

**EMAAR MISR FOR DEVELOPMENT
COMPANY (S.A.E.)
INTERIM CONDENSED SEPARATE
FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 June 2020
TOGETHER WITH REVIEW REPORT**

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

**Interim Condensed Separate Financial Statements
For the period ended 30 June 2020**

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Translation of Auditor's report
Originally issued in Arabic

REPORT ON REVIEW OF INTERIM CONDENSED SEPARATE 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 interim condensed separate statement of financial position of **EMAAR MISR FOR DEVELOPMENT COMPANY – (S.A.E.)** as of 30 June 2020 as well as the related interim condensed separate 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. The management is responsible for the preparation and fair presentation of these interim condensed separate financial statements in accordance with Egyptian Accounting Standard No. (30), "Interim Financial Statements". Our responsibility is to express a conclusion on these interim condensed separate 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 condensed separate financial statements does not give a true and fair view, in all material respects, of the interim condensed separate financial position of the company as at 30 June 2020, and of its interim condensed separate financial performance and its cash flows for the six-month period then ended in accordance with Egyptian Accounting Standard No. (30), "Interim Financial Statements".



Amr El Shaabini



**FESAA – FEST
(RAA. 9365)
(EFSAR .103)**

Cairo: 6 August 2020

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

INTERIM CONDENSED SEPARATE STATEMENT OF FINANCIAL POSITION

As at 30 June 2020

	Notes	30 June 2020 EGP	31 December 2019 EGP
ASSETS			
Non-current assets			
Fixed assets	3	2,201,344,304	2,148,856,278
Fixed assets under construction	4	1,205,377,240	958,519,586
Investment in subsidiary	5	42,500	42,500
Investment properties	6	829,377,734	561,795,690
Deferred tax assets	20	316,452,278	282,530,579
Total non-current assets		4,552,594,056	3,951,744,633
Current assets			
Development properties	7	19,277,538,724	16,495,848,060
Held to maturity investments		7,916,990,121	8,832,226,259
Accounts and notes receivables	8	1,737,020,046	2,086,227,655
Due from related parties	9a	10,318	10,318
Prepayments, other receivables and other debit balances	10	9,157,092,786	7,694,680,054
Cash on hand and at banks		2,721,329,732	3,510,775,510
Total current assets		40,809,981,727	38,619,767,856
TOTAL ASSETS		45,362,575,783	42,571,512,489
EQUITY AND LIABILITIES			
Equity			
Share capital	14	4,529,338,000	4,529,338,000
Share premium		1,350,286,168	1,350,286,168
Legal reserve		520,979,691	434,015,997
Retained earnings		9,481,373,048	7,829,062,868
Profit for the period/year		581,539,903	1,739,273,874
TOTAL EQUITY		16,463,516,810	15,881,976,907
LIABILITIES			
Non-current liabilities			
Credit facilities		10,255,590	10,255,590
Long term liabilities	13	281,582,251	-
Provision for employees' end-of-service benefits		33,479,288	37,890,032
Total non-current liabilities		325,317,129	48,145,622
Current liabilities			
Provisions	11	60,977,594	64,860,193
Trade payables, accrued expenses and other credit balances	12	8,302,727,236	8,326,256,538
Due to related parties	9a	27,448,228	168,354,585
Income tax payable		23,982,418	369,952,503
Advances from customers		19,425,307,940	17,270,405,232
Retentions payable		536,499,978	431,537,664
Credit facilities		42,852	84,885
Borrowings from related parties	9b	-	9,938,360
Current portion of long term liabilities	13	196,755,598	-
Total current liabilities		28,573,741,844	26,641,389,960
TOTAL LIABILITIES		28,899,058,973	26,689,535,582
TOTAL LIABILITIES AND EQUITY		45,362,575,783	42,571,512,489

Chairman

Board Director

The accompanying notes 1 to 23 form an integral part of these interim condensed separate financial statements.

