EMAAR MISR FOR DEVELOPMENT COMPANY (S.A.E.) AND ITS SUBSIDIARY
INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

TOGETHER WITH REVIEW REPORT
FOR THE THREE MONTH AND NINE MONTH PERIODS ENDED 30 SEPTEMBER 2020

Emaar Misr for Development Company (S.A.E.) and its subsidiary

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
For the three month and nine month period ended 30 September 2020

Table of Contents **Page**

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REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED 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 consolidated statement of financial position of **Emaar Misr For Development Company – S.A.E. – ("the Company") and its subsidiary ("the Group")** as at 30 September 2020 as well as the related interim condensed consolidated statements of profit or loss, comprehensive income for the three month and nine month periods ended 30 September 2020 as well as interim condensed consolidated statamnets of changes in equity and cash flows for the nine 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 consolidated financial statements in accordance with Egyptian Accounting Standard No. (30), "Interim Financial Statements". Our responsibility is to express a conclusion on these interim condensed consolidated 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 consolidated financial statements are not in accordance with Egyptian Accounting Standard No. (30), "Interim Financial Statements".

Allied Accounting & Auditing
A Member of Ernst & Young Global

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Cairo: 12 November 2020

Emaar Misr for Development Company (S.A.E) and its Subsidiary

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2020

	Note	*30 September 2020* *EGP*	*31 December 2019* *EGP*
ASSETS			
Non-current assets			
Fixed assets	(3)	**2,773,044,628**	2,148,856,278
Fixed assets under construction	(4)	**961,884,044**	958,519,586
Investment properties	(6)	**920,197,705**	561,795,690
Deferred tax assets	(20)	**295,842,944**	282,530,579
Total non-current assets		**4,950,969,321**	3,951,702,133
Current assets			
Development properties	(7)	**20,443,792,014**	16,495,848,060
Held to maturity investments		**8,091,148,712**	8,832,226,259
Accounts and notes receivables	(8)	**1,663,320,825**	2,086,227,655
Due from related parties	(9a)	**10,318**	10,318
Prepayments, other receivables and other debit balances	(10)	**9,020,614,181**	7,694,681,018
Cash on hand and at banks		**2,941,096,990**	3,510,824,546
Total current assets		**42,159,983,040**	38,619,817,856
TOTAL ASSETS		**47,110,952,361**	42,571,519,989
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		**10,503,297,186**	9,568,336,742
Total equity of shareholders of parent company		**16,903,901,045**	15,881,976,907
Non-controlling interest		**7,500**	7,500
Total equity		**16,903,908,545**	15,881,984,407
LIABILITIES			
Non-current liabilities			
Credit facilities		**10,276,989**	10,255,590
Long term liabilities	(13)	**290,553,337**	-
Provision for employees' end-of-service benefits		**32,504,224**	37,890,032
Total non-current liabilities		**333,334,550**	48,145,622
Current liabilities			
Provisions	(11)	**62,463,663**	64,860,193
Trade payables, accrued expenses and other credit balances	(12)	**8,561,545,075**	8,326,256,538
Due to related parties	(9a)	**37,154,763**	168,354,585
Income tax payable		**75,277,578**	369,952,503
Advances from customers		**20,347,520,853**	17,270,405,232
Retentions payable		**586,723,190**	431,537,664
Credit facilities		-	84,885
Borrowings from related parties	(9b)	-	9,938,360
Current portion of long term liabilities	(13)	**203,024,144**	-
Total current liabilities		**29,873,709,266**	26,641,389,960
TOTAL LIABILITIES		**30,207,043,816**	26,689,535,582
TOTAL LIABILITIES AND EQUITY		**47,110,952,361**	42,571,519,989

Chairman

Board Director

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

Emaar Misr for Development Company (S.A.E) and its Subsidiary

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the three month and nine month period ended 30 September 2020

