

**EMAAR MISR FOR DEVELOPMENT
COMPANY (S.A.E.)
INTERIM CONDENSED SEPARATE
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.)
Interim Condensed Separate Financial Statements
For the three month and nine month periods ended 30 September 2020

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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.- (“the Company”)** as at 30 September 2020 as well as the related interim condensed separate statements of profit or loss, comprehensive income for the three month and nine month periods ended 30 September 2020 as well as interim condensed statements 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 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 are not in accordance with Egyptian Accounting Standard No. (30), “Interim Financial Statements”.



Fellow of the Egyptian Society of Accountants and Auditors.

Fellow of the Egyptian Society of Tax

Register of Accountants and Auditors No. (9365)

Egyptian Financial Supervisory Authority No. (103)

Cairo: 12 November 2020

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

INTERIM CONDENSED SEPARATE 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 in subsidiary	5	42,500	42,500
Investment properties	6	920,197,705	561,795,690
Deferred tax assets	20	295,842,944	282,530,579
Total non-current assets		4,951,011,821	3,951,744,633
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	9,020,613,217	7,694,680,054
Cash on hand and at banks		2,941,047,954	3,510,775,510
Total current assets		42,159,933,040	38,619,767,856
TOTAL ASSETS		47,110,944,861	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		10,503,297,186	9,568,336,742
TOTAL EQUITY		16,903,901,045	15,881,976,907
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		47,110,944,861	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 three month and nine month periods ended 30 September 2020

	Notes	<i>Three Month Period Ended 30 September</i>		<i>Nine Month Period Ended 30 September</i>	
		2020 <i>EGP</i>	2019 <i>EGP</i>	2020 <i>EGP</i>	2019 <i>EGP</i>
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 separate financial statements.

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

INTERIM CONDENSED SEPARATE STATEMENT OF COMPREHENSIVE INCOME

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

	<i>Three Month Period Ended 30 September</i>		<i>Nine Month Period Ended 30 September</i>	
	2020	2019	2020	2019
	EGP	EGP	EGP	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

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 three month and nine month periods ended 30 September 2020

	<i>Share capital</i>	<i>Share premium</i>	<i>Legal reserve</i>	<i>Retained Earnings</i>	<i>Total</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	9,568,336,742	15,881,976,907
Transfer to legal reserve	-	-	86,963,694	(86,963,694)	-
Total comprehensive income	-	-	-	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

	<i>Share capital</i>	<i>Share premium</i>	<i>Legal reserve</i>	<i>Retained Earnings</i>	<i>Total</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	8,000,007,935	14,142,703,033
Transfer to legal reserve	-	-	170,945,067	(170,945,067)	-
Total comprehensive income	-	-	-	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

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 nine month period ended 30 September 2020

		Nine month period ended 30 September	
		2020	2019
	Notes	EGP	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 (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
Payments in fixed assets under construction		(747,640,279)	(453,007,701)
Purchase of investment properties		(366,228,138)	(180,608,069)
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 investing activities		815,863,249	(738,031,597)
Financing activities			
Payments of credit facilities		(63,486)	(402,398)
Payments of loans due to related parties		(7,093,753)	(218,878)
Finance cost 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		3,162,161,314	3,678,725,143
Cash and cash equivalent at the end of the period		2,790,530,760	2,859,970,711

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 nine month period ended 30 September 2020

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

	<i>30 September 2020</i>	<i>31 December 2019</i>
	EGP	EGP
Bank balances and cash	2,941,047,954	3,510,775,510
Restricted cash/time deposit for letters of guarantee and credit*	(150,517,194)	(148,614,196)
Time deposits (maturity over 3 months)	-	(200,000,000)
Cash and cash equivalent	<u>2,790,530,760</u>	<u>3,162,161,314</u>

*Cash at banks as at 30 September 2020 include an amount of EGP 150,517,194 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).

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 separate financial statements.

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

NOTES TO THE INTERIM CONDENSED SEPARATE FINANCIAL STATEMENTS

As at 30 September 2020

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 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 SEPARATE FINANCIAL STATEMENTS

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. 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 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

As at 30 September 2020

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

	<i>30 September 2020</i> EGP	<i>31 December 2019</i> 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
	<u>961,884,044</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

	<i>30 September 2020</i> EGP	<i>31 December 2019</i> 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	<u>920,197,705</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

	<i>30 September 2020</i> EGP	<i>31 December 2019</i> 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	-
	<u>20,462,225,862</u>	<u>16,523,834,886</u>
Less: Impairment of development properties	<u>(18,433,848)</u>	<u>(27,986,826)</u>
	<u>20,443,792,014</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 September 2020.

