EMAAR MISR FOR DEVELOPMENT COMPANY (S.A.E.) AND ITS SUBSIDIARY
INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
TOGETHER WITH REVIEW REPORT
FOR THE THREE-MONTH PERIOD
ENDED 31 MARCH 2021

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

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2021

Table of Contents	**Page**

Building a better
working world

Allied for Accounting & Auditing
Ragheb, Hamouda, Istanbouli, Tageldeen & El-Kilany
P.O. Box 20 Kattameya
Rama Tower
Ring Road, Zone #10A
Kattameya, Cairo, Egypt

Tel: +202 2726 0260
Fax: +202 2726 0100
Cairo.office@eg.ey.com
ey.com/mena

Translation of Auditor's review report
Originally issued in Arabic

REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS TO 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" or "the Parent Company") and its subsidiary ("the Group")** as at 31 March 2021 as well as the related interim condensed consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for the three-month period then ended, and a summary of significant accounting policies and other explanatory notes. 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 for Accounting & Auditing
A Member of Ernst & Young Global

Sherif Fathy El-Kilany

Fellow of the Egyptian Society of Accountants and Auditors
Fellow of the Egyptian Society of Tax
Register of Accountants and Auditors No. (5285)
Egyptian Financial Supervisory Authority No. (83)

Cairo: 10 June 2021

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 March 2021

	Note	*31 March 2021* **EGP**	*31 December 2020 EGP (Restated)*
ASSETS			
Non-current assets			
Fixed assets	(3)	**2,698,253,837**	2,743,482,268
Fixed assets under construction	(4)	**1,249,028,615**	974,670,923
Investment properties	(6)	**1,213,257,374**	858,806,493
Right of use asset		**8,141,156**	8,696,234
Deferred tax assets	(20)	**81,777,407**	99,104,152
Total non-current assets		**5,250,458,389**	4,684,760,070
Current assets			
Development properties	(7)	**28,731,680,553**	22,017,785,039
Held to maturity investments		**7,952,535,876**	4,621,047,679
Accounts and notes receivables	(8)	**2,061,974,625**	1,862,012,926
Due from related parties	(9a)	**10,318**	178,177,121
Prepayments, other receivables and other debit balances	(10)	**8,964,885,398**	10,128,766,832
Cash on hand and at banks		**3,052,113,442**	6,146,324,131
Total current assets		**50,763,200,212**	44,954,113,728
TOTAL ASSETS		**56,013,658,601**	49,638,873,798
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		**604,900,119**	520,979,691
Retained earnings		**12,263,751,830**	11,818,551,798
Total equity of shareholders of parent company		**18,748,276,117**	18,219,155,657
Non-controlling interest		**7,500**	7,500
Total equity		**18,748,283,617**	18,219,163,157
LIABILITIES			
Non-current liabilities			
Long term lease liability		**7,146,136**	7,648,044
Provision for employees' end-of-service benefits		**38,346,724**	36,262,815
Long term liabilities	(13)	**4,436,115,075**	132,366,550
Total non-current liabilities		**4,481,607,935**	176,277,409
Current liabilities			
Provisions	(11)	**29,243,414**	61,858,941
Trade payables, accrued expenses and other credit balances	(12)	**9,860,257,900**	9,470,185,456
Due to related parties	(9a)	**48,712,580**	36,868,462
Income tax payable		**322,428,815**	229,890,199
Advances from customers		**21,664,243,833**	20,655,890,322
Retentions payable		**675,964,309**	611,040,576
Credit facilities		**10,255,590**	10,255,590
Current portion of long-term liabilities	(13)	**172,660,608**	167,443,686
Total current liabilities		**32,783,767,049**	31,243,433,232
TOTAL LIABILITIES		**37,265,374,984**	31,419,710,641
TOTAL LIABILITIES AND EQUITY		**56,013,658,601**	49,638,873,798

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 period ended 31 March 2021

	Note	*For the Three-Month Period Ended 31 March* 2021 EGP	2020 EGP (Restated)
Revenue	(15)	**1,543,641,282**	242,215,132
Cost of revenue	(16)	**(922,577,599)**	(214,764,499)
GROSS PROFIT		**621,063,683**	27,450,633
Selling and marketing expenses	(17)	**(60,947,242)**	(24,458,070)
General and administrative expenses	(18)	**(127,743,414)**	(113,361,437)
Finance income		**226,659,433**	381,033,330
Finance cost		**(1,043,739)**	(14,788,309)
Other income	(19)	**63,772,139**	32,939,856
Impairment of other receivables		**(17,479,326)**	(12,724,448)
Provisions	(11)	**(204,000)**	(829,414)
Provisions no longer required	(11)	**11,674,558**	2,551,792
PROFIT FOR THE PERIOD BEFORE INCOME TAX		**715,752,092**	277,813,933
Income tax	(20)	**(186,631,632)**	(30,253,122)
PROFIT FOR THE PERIOD		**529,120,460**	247,560,811
Earnings Per Share - basic and diluted		**0.11**	0.05