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

INTERIM CONDENSED SEPARATE STATEMENT OF PROFIT OR LOSS

For the period from 1 January 2020 to 30 June 2020

	Notes	Six months		Three months	
		2020 EGP	2019 EGP	2020 EGP	2019 EGP
Revenue	15	1,010,062,172	1,457,453,783	770,560,670	890,826,694
Cost of revenue	16	(683,485,164)	(854,900,588)	(491,272,078)	(537,855,882)
GROSS PROFIT		326,577,008	602,553,195	279,288,592	352,970,812
Selling and marketing expenses	17	(175,816,491)	(144,340,958)	(95,635,010)	(74,590,831)
General and administrative expenses	18	(229,601,582)	(1,116,677,370)	(116,240,145)	(990,184,383)
Finance income		717,766,014	903,920,820	351,228,480	448,690,221
Finance cost		(170,323)	(24,407,056)	(75,020)	(11,555,857)
Other income	19	38,858,103	68,594,107	27,109,383	45,364,726
Provisions	11	(1,561,956)	(1,562,755)	(732,542)	(912,736)
Provisions no longer required	11	2,376,595	2,899,793	(175,197)	-
PROFIT FOR THE PERIOD BEFORE INCOME TAX		678,427,368	290,979,776	444,768,541	(230,218,048)
Income tax	20	(96,887,465)	(196,681,774)	(79,049,437)	(94,107,606)
PROFIT FOR THE PERIOD		581,539,903	94,298,002	365,719,104	(324,325,654)
Earnings Per Share – basic and diluted		0.12	0.02	0.07	(0.06)

The accompanying notes 1 to 23 form an integral part of these interim condensed separate financial statements.

INTERIM CONDENSED SEPARATE STATEMENT OF COMPREHENSIVE
INCOME

For the period from 1 January 2020 to 30 June 2020

	Six months		Three months	
	2020	2019	2020	2019
	EGP	EGP	EGP	EGP
PROFIT FOR THE PERIOD	581,539,903	94,298,002	365,719,104	(324,325,654)
OTHER COMPREHENSIVE INCOME	-	-	-	-
TOTAL COMPREHENSIVE INCOME	581,539,903	94,298,002	365,719,104	(324,325,654)

The accompanying notes 1 to 23 form an integral part of these interim condensed separate financial statements.

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

INTERIM CONDENSED SEPARATE STATEMENT OF CHANGES IN EQUITY

For the period from 1 January 2020 to 30 June 2020

	<i>Share capital</i>	<i>Share premium</i>	<i>Legal reserve</i>	<i>Retained Earnings</i>	<i>Profit for the period</i>	<i>Total</i>
	<i>EGP</i>	<i>EGP</i>	<i>EGP</i>	<i>EGP</i>	<i>EGP</i>	<i>EGP</i>
Balance at 1 January 2020	4,529,338,000	1,350,286,168	434,015,997	7,829,062,868	1,739,273,874	15,881,976,907
Transfer to retained earnings and legal reserve	-	-	86,963,694	1,652,310,180	(1,739,273,874)	-
Total comprehensive income	-	-	-	-	581,539,903	581,539,903
Balance at 30 June 2020	4,529,338,000	1,350,286,168	520,979,691	9,481,373,048	581,539,903	16,463,516,810

The accompanying notes 1 to 23 form an integral part of these interim condensed separate financial statements.

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

INTERIM CONDENSED SEPARATE STATEMENT OF CHANGES IN EQUITY (CONTINUED)

For the period from 1 January 2020 to 30 June 2020

	<i>Share capital</i>	<i>Share premium</i>	<i>Legal reserve</i>	<i>Retained Earnings</i>	<i>Profit for the period</i>	<i>Total</i>
	<i>EGP</i>	<i>EGP</i>	<i>EGP</i>	<i>EGP</i>	<i>EGP</i>	<i>EGP</i>
Balance at 1 January 2019	4,529,338,000	1,350,286,168	263,070,930	4,581,106,588	3,418,901,347	14,142,703,033
Transfer to retained earnings and legal reserve	-	-	170,945,067	3,247,956,280	(3,418,901,347)	-
Total comprehensive income	-	-	-	-	94,298,002	94,298,002
Balance at 30 June 2019	4,529,338,000	1,350,286,168	434,015,997	7,829,062,868	94,298,002	14,237,001,035

The accompanying notes 1 to 23 form an integral part of these interim condensed Separate financial statement.

