liabilities is 10% (2015: 10%). The amortisation of the discount amounted to EGP 50,637,160 (2015: EGP 81,395,196) is charged to development properties.

23 ADVANCES FROM CUSTOMERS

The movement of advances from customers during the six months ended 30 June 2016 and 2015 is as follows:

	<i>30 June 2016</i>	<i>30 June 2015</i>
	<i>EGP</i>	<i>EGP</i>
Balance at the beginning of the period	7,330,175,161	5,733,822,529
Add: amounts collected during the period	2,598,038,194	2,155,122,115
Less: delivered units during the period	(1,817,857,857)	(1,596,716,950)
Balance at the end of the period	<u>8,110,355,498</u>	<u>6,292,227,694</u>

	<i>30 June 2016</i>	<i>31 December 2015</i>
	<i>EGP</i>	<i>EGP</i>
Uptown Cairo project	1,775,961,450	1,634,132,428
Marassi project	2,359,588,790	2,211,666,098
Mivida project	3,974,805,258	3,484,376,635
	<u>8,110,355,498</u>	<u>7,330,175,161</u>

24 RETENTIONS PAYABLE

	<i>30 June 2016</i>	<i>31 December 2015</i>
	<i>EGP</i>	<i>EGP</i>
Retentions payable within 12 months	87,956,752	106,987,647
Retentions payable after 12 months	114,471,329	82,270,713
	<u>202,428,081</u>	<u>189,258,360</u>

25 CREDIT FACILITIES

The movement of credit facilities during the six months ended 30 June 2016 and 2015 is as follows:

			30 June 2016 EGP	30 June 2015 EGP
Balance at the beginning of the period			291,216,365	816,141,383
Borrowings drawn down during the period			18,578,691	179,676,691
Borrowings repaid during the period			(196,656,671)	(402,653,159)
Balance at the end of the period			113,138,385	593,164,915
			30 June 2016 EGP	31 December 2015 EGP
Maturing within 12 months			77,130,779	132,550,519
Maturing after 12 months			36,007,606	158,665,846
			113,138,385	291,216,365
			30 June 2016	31 December 2015
Type	Interest rate %	Latest maturity (renewal)	EGP	EGP
Current portion credit facilities				
Credit facility 1*	1.5%+CBE Deposit Corridor rate	June 2017	17,047,224	34,427,947
Credit facility 3***	0.5%+CBE Lending Corridor rate	June 2017	60,083,555	98,122,572
Total current credit facilities			77,130,779	132,550,519
Non-current credit facilities				
Credit facility 1*	1.5%+CBE Deposit Corridor rate	October 2020	5,752,016	9,735,734
Credit facility 2**	1%+CBE Average Discount Corridor rate	December 2021	30,255,590	130,351,421
Credit facility 3***	0.5%+CBE Lending Corridor rate		-	18,578,691
Total non-current credit facilities			36,007,606	158,665,846
			113,138,385	291,216,365

* Credit facility (1) is against discounted post-dated checks of customer's units who settled 50% of their units' value.

** Credit facility (2) is against discounted post-dated checks of customer's who delivered units

*** Credit facility (3) secured by post-dated checks of delivered units with maximum financing amounting to 90% of its value.

26 PROVISION FOR EMPLOYEES' END-OF-SERVICE BENEFITS*End-of-Service Benefits*

The movement in the provision for employees' end-of-service benefits was as follows:

	30 June 2016 EGP	30 June 2015 EGP
Balance at the beginning of the period	12,291,596	8,852,688
Provided during the period	4,561,997	4,188,879
Paid during the period	(816,201)	(1,072,302)
Balance at the end of the period	16,037,392	11,969,265

27 PROVISIONS

	Balance as of 1 January 2016	Charged during the period	No longer required during the period	Used during the period	Balance as of 30 June 2016
	EGP	EGP	EGP	EGP	EGP
Provision for legal claims	2,947,365	932,818	(626,500)	-	3,253,683
Provision for other claims	47,574,325	229,939	-	(330,978)	47,473,286
	<u>50,521,690</u>	<u>1,162,757</u>	<u>(626,500)</u>	<u>(330,978)</u>	<u>50,726,969</u>

