EMAAR MISR FOR DEVELOPMENT COMPANY (S.A.E.)
INTEREM FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2017
TOGETHER WITH REVIEW REPORT

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

Interim Financial Statements
For the period ended 31 March 2017

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Translation of Auditor's report
Originally issued in Arabic

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 31 March 2017 as well as the related statements of profit or loss, comprehensive income, changes in equity and cash flows for the three-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 31 March 2017, and of its financial performance and its cash flows for the three-month period then ended in accordance with Egyptian Accounting Standards.

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Amr El Shaabini

FESAA – FEST
(RAA. 9365)
(EFSAR .103)

Cairo: 25 April 2017

STATEMENT OF FINANCIAL POSITION

As at 31 March 2017

	Notes	*31 March 2017* *EGP*	*31 December 2016* *EGP*
ASSETS			
Non-current assets			
Fixed assets	17	474,468,474	481,673,322
Fixed assets under construction	18	147,677,414	142,897,443
Investment properties	19	83,549,611	84,592,422
Deferred tax assets	11	146,427,986	143,345,677
Total non-current assets		852,123,485	852,508,864
Current assets			
Development properties	16	11,098,234,274	10,753,680,883
Held to maturity investments	13	4,258,729,211	3,506,460,195
Accounts and notes receivables	14	2,082,867,249	2,034,577,751
Due from related parties	33a	2,818	2,818
Prepayments, other receivables and other debit balances	15	2,220,829,050	2,086,660,354
Cash on hand and at banks	12	3,172,779,524	3,077,078,395
Total current assets		22,833,442,126	21,458,460,396
TOTAL ASSETS		23,685,565,611	22,310,969,260
EQUITY AND LIABILITIES			
Equity			
Share capital	28	4,529,338,000	4,529,338,000
Legal reserve	29	148,057,414	63,878,774
Share premium		1,350,286,168	1,350,286,168
Retained earnings		2,395,849,780	796,455,634
Profit for the period/year		437,907,893	1,683,572,786
Total equity		8,861,439,255	8,423,531,362
LIABILITIES			
Non-current liabilities			
Credit facilities	25	33,140,466	33,948,029
Provision for employees' end-of-service benefits	26	23,739,723	20,115,209
Total non-current liabilities		56,880,189	54,063,238
Current liabilities			
Provisions	27	65,916,733	53,558,703
Trade payables, accrued expenses and other credit balances	20	3,470,386,605	3,398,587,675
Due to related parties	33a	99,041,491	78,203,943
Income tax payable		162,358,061	136,683,151
Advances from customers	23	10,222,068,527	9,382,546,247
Retentions payable	24	215,949,967	214,021,954
Credit facilities	25	10,205,113	27,114,390
Borrowings from related parties	33b	11,296,127	11,296,127
Land purchase liabilities	22	510,023,543	531,362,470
Total current liabilities		14,767,246,167	13,833,374,660
TOTAL LIABILITIES		14,824,126,356	13,887,437,898
TOTAL LIABILITIES AND EQUITY		23,685,565,611	22,310,969,260

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Board Director

Chairman

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

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STATEMENT OF PROFIT OR LOSS
For the period ended 31 March 2017

	Notes	*31 March 2017* *EGP*	*31 March 2016* *EGP*
Revenue	4	**668,697,707**	597,424,816
Cost of revenue	5	**(357,167,171)**	(355,073,921)
GROSS PROFIT		**311,530,536**	242,350,895
Selling and marketing expenses	6	**(38,424,589)**	(47,974,442)
General and administrative expenses	7	**(59,924,205)**	(43,311,528)
Finance income	8	**257,745,647**	111,482,602
Finance cost	9	**(437,037)**	(13,338,418)
Other income	10	**31,687,449**	10,417,161
Provisions	27	**(14,258,657)**	(90,000)
Provisions no longer required	27	**1,356,716**	450,000
PROFIT FOR THE PERIOD BEFORE INCOME TAX		**489,275,860**	259,986,270
Income tax	11	**(51,367,967)**	(5,496,670)
PROFIT FOR THE PERIOD		**437,907,893**	254,489,600
Earnings Per Share - basic and diluted	30	**0.09**	0.05

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

STATEMENT OF COMPREHENSIVE INCOME

For the period ended 31 March 2017

	31 March 2017 *EGP*	*31 March 2016* *EGP*
PROFIT FOR THE PERIOD	**437,907,893**	254,489,600
OTHER COMPREHENSIVE INCOME	-	-
TOTAL COMPREHENSIVE INCOME	**437,907,893**	254,489,600