	Note	***Three Month Period Ended 30 September***		***Nine Month Period Ended 30 September***	
		2020	*2019*	***2020***	*2019*
		EGP	*EGP*	***EGP***	*EGP*
Revenue	(15)	**1,268,954,555**	882,897,102	**2,279,016,727**	2,340,350,885
Cost of revenue	(16)	**(807,206,225)**	(535,402,937)	**(1,490,691,389)**	(1,390,303,525)
GROSS PROFIT		**461,748,330**	347,494,165	**788,325,338**	950,047,360
Selling and marketing expenses	(17)	**(169,077,702)**	(111,571,529)	**(344,894,193)**	(255,912,487)
General and administrative expenses	(18)	**(137,935,085)**	(117,439,308)	**(367,536,667)**	(1,234,116,678)
Finance income		**282,823,416**	424,223,951	**1,000,589,430**	1,328,144,771
Finance cost		**(16,066,448)**	(20,547,304)	**(16,236,771)**	(44,954,360)
Net other income	(19)	**130,631,894**	113,707,098	**169,489,997**	182,301,205
Provisions	(11)	**(1,798,193)**	(16,302,913)	**(3,360,149)**	(17,865,668)
Provisions no longer required	(11)	**203,158**	1,587,847	**2,579,753**	4,487,640
PROFIT FOR THE PERIOD BEFORE INCOME TAX		**550,529,370**	621,152,007	**1,228,956,738**	912,131,783
Income tax	(20)	**(110,145,135)**	(86,454,699)	**(207,032,600)**	(283,136,473)
PROFIT FOR THE PERIOD		**440,384,235**	534,697,308	**1,021,924,138**	628,995,310
Earnings Per Share - basic and diluted		**0.09**	0.11	**0.20**	0.13

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

Emaar Misr for Development Company (S.A.E) and its Subsidiary

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the three month and nine month period ended 30 September 2020

	Three Month Period Ended 30 September		***Nine Month Period Ended 30 September***	
	2020 EGP	*2019 EGP*	***2020 EGP***	*2019 EGP*
PROFIT FOR THE PERIOD	**440,384,235**	534,697,308	**1,021,924,138**	628,995,310
OTHER COMPREHENSIVE INCOME	-	-	-	-
TOTAL COMPREHENSIVE INCOME	**440,384,235**	534,697,308	**1,021,924,138**	628,995,310
Attributable to :				
Parent Company	**440,384,235**	534,697,308	**1,021,924,138**	628,995,310
Non-Controlling Interest	**-**	-	**-**	-
TOTAL COMPERHENSIVE INCOME	**440,384,235**	534,697,308	**1,021,924,138**	628,995,310

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

Emaar Misr for Development Company (S.A.E) and its Subsidiary

INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY

For the three month and nine month period ended 30 September 2020

	Share capital	*Share premium*	*Legal reserve*	*Retained Earnings*	***Total equity of parent company***	*Non-controlling interest*	***Total***
	EGP	*EGP*	*EGP*	*EGP*	***EGP***	*EGP*	***EGP***
Balance at 1 January 2020	4,529,338,000	1,350,286,168	434,015,997	9,568,336,742	**15,881,976,907**	7,500	**15,881,984,407**
Transfer to legal reserve	-	-	86,963,694	(86,963,694)	**-**	-	**-**
Total comprehensive income	-	-	-	1,021,924,138	**1,021,924,138**	-	**1,021,924,138**
Balance at 30 September 2020	**4,529,338,000**	**1,350,286,168**	**520,979,691**	**10,503,297,186**	**16,903,901,045**	**7,500**	**16,903,908,545**

	Share capital	*Share premium*	*Legal reserve*	*Retained Earnings*	*Total equity of parent company*	*Non-controlling interest*	*Total*
	EGP	*EGP*	*EGP*	*EGP*	*EGP*	*EGP*	*EGP*
Balance at 1 January 2019	4,529,338,000	1,350,286,168	263,070,930	8,000,007,935	14,142,703,033	7,500	14,142,710,533
Transfer to legal reserve	-	-	170,945,067	(170,945,067)	-	-	-
Total comprehensive income	-	-	-	628,995,310	628,995,310	-	628,995,310
Balance at 30 September 2019	4,529,338,000	1,350,286,168	434,015,997	8,458,058,178	14,771,698,343	7,500	14,771,705,843