	Balance as of 1 January 2015	Charged during the period	No longer required during the period	Used during the period	Balance as of 30 June 2015
	EGP	EGP	EGP	EGP	EGP
Provision for legal claims	3,289,108	2,217,388	(1,866,496)	-	3,640,000
Provision for other claims	49,715,862	-	-	(2,214,985)	47,500,877
	<u>53,004,970</u>	<u>2,217,388</u>	<u>(1,866,496)</u>	<u>(2,214,985)</u>	<u>51,140,877</u>

No other material contingent liabilities other than what was provided for in the provisions above or what was disclosed in note 11 in respect of tax position.

28 SHARE CAPITAL

	30 June 2016 EGP	31 December 2015 EGP
Authorised capital (shares of EGP 1 each)	<u>10,000,000,000</u>	<u>10,000,000,000</u>
Issued and fully paid-up	<u>4,619,338,000</u>	<u>4,619,338,000</u>
Number of shares	<u>4,619,338,000</u>	<u>4,619,338,000</u>

On 16 December 2014, an extraordinary general assembly meeting was held and approved the Company capital increase by EGP 3,141,000,000 to be EGP 4,019,338,000; the total amount will be paid at subscription as follows:

- Deducting an amount of EGP 3,086,234,900 from the shareholders current account (Emaar Properties PJSC) presented in financial statements as of 30 June 2014.
- Payment an amount of EGP 54,765,100 through cash deposit at bank.

On 15 March 2015, the Company has registered the increase and updated the commercial register.

On 31 March 2015, an extraordinary general assembly meeting was held and approved adjusting the shares par value from EGP 10 per share to EGP 1 per share, the number of shares was adjusted from 401933800 share to be 4019338000 share and updated the commercial register on 5 May 2015.

On 11 May 2015, an extraordinary general assembly meeting was held and approved the Company capital increase by EGP 600,000,000 with issuance price EGP 3.80 per share to be EGP 4,619,338,000 the share premium amounted to EGP 1,602,790,008 after deducting expenses of EGP 77,209,992 and updated the commercial register on 29 June 2015.

On 4 August 2015, the Company acquired 90 million ordinary shares (treasury shares) at price of EGP 3.80 per share amounted to EGP 342,000,000 to stabilize the share price in open market in addition to costs of EGP 503,840 in accordance with stability of share price in the market after issuance.

On 17 May 2016, a board of directors meeting was held to reduce the Company's capital by 90 million ordinary shares (treasury shares) to be 4529338000 share, the necessary legal procedures in this regard are currently being undertaken.

29 LEGAL RESERVE

As required by Egyptian Companies' law and the Company's articles of association, 5% of the net profit for the prior year is to be transferred to legal reserve. The Company may resolve to discontinue such annual transfers when the reserve totals 50% of the issued share capital.

30 EARNINGS PER SHARE

Basic earnings per share amounts are calculated by dividing net profit for the year attributable to the ordinary equity holders by the weighted average number of ordinary shares outstanding during the year. The company has no dilutive shares.

The information necessary to calculate basic and diluted earnings per share is as follows:

	<i>Six months</i>		<i>Three months</i>	
	<i>2016</i>	<i>2015</i>	<i>2016</i>	<i>2015</i>
	<i>EGP</i>	<i>EGP</i>	<i>EGP</i>	<i>EGP</i>
Net profit for the period	691,277,053	522,189,107	436,787,453	349,486,009
Employees share (estimated)	(65,671,320)	(49,607,965)	(41,494,808)	(33,201,171)
Net profit attributable to the ordinary equity holders	625,605,733	472,581,142	395,292,645	316,284,838
Weighted average number of ordinary shares for basic and diluted earnings	4529338000	2748821333	4529338000	2748821333
EPS – basic and diluted	0.14	0.17	0.09	0.12

31 COMMITMENTS

At 30 June 2016, the company had commitments in respect of its projects not provided for in the financial statements amounted to EGP 7,299,483,324 (31 December 2015: EGP 6,619,437,412).