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

STATEMENT OF CHANGES IN EQUITY
For the period ended 31 March 2017

	Share capital EGP	*Share premium* EGP	*Legal reserve* EGP	*Retained Earnings* EGP	*Profit for the period* EGP	*Total* EGP
Balance at 1 January 2017	4,529,338,000	1,350,286,168	63,878,774	796,455,634	1,683,572,786	8,423,531,362
Transfer to accumulated deficit and legal reserve	-	-	84,178,640	1,599,394,146	(1,683,572,786)	-
Total comprehensive income	-	-	-	-	437,907,893	437,907,893
Balance at 31 March 2017	**4,529,338,000**	**1,350,286,168**	**148,057,414**	**2,395,849,780**	**437,907,893**	**8,861,439,255**

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

STATEMENT OF CHANGES IN EQUITY (CONTINUED)

	Share capital	*Share premium*	*Treasury Shares*	*Legal reserve*	*Retained Earnings*	*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	-	-	-	-	-	254,489,600	254,489,600
Balance at 31 March 2016	4,619,338,000	1,602,790,008	(342,503,840)	63,878,774	796,455,634	254,489,600	6,994,448,176

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

STATEMENTS OF CASH FLOWS

For the period ended 31 March 2017

	Notes	*31 March 2017* *EGP*	*31 March 2016* *EGP*
Cash flows from operating activities			
Profit for the period before income tax		489,275,860	259,986,270
Depreciation expenses of fixed assets	17	13,827,483	13,394,933
Depreciation expenses of investment properties	19	1,042,811	914,674
Provision for employees' end-of-service benefits	26	6,933,657	2,548,750
Provision no longer required for employees' end-of-service benefits	26	(3,229,278)	-
Provision no longer required	27	(1,356,716)	(450,000)
Provisions charged during the period	27	14,258,657	90,000
Gain on disposal of fixed assets	17	(110,534)	(96,625)
Reversal impairment of development properties	16	-	(1,446,295)
Finance costs	9	437,037	13,338,418
Finance income		(257,745,647)	(111,482,602)
Cash from operations activities		263,333,330	176,797,523
Changes in accounts and notes receivables		(48,289,498)	(100,512,547)
Changes in prepayments, other receivables and other debit balances		(151,049,131)	(22,436,847)
Changes in development properties		(328,645,562)	(270,081,044)
Changes in advances from customers		839,522,280	497,067,587
Changes in trade payables, accrued expenses and other credit balances		90,272,220	188,055,245
Changes in due to related parties		1,940,890	1,567,170
Changes in retentions payable		1,928,013	9,803,379
Provisions used	27	(543,911)	(275,732)
Employees' end-of-service benefits paid	26	(79,865)	(301,972)
Income tax paid		(28,775,366)	(10,074,500)
Net cash from operating activities		639,613,400	469,608,262
Cash flows from investing activities			
Finance income received		274,626,081	86,948,017
Purchase of fixed assets	17	(6,687,330)	(3,340,885)
Proceeds from sale of fixed assets	17	175,229	224,500
Purchase of investment properties	19	-	(918,600)
Purchase of held to maturity investments		(2,590,952,628)	-
Proceeds from held to maturity investments		1,838,683,612	-
Payments in fixed assets under construction	18	(4,779,971)	(13,746,337)
Net cash from investing activities		(488,935,007)	69,166,695
Cash flows from financing activities			
Proceeds from credit facilities	25	-	10,969,848
Repayment of credit facilities	25	(17,716,840)	(52,942,230)
Finance costs paid		(3,621,476)	(4,230,780)
Payments of land purchase liabilities		(33,638,948)	(143,909,940)
Net cash from financing activities		(54,977,264)	(190,113,102)
Increase in cash and cash equivalents		95,701,129	348,661,855
Net foreign exchange differences		-	5,770,733
Cash and cash equivalent at the beginning of the period	12	3,077,078,395	2,092,569,704
Cash and cash equivalent at the end of the period	12	3,172,779,524	2,447,002,292

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 three months ended 31 March 2017 were authorized for issuance in accordance with the resolution of the directors on 25 April 2017.

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 CHANGES IN ACCOUNTIING POLICIES

The accounting policies adopted this period are consistent with those of the previous year.

2.3 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.

2.3 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.

2.3 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.

2.4 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 ocurrs 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.

2.4 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. Investements 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 .

2.4 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 investements 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) .

2.4 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.

2.4 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.

2.4 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.

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 31 March 2017 were reported under one segment in the financial statements.

4 REVENUE

	31 March 2017 EGP	31 March 2016 EGP
Revenue from sale of development properties		
Marassi Project	287,186,637	170,319,766
Uptown Cairo Project	33,280,725	161,468,298
Mivida Project	348,230,345	265,636,752
	668,697,707	597,424,816

5 COST OF REVENUE

	31 March 2017 EGP	31 March 2016 EGP
Cost of revenue from sale of development properties		
Marassi Project	123,525,838	78,307,787
Uptown Cairo Project*	17,318,131	103,268,011
Mivida Project	216,323,202	173,498,123
	357,167,171	355,073,921

*The cost of revenue of Uptown Cairo Project includes the reversal of an impairment loss (31 March 2016: EGP 1,446,295).