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 period ended 31 March 2021

	For the Three-Month Period Ended 31 March	
	2021	*2020*
	EGP	*EGP*
		(Restated)
PROFIT FOR THE PERIOD	**529,120,460**	247,560,811
OTHER COMPREHENSIVE INCOME	**-**	-
TOTAL COMPREHENSIVE INCOME	**529,120,460**	247,560,811
Attributable to:		
Parent Company	**529,120,460**	247,560,811
Non-Controlling Interest	**-**	-
TOTAL COMPERHENSIVE INCOME	**529,120,460**	247,560,811

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 period ended 31 March 2021

	Share capital *EGP*	*Additional Paid in capital* *EGP*	*Legal reserve* *EGP*	*Retained Earnings* *EGP*	*Total equity of parent company* *EGP*	*Non-controlling interest* *EGP*	*Total* *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**
Adjustments (Note 22)	-	-	-	446,452,191	**446,452,191**	-	**446,452,191**
Balance as of 1 January 2020 (Restated)	**4,529,338,000**	**1,350,286,168**	**434,015,997**	**10,014,788,933**	**16,328,429,098**	**7,500**	**16,328,436,598**
Total comprehensive income	-	-	-	247,560,811	**247,560,811**	-	**247,560,811**
Transfer to legal reserve	-	-	86,963,694	(86,963,694)	-	-	-
Balance at 31 March 2021	**4,529,338,000**	**1,350,286,168**	**520,979,691**	**10,175,386,050**	**16,575,989,909**	**7,500**	**16,575,997,409**
Balance at 1 January 2021	4,529,338,000	1,350,286,168	520,979,691	11,159,781,608	**17,560,385,467**	7,500	**17,560,392,967**
Adjustments (Note 22)	-	-	-	658,770,190	**658,770,190**	-	**658,770,190**
Balance as of 1 January 2021 (restated)	**4,529,338,000**	**1,350,286,168**	**520,979,691**	**11,818,551,798**	**18,219,155,657**	**7,500**	**18,219,163,157**
Total comprehensive income	-	-	-	529,120,460	**529,120,460**	-	**529,120,460**
Transfer to legal reserve	-	-	83,920,428	(83,920,428)	-	-	-
Balance at 31 March 2021	**4,529,338,000**	**1,350,286,168**	**604,900,119**	**12,263,751,830**	**18,748,276,117**	**7,500**	**18,748,283,617**

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 three-month period ended 31 March 2021

	Note	*For the Three-Month Period Ended 31 March* ***2021*** ***EGP***	*2020* *EGP* *(Restated)*
Operating activities			
Profit for the period before income tax		**715,752,092**	277,813,933
Depreciation expenses of fixed assets	(3)	**55,684,416**	50,044,043
Depreciation expenses of investment properties		**2,766,462**	2,584,358
Depreciation expenses of right-of-use assets		**555,078**	941,642
Provision for employees' end-of-service benefits		**5,258,552**	619,594
Reversal of provision for employees' end-of-service benefits		**-**	(2,855,657)
Provisions charged	(11)	**204,000**	829,414
Provision no longer required	(11)	**(11,674,558)**	(2,551,792)
Reversal of impairment of development properties		**(1,993,412)**	(6,395,186)
Impairment of other receivables		**17,479,326**	12,724,448
Loss on disposal of fixed assets		**-**	861
(Gain) from cancelation of lease contracts		**-**	(1,353,352)
Finance costs		**1,043,739**	14,788,309
Finance income		**(226,659,433)**	(381,033,331)
		558,416,262	(33,842,716)
Changes in accounts and notes receivables		**(199,961,699)**	260,698,920
Changes in due from related parties		**178,166,803**	-
Changes in prepayments, other receivables and other debit balances		**1,147,861,364**	(1,447,970,922)
Changes in development properties		**(3,017,324,930)**	(1,068,134,280)
Changes in advances from customers		**1,008,353,510**	1,191,023,637
Changes in trade payables, accrued expenses and other credit balances		**388,101,490**	(126,553,136)
Changes in due to related parties		**11,844,122**	1,832,174
Changes in retentions payable		**64,923,732**	25,365,774
Letter of guarantee and letter of credit margins		**104,680,192**	-
Provisions used	(11)	**(21,144,969)**	(1,000,000)
Employees' end-of-service benefits paid		**(3,174,642)**	(928,211)
Income tax paid		**(76,766,271)**	(33,871,426)
Net cash from (used in) operating activities		**143,974,964**	(1,233,380,186)
Investing activities			
Finance income received		**22,882,955**	66,890,409
Purchase of fixed assets	(3)	**(10,455,983)**	(13,441,148)
Proceeds from sale of fixed assets		**-**	1,082
Payments in fixed assets under construction		**(6,324,576)**	(116,411,936)
Purchase of investment properties		**(10,628,673)**	(187,302,104)
Purchase of held to maturity investments		**(7,952,535,876)**	(1,273,438,685)
Proceeds from held to maturity investments		**4,825,236,542**	1,542,486,144
Time deposits (maturity over 3 months)		**(497,930,177)**	200,000,000
Net cash (used in) from investing activities		**(3,629,755,788)**	218,783,762
Financing activities			
Payments of credit facilities		**-**	(21,494)
Payments in lease liability		**(687,582)**	(1,058,460)
Finance costs paid		**(992,267)**	(369,443)
Net cash (used in) financing activities		**(1,679,849)**	(1,449,397)
Net (decrease) in cash and cash equivalents		**(3,487,460,673)**	(1,016,045,821)
Net foreign exchange differences		**-**	(20,050,525)
Cash and cash equivalent at the beginning of the period		**5,987,893,942**	3,162,210,350
Cash and cash equivalent at the end of the period		**2,500,433,269**	2,126,114,004