Operating lease commitments - as lessor

The company has entered into leases on its investment properties. The future minimum rentals receivable under non-cancellable operating leases contracted for as at the reporting date but not recognised as receivables, are as follows:

	<i>30 June 2016</i>	<i>31 December 2015</i>
	<i>EGP</i>	<i>EGP</i>
Within one year	10,451,941	9,773,845
After one year but not more than five years	28,498,936	30,776,312
More than five years	11,454,847	13,663,338
	50,405,724	54,213,495

32 POST DATED CHECKS (OFF BALANCE SHEET)

The company maintains post dated checks amounted to EGP 8,723,250,676 (31 December 2015: EGP 8,753,875,477) which represent post dated checks of undelivered units and not included in statement of financial position. These checks represent future installements according to payment schedule of each customer according to company's policies.

33 RELATED PARTY DISCLOSURES

For the purpose of these financial statements, parties are considered to be related to the Company, if the Company has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Company and the party are subject to common control. Related parties may be individuals or other entities.

Related party transactions

During the year, the following were the significant related party transactions, which were carried out in the normal course of business on terms agreed between the parties:

<i>Company</i>	<i>Nature</i>	<i>Payments on behalf</i>	<i>IT and other expenses</i>	<i>30 June 2016</i>		<i>Revenue</i>	<i>Sold units**</i>
				<i>Consultancy fees</i>	<i>Financing*</i>		
		<i>EGP</i>	<i>EGP</i>	<i>EGP</i>	<i>EGP</i>	<i>EGP</i>	<i>EGP</i>
Turner International Egypt	Construction Joint venture	-	-	55,534,091	-	-	-
Emaar Properties – PJSC	Parent	469,608	4,490,632	-	1,479,742	-	-
Board members and key management personnel		-	-	-	-	-	-

<i>Company</i>	<i>Nature</i>	<i>Payments on behalf</i>	<i>IT expenses</i>	<i>30 June 2015</i>		<i>Revenue</i>	<i>Sold units**</i>
				<i>Consultancy fees</i>	<i>Financing*</i>		
		<i>EGP</i>	<i>EGP</i>	<i>EGP</i>	<i>EGP</i>	<i>EGP</i>	<i>EGP</i>
Turner International Egypt	Construction Joint venture	-	-	37,952,893	-	-	-
Emaar Properties – PJSC	Parent	429,182	2,613,893	-	1,134,998	-	-
Board members and key management personnel		-	-	-	-	-	-

*Financing transactions represents funds transferred from Emaar Properties PJSC to Emaar Misr for Development Company and the related foreign exchange differences.

**Sold units transactions represent sales contracts signed with related parties during the period.

The related parties' transactions described above resulted in the following balances:

a) Related party balances

Significant related party balances are as follows:

	<i>Due from related parties</i>	<i>Due to related parties</i>	<i>30 June 2016</i>		<i>Trade and notes receivables</i>
			<i>Trade payables and accruals</i>	<i>Advance from customers</i>	
	<i>EGP</i>	<i>EGP</i>	<i>EGP</i>	<i>EGP</i>	<i>EGP</i>
Parent**	-	14,751,021	-	-	-
Subsidiaries of the parent	2,818	-	-	-	-
Joint venture of the parent	-	-	118,529,011	-	-
Board members and key management personnel	-	-	-	31,442,797	1,555,745
	<u>2,818</u>	<u>14,751,021</u>	<u>118,529,011</u>	<u>31,442,797</u>	<u>1,555,745</u>