6 SELLING AND MARKETING EXPENSES

	31 March 2017 EGP	31 March 2016 EGP
Advertisements	6,945,115	14,150,651
Depreciation expenses of fixed assets (Note 17)	1,034,375	1,348,870
Marketing production and materials	3,032,143	1,782,628
Events and exhibitions	2,347,625	6,727,980
Sales commission	22,419,009	20,101,846
Other marketing expenses	2,646,322	3,862,467
	38,424,589	47,974,442

7 GENERAL AND ADMINSTRATIVE EXPENSES

	31 March 2017 EGP	31 March 2016 EGP
Depreciation expenses of fixed assets (Note 17)	11,175,221	11,852,187
Depreciation expenses of investment property (Note 19)	1,042,811	914,674
Salaries and benefits	22,215,127	14,885,259
Professional fees	6,399,990	2,146,216
IT expenses	4,528,761	1,500,470
Travel and entertainment	1,690,232	1,516,151
Communication	1,394,948	459,463
Facility management expenses	7,307,041	7,905,370
Other bank charges	813,146	400,710
Other expenses	3,356,928	1,731,028
	59,924,205	43,311,528

8 FINANCE INCOME

	31 March 2017 EGP	*31 March 2016* EGP
Interest from time deposits and bank current accounts	102,672,384	42,848,428
Interest from held to maturity investments	153,766,553	68,634,174
Net foreign exchange gain	1,306,710	-
	257,745,647	111,482,602

9 FINANCE COST

	31 March 2017 EGP	*31 March 2016* EGP
Interest on bank credit facilities	429,685	2,967,871
Other bank charges	7,352	17,809
Net foreign exchange loss	-	10,352,738
	437,037	13,338,418

10 OTHER INCOME

	31 March 2017 EGP	*31 March 2016* EGP
Customers service charges	34,960,174	15,596,958
Hospitality income*	(8,347,898)	(7,794,630)
Operating lease income	1,822,680	1,695,908
Gain from sale of fixed assets	110,534	96,625
Other operating income	3,141,959	822,300
	31,687,449	10,417,161

* Hospitality net profit or loss represents the net results of operations from El Alamain hotel, Golf club, Beach club in Marassi and Golf club in Uptown Cairo and Community club in Mivida.

11 INCOME TAX

	31 March 2017 EGP	*31 March 2016* EGP
Statement of Profit or Loss		
Current income tax	(54,450,276)	(23,619,048)
Deferred income tax	3,082,309	18,122,378
	(51,367,967)	(5,496,670)

Deferred income tax

	Statement of financial position		Statement of Profit or Loss	
	31 March 2017 EGP	*31 December 2016* EGP	*31 March 2017* EGP	*31 March 2016* EGP
Depreciation of fixed assets	(8,348,480)	(8,543,911)	195,431	3,104,320
Provisions and accruals	154,776,466	151,889,588	2,886,878	15,018,058
Net deferred income tax assets	146,427,986	143,345,677	3,082,309	18,122,378

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 all tax dues were settled.
- 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 inception 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 31 March 2017.
- 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 2010.
- The company's records were not inspected from 1 January 2011 to 31 March 2017.

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 31 March 2017.

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 31 March 2017.

12 CASH ON HAND AND AT BANKS

	31 March 2017 EGP	*31 December 2016* EGP
a) Egyptian pound		
Cash on hand	**75,611**	16,340,534
Current accounts	**550,126,285**	313,989,729
Time deposits (maturity within 3 months)	**2,596,344,881**	2,723,894,881
	3,146,546,777	3,054,225,144
b) Foreign currency		
Current accounts	**26,232,747**	22,853,251
	26,232,747	22,853,251
	3,172,779,524	3,077,078,395

Bank balances and cash are denominated in the following currencies:

	31 March 2017 *EGP*	*31 December 2016* *EGP*
United Arab Emirates Dirham (AED)	**4,113,237**	1,563,148
United States Dollar (USD)	**21,361,874**	16,204,338
Euro (EUR)	**574,782**	5,004,674
Egyptian Pound (EGP)	**3,146,546,777**	3,054,225,144
Saudi Riyals (SAR)	**182,854**	81,091
	3,172,779,524	3,077,078,395

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 9.15 % (2016: 10.3%).Time deposits with an average effective interest rate of 15.33% (2016: 14.62%). The cash and cash equivalent is equal to bank balances and cash.