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

Emaar Misr for Development Company (S.A.E) and its Subsidiary

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

For the nine month period ended 30 September 2020

	Notes	Nine month period ended 30 September **2020** *EGP*	2019 *EGP*
Operating activities			
Profit for the period before income tax		**1,228,956,737**	912,131,783
Depreciation expenses of fixed assets	(3)	**156,950,153**	131,731,836
Depreciation expenses of investment properties		**7,826,123**	3,681,900
Provision for employees' end-of-service benefits		**6,252,616**	34,018,609
Reversal of provision for employees' end-of-service benefits		**(4,616,331)**	-
Provisions charged	(11)	**3,360,149**	17,865,668
Provision no longer required	(11)	**(2,579,753)**	(4,487,640)
Reversal of impairment of development properties		**(9,552,977)**	-
(Gain) on disposal of fixed assets		**(464)**	(1,463,164)
Finance costs		**16,236,771**	44,954,360
Finance income		**(1,000,589,430)**	(1,328,144,771)
		402,243,594	(189,711,419)
Changes in accounts and notes receivables		**422,906,828**	598,989,266
Changes in prepayments, other receivables and other debit balances		**(1,352,546,846)**	(821,359,241)
Changes in development properties		**(3,443,868,708)**	(2,829,160,129)
Changes in advances from customers		**3,077,115,621**	2,952,281,517
Changes in trade payables, accrued expenses and other credit balances		**237,652,314**	715,664,090
Changes in due to related parties		**(128,366,234)**	30,523,762
Changes in retentions payable		**155,185,526**	79,989,572
Letter of guarantee and letter of credit margins		**(1,903,000)**	518,782
Provisions used	(11)	**(3,176,926)**	(9,728,265)
Employees' end-of-service benefits paid		**(7,022,093)**	(35,315,221)
Income tax paid		**(515,019,890)**	(447,317,259)
Net cash from (used in) operating activities		**(1,156,799,814)**	45,375,455
Investing activities			
Finance income received		**1,025,516,338**	1,344,564,651
Purchase of fixed assets	(3)	**(36,867,774)**	(133,741,373)
Proceeds from sale of fixed assets		**5,556**	2,092,026
Purchase of investment properties		**(366,228,138)**	(180,608,069)
Payments in fixed assets under construction		**(747,640,279)**	(453,007,701)
Purchase of held to maturity investments		**(7,046,381,318)**	(9,784,996,560)
Proceeds from held to maturity investments		**7,787,458,864**	7,717,665,429
Time deposits (maturity over 3 months)		**200,000,000**	750,000,000
Net cash from (used in) investing activities		**815,863,249**	(738,031,597)
Financing activities			
Payments of credit facilities		**(63,486)**	(402,398)
Payments of loan due to related parties		**(7,093,753)**	(218,878)
Finance costs paid		**(1,095,807)**	(46,377,911)
Net cash (used in) financing activities		**(8,253,046)**	(46,999,187)
Net (decrease) in cash and cash equivalents		**(349,189,611)**	(739,655,329)
Net foreign exchange differences		**(22,440,943)**	(79,099,103)
Cash and cash equivalent at the beginning of the period		**3,162,210,349**	3,678,774,585
Cash and cash equivalent at the end of the period		**2,790,579,795**	2,860,020,153

Emaar Misr for Development Company (S.A.E) and its Subsidiary

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

For the nine month period ended 30 September 2020

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

	30 September 2020 ***EGP***	31 December 2019 *EGP*
Bank balances and cash	**2,941,096,990**	3,510,824,546
Restricted cash/time deposit for letters of guarantee and credit*	**(150,517,195)**	(148,614,196)
Time deposits (maturity over 3 months)	**-**	(200,000,000)
Cash and cash equivalent	**2,790,579,795**	3,162,210,350

*Cash at banks as at 30 September 2020 include an amount of EGP 150,517,195 in form of three renewable time deposits as a margin of a letter of guarantee and two letter of credit issued by the group and credit card (Note 21).