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

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

	31 March 2021	31 December 2020
	EGP	*EGP*
		(Restated)
Bank balances and cash	**3,052,113,442**	6,146,324,131
Restricted cash/time deposit for letters of guarantee and credit*	**(51,875,000)**	(156,555,192)
Time deposits (maturity over 3 months)	**(499,805,173)**	(1,875,000)
Cash and cash equivalent	**2,500,433,269**	5,987,893,939

*Cash at banks as at 31 March 2021 include an amount of EGP 51,875,000 in form of three renewable time deposits as a margin of a letter of guarantee and two letters of credit issued by the group and credit card (Note 21).

Major Non-cash transactions:
Long-term liabilities amounting to EGP 4,608,775,683 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") (the 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. While the Group's ultimate parent is Emaar Properties PJSC.

These interim condensed consolidated financial statements for the three months ended 31 March 2021 were authorized for issuance in accordance with the resolution of the directors on 10 June 2021.

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 2020. In addition, results for the interim period ended 31 March 2021 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2021.

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 2020, except for new adopted standards as described below:

CHANGES IN ACCOUNTING POLICIES

The Group adopted EAS 47, EAS 48 and EAS 49 for the first time. These standards were issued in 2019 and is effective for annual periods beginning on or after 1 January 2021 in Egypt.

- EAS 47 Financial instruments - effective 1 January 2021
- EAS 48 Revenues from contracts with customers - effective 1 January 2021
- EAS 49 Leases - effective 1 January 2021

The nature and effect of the changes as a result of adoption of these new accounting standards are described below.

2.2 SIGNIFICANT ACCOUNTIING POLICIES (Cont.)

EAS 47: Financial Instruments

EAS 47 Financial Instruments replaces EAS 26 Financial Instruments: Recognition and Measurement. EAS 47 is issued in 2019 and is effective for annual periods beginning on or after 1 January 2021 in Egypt. Except for hedge accounting, retrospective application is required but providing comparative information is not compulsory.

The standard deals with three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting.

Classification and measurement

Under EAS 47, debt instruments are subsequently measured at fair value through profit or loss, amortized cost, or fair value through OCI. The classification is based on two criteria: The Group's business model for managing the assets; and whether the instruments' contractual cash flows represent 'solely payments of principal and interest' on the principal amount outstanding.

The assessment of the Group's business model was made as of the date of initial application and the assessment of whether contractual cash flows on debt instruments are solely comprised of principal and interest was made based on the facts and circumstances as at the initial recognition of the assets.
The classification and measurement requirements of EAS 47 did not have a significant impact on the Group.

Impairment

The new impairment model according to EAS 47 requires the recognition of impairment provisions based on expected credit losses rather than only incurred credit losses as is the case under EAS 26. It applies to financial assets classified at amortized cost, debt instruments measured at fair value through other comprehensive income, contract assets under EAS 48 Revenue from Contracts with Customers, lease receivables, loan commitments and certain financial guarantee contracts.
The impact of the new accounting standard set out in note (22).

The new accounting policy set out below was adopted with restating comparative information.