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

INTERIM CONDENSED SEPARATE STATEMENTS OF CASH FLOWS

For the period from 1 January 2020 to 30 June 2020

	Notes	30 June 2020 EGP	30 June 2019 EGP
Cash flows from operating activities			
Profit for the period before income tax		678,427,366	290,979,776
Depreciation expenses of fixed assets	3	102,336,479	88,061,836
Depreciation expenses of investment properties		5,191,694	2,478,440
Provision for employees' end-of-service benefits		1,760,964	23,346,846
Reversal of provision for employees' end-of-service benefits		(4,771,837)	-
Provisions charged	11	1,561,956	1,562,755
Provision no longer required	11	(2,376,595)	(2,899,793)
Reversal of impairment of development properties		(2,990,216)	-
Loss (Gain) on disposal of fixed assets		861	(575,525)
Finance costs		170,323	24,407,056
Finance income		(717,766,013)	(903,920,820)
		61,544,982	(476,559,429)
Cash from operating activities			
Changes in accounts and notes receivables		349,207,608	395,925,231
Changes in prepayments, other receivables and other debit balances		(1,484,374,023)	(670,097,026)
Changes in development properties		(2,299,687,885)	(1,993,135,507)
Changes in advances from customers		2,154,902,707	1,790,933,568
Changes in trade payables, accrued expenses and other credit balances		(21,993,787)	63,589,043
Changes in due to related parties		(143,520,623)	14,607,359
Changes in retentions payable		104,962,314	67,150,464
Letter of guarantee margin		(1,903,000)	518,782
Provisions used	11	(3,067,959)	(4,201,422)
Employees' end-of-service benefits paid		(1,399,871)	(25,746,902)
Income tax paid		(476,779,249)	(375,026,910)
Net cash (used in) operating activities		(1,762,108,786)	(1,212,042,749)
Cash flows from investing activities			
Finance income received		101,293,341	242,595,384
Purchase of fixed assets	3	(23,762,575)	(35,300,313)
Proceeds from sale of fixed assets		4,231	1,175,652
Payments in fixed assets under construction		(377,924,675)	(328,762,897)
Purchase of investment properties		(272,773,738)	(119,382,630)
Purchase of held to maturity investments		(5,757,563,862)	(3,079,728,193)
Proceeds from held to maturity investments		7,326,845,814	4,633,075,000
Time deposits (maturity over 3 months)		200,000,000	750,000,000
Net cash from investing activities		1,196,118,536	2,063,672,003
Cash flows from financing activities			
Payments of credit facilities		(42,033)	(321,895)
Payments of loans due to related parties		(12,780,761)	-
Finance cost paid		(656,871)	(25,402,805)
Net cash (used in) financing activities		(13,479,665)	(25,724,700)
Net (decrease) increase in cash and cash equivalents		(579,469,915)	825,904,554
Net foreign exchange differences		(11,878,862)	(54,074,333)
Cash and cash equivalent at the beginning of the period		3,162,161,314	3,678,725,140
Cash and cash equivalent at the end of the period		2,570,812,537	4,450,555,361

The accompanying notes 1 to 23 form an integral part of these interim condensed separate financial statements.

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

INTERIM CONDENSED SEPARATE STATEMENTS OF CASH FLOWS

For the period from 1 January 2020 to 30 June 2020

For the purpose of statement of cash flow cash and cash equivalents represents the following:

	30 June 2020	31 December 2019
	EGP	EGP
Bank balances and cash	2,721,329,731	3,510,775,510
Restricted cash/time deposit for letters of guarantee and credit*	(150,517,196)	(148,614,196)
Time deposits (maturity over 3 months)	-	(200,000,000)
Cash and cash equivalent	2,570,812,537	3,162,161,314

*Cash at banks as at 30 June 2020 include an amount of EGP 150,517,196 in form of three renewable time deposits as a margin of a letter of guarantee and two letter of credit issued by the company and credit card (Note 21).