13 HELD TO MATURITY INVESTMENTS

	31 March 2017 *EGP*	*31 December 2016* *EGP*
Treasury Bills	4,015,475,000	2,753,100,000
Unearned interest	(220,459,057)	(111,052,323)
	3,795,015,943	2,642,047,677
Bonds	463,713,268	864,412,518
	463,713,268	864,412,518
Total held to maturity investments	4,258,729,211	3,506,460,195

	31 March 2017 *EGP*	*31 December 2016* *EGP*
Amounts matures within 12 months	4,258,729,211	3,506,460,195
	4,258,729,211	3,506,460,195

14 ACCOUNTS AND NOTES RECEIVABLES

	31 March 2017 *EGP*	*31 December 2016* *EGP*
Amounts receivable within 12 months	966,478,540	897,213,524
Amounts receivable after 12 months	1,539,474,382	1,578,181,923
	2,505,952,922	2,475,395,447
Unamortised discount	(429,050,346)	(446,259,567)
Amounts receivable, net	2,076,902,576	2,029,135,880
Accounts receivables, hotels	5,964,673	5,441,871
	2,082,867,249	2,034,577,751

At 31 March 2017 and 31 December 2016, the ageing analysis of net accounts and notes receivables is as follows:

			Past due but not impaired			
	Total	**Neither Past Due nor Impaired**	*Less than 30 days*	*Between 30 to60 days*	*Between 60 to90 days*	*More than 90days*
	EGP	*EGP*	*EGP*	*EGP*	*EGP*	*EGP*
31 March 2017	2,082,867,249	1,994,999,793	12,966,845	10,141,623	6,139,685	58,619,303
31 Decmber 2016	2,034,577,751	1,951,431,456	10,422,049	9,060,645	480,178	63,183,423

As at 31 March 2017, accounts and notes receivables were not impaired (impairment of 2016: 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

	31 March 2017 *EGP*	*31 December 2016* *EGP*
Prepayments	5,271,096	6,834,604
Advances to contractors and suppliers	893,216,969	873,198,995
Advances to employees	5,621,035	2,939,496
Accrued interest	69,952,186	86,832,621
Customers maintenance – Current accounts*	78,731,285	96,909,802
Customers maintenance – Time deposits*	1,009,102,604	876,465,354
Other receivables	158,933,875	143,479,482
	2,220,829,050	2,086,660,354

*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 8.63% (2016: 9.8%) for balance of EGP 78,731,285 (2016: EGP 96,909,802)

Customers' maintenance - Time deposits with effective interest rate of 15.30% (2016: 11.49%) for balance of EGP 1,009,102,604 (2016: EGP 876,465,354).

	31 March 2017 *EGP*	*31 December 2016* *EGP*
Amounts recoverable within 12 months	1,682,147,908	1,526,830,634
Amounts recoverable after 12 months	538,681,142	559,829,720
	2,220,829,050	2,086,660,354

16 DEVELOPMENT PROPERTIES

	31 March 2017 *EGP*	*31 March 2016* *EGP*
Balance at the beginning of the period	10,753,680,883	9,876,750,208
Add: cost incurred during the period	639,412,700	583,497,348
Add: borrowing costs capitalised during the period	3,607,807	4,812,695
Add: land discounting capitalised	12,300,022	16,859,001
Add: depreciation of fixed assets (capitalised portion) (Note 17)	193,876	193,876
Less: transfers to cost of revenue during the period	(310,961,014)	(315,610,179)
Add: Reversal of impairment of development properties (Note 5)	-	1,446,295
Balance at the end of the period	11,098,234,274	10,167,949,244

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:

	31 March 2017 *EGP*	*31 December 2016* *EGP*
Mivida project	**3,691,242,690**	3,625,540,986
Marassi project	**3,732,442,787**	3,589,402,051
Uptown Cairo project	**3,454,674,363**	3,318,863,412
Cairo Gate project	**221,162,089**	221,162,089
	11,099,521,929	10,754,968,538
Less: Impairment of development properties	**(1,287,655)**	(1,287,655)
	11,098,234,274	10,753,680,883

	31 March 2017 *EGP*	*31 December 2016* *EGP*
Land (including land instalments interest due)*	**2,871,313,681**	2,911,304,513
Consultations and designs	**1,939,482,437**	1,815,695,530
Construction and infrastructure works	**5,223,745,035**	4,959,830,939
Capitalized finance costs	**1,064,980,776**	1,068,137,556
	11,099,521,929	10,754,968,538
Less: Impairment of development properties	**(1,287,655)**	(1,287,655)
	11,098,234,274	10,753,680,883

* The Company is in process of completing the required legal procedures related to official registration of all land owned as of 31 March 2017.