Major non-cash transactions:

Total long-term liabilities amounting to EGP 493,577,481 is deducted from changes in development properties.

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

1 BACKGROUND

Emaar Misr for Development Company - S.A.E. – ("the Company" or "the Parent 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 Group 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 Group 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 interim condensed consolidated financial statements include the subsidiary IJADA Facility Management L.L.C. ("subsidiary") (Parent Company and the subsidiary are collectively referred to as "the Group") controlled by Emaar Misr for Development Company (S.A.E.) with the share of 85% of the subsidiary's capital.

The Group's ultimate parent is Emaar Properties PJSC.

These interim condensed consolidated financial statements for the nine months ended 30 September 2020 were authorized for issuance in accordance with the resolution of the directors on 12 November 2020.

2.1 BASIS OF PREPARATION OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The interim condensed consolidated financial statements of the group are prepared in accordance with Egyptian Accounting Standards ("EAS 30 Interim financial statements") .
The interim condensed consolidated financial statements do not include all data and disclosures required in the annual financial statements and should read in conjunction with the consolidated financial statements for the year ended 31 December 2019. In addition, the results for the initial period ended 30 September 2020 may not be an accurate indication for the expected results for the fiscal year ended 31 December 2020.

2.2 SIGNIFICANT ACCOUNTIING POLICIES

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

SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of these interim condensed consolidated 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.

3 FIXED ASSETS

The additions of fixed assets during the period amounted to EGP 36,867,774 (30 September 2019: EGP 133,741,373), transfers from fixed assets under construction to fixed assets during the period amounted to EGP 744,275,821 (30 September 2019: none), disposals of fixed assets during the period amounted to EGP 23,869 (30 September 2019: EGP 2,144,517), and depreciation expenses charged during the period amounted to EGP 156,950,153 (30 September 2019: EGP 131,731,836).

4 FIXED ASSETS UNDER CONSTRUCTION

	30 September 2020 *EGP*	31 December 2019 *EGP*
Marassi project (buildings, furniture and fixtures)	**696,489,343**	650,602,936
Uptown Cairo project (buildings, furniture and fixtures)	**22,629,877**	135,755,339
MIVIDA project (buildings, furniture and fixtures)	**242,764,824**	172,161,311
	961,884,044	958,519,586

5 BUSINESS COMBINTAION

During April 2018, the parent 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 September 2020 *EGP*	31 December 2019 *EGP*
Land	**15,491,697**	15,491,697
Building	**166,468,914**	170,142,128
Investment properties under construction	**738,237,094**	376,161,865
Net carrying amount	**920,197,705**	561,795,690

-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 997,693,226 at 30 June 2020 (EGP 719,976,197 at 31 December 2019).

7 DEVELOPMENT PROPERTIES

	30 September 2020 **EGP**	31 December 2019 EGP
Mivida project	**5,512,947,896**	4,606,935,074
Marassi project	**6,737,408,502**	5,082,183,707
Uptown Cairo project	**6,815,639,414**	5,726,214,269
Cairo Gate project	**1,394,694,850**	1,108,501,836
Zayed project	**1,535,200**	-
	20,462,225,862	16,523,834,886
Less: Impairment of development properties	**(18,433,848)**	(27,986,826)
	20,443,792,014	16,495,848,060

The Group has completed the registeration of Marassi project land and is in process of completing the required legal procedures related to official registration of the other remianing land owned as of 30 September 2020.

The movement of impairment of development properties include reversal amounted to EGP 9,552,977 included in cost of revenues.