Non-cash transactions:

Total long-term liabilities amounting to EGP 478,337,849 is deducted from changes in development properties.

The accompanying notes 1 to 23 form an integral part of these interim condensed separate 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 interim condensed separate financial statements for the six months ended 30 June 2020 were authorized for issuance in accordance with the resolution of the directors on 6 August 2020.

2.1 BASIS OF PREPARATION

The interim condensed separate financial statements of the group are prepared in accordance with Egyptian Accounting Standard (“EAS 30 Interim Financial Statements”).

The interim condensed separate financial statements don’t include all data and disclosures required in the annual financial statements and should be read in conjunction with the separate financial statements for the year ended 31 December 2019.

2.2 Significant ACCOUNTING POLICIES

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

The accounting policies adopted in preparation of the interim condensed separate financial statements are consistent with those used in the preparation of the separate financial statements for the year ended 31 December 2019.

2.3 SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of these interim condensed separate 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.

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

NOTES TO THE INTERIM CONDENSED SEPARATE FINANCIAL STATEMENTS

30 June 2020

3 FIXED ASSETS

The additions of fixed assets during the period amounted to EGP 23,762,575 (30 June 2019: EGP 35,300,313), transfers from fixed assets under construction to fixed assets during the period amounted to EGP 131,067,022 (30 June 2019: none), disposals of fixed assets during the period amounted to EGP 18,569 (30 June 2019: EGP 1,237,738), and depreciation expenses charged during the period amounted to EGP 102,336,479 (30 June 2019: EGP 88,061,836).

4 FIXED ASSETS UNDER CONSTRUCTION

	30 June 2020 EGP	31 December 2019 EGP
Marassi project (buildings, furniture and fixtures)	971,813,904	650,602,936
Uptown Cairo project (buildings, furniture and fixtures)	19,048,827	135,755,339
MIVIDA project (buildings, furniture and fixtures)	214,514,509	172,161,311
	<u>1,205,377,240</u>	<u>958,519,586</u>

5 INVESTMENT IN SUBSIDIARY

During April 2018, the Company acquired 85% of the quotas of "Emaar Facility Management L.L.C." which amounts to EGP 50,000 at its par value. The cost of investment amounted to EGP 42,500. The Company changed its legal name of its newly acquired subsidiary to become "IJADA Facility Management L.L.C.".

6 INVESTMENT PROPERTIES

	30 June 2020 EGP	31 December 2019 EGP
Land	15,491,697	15,491,697
Building	168,651,823	170,142,128
Investment Properties Under Construction	645,234,214	376,161,865
Net carrying amount	<u>829,377,734</u>	<u>561,795,690</u>

- The valuation of the company's investment properties are performed by Arab Group for Appraisals & Consultancy (independent valuer).

-The fair value of investment properties at 30 June 2020 is EGP 997,693,226 (31 December 2019: EGP 719,976,197).

7 DEVELOPMENT PROPERTIES

	30 June 2020 EGP	31 December 2019 EGP
Mivida project	5,279,473,160	4,606,935,074
Marassi project	6,244,118,964	5,082,183,707
Uptown Cairo project	6,429,316,071	5,726,214,269
Cairo Gate project	1,349,627,138	1,108,501,836
	<u>19,302,535,333</u>	<u>16,523,834,886</u>
Less: Impairment of development properties	<u>(24,996,609)</u>	<u>(27,986,826)</u>
	<u>19,277,538,724</u>	<u>16,495,848,060</u>

The Company has completed the registration of Marassi project land and is in process of completing the required legal procedures related to official registration of the other remaining land owned as of 30 June 2020.