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

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

NOTES TO THE INTERIM CONDENSED SEPARATE FINANCIAL STATEMENTS

As at 30 September 2020

8 ACCOUNTS AND NOTES RECEIVABLES

	<i>30 September 2020</i> EGP	<i>31 December 2019</i> 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 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:

<i>30 September 2020</i>						
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	Subsidiary of the parent	-	-	883,232	-	-
Emaar Hospitality and Hotels	Subsidiary of the parent	-	-	4,355,701	-	-

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

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

NOTES TO THE INTERIM CONDENSED SEPARATE FINANCIAL STATEMENTS

As at 30 September 2020

9 RELATED PARTY DISCLOSURES (cont.)

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

a) Related party balances

	<i>30 September 2020</i>				
	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 parent	10,318	28,621,146	-	-	-
Joint venture of the parent	-	-	158,985,896	-	-
Board members and key management personnel	-	-	-	-	246,530
	<u>10,318</u>	<u>37,154,763</u>	<u>158,985,896</u>	<u>-</u>	<u>246,530</u>

	<i>31 December 2019</i>				
	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
	<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:

	<i>30 September 2020</i> EGP	<i>31 December 2019</i> EGP
<i>Borrowings from related party</i>		
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:

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

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

NOTES TO THE INTERIM CONDENSED SEPARATE FINANCIAL STATEMENTS

As at 30 September 2020

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	194,307,176	180,353,329
	9,020,613,217	7,694,680,054

*Advances to contractors and suppliers includes an amount of EGP 671 millions paid against work to be done by a contractor (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 company 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.

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

NOTES TO THE INTERIM CONDENSED SEPARATE FINANCIAL STATEMENTS

As at 30 September 2020

12 TRADE PAYABLES, ACCRUED EXPENSES AND OTHER CREDIT BALANCES

	<i>30 September 2020</i> EGP	<i>31 December 2019</i> 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
	<u>8,561,545,075</u>	<u>8,326,256,538</u>

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.

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

14 SHARE CAPITAL

	<i>30 September 2020</i> EGP	<i>31 December 2019</i> 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	<u>4529338000</u>	<u>4529338000</u>

15 REVENUE

	<i>Three Month Period Ended</i> <i>30 September</i>		<i>Nine Month Period Ended</i> <i>30 September</i>	
	2020	2019	2020	2019
	EGP	EGP	EGP	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
	<u>1,268,954,555</u>	<u>882,897,102</u>	<u>2,279,016,727</u>	<u>2,340,350,885</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.

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

NOTES TO THE INTERIM CONDENSED SEPARATE FINANCIAL STATEMENTS

As at 30 September 2020

16 COST OF REVENUE

	<i>Three Month Period Ended 30 September</i>		<i>Nine Month Period Ended 30 September</i>	
	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

	<i>Three Month Period Ended 30 September</i>		<i>Nine Month Period Ended 30 September</i>	
	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 ADMINISTRATIVE EXPENSES

	<i>Three Month Period Ended 30 September</i>		<i>Nine Month Period Ended 30 September</i>	
	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

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

NOTES TO THE INTERIM CONDENSED SEPARATE FINANCIAL STATEMENTS

As at 30 September 2020

19 NET OTHER INCOME

	<i>Three Month Period Ended 30 September</i>		<i>Nine Month Period Ended 30 September</i>	
	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
	<u>130,631,894</u>	<u>113,707,098</u>	<u>169,489,997</u>	<u>182,301,205</u>

*Hospitality net profit or loss represents the net results of operation from El Alamein 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

	<i>Three Month Period Ended 30 September</i>		<i>Nine Month Period Ended 30 September</i>	
	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)
	<u>(110,145,135)</u>	<u>(86,454,699)</u>	<u>(207,032,600)</u>	<u>(283,136,473)</u>

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	<u>295,842,944</u>	<u>282,530,579</u>	<u>13,312,365</u>	<u>(69,111,355)</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.

21 CONTINGENT LIABILITIES (Cont.)

- 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. On 16 July 2020, Procedural Order 1 was issued to determine the next steps in the arbitration and on 31 August 2020, Dar Consultants have submitted additional claim amounting to USD 2 million.
- 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 filed counterclaims in its reply to the notice.

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 September 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.

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.