8 ACCOUNTS AND NOTES RECEIVABLES

	30 September 2020 ***EGP***	31 December 2019 *EGP*
Amounts receivable within 12 months	**970,577,098**	1,203,650,616
Amounts receivable after 12 months	**974,940,011**	1,244,349,269
	1,945,517,109	2,447,999,885
Unamortised discount	**(289,863,548)**	(364,903,587)
Amounts receivable, net	**1,655,653,561**	2,083,096,298
Accounts receivables, hotels	**7,667,264**	3,131,357
	1,663,320,825	2,086,227,655

9 RELATED PARTY DISCLOSURES

For the purpose of these interim condensed consolidated financial statements, parties are considered to be related to the Group, if the Group 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:

		30 September 2020				
Company	***Nature***	***Payments on behalf EGP***	***IT software EGP***	***Management fees EGP***	***Consultancy fees EGP***	***Revenue EGP***
Turner Construction International Egypt	Joint venture of the parent	-	-	-	**14,746,153**	-
Emaar Properties – PJSC	Parent	**(1,184,165)**	**12,551,371**	-	-	-
Emaar Hospitality	Subsidary of the parent	-	-	**883,232**	-	-
Emaar Hospitality and Hotels	Subsidary of the parent	-	-	**4,355,701**	-	-

		30 September 2019				
Company	*Nature*	*Payments on behalf EGP*	*IT software EGP*	*Management fees EGP*	*Consultancy fees EGP*	*Finance cost EGP*
Turner Construction International Egypt	Joint venture	-	-	-	133,141,910	-
Emaar Properties – PJSC	Parent	(1,314,624)	13,157,596	-	-	12,519,429
Emaar Hospitality	Subsidary of the parent	-	-	1,117,182	-	-
Emaar Hospitality and Hotels	Subsidary of the parent	-	-	17,436,191	-	-

9 RELATED PARTY DISCLOSURES (continued)

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

a) Related party balances

			30 September 2020		
	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**	**-**	**8,533,617**	**-**	**-**	**-**
Subsidiaries of the ultimate parent	**10,318**	**28,621,146**	**-**	**-**	**-**
Joint venture of the ultimate parent	**-**	**-**	**158,985,896**	**-**	**-**
Board members and key management personnel	**-**	**-**	**-**	**-**	**246,530**
	10,318	**37,154,763**	**158,985,896**	**-**	**246,530**

			31 December 2019		
	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**	-	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
	10,318	168,354,585	245,504,019	-	550,677

**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 September 2020 ***EGP***	31 December 2019 *EGP*
Borrowings from related party		
Emaar Properties PJSC – Ultimate Parent	**-**	9,938,360
	-	9,938,360

c) Compensation of key management personnel

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

	30 September 2020 **EGP**	*30 September 2019* EGP
Short-term benefits	**20,582,065**	19,468,505
End-of-service benefits	**788,014**	3,931,485
	21,370,079	23,399,990

10 PREPAYMENTS, OTHER RECEIVABLES AND OTHER DEBIT BALANCES

	30 September 2020 *EGP*	31 December 2019 *EGP*
Prepayments	**13,604,323**	7,470,061
Advances to contractors and suppliers*	**4,291,235,776**	3,736,677,195
Advances to employees	**6,200,107**	3,034,127
Accrued interest income	**48,846,220**	75,459,910
Value added Tax	**12,111,356**	-
Customers maintenance – Current accounts	**266,956,232**	208,810,532
Customers maintenance – Time deposits	**3,601,627,055**	3,156,511,620
Due from customers – facility and customer charges	**489,768,831**	326,363,280
Payments to tax authority – treasury bills	**95,956,141**	-
Other receivables	**194,308,140**	180,354,293
	9,020,614,181	7,694,681,018

*Advances to contractors and suppliers includes an amount of EGP 671 millions paid against work to be done by a contractor (the joint venture) of which the parent company's general assembly meeting for this contractor decided operation discontinuity. The joint venture continues to perform and execute the work until the date of issuing these financial statements, and the Group has irrevocable letters of guarantee fully covering these balances.