The movement of impairment of development properties include reversal amounted to EGP 2,990,217 included in cost of revenues.

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

NOTES TO THE INTERIM CONDENSED SEPARATE FINANCIAL STATEMENTS

30 June 2020

8 ACCOUNTS AND NOTES RECEIVABLES

	30 June 2020 EGP	31 December 2019 EGP
Amounts receivable within 12 months	1,014,635,581	1,203,650,616
Amounts receivable after 12 months	1,022,747,268	1,244,349,269
	2,037,382,849	2,447,999,885
Unamortised discount	(304,574,851)	(364,903,587)
Amounts receivable, net	1,732,807,998	2,083,096,298
Accounts receivables, hotels	4,212,048	3,131,357
	1,737,020,046	2,086,227,655

9 RELATED PARTY DISCLOSURES

For the purpose of these interim condensed separate 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 period, the following were the significant related party transactions, which were carried out in the normal course of business on terms agreed between the parties:

Company	Nature	30 June 2020				
		Payments on behalf EGP	IT software EGP	Management fees EGP	Consultancy fees EGP	Revenue EGP
Turner Construction International Egypt	Joint venture of the parent	-	-	-	34,269,942	-
Emaar Properties – PJSC	Parent	(1,184,165)	7,109,597	-	-	-
Emaar Hospitality	Subsidiary of the parent	-	-	40,868	-	-
Emaar Hospitality and Hotels	Subsidiary of the parent	-	-	713,982	-	-

Company	Nature	30 June 2019				
		Payments on behalf EGP	IT software EGP	Management fees EGP	Consultancy fees EGP	Revenue EGP
Turner Construction International Egypt	Joint venture of the parent	-	-	-	85,570,787	-
Emaar Properties – PJSC	Parent	(1,314,624)	9,016,441	-	-	-
Emaar Hospitality	Subsidiary of the parent	-	-	150,599	-	-
Emaar Hospitality	Subsidiary of the parent	-	-	-	-	-
Emaar Hospitality and Hotels	Subsidiary of the parent	-	-	6,754,940	-	-

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

NOTES TO THE INTERIM CONDENSED SEPARATE FINANCIAL STATEMENTS

30 June 2020

9 RELATED PARTY DISCLOSURES (cont.)

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

a) Related party balances

	Due from related parties EGP	Due to related parties EGP	30 June 2020 Trade payables and accruals EGP	Advance from customers EGP	Trade and notes receivables EGP
Parent**	-	3,311,165	-	-	-
Subsidiaries of the parent	10,318	24,137,063	-	-	-
Joint venture of the parent	-	-	179,042,378	-	-
Board members and key management personnel	-	-	-	-	277,414
	<u>10,318</u>	<u>27,448,228</u>	<u>179,042,378</u>	<u>-</u>	<u>277,414</u>

	Due from related parties EGP	Due to related parties EGP	31 December 2019 Trade payables and accruals EGP	Advance from customers EGP	Trade and notes receivables EGP
Parent**	-	144,972,372	-	-	-
Subsidiaries of the parent	10,318	23,382,213	-	-	-
Joint venture of the parent	-	-	245,504,019	-	-
Board members and key management personnel	-	-	-	-	550,677
	<u>10,318</u>	<u>168,354,585</u>	<u>245,504,019</u>	<u>-</u>	<u>550,677</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:

	30 June 2020 EGP	31 December 2019 EGP
Borrowings from related party		
Emaar Properties PJSC – Ultimate Parent	-	9,938,360
	<u>-</u>	<u>9,938,360</u>

c) Compensation of key management personnel

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

	30 June 2020 EGP	30 June 2019 EGP
Short-term benefits	14,405,873	17,767,262
End-of-service benefits	506,745	2,761,234
	<u>14,912,618</u>	<u>20,528,496</u>