The movement of impairment of development properties as follows:

	31 March 2017 *EGP*	*31 March 2016* *EGP*
Beginning balance	**1,287,655**	6,061,010
Reversed during the period	**-**	(1,446,295)
Ending balance	**1,287,655**	4,614,715

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 2017	28,781,986	461,953,875	38,638,626	119,825,121	37,681,674	50,703,555	75,578,656	32,500,986	9,851,868	855,516,347
Additions	-		1,758,471	3,196,252	6,685	70,982	793,600	861,340	-	6,687,330
Disposals	-	-	-	-	-	-	(173,393)	-	-	(173,393)
As of 31 March 2017	28,781,986	461,953,875	40,397,097	123,021,373	37,688,359	50,774,537	76,198,863	33,362,326	9,851,868	862,030,284
Accumulated depreciation										
As of 1 January 2017	-	(139,476,465)	(30,813,978)	(34,844,891)	(29,080,386)	(40,638,886)	(63,779,902)	(25,356,649)	(9,851,868)	(373,843,025)
Depreciation	-	(5,948,192)	(1,579,061)	(1,932,516)	(1,150,334)	(1,158,381)	(1,037,397)	(1,021,602)	-	(13,827,483)
Disposals	-	-	-	-	-	-	108,698	-	-	108,698
As of 31 March 2017	-	(145,424,657)	(32,393,039)	(36,777,407)	(30,230,720)	(41,797,267)	(64,708,601)	(26,378,251)	(9,851,868)	(387,561,810)
Net carrying amount :										
At 31 March 2017	28,781,986	316,529,218	8,004,058	86,243,966	7,457,639	8,977,270	11,490,262	6,984,075	-	474,468,474
At 31 December 2016	28,781,986	322,477,410	7,824,648	84,980,230	8,601,288	10,064,669	11,798,754	7,144,337	-	481,673,322

There is no mortgage or restriction on fixed assets.
Depreciation expense is allocated as follows:

	31 March 2017
	EGP
Selling and marketing expenses (Note 6)	1,034,375
General and administrative expenses (Note 7)	11,175,221
Facility management expenses	1,424,011
Depreciation expense charged to the statement of profit or loss	13,633,607
Development properties (Note 16)	193,876
Total depreciation expenses	13,827,483

- Gain from sale of fixed assets as follows:

	EGP	*EGP*
Proceeds from sale of fixed assets		175,229
Cost of disposed assets	173,393	
Accumulated depreciation of disposed assets	(108,698)	
Net book value of disposed assets		64,695
Gain from sale of fixed assets		110,534

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 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	-	1,292,633	1,523,735	323,720	-	117,879	-	82,918	-	3,340,885
Disposals	-	-	-	-	(255,750)	-	-	-	-	(255,750)
As of 31 March 2016	28,781,986	460,447,671	32,480,399	115,861,691	34,713,972	47,868,422	72,597,955	30,395,493	9,851,868	832,999,457
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	-	(5,920,081)	(1,336,037)	(2,044,426)	(466,595)	(1,238,056)	(1,351,890)	(1,037,848)	-	(13,394,933)
Disposals	-	-	-	-	127,875	-	-	-	-	127,875
As of 31 March 2016	-	(121,688,109)	(26,386,844)	(28,901,392)	(25,797,361)	(37,144,079)	(60,250,115)	(22,289,867)	(9,851,868)	(332,309,635)
Net carrying amount : At 31 March 2016	28,781,986	338,759,562	6,093,555	86,960,299	8,916,611	10,724,343	12,347,840	8,105,626	-	500,689,822
At 31 December 2015	28,781,986	343,387,010	5,905,857	88,681,005	9,511,081	11,844,520	13,699,730	9,060,556	-	510,871,745

There is no mortgage or restriction on fixed assets.
Depreciation expense is allocated as follows:

	31 March 2016
	EGP
Selling and marketing expenses (Note 6)	1,348,870
General and administrative expenses (Note 7)	11,852,187
Depreciation expense charged to the statement of profit or loss	13,201,057
Development properties (Note 16)	193,876
Total depreciation expenses	13,394,933

- Gain from sale of fixed assets as follows:

	EGP	*EGP*
Proceeds from sale of fixed assets		224,500
Cost of disposed assets	255,750	
Accumulated depreciation of disposed assets	(127,875)	
Net book value of disposed assets		127,875
Gain from sale of fixed assets		96,625

18 FIXED ASSETS UNDER CONSTRUCTION

	31 March 2017 EGP	*31 December 2016 EGP*
Marassi project (buildings, furniture and fixtures)	70,972,270	70,573,561
Uptown Cairo project (buildings, furniture and fixtures)	3,953,609	3,805,579
MIVIDA Cairo project (buildings, furniture and fixtures)	72,751,535	68,518,303
	147,677,414	142,897,443

The movement of fixed assets under construction during the three months ended 31 March 2017and 2016 is as follows:

	31 March 2017 EGP	*31 March 2016 EGP*
Beginning balance	142,897,443	65,983,022
Additions during the period	4,779,971	13,746,337
Ending balance	147,677,414	79,729,359

19 INVESTMENT PROPERTIES

	31 March 2017 EGP	*31 March 2016 EGP*
Cost		
Beginning balance	94,134,869	85,055,189
Additions	-	918,600
Ending balance	94,134,869	85,973,789
Accumulated depreciation		
Beginning balance	(9,542,447)	(5,773,833)
Depreciation charged for the period	(1,042,811)	(914,674)
Ending balance	(10,585,258)	(6,688,507)
Net carrying amount	83,549,611	79,285,282

	31 March 2017 EGP	*31 December 2016 EGP*
Land	11,881,336	11,881,336
Building	71,668,275	72,711,086
Net carrying amount	83,549,611	84,592,422

The valuation of the company's investment properties are performed by Arab Group for Appraisals & Consultancy (independent valuer). The fair value of investment properties is EGP 206,810,588 at 31 December 2016.