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 September 2020** **EGP**
Provision for legal claims	19,860,824	1,561,956	(2,579,753)	(1,197,000)	**17,646,027**
Provision for other claims	44,999,369	1,798,193	-	(1,979,926)	**44,817,636**
	64,860,193	**3,360,149**	**(2,579,753)**	**(3,176,926)**	**62,463,663**

	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 September 2019 EGP
Provision for legal claims	22,142,567	2,873,372	(4,487,640)	-	20,528,299
Provision for other claims	41,487,855	14,992,296	-	(9,728,265)	46,751,886
	63,630,422	17,865,668	(4,487,640)	(9,728,265)	67,280,185

- 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 September 2020 *EGP*	31 December 2019 *EGP*
Projects contracts cost accruals	**2,936,455,661**	3,165,187,682
Trade payables (suppliers, contractors and consultants)	**964,151,017**	1,122,021,333
Taxes payables (other than income tax)	**93,056,089**	56,591,984
Accrued expenses	**455,165,793**	389,108,648
Deferred revenue	**109,388,108**	69,130,518
Social insurance authority	**7,472,319**	6,788,391
Other payables	**19,304,462**	19,634,462
Due to customers – Facility management	**608,783,825**	489,718,463
Customers maintenance payable	**3,367,767,801**	3,008,075,057
	8,561,545,075	8,326,256,538

13 LONG TERM LIABILITIES

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

	30 September 2020 *EGP*	31 December 2019 *EGP*
Long term liabilities		
Cairo Gate project	**556,802,400**	-
Discount long term liabilities (interest not due)	**(63,224,919)**	-
Net long term liabilities	**493,577,481**	-

14 SHARE CAPITAL

	30 September 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	**4,529,338,000**	4,529,338,000
Number of shares	**4529338000**	4529338000

15 REVENUE

	Three Month Period Ended 30 September		***Nine Month Period Ended 30 September***	
	2020 **EGP**	2019 EGP	**2020** **EGP**	2019 EGP
Revenue from property sales				
Marassi Project	**379,104,786**	725,444,987	**503,992,347**	1,666,316,340
Uptown Cairo Project	**163,827,582**	9,157,915	**330,845,432**	88,679,297
Mivida Project	**726,022,187**	148,294,200	**1,444,178,948**	585,355,248
	1,268,954,555	882,897,102	**2,279,016,727**	2,340,350,885

Revenue from property sales represents sales value of units handed over during the period discounted at the effective interest rate, the Group 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

	Three Month Period Ended 30 September		*Nine Month Period Ended 30 September*	
	2020	2019	**2020**	2019
	EGP	EGP	**EGP**	EGP
Cost of revenue from property sales				
Marassi Project	**266,507,568**	444,075,098	**311,221,789**	991,150,630
Uptown Cairo Project	**155,189,798**	3,670,449	**311,827,860**	49,739,500
Mivida Project	**385,508,859**	87,657,390	**867,641,740**	349,413,395
	807,206,225	535,402,937	**1,490,691,389**	1,390,303,525

The cost of revenue of projects includes reversal of impairment loss 30 September 2020: EGP 9,552,977 (30 September 2019: Nil).

17 SELLING AND MARKETING EXPENSES

	Three Month Period Ended 30 September		*Nine Month Period Ended 30 September*	
	2020	2019	**2020**	2019
	EGP	EGP	**EGP**	EGP
Advertisements	**6,840,682**	6,885,087	**23,668,466**	20,374,648
Depreciation expenses of fixed assets	**3,175,852**	1,049,876	**6,959,836**	3,297,577
Marketing production and materials	**5,983,502**	4,145,014	**14,430,498**	21,389,254
Events and exhibitions	**6,216,026**	5,256,649	**12,354,612**	17,875,873
Sales commission	**137,978,998**	83,870,068	**262,675,247**	172,090,957
Other marketing expenses	**8,882,642**	10,364,835	**24,805,534**	20,884,178
	169,077,702	111,571,529	**344,894,193**	255,912,487