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

NOTES TO THE INTERIM CONDENSED SEPARATE FINANCIAL STATEMENTS

30 June 2020

10 PREPAYMENTS, OTHER RECEIVABLES AND OTHER DEBIT BALANCES

	30 June 2020 EGP	31 December 2019 EGP
Prepayments	6,009,356	7,470,061
Advances to contractors and suppliers	4,761,927,969	3,736,677,195
Advances to employees	5,045,695	3,034,127
Accrued interest income	53,498,623	75,459,910
Customers maintenance – Current accounts	213,900,540	208,810,532
Customers maintenance – Time deposits	3,415,828,105	3,156,511,620
Due from customers – facility and customer charges	427,580,198	326,363,280
Payments to tax authority – treasury bills	95,956,141	-
Other receivables	177,346,159	180,353,329
	9,157,092,786	7,694,680,054

11 PROVISIONS

	Balance as of 1 January 2020 EGP	Charged during the period EGP	No longer required during the period EGP	Used during the period EGP	Balance as of 30 June 2020 EGP
Provision for legal claims	19,860,824	1,561,956	(2,376,595)	(1,088,034)	17,958,151
Provision for other claims	44,999,369	-	-	(1,979,926)	43,019,443
	64,860,193	1,561,956	(2,376,595)	(3,067,960)	60,977,594

	Balance as of 1 January 2019 EGP	Charged during the period EGP	No longer required during the period EGP	Used during the period EGP	Balance as of 30 June 2019 EGP
Provision for legal claims	22,142,567	1,562,755	(2,899,793)	-	20,805,529
Provision for other claims	41,487,855	-	-	(4,201,422)	37,286,433
	63,630,422	1,562,755	(2,899,793)	(4,201,422)	58,091,962

- No other material contingent liabilities other than what was provided for in the provisions above or what was disclosed in note 21 contingent liabilities.

12 TRADE PAYABLES, ACCRUED EXPENSES AND OTHER CREDIT BALANCES

	30 June 2020 EGP	31 December 2019 EGP
Projects contracts cost accruals	3,087,850,310	3,165,187,682
Trade payables (suppliers, contractors and consultants)	813,608,042	1,122,021,333
Taxes payables (other than income tax)	77,487,179	56,591,984
Accrued expenses	426,541,839	389,108,648
Deferred revenue	75,094,814	69,130,518
Social insurance authority	7,722,631	6,788,391
Other payables	19,304,462	19,634,462
Due to customers – Facility management	569,856,413	489,718,463
Customers maintenance payable	3,225,261,546	3,008,075,057
	8,302,727,236	8,326,256,538

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

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13 LONG TERM LIABILITIES

The amount represents post-dated checks instalments to New Urban Communities Authority to amend land activity license from agricultural to integrated urban and support facilities for Cairo Gate project.

	30 June 2020 EGP	31 December 2019 EGP
Long term liabilities		
Cairo Gate project	556,802,400	-
Discount long term liabilities (interest not due)	(78,464,550)	-
Net long term liabilities	<u>478,337,850</u>	<u>-</u>

14 SHARE CAPITAL

	30 June 2020 EGP	31 December 2019 EGP
Authorised capital (shares of EGP 1 each)	10,000,000,000	10,000,000,000
Issued and fully paid-up	<u>4,529,338,000</u>	<u>4,529,338,000</u>
Number of shares	<u>4529338000</u>	<u>4529338000</u>

15 REVENUE

	Six Months		Three Months	
	2020 EGP	2019 EGP	2020 EGP	2019 EGP
Revenue from property sales				
Marassi Project	124,887,561	940,871,353	97,070,770	686,664,702
Uptown Cairo Project	167,017,850	79,521,382	92,081,141	62,560,171
Mivida Project	718,156,761	437,061,048	581,408,759	141,601,821
	<u>1,010,062,172</u>	<u>1,457,453,783</u>	<u>770,560,670</u>	<u>890,826,694</u>

Revenue from property sales represents sales value of units handed over during the period discounted at the effective interest rate, the Company introduces several payment scenarios, ranging from "till delivery instalment schedule" to "till extended instalments schedule over 7 years", the unit price vary based on the selected instalment schedule by the customer.