33 RELATED PARTY DISCLOSURES (continued)

	<i>Due from</i>	<i>Due to</i>	<i>31 December 2015 Trade payables and accruals</i>	<i>Advance from customers</i>	<i>Trade and notes receivables</i>
	<i>EGP</i>	<i>EGP</i>	<i>EGP</i>	<i>EGP</i>	<i>EGP</i>
Parent**	-	9,250,255	-	-	-
Subsidiaries of the parent	2,818	-	-	-	-
Joint venture of the parent	-	-	52,727,710	-	-
Board members and key management personnel	-	-	-	37,893,181	1,806,352
	<u>2,818</u>	<u>9,250,255</u>	<u>52,727,710</u>	<u>37,893,181</u>	<u>1,806,352</u>

**Due to parent represent a current account, callable by the parent, non-interest bearing, which resulted mainly from the financing and support received from the parent and other operating activities.

b) Related party borrowings

During year 2010, Emaar Misr was granted a loan from Emaar Properties PJSC, with a limit of USD 1,150,000, at interest rate (1%) per year over LIBOR. The balances are as follows:

	<i>30 June 2016 EGP</i>	<i>31 December 2015 EGP</i>
<i>Borrowings from related party</i>		
Emaar Properties PJSC – Parent	<u>5,493,067</u>	<u>4,842,083</u>
	<u>5,493,067</u>	<u>4,842,083</u>

Compensation of key management personnel

The remuneration of key management personnel during the period was as follows:

	<i>30 June 2016 EGP</i>	<i>30 June 2015 EGP</i>
Short-term benefits	<u>8,651,456</u>	<u>15,125,846</u>
End-of-service benefits	<u>4,255,791</u>	<u>2,139,439</u>
	<u>12,907,247</u>	<u>17,265,285</u>

34 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Overview

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

- a) Credit risk,
- b) Market risk, and
- c) Liquidity 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's management of capital.

The Board of Directors of the Parent Company has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's senior management are responsible for developing and monitoring the risk management policies and report regularly to the Parent Company on their activities.

The Company's current financial risk management framework is a combination of formally documented risk management policies in certain areas and informal risk management policies in other areas.

a) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Company is exposed to credit risk principally from its receivables from customers, due from related parties, other receivables and from its financing activities, including deposits with banks and financial institutions.

Trade and notes receivables

The Company has entered into contracts for the sale of residential and commercial units on an instalment basis. The instalments are specified in the contracts. The Company is exposed to credit risk in respect of instalments due. However, the legal ownership of residential and commercial units is transferred to the buyer only after all the instalments are recovered. In addition, instalment dues are monitored on an ongoing basis with the result that the Company's exposure to bad debts is not significant.

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the Company's customer base, including the default risk of the industry and country, in which customers operate, has less influence on credit risk. The Company earns its revenues from a large number of customers.

Other financial assets and cash deposits

With respect to credit risk arising from the other financial assets of the Company, which comprise bank balances, financial assets at amortised cost, the Company's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these assets.

Credit risk from balances with banks and financial institutions is managed by local Company's treasury supported by the Parent Company. The Company limits its exposure to credit risk by only placing balances with international banks and local banks of good repute. Given the profile of its bankers, management does not expect any counterparty to fail to meet its obligations.

Due from related parties

Due from related parties relates to transactions arising in the normal course of business with minimal credit risk, with a maximum exposure equal to the carrying amount of these balances.

34 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)**b) Market risk**

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices, such as currency risk and interest rate risk, which will affect the Company's income. Financial instruments affected by market risk include credit facilities and deposits. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. The Company does not hold or issue derivative financial instruments.

Exposure to interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's obligations with floating interest rates and interest bearing time deposits.

Interest on financial instruments having floating rates is re-priced at intervals of less than one year.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates with all other variables held constant, of the Company's profit before tax (through the impact on floating rate borrowings).

There is no impact on the Company's equity other than the profit impact stated below.