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 properly, 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:

	Total *EGP*	*Level 1* *EGP*	*Level 2* *EGP*	*Level 3* *EGP*
31 March 2017*	**206,810,588**	**-**	**-**	**206,810,588**
31 December 2016	206,810,588	-	-	206,810,588

* The fair value of investment properties is based on lastest valuation at 31 December 2016.

20 TRADE PAYABLES, ACCRUED EXPENSES AND OTHER CREDIT BALANCES

	31 March 2017 *EGP*	*31 December 2016* *EGP*
Projects contracts cost accruals	**1,838,957,585**	1,904,176,968
Trade payables (suppliers, contractors and consultants)	**388,655,969**	344,436,556
Taxes payables (other than income tax) (Note 21)	**15,019,546**	16,665,927
Accrued expenses	**130,618,050**	129,258,409
Deferred revenue*	**22,701,506**	27,355,364
Social insurance authority	**3,272,200**	3,023,583
Other payables	**13,678,770**	6,628,606
Customers maintenance payable**	**1,057,482,979**	967,042,262
	3,470,386,605	3,398,587,675

*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

	31 March 2017 *EGP*	*31 December 2016* *EGP*
Tax authority- stamp tax	**1,210,397**	1,064,404
Tax authority- withholding tax	**4,549,739**	5,493,184
Tax authority- salary tax	**7,005,005**	8,032,278
Tax authority- value added tax	**1,317,013**	1,369,105
Tax authority- other tax	**937,392**	706,956
	15,019,546	16,665,927

22 LAND PURCHASE LIABILITIES

	31 March 2017 *EGP*	*31 December 2016* *EGP*
Gross land purchase liabilities		
Cairo Gate project	**13,000,000**	13,000,000
Urban Community Authority – Mivida project	**508,709,645**	542,348,594
	521,709,645	555,348,594
Unamortised discount	**(11,686,102)**	(23,986,124)
Present value of land purchase liabilities	**510,023,543**	531,362,470

The effective interest rate used to discount land purchase liabilities is 10% (2016: 10%). The amortisation of the discount amounted to EGP11,686,102 (2016: EGP 23,986,124) is charged to development properties.

23 ADVANCES FROM CUSTOMERS

The movement of advances from customers during the three months ended 31 March 2017 and 2016 is as follows:

	31 March 2017 *EGP*	*31 March 2016* *EGP*
Balance at the beginning of the period	**9,382,546,247**	7,330,175,161
Add: amounts collected during the period	**1,491,010,766**	1,120,053,350
Less: delivered units during the period	**(651,488,486)**	(622,985,763)
Balance at the end of the period	**10,222,068,527**	7,827,242,748

	31 March 2017 *EGP*	*31 December 2016* *EGP*
Uptown Cairo project	**2,322,550,843**	2,028,110,475
Marassi project	**3,116,255,982**	2,855,840,525
Mivida project	**4,783,261,702**	4,498,595,247
	10,222,068,527	9,382,546,247

24 RETENTIONS PAYABLE

	31 March 2017 *EGP*	*31 December 2016* *EGP*
Retentions payable within 12 months	**82,946,829**	84,741,527
Retentions payable after 12 months	**133,003,138**	129,280,427
	215,949,967	214,021,954

25 CREDIT FACILITIES

The movement of credit facilities during the three months ended 31 March 2017 and 2016 is as follows:

	31 March 2017 *EGP*	*31 March 2016* *EGP*
Balance at the beginning of the period	**61,062,419**	291,216,365
Borrowings drawn down during the period	**-**	10,969,848
Borrowings repaid during the period	**(17,716,840)**	(52,942,230)
Balance at the end of the period	**43,345,579**	249,243,983

	31 March 2017 *EGP*	*31 December 2016* *EGP*
Maturing within 12 months	**10,205,113**	27,114,390
Maturing after 12 months	**33,140,466**	33,948,029
	43,345,579	61,062,419