Financial instruments – initial recognition and subsequent measurement

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

i) Financial assets

Financial assets are classified, at initial recognition, as subsequently measured at amortized cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.
The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them.
In order for a financial asset to be classified and measured at amortized cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.
The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortized cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at fair value through OCI are held within a business model with the objective of both holding to collect contractual cash flows and selling.

Impairment of financial assets

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate.

2.2 SIGNIFICANT ACCOUNTIING POLICIES (Cont.)

Impairment of financial assets (Cont.)

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).
When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment, that includes forward-looking information.
For trade and other receivables, the Group applies a simplified approach in calculating ECLs based on lifetime expected credit losses. The Group has established a provision matrix that is based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. The expected credit losses are recognised in the statement of profit or loss.
The Group consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash.

At each reporting date, the Group assesses whether financial assets carried at amortised cost and debt securities at FVOCI are credit impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

ii) Financial liabilities
All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

EAS 48: Revenue from contracts with customers

EAS 48 supersedes EAS 8 Construction Contracts, EAS 11 Revenue, it applies, with limited exceptions, to all revenue arising from contracts with its customers. EAS 48 establishes a five-step model to account for revenue arising from contracts with customers and requires that revenue be recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.
EAS 48 requires entities to exercise judgement, taking into consideration all the relevant facts and circumstances when applying each step of the model to contracts with their customers.
The Group adopted EAS 48 using the retrospective method of adoption. The impact of the new accounting standard set out in note (22).
The new accounting policy set out below was adopted with restating comparative information.

When the Group satisfies a performance obligation by delivering the promised goods or services it creates a contract asset based on the amount of consideration earned by the performance. Where the amount of consideration received from a customer exceeds the amount of revenue recognised this gives rise to a contract liability.
Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment. The Group assesses its revenue arrangements against specific criteria to determine if it is acting as principal or agent. The Group has concluded that it is acting as a principal in all of its revenue arrangements.
The Group adjusts the transaction price for the effects of the significant financing component by discounting it using the rate that would be reflected in a separate financing transaction between the Group and its customers at contract inception.
The Group pays sales commission for contracts that they obtain to sell certain units of property and capitalises the incremental costs of obtaining a contract that meet the criteria in EAS 48. These costs are recognized when the revenue is recognized. Capitalised costs to obtain such contracts are presented separately as a current asset in the statement of financial position and its amortisation is included in selling and marketing in the statement of profit or loss.
Revenue is recognized in the income statement to the extent that it is probable that the economic benefits will flow to the Group and the revenue and costs, if applicable, can be measured reliably.

2.2 SIGNIFICANT ACCOUNTIING POLICIES (Cont.)

EAS 49: Leases

EAS 49 replaces EAS 20 "Accounting for finance Leases". EAS 49 now requires lessees to recognize a lease liability reflecting future lease payments and a 'right-of-use asset' for virtually all lease contracts. There is an optional exemption of certain short-term leases and leases of low-value assets.
The Group has adopted EAS 49 using the retrospective approach on 1 January 2021.
The impact of the new accounting standard set out in note (22).
The new accounting policy set out below was adopted with restating comparative information.

The Group determine if an arrangement is a lease at inception. At lease commencement date, the Group recognizes a right-of-use asset and a lease liability on the balance sheet. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Group, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received).
The Group depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Group also assesses the right-of-use asset for impairment when such indicators exist.
At the commencement date, the Group measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the Group's incremental borrowing rate.
Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed), variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised.
Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments.
When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.
The Group has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognizing a right-of-use asset and lease liability, the payments in relation to these are recognized as an expense in profit or loss on a straight-line basis over the lease term.

2.4 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.

Changes in Judgements

Determination of performance obligations
With respect to the sale of property, the Group has assessed that based on the sale and purchase agreements entered into with customers and the provisions of relevant laws and regulations, where contracts are entered into to provide real estate assets to customer, constitute a single performance obligation. In particular, the promised goods and services in contracts for the sale of property under development mainly include design work, procurement of materials and development of the property. Generally, the Group is responsible for all of these goods and services and the overall management of the project. Although these goods and services are capable of being distinct, the Group accounts for them as a single performance obligation because they are not distinct in the context of the contract. The Group uses those goods and services as inputs and provides a significant service of integrating them into a combined output, i.e., the completed property for which the customer has contracted.

2.4 SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES (Cont.)

Determination of transaction prices

The Group is required to determine the transaction price in respect of each of its contracts with customers. In making such judgment the Group assess the impact of any variable consideration in the contract, due to discounts or penalties, the existence of any significant financing component in the contract and any non-cash consideration in the contract. In determining the impact of variable consideration, the Group uses the "most-likely amount" method in EAS 48 Revenue from Contracts with Customers whereby the transaction price is determined by reference to the single most likely amount in a range of possible consideration amounts.