	30 June 2016		30 June 2015	
	Change in rate	Effect on profit before tax EGP	Change in rate	Effect on profit before tax EGP
Financial asset	+1%	23,919,000	+1%	10,700,000
	- 1%	(23,919,000)	- 1%	(10,700,000)
Financial liability	+1%	(82,658)	+1%	(462,060)
	- 1%	82,658	- 1%	462,060

The interest rates on loans from related parties are described in Note 33b to the financial statements. Interest rates on credit facilities from financial institutions are disclosed in Note 25 to the financial statements.

Exposure to foreign currency risk

The following tables demonstrate the sensitivity to a reasonably possible change in USD, EUR, AED and SAR exchange rates, with all other variables held constant. The impact on the company's profit before tax is due to changes in the value of monetary assets and liabilities. The company's exposure to foreign currency changes for all other currencies is not material.

	30 June 2016		30 June 2015	
	Change in rate	Effect on profit before tax EGP	Change in rate	Effect on profit before tax EGP
USD	+10%	(11,000,537)	+10%	(1,111,097)
	-10%	11,000,537	-10%	1,111,097
AED	+10%	(1,925,261)	+10%	(1,193,035)
	-10%	1,925,261	-10%	1,193,035
EUR	+10%	103,207	+10%	115,868
	-10%	(103,207)	-10%	(115,868)
SAR	+10%	3,948	+10%	3,350
	-10%	(3,948)	-10%	(3,350)

34 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)**e) Liquidity risk**

The cash flows, funding requirements and liquidity of the Company are monitored by local company management supported by the Parent Company. The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of bank borrowings. The Company manages liquidity risk by maintaining adequate reserves and borrowing facilities, by continuously monitoring forecasted and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The Company currently has sufficient cash on demand to meet expected operational expenses, including the servicing of financial obligations.

The table below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments.

Financial liabilities

	<i>Less than 3 Months EGP</i>	<i>3 to 12 months EGP</i>	<i>1 to 5 years EGP</i>	<i>Over 5 years EGP</i>	<i>Total EGP</i>
<i>As at 30 June 2016</i>					
Credit facilities	29,657,347	60,546,443	45,956,292	19,532,838	155,692,920
Retentions payable	-	87,956,752	114,471,329	-	202,428,081
Trade payables, accrued expenses and other credit balances	1,757,740,482	-	-	-	1,757,740,482
Income tax payable	48,361,216	-	-	-	48,361,216
Borrowings from related parties	5,547,998	-	-	-	5,547,998
Due to related parties	14,751,021	-	-	-	14,751,021
Land purchase liabilities	46,638,948	575,987,542	-	-	622,626,490
Total undiscounted financial liabilities	1,902,697,012	724,490,737	160,427,621	19,532,838	2,807,148,208

	<i>Less than 3 Months EGP</i>	<i>3 to 12 months EGP</i>	<i>1 to 5 years EGP</i>	<i>Over 5 years EGP</i>	<i>Total EGP</i>
<i>As at 31 December 2015</i>					
Credit facilities	36,020,581	119,558,820	178,368,844	17,470,082	351,418,327
Retentions payable	-	106,987,647	82,270,713	-	189,258,360
Trade payables, accrued expenses and other credit balances	1,602,882,780	-	-	-	1,602,882,780
Income tax payable	14,728,532	-	-	-	14,728,532
Borrowings from related parties	4,890,504	-	-	-	4,890,504
Due to related parties	9,250,255	-	-	-	9,250,255
Land purchase liabilities	143,909,940	113,916,845	542,348,593	-	800,175,378
Total undiscounted financial liabilities	1,811,682,592	340,463,312	802,988,150	17,470,082	2,972,604,136

35 FAIR VALUES OF FINANCIAL INSTRUMENTS

Financial instruments comprise financial assets and financial liabilities.

Financial assets of the company include bank balances and cash, accounts and notes receivables, other receivables and other debit balances, held to maturity investments and due from related parties. Financial liabilities of the company include credit facilities, trade payables, accrued expenses and other credit balances, land purchase liabilities, due to related parties, borrowings from related parties and retentions payable.

The fair values of the financial assets and liabilities are not materially different from their carrying value unless stated otherwise.