Type	*Interest rate %*	*Latest maturity (renewal)*	*31 March 2017* *EGP*	*31 December 2016* *EGP*
Current portion credit facilities				
Credit facility 1*	1.5%+CBE Deposit Corridor rate	March 2018	**4,068,144**	4,348,410
Credit facility 3***	0.5%+CBE Lending Corridor rate	June 2017	**6,136,969**	22,765,980
Total current credit facilities			**10,205,113**	27,114,390
Non-current credit facilities				
Credit facility 1*	1.5%+CBE Deposit Corridor rate	October 2020	**2,884,876**	3,692,439
Credit facility 2**	1%+CBE Average Discount Corridor rate	November 2021	**30,255,590**	30,255,590
Total non-current credit facilities			**33,140,466**	33,948,029
			43,345,579	61,062,419

* Credit facility (1) is against discounted post-dated checks of customer's units who settled 30% of their units' value.
** Credit facility (2) secured by post-dated checks of delivered units with maximum financing amounting to 90% of its value.
*** Credit facility (3) is against discounted post-dated checks of customer's who delivered units.

26 PROVISION FOR EMPLOYEES' END-OF-SERVICE BENEFITS

End-of-Service Benefits
The movement in the provision for employees' end-of-service benefits during the three months ended 31 March 2017 and 2016 is as follows:

	31 March 2017 *EGP*	*31 March 2016* *EGP*
Balance at the beginning of the period	**20,115,209**	12,291,596
Provided during the period	**6,933,657**	2,548,750
Paid during the period	**(79,865)**	(301,972)
No longer required during the period	**(3,229,278)**	-
Balance at the end of the period	**23,739,723**	14,538,374

27 PROVISIONS

	Balance as of 1 January 2017	Charged during the period	No longer required during the period	Used during the period	**Balance as of 31 March 2017**
	EGP	EGP	EGP	EGP	**EGP**
Provision for legal claims	6,328,366	2,200,577	(1,356,716)	-	7,172,227
Provision for other claims*	47,230,337	12,058,080	-	(543,911)	58,744,506
	53,558,703	14,258,657	(1,356,716)	(543,911)	65,916,733

	Balance as of 1 January 2016	Charged during the period	No longer required during the period	Used during the period	Balance as of 31 March 2016
	EGP	EGP	EGP	EGP	EGP
Provision for legal claims	2,947,365	90,000	(450,000)	-	2,587,365
Provision for other claims*	47,574,325	-	-	(275,732)	47,298,593
	50,521,690	90,000	(450,000)	(275,732)	49,885,958

*Provision for other claims is mainly related to withholding taxes advised by the tax consultant for tax withheld at source on services provided from foreign companies.

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

	31 March 2017	*31 December 2016*
	EGP	*EGP*
Authorised capital (shares of EGP 1 each)	**10,000,000,000**	10,000,000,000
Issued and fully paid-up	**4,529,338,000**	4,529,338,000
Number of shares	**4,529,338,000**	4,529,338,000

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 18 August 2016, the extraordinary general assembly meeting that was held on that date approved the reduction of the Company's capital by 90 million ordinary shares representing the treasury shares acquired during 2015 to be 4529338000 share and the share premium reduced by EGP 252,503,840 and updated in the commercial register on 10 November 2016.

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 period attributable to the ordinary equity holders by the weighted average number of ordinary shares outstanding during the period. The company has no dilutive shares.

	31 March 2017 *EGP*	*31 March 2016* *EGP*
Net profit for the period	437,907,893	254,489,600
Employees share (estimated)	(41,601,250)	(24,176,512)
Net profit attributable to the ordinary equity holders	396,306,643	230,313,088
Weighted average number of ordinary shares for basic and diluted earnings	4,529,338,000	4,529,338,000
EPS – basic and diluted	0.09	0.05

31 COMMITMENTS

At 31 March 2017, the company had commitments in respect of its assets under construction and development properties not provided for in the financial statements amounted to EGP 7,144,674,305 (31 December 2016: EGP 7,419,654,640).

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:

	31 March 2017 *EGP*	*31 December 2016* *EGP*
Within one year	9,854,958	9,951,334
After one year but not more than five years	25,160,908	26,453,636
More than five years	8,141,296	9,240,026
	43,157,162	45,644,996

32 POST DATED CHECKS (OFF BALANCE SHEET)

The company maintanies post dated checks amounted to EGP 10,015,670,212 (31 December 2016: EGP 10,353,577,856) which represent post dated checks of undelivered units and not included in statement of financial position. These checks represent future installements according to payment scheduale 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:

		31 March 2017					
Company	*Nature*	*Payments on behalf EGP*	*IT expenses EGP*	*Consultancy fees EGP*	*Financing* EGP*	*Revenue EGP*	*Sold units** EGP*
Turner Construction International Egypt	Joint venture	-	-	38,306,371	-	-	-
Emaar Properties – PJSC	Parent	2,184,144	4,125,034	-	18,896,658	-	-
Board members and key management personnel		-	-	-	-	2,341,449	-