Transfer of control in contracts with customers

In cases where the Group determines that performance obligations are satisfied at a point in time, revenue is recognised when control over the asset that is the subject of the contract is transferred to the customer. In the case of contracts to sell real estate assets this is generally when the consideration for the unit has been substantially received and there are no impediments in the handing over of the unit to the customer.

3 FIXED ASSETS

The additions of fixed assets during the period amounted to EGP 10,455,983 (31 March 2020: EGP 13,441,148), no transfers from fixed assets under construction to fixed assets during the period (31 March 2020: 1,306,392), disposals of fixed assets during the period amounted to EGP 163,990 (31 March 2020: EGP 14,970), and depreciation expenses charged during the period amounted to EGP 55,684,416 (31 March 2020: EGP 50,044,043).

4 FIXED ASSETS UNDER CONSTRUCTION

	31 March 2021 ***EGP***	*31 December 2020* *EGP* *(Restated)*
Marassi project (buildings, furniture and fixtures)	**997,866,061**	744,527,507
Uptown Cairo project (buildings, furniture and fixtures)	**37,647,061**	30,323,162
MIVIDA project (buildings, furniture and fixtures)	**213,515,493**	199,820,254
	1,249,028,615	974,670,923

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

	31 March 2021 ***EGP***	*31 December2020* *EGP* *(Restated)*
Land	**15,491,697**	15,491,697
Building	**171,696,697**	163,834,486
Investment properties under construction	**1,026,068,980**	679,480,310
Net carrying amount	**1,213,257,374**	858,806,493

- The valuation of the group's investment properties is performed by Arab Group for Appraisals & Consultancy (independent valuer).
-The fair value of investment properties at 31 December 2020 is EGP 1,032,380,883, no fair value assessment was made for 31 March 2021.

7 DEVELOPMENT PROPERTIES

	31 March 2021 ***EGP***	*31 December 2020* *EGP* *(Restated)*
Mivida Project	**6,012,818,256**	5,991,353,890
Marassi Project	**7,774,230,887**	7,412,710,572
Uptown Cairo Project	**7,653,286,692**	7,198,980,339
Cairo Gate Project	**1,569,075,740**	1,424,945,368
Belle Vie Project	**5,736,201,462**	5,720,766
	28,745,613,037	22,033,710,935
Less: Impairment of development properties	**(13,932,484)**	(15,925,896)
	28,731,680,553	22,017,785,039

The Group 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 31 March 2021.

The movement of impairment of development properties include reversal amounted to EGP 1,993,412 included in cost of revenues.

8 ACCOUNTS AND NOTES RECEIVABLES

	31 March 2021 EGP	*31 December 2020 EGP (Restated)*
Amounts receivable within 12 months	**1,057,447,806**	1,040,352,204
Amounts receivable after 12 months	**1,437,982,168**	1,176,545,637
	2,495,429,974	2,216,897,841
Unamortised discount	**(437,953,765)**	(360,081,239)
Amounts receivable, net	**2,057,476,209**	1,856,816,602
Accounts receivables, hotels	**4,498,416**	5,196,324
	2,061,974,625	1,862,012,926

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:

		31 March 2021			
Company	***Nature***	***Payments on behalf EGP***	***IT software EGP***	***Management fees EGP***	***Consultancy fees EGP***
Turner Construction International Egypt	Joint venture of the parent	-	-	-	17,134,135
Emaar Properties – PJSC	Parent	(2,304,126)	5,935,598	-	-
Emaar Hospitality	Subsidiary of the parent	-	-	118,457	-
Emaar Hospitality and Hotels	Subsidiary of the parent	-	-	(8,419,005)	-

		31 March 2020 (Restated)			
Company	*Nature*	*Payments on behalf EGP*	*IT software EGP*	*Management fees EGP*	*Consultancy fees EGP*
Turner Construction International Egypt	Joint venture	-	-	-	19,523,788
Emaar Properties – PJSC	Parent	(1,602,138)	3,371,411	-	-
Emaar Hospitality	Subsidiary of the parent	-	-	62,902	-
Emaar Hospitality and Hotels	Subsidiary of the parent	-	-	-	-

9 RELATED PARTY DISCLOSURES (continued)

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

a) Related party balances

	31 March 2021			
	Due from related parties EGP	***Due to related parties EGP***	***Trade payables and accruals EGP***	***Trade and notes receivables EGP***
Parent**	-	20,144,669	-	-
Subsidiaries of the ultimate parent	10,318	28,567,911	-	-
Joint venture of the ultimate parent	-	-	189,624,423	-
Board members and key management personnel	-	-	-	71,484
	10,318	**48,712,580**	**189,624,423**	**71,484**