16 COST OF REVENUE

	Six Months		Three Months	
	2020 EGP	2019 EGP	2020 EGP	2019 EGP
Cost of revenue from property sales				
Marassi Project	44,714,221	547,075,531	32,382,288	414,932,017
Uptown Cairo Project	156,638,062	46,069,051	84,693,682	42,751,235
Mivida Project	482,132,881	261,756,006	374,196,108	80,172,630
	<u>683,485,164</u>	<u>854,900,588</u>	<u>491,272,078</u>	<u>537,855,882</u>

The cost of revenue of projects includes reversal of impairment loss 30 June 2020: EGP 2,990,217 (30 June 2019: Nil).

17 SELLING AND MARKETING EXPENSES

	Six Months		Three Months	
	2020 EGP	2019 EGP	2020 EGP	2019 EGP
Advertisements	16,827,784	13,489,561	10,295,771	6,621,207
Depreciation expenses of fixed assets	3,783,984	2,247,701	2,178,688	1,135,460
Marketing production and materials	8,446,996	17,244,240	6,054,970	8,805,241
Events and exhibitions	6,138,586	12,619,224	2,383,527	7,784,964
Sales commission	124,696,249	88,220,889	66,681,924	44,519,508
Other marketing expenses	15,922,892	10,519,343	8,040,130	5,724,451
	<u>175,816,491</u>	<u>144,340,958</u>	<u>95,635,010</u>	<u>74,590,831</u>

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

NOTES TO THE INTERIM CONDENSED SEPARATE FINANCIAL STATEMENTS

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18 GENERAL AND ADMINISTRATIVE EXPENSES

	<i>Six Months</i>		<i>Three Months</i>	
	2020	2019	2020	2019
	EGP	EGP	EGP	EGP
Depreciation expenses of fixed assets	91,937,924	80,401,750	46,787,251	40,469,845
Depreciation expenses of investment property	5,191,694	2,478,440	2,607,336	1,232,067
Salaries and benefits	45,489,637	54,891,566	19,686,786	26,858,079
Professional fees	9,421,905	9,104,320	3,688,099	5,051,936
IT expenses	12,062,960	13,676,570	6,523,391	7,598,437
Travel and entertainment	4,096,440	5,017,361	1,750,643	2,734,412
Communication	2,261,211	3,257,617	1,351,203	1,439,144
Facility management expenses	26,379,294	29,439,704	12,697,525	18,284,968
Other bank charges	1,275,404	2,403,868	188,639	1,354,910
Donations	12,105,159	905,363,680	11,428,662	879,823,746
Other expenses	19,379,954	10,642,494	9,530,610	5,336,839
	<u>229,601,582</u>	<u>1,116,677,370</u>	<u>116,240,145</u>	<u>990,184,383</u>

19 NET OTHER INCOME

	<i>Six Months</i>		<i>Three Months</i>	
	2020	2019	2020	2019
	EGP	EGP	EGP	EGP
Customers service charges	18,178,825	22,218,532	14,092,060	12,351,331
Penalties and administrative fees	40,899,069	47,194,229	17,394,431	24,609,591
Hospitality net profit or (loss)*	(27,491,515)	(7,466,486)	(7,653,731)	6,752,862
Operating lease income	6,687,059	5,338,885	2,806,229	1,482,341
(Loss) gain from sale of fixed assets	(861)	575,525	-	(6,399)
Other operating income	585,526	733,422	470,394	175,000
	<u>38,858,103</u>	<u>68,594,107</u>	<u>27,109,383</u>	<u>45,364,726</u>

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

20 INCOME TAX

	<i>Six Months</i>		<i>Three Months</i>	
	2020	2019	2020	2019
	EGP	EGP	EGP	EGP
Statement of Profit or Loss				
Current income tax	(130,809,164)	(135,598,236)	(62,131,935)	(44,574,448)
Deferred income tax	33,921,699	(61,083,538)	(16,917,502)	(49,533,158)
	<u>(96,887,465)</u>	<u>(196,681,774)</u>	<u>(79,049,437)</u>	<u>(94,107,606)</u>