18 GENERAL AND ADMINSTRATIVE EXPENSES

	Three Month Period Ended 30 September		*Nine Month Period Ended 30 September*	
	2020	2019	**2020**	2019
	EGP	EGP	**EGP**	EGP
Depreciation expenses of fixed assets	**48,122,107**	40,404,414	**140,060,031**	120,806,164
Depreciation expenses of investment property	**2,634,429**	1,203,461	**7,826,123**	3,681,900
Salaries and benefits	**21,739,147**	24,972,742	**67,228,784**	79,864,309
Professional fees	**4,035,413**	4,881,159	**13,457,318**	13,985,479
IT expenses	**8,846,057**	6,020,882	**20,909,017**	19,697,452
Travel and entertainment	**3,990,219**	5,124,123	**8,086,659**	10,141,484
Communication	**1,361,354**	811,223	**3,622,565**	4,068,840
Facility management expenses	**17,967,558**	26,112,629	**44,346,852**	55,552,333
Other bank charges	**281,345**	1,404,466	**1,556,749**	3,808,334
Donations	**31,458,399**	-	**43,563,558**	905,363,680
Other expenses	**(2,500,943)**	6,504,209	**16,879,011**	17,146,703
	137,935,085	117,439,308	**367,536,667**	1,234,116,678

19 NET OTHER INCOME

	Three Month Period Ended 30 September		*Nine Month Period Ended 30 September*	
	2020	2019	**2020**	2019
	EGP	EGP	**EGP**	EGP
Customers service charges	**18,585,623**	27,271,735	**36,764,448**	49,490,267
Penalties and administrative fees	**41,034,482**	37,346,823	**81,933,551**	84,541,052
Hospitality net profit or (loss)*	**58,814,642**	45,783,434	**31,323,127**	38,316,948
Operating lease income	**6,423,343**	2,417,467	**13,110,402**	7,756,352
(Loss) gain from sale of fixed assets	**1,325**	887,639	**464**	1,463,164
Other operating income	**5,772,479**	-	**6,358,005**	733,422
	130,631,894	113,707,098	**169,489,997**	182,301,205

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

20 INCOME TAX

	Three Month Period Ended 30 September		*Nine Month Period Ended 30 September*	
	2020	2019	**2020**	2019
	EGP	EGP	**EGP**	EGP
Statement of Profit or Loss				
Current income tax	**(89,535,801)**	(78,426,882)	**(220,344,965)**	(214,025,118)
Deferred income tax	**(20,609,334)**	(8,027,817)	**13,312,365**	(69,111,355)
	(110,145,135)	(86,454,699)	**(207,032,600)**	(283,136,473)

Deferred income tax

	Statement of financial position		**Statement of Profit or Loss**	
	30 September 2020	31 December 2019	**30 September 2020**	30 September 2019
	EGP	EGP	**EGP**	EGP
Depreciation of fixed assets	**(22,386,585)**	(79,430,828)	**57,044,243**	(46,614,544)
Provisions and accruals	**318,229,529**	361,961,407	**(43,731,878)**	(22,496,811)
Net deferred income tax assets	**295,842,944**	282,530,579	**13,312,365**	(69,111,355)

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 Group issued a corporate Credit card in April 2020 amounted to EGP 1,500,000 guarantee by time deposits amounted to EGP 1,875,000.

21 CONTINGENT LIABILITIES (Cont.)

- The Group 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. On 16 July 2020, Procedural Order 1 was issued to determine the next steps of the arbitration and on 31 August 2020, Dar Consultants have submitted additional claim amounting to USD 2 Million.
- The Group has received an arbitration notification raised by "Detac for Trading and Contracting" claiming for an amount of EGP 148,221,832. The Group filed counterclaims in its reply to the notice.

22 FINANCIAL INSTRUMENTS RISK MANAGEMENT OBJECTIVES AND POLICIES

Overview
The Group 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 Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital.

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

The Group'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 group to various risks, including a significant reduction in revenues, and evaluation / impairment of assets and other risks.

There is no effect on the Group's current economic situation (its financial position and business results and cash flows) therefore these events did not affect the interim consolidated financial statements of the Group as of September 30, 2020 but may affect the consolidated financial statements for future financial periods. If it is difficult to quantify this effect for now, this effect will appear in future consolidated 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.

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. On 17 September 2020, the Prime Minister of Egypt decided to postpone the application of the standards mentioned until 1 January 2021.