	31 December 2020 (Restated)			
	Due from related parties EGP	Due to related parties EGP	Trade payables and accruals EGP	Trade and notes receivables EGP
Parent	178,166,803	-	-	-
Subsidiaries of the parent	10,318	36,868,462	-	-
Joint venture of the parent	-	-	197,386,426	-
Board members and key management personnel	-	-	-	215,646
	178,177,121	36,868,462	197,386,426	215,646

**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) Compensation of key management personnel

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

	31 March 2021 EGP	*31 March 2020 EGP* (Restated)
Short-term benefits	**6,132,635**	2,311,389
End-of-service benefits	**669,797**	195,465
	6,802,432	2,506,854

10 PREPAYMENTS, OTHER RECEIVABLES AND OTHER DEBIT BALANCES

	31 March 2021 ***EGP***	*31 December 2020* *EGP* *(Restated)*
Prepayments	**6,432,263**	7,464,689
Advances to contractors and suppliers*	**2,848,256,698**	4,364,662,535
Advances to employees	**7,511,269**	3,951,329
Accrued interest income	**52,335,900**	50,876,641
Tax authority – value added tax	**4,045,722**	10,534,728
Customers maintenance – Current accounts	**430,176,992**	267,136,428
Customers maintenance – Time deposits	**3,790,278,837**	3,790,278,837
Due from customers – facility and customer charges	**548,663,856**	501,156,535
Payments to tax authority – treasury bills	**95,956,141**	95,956,141
Deferred sales commissions	**978,494,174**	892,969,044
Other receivables	**252,849,200**	176,416,253
	9,015,001,052	10,161,403,160
Less: Impairment of other debit balances	**(50,115,654)**	(32,636,328)
	8,964,885,398	10,128,766,832

*Advances to contractors and suppliers includes an amount of EGP 538 million 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 2021 ***EGP***	***Charged during the period*** ***EGP***	***No longer required during the period*** ***EGP***	***Used during the period*** ***EGP***	***Balance as of 31 March 2021*** ***EGP***
Provision for legal claims	17,062,483	204,000	(11,674,558)	-	**5,591,925**
Provision for other claims	44,796,458	-	-	(21,144,969)	**23,651,489**
	61,858,941	**204,000**	**(11,674,558)**	**(21,144,969)**	**29,243,414**

	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 31 March 2020* *EGP* *(Restated)*
Provision for legal claims	19,860,824	826,167	(2,551,792)	-	18,135,199
Provision for other claims	44,999,369	3,247	-	(1,000,000)	44,002,616
	64,860,193	829,414	(2,551,792)	(1,000,000)	62,137,815

- 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

	31 March 2021	*31 December 2020*
	EGP	*EGP*
		(Restated)
Projects contracts cost accruals	**3,435,482,565**	3,451,187,208
Trade payables (suppliers, contractors and consultants)	**1,276,703,419**	1,067,717,923
Taxes payables (other than income tax)	**75,350,045**	80,499,963
Accrued expenses	**470,345,595**	399,835,377
Deferred revenue	**171,033,191**	149,392,146
Social insurance authority	**8,308,314**	7,815,458
Other payables	**19,304,463**	19,304,462
Lease liability – Short term	**1,794,765**	1,692,682
Due to customers – Facility management	**714,822,918**	667,813,612
Customers maintenance payable	**3,687,112,625**	3,624,926,625
	9,860,257,900	9,470,185,456

13 LONG TERM LIABILITIES

	31 March 2021	*31 December 2020*
	EGP	*EGP*
Long term liabilities		*(Restated)*
Cairo Gate project*	**351,761,200**	351,761,200
Belle Vie Project**	**6,595,592,957**	-
Discount long term liabilities (interest not due)	**(2,338,578,474)**	(51,950,964)
Net long term liabilities	**4,608,775,683**	299,810,236

* 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.

** The amount represents post-dated checks instalments to New Urban Communities Authority for the plot of land bought for Belle Vie project in Sheikh Zayed City.