Deferred income tax

	Statement of financial position		Statement of Profit or Loss	
	30 June 2020	31 December 2019	30 June 2020	30 June 2019
	EGP	EGP	EGP	EGP
Depreciation of fixed assets	(18,179,019)	(79,430,828)	61,251,809	(42,369,606)
Provisions and accruals	334,631,297	361,961,407	(27,330,110)	(18,713,932)
Net deferred income tax assets	<u>316,452,278</u>	<u>282,530,579</u>	<u>33,921,699</u>	<u>(61,083,538)</u>

21 CONTINGENT LIABILITIES

- A letter of guarantee was issued in favour of “Shore protection Authority” during the 2017 valid till 2022, the letter of guarantee margin amounted to EGP 50 million is fully covered.
- A letter of credit was issued in favour of “Kharafi National for infrastructure projects developments – construction and services” during the 2017 amounted to USD 1,709,338 (against time deposit to EGP 98,614,197) representing 90% of the contract value is fully covered.
- A letter of credit was issued in favour of “Siemens Technologies S.A.E” during the 2017 amounted to Euro 408,485 (equivalent to EGP 8,467,894) is fully covered.
- A letter of credit was issued in favour of “Kharafi National for infrastructure projects developments – construction and services” during 2019 against treasury bills of face value of EGP 44,975,000. The unexecuted works amounted to USD 3,501,681.
- A letter of guarantee was issued in favour of “General Authority for Roads, Bridges and Land Transport” during 2020 valid for one year, the letter of guarantee margin amounted to EGP 85,000 is fully covered.
- The Company issued a corporate Credit card in April 2020 amounted to EGP 1,500,000 guarantee by time deposits amounted to EGP 1,875,000.
- The Company has received an arbitration notification raised by “Dar Al Handasah Consultants” claiming for monetary amount regarding additional work of USD 7,580,000 referring to the contract. On 4 June 2020, the Arbitral Tribunal has been constituted and the company is currently waiting the issuance of Procedural Order to determine the next steps in the arbitration proceedings.
- The Company has received an arbitration notification raised by “Detac for Trading and Contracting” claiming for an amount of EGP 148,221,832. The Company will reply to the notice and intends to file counterclaims in its reply to the notice or in its statement of defense and counterclaim.

22 FINANCIAL INSTRUMENTS 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.

23 SIGNIFICANT EVENTS

Some major global events occurred, which included the Arab Republic of Egypt as well, where an outbreak of COVID19 occurred near the end of 2019, and the World Health Organization “WHO” announced that the outbreak of the virus can be described as a global epidemic, and the government has introduced various measures to combat disease outbreaks, including travel restrictions and quarantine, business closures, and other locations, these government responses and their corresponding impacts are still evolving and which are expected to affect the economic climate and that, in turn, could expose the company to various risks, including a significant reduction in revenues, and evaluation / impairment of assets and other risks.

There is no effect on the company's current economic situation (its financial position and business results and cash flows) therefore these events did not affect the interim condensed separate financial statements of the company as of June 30, 2020 but may affect the separate financial statements for future financial periods. If it is difficult to quantify this effect for now, this effect will appear in future separate financial statements. The magnitude of the impact varies according to the expected extent, the period during which those events are expected to end and their impact.

23 SIGNIFICANT EVENTS (cont.)

The Financial Regulatory Authority decided in its declaration on April 12, 2020 to postpone the application of the new accounting standards and the accompanying amendments issued by Ministerial Resolution No. 69 of 2019 to the interim (quarterly) financial statements that will be issued during the year 2020, companies should apply these standards and amendments in the annual financial statements of these companies at the end of the fiscal year ending December 31, 2020 and inclusion of the combined effect in full at the end of the year, with companies committed to adequate disclosure in its interim financial statements during the year 2020 about this fact and its accounting impact, if any.