		31 March 2016					
Company	*Nature*	*Payments on behalf EGP*	*IT expenses EGP*	*Consultancy fees EGP*	*Financing* EGP*	*Revenue EGP*	*Sold units** EGP*
Turner Construction International Egypt	Joint venture	-	-	27,063,548	-	-	-
Emaar Properties – PJSC	Parent	-	1,567,170	-	1,479,742	-	-
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:

	31 March 2017				
	Due from related parties EGP	*Due to related parties EGP*	*Trade payables and accruals EGP*	*Advance from customers EGP*	*Trade and notes receivables EGP*
Parent**	-	93,750,063	-	-	-
Subsidiaries of the parent	2,818	5,291,428	-	-	-
Joint venture of the parent	-	-	137,142,444	-	-
Board members and key management personnel	-	-	-	6,694,058	5,774,539
	2,818	99,041,491	137,142,444	6,694,058	5,774,539

33 RELATED PARTY DISCLOSURES (continued)

	31 December 2016				
	Due from related parties	*Due to related parties*	*Trade payables and accruals*	*Advance from customers*	*Trade and notes receivables*
	EGP	*EGP*	*EGP*	*EGP*	*EGP*
Parent**	-	72,912,515	-	-	-
Subsidiaries of the parent	2,818	5,291,428	-	-	-
Joint venture of the parent	-	-	98,984,138	-	-
Board members and key management personnel	-	-	-	8,247,838	5,682,045
	2,818	78,203,943	98,984,138	8,247,838	5,682,045

**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:

	31 March 2017	*31 December 2016*
	EGP	*EGP*
Borrowings from related party		
Emaar Properties PJSC – Parent	11,296,127	11,296,127
	11,296,127	11,296,127

c) Compensation of key management personnel

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

	31 March 2017	*31 March 2016*
	EGP	*EGP*
Short-term benefits	5,226,962	4,097,170
End-of-service benefits	3,465,171	1,083,210
	8,692,133	5,180,380

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
With respect to credit risk arising from the other financial assets of the Company 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.

Bank Balances
The Company reduces the credit risk related to bank balances by dealing with reputable banks. 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.

	31 March 2017		*31 March 2016*	
	Change in rate	*Effect on profit before tax EGP*	*Change in rate*	*Effect on profit before tax EGP*
Financial asset	+1%	25,963,449	+1%	20,519,000
	- 1%	(25,963,449)	- 1%	(20,519,000)
Financial liability	+1%	(82,658)	+1%	(356,120)
	- 1%	82,658	- 1%	356,120

The interest rates on loans from related parties are described in Note 33-b 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.

	31 March 2017		*31 March 2016*	
	Change in rate	Effect on profit before tax EGP	Change in rate	Effect on profit before tax EGP
USD	+10%	(10,322,555)	+10%	(7,587,301)
	-10%	10,322,555	-10%	7,587,301
AED	+10%	(95,250,094)	+10%	(1,679,265)
	-10%	95,250,094	-10%	1,679,265
EUR	+10%	6,356	+10%	151,367
	-10%	(6,356)	-10%	(151,367)
SAR	+10%	18,285	+10%	3,948
	-10%	(18,285)	-10%	(3,948)

34 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

c) 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

	Less than 3 Months EGP	*3 to 12 months EGP*	*1 to 5 years EGP*	*Over 5 years EGP*	*Total EGP*
As at 31 March 2017					
Credit facilities	9,841,486	7,180,907	48,333,124	-	**65,355,517**
Retentions payable	-	82,946,829	133,003,138	-	**215,949,967**
Trade payables, accrued expenses and other credit balances	2,390,202,119	-	-	-	**2,390,202,119**
Income tax payable	162,358,061	-	-	-	**162,358,061**
Borrowings from related parties	11,296,127	-	-	-	**11,296,127**
Due to related parties	99,041,490	-	-	-	**99,041,490**
Land purchase liabilities	521,709,645	-	-	-	**521,709,645**
Total undiscounted financial liabilities	**3,194,448,928**	**90,127,736**	**181,336,262**	**-**	**3,465,912,926**

	Less than 3 Months EGP	*3 to 12 months EGP*	*1 to 5 years EGP*	*Over 5 years EGP*	*Total EGP*
As at 31 December 2016					
Credit facilities	21,037,209	15,057,688	50,590,959	-	86,685,856
Retentions payable	-	84,741,527	129,280,427	-	214,021,954
Trade payables, accrued expenses and other credit balances	2,404,190,049	-	-	-	2,404,190,049
Income tax payable	136,683,151	-	-	-	136,683,151
Borrowings from related parties	11,296,127	-	-	-	11,296,127
Due to related parties	78,203,943	-	-	-	78,203,943
Land purchase liabilities	33,638,948	521,709,645	-	-	555,348,593
Total undiscounted financial liabilities	2,685,049,427	621,508,860	179,871,386	-	3,486,429,673

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.