14 SHARE CAPITAL

	31 March 2021	*31 December 2020*
	EGP	*EGP*
		(Restated)
Authorised capital (shares of EGP 1 each)	**10,000,000,000**	10,000,000,000
Issued and fully paid-up	**4,529,338,000**	4,529,338,000
Number of shares	**4,529,338,000**	4,529,338,000

15 REVENUE

	For the Three-Month Period Ended 31 March	
	2021	*2020*
	EGP	*EGP*
		(Restated)
Marassi Project*	**726,676,747**	27,816,791
Uptown Cairo Project*	**305,305,662**	74,936,709
Mivida Project*	**503,456,075**	136,748,002
Revenue of Hospitality	**8,202,798**	2,104,630
	1,543,641,282	241,606,132

15 REVENUE (cont.)

* 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

	For the Three-Month Period Ended 31 March	
	2021	*2020*
	EGP	*EGP*
Cost of revenue from property sales		*(Restated)*
Marassi Project*	**482,183,262**	12,331,933
Uptown Cairo Project*	**167,854,202**	71,944,380
Mivida Project*	**233,730,392**	107,936,773
Cost of Hospitality	**38,809,743**	21,942,413
	922,577,599	214,155,499

*The cost of revenue of projects includes reversal of impairment loss 31 March 2021: EGP 1,993,412 (31 March 2020: 6,395,186).

17 SELLING AND MARKETING EXPENSES

	For the Three-Month Period Ended 31 March	
	2021	*2020*
	EGP	*EGP*
		(Restated)
Advertisements	**4,546,257**	6,532,012
Depreciation expenses of fixed assets	**3,465,712**	1,605,296
Depreciation expenses of right-of-use assets	**555,078**	941,642
Marketing production and materials	**4,413,131**	2,392,026
Events and exhibitions	**14,105,578**	3,755,059
Sales commission	**23,569,361**	2,836,133
Other marketing expenses	**10,292,125**	6,395,902
	60,947,242	24,458,070

18 GENERAL AND ADMINSTRATIVE EXPENSES

	For the Three-Month Period Ended 31 March	
	2021	*2020*
	EGP	*EGP*
		(Restated)
Depreciation expenses of fixed assets	**48,537,155**	45,150,673
Depreciation expenses of investment property	**2,766,462**	2,584,358
Salaries and benefits	**28,353,925**	25,802,851
Professional fees	**6,355,562**	5,733,806
IT expenses	**7,296,432**	5,539,569
Travel and entertainment	**2,866,285**	2,345,797
Communication	**1,267,545**	910,008
Facility management expenses	**18,293,155**	13,681,769
Other bank charges	**1,506,118**	1,086,765
Donations	**109,882**	676,497
Other expenses	**10,390,893**	9,849,344
	127,743,414	113,361,437

19 NET OTHER INCOME

	For the Three-Month Period Ended 31 March	
	2021	*2020*
	EGP	*EGP*
		(Restated)
Customers service charges	**10,071,150**	4,086,765
Penalties and administrative fees	**49,498,678**	23,504,638
Operating lease income	**4,955,735**	3,880,830
(Loss) from sale of fixed assets	**-**	(861)
Other operating (expenses) income	**(753,424)**	1,468,484
	63,772,139	32,939,856

20 INCOME TAX

	For the Three-Month Period Ended 31 March	
	2021	*2020*
	EGP	*EGP*
Statement of Profit or Loss		*(Restated)*
Current income tax	**169,304,887**	68,677,229
Deferred income tax	**17,326,745**	(38,424,107)
	186,631,632	30,253,122

Deferred income tax

	Statement of Financial Position		***Statement of Profit or Loss***	
	31 March 2021	*31 December 2020*	***31 March 2021***	*31 March 2020*
	EGP	*EGP*	***EGP***	*EGP*
		(Restated)		*(Restated)*
Depreciation of fixed assets	**(48,132,999)**	(27,335,461)	**(20,797,538)**	(16,043,107)
Provisions and accruals	**129,910,406**	126,439,613	**3,470,793**	54,467,214
Net deferred income tax assets	**81,777,407**	99,104,152	**(17,326,745)**	38,424,107

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 "Siemens Technologies S.A.E" during the 2017 amounted to Euro 408,485 (equivalent to EGP 8,467,894) is fully covered.
- 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. On 15 October 2020, the Group submitted its statement of defense and counterclaims. On 14 January 2021 both the Group and Dar submitted a joint letter to the Arbitral tribunal requesting the arbitral tribunal to appoint an expert to opine on the disputed issues.
- 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 on 17 August 2020. On 10 December 2020, Detac submitted its Statement of Claim along with an expert report.

22 IMPACT OF APPLICATION OF NEW ACCOUNTING STANDARDS

The Company adopted three new Egyptian Accounting Standards, (EAS 49) “Leases”, (EAS 48) “Revenue from Contracts with Customers”, (EAS 47) “Financial Instruments” retrospectively and restated the comparative figures in the financial statements for the financial year ending on 31 December 2020 and their impact on the current period, the effect of adopting the three new standards are as follows:

Impact on the consolidated statement of financial position (Increase/(Decrease)):

	Note	*1 January 2021 (31 December 2020) EGP*	*1 January 2020 EGP*
Assets			
Right of use assets (Net)	A (EAS 49)	8,696,234	13,724,576
Deferred tax assets	C	(200,918,034)	(135,982,145)
Deferred sales commission (Prepayments and other debit balances)	D (EAS 48)	892,969,044	604,365,089
Impairment of other debit balances (Prepayments and other debit balances)	E (EAS 47)	(32,636,328)	(19,911,879)
Total Assets		**668,110,916**	462,195,641
Liabilities			
Lease Liabilities – Short term	B (EAS 49)	1,692,682	5,879,037
Lease Liabilities – Long term	B (EAS 49)	7,648,044	9,864,413
Total Liabilities		**9,340,726**	15,743,450
Impact of restatement on Retained Earnings and profit for the year	F	**658,770,190**	446,452,191

As mentioned above, the comparative information in these interim condensed consolidated financial statements has been restated, as follows:

A. Right of use assets (net) were recognized and presented separately in the statement of financial position on 1 January 2021 (31 December 2020) and 1 January 2020 amounting to EGP 8,696,234 and EGP 13,724,576 respectively.
B. Lease liabilities (short and long-terms) were recognized and presented separately in the statement of financial position on 1 January 2021 (31 December 2020) and 1 January 2020 amounting to EGP 9,340,726 EGP and EGP 15,743,450 respectively.
C. Deferred tax assets decreased by EGP 200,918,034 and EGP 135,982,145 on 1 January 2021 (31 December 2020) and 1 January 2020 respectively because of the deferred tax impact from the changes in assets and liabilities.
D. Deferred sales commission were recognized within prepayments and other debit balances in the statement of financial position on 1 January 2021 (31 December 2020) and 1 January 2020 amounting to EGP 892,969,044 and EGP 604,365,089 respectively.
E. Impairment of other debit balances were recognized net of prepayments and other debit balances in the statement of financial position on 1 January 2021 (31 December 2020) and 1 January 2020 amounting to EGP 32,636,328 and EGP 19,911,879 respectively.
F. The net impact of these adjustments had been adjusted to retained earnings and profits for the year on 1 January 2021 (31 December 2020) and 1 January 2020 amounting to EGP 658,770,190 and EGP 446,452,191 respectively.

22 IMPACT OF APPLICATION OF NEW ACCOUNTING STANDARDS (cont.)

Impact on the consolidated statement of profit or loss:

	Note	***31 March 2020*** ***EGP***
Depreciation expenses	A (EAS 49)	(941,642)
Finance cost	C (EAS 49)	(197,209)
Lease expense	B (EAS 49)	1,486,860
Other income	D	1,353,352
Deferred tax expense	E	(12,415,093)
Sales Commission	F (EAS 48)	55,178,192
Impairment of other debit balances	G (EAS 47)	(12,724,448)
Total adjustments on net profits for the period		**31,740,012**

As mentioned above, the comparative information in these interim condensed consolidated financial statements has been restated, as follows:

A- Depreciation expense increased by EGP 941,642 for the period ended 31 March 2020 related to depreciation of right of use assets recognized.

B- Lease expense decreased by EGP 1,486,860 for the period ended 31 March 2020 related to previous operating leases recognized.

C- Financing cost increased by EGP 197,209 for the period ended 31 March 2020 related to the interest expense on lease liabilities recognized.

D- Other income increased by EGP 1,353,352 for the period ended 31 March 2020 related to recognized gain from termination of lease contract.

E- Deferred income tax expense increased by EGP 12,415,093 for the period ended 31 March 2020 relating to the tax effect of these changes in expenses.

F- Sales commission expenses decreased by EGP 55,178,192 for the period ended on 31 March 2020 related to derecognition.

G- Impairment of other debit balances increased by EGP 12,724,448 for the period ended 31 March 2020 relating to recognized additional impairment.

Amounts recognized in the Statement of financial position and Statement of profit or loss for the current period:

The impact of EAS 47, Impairment of other receivables balance as at 31 March 2021 amounted to EGP 50,115,654.

The impact of EAS 48, deferred sales commission balance in prepayments and other debit balances as at 31 March 2021 amounted to EGP 978,494,174.

The impact of EAS 49, Right of use assets and lease liabilities balances as at 31 March 2021 are as follow:

	Right of use assets ***EGP***	***Lease Liabilities*** ***EGP***
Balance as at 1 January 2021	**8,696,234**	**9,340,726**
Additions	-	-
Depreciation	(555,078)	-
Finance expenses	-	287,757
Payments	-	(687,582)
Balance as at 31 March 2021	**8,141,156**	**8,940,901**

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 major 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 March 31, 2021 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.