

**EMAAR MISR FOR DEVELOPMENT
COMPANY – (S.A.E.)
INTERIM FINANCIAL STATEMENTS
FOR THE PERIOD FROM 1 JANUARY 2015 TO
30 JUNE 2015
TOGETHER WITH REVIEW REPORT**



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Allied for Accounting & Auditing
Ragheb, Hamouda, Istambouli, 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 report
Originally issued in Arabic

Report on Review of Interim Financial Statements

TO THE MEMBER OF THE BOARD OF DIRECTORS OF EMAAR MISR FOR DEVELOPMENT COMPANY – (S.A.E.)

Introduction

We have reviewed the accompanying balance sheet of **EMAAR MISR FOR DEVELOPMENT COMPANY – (S.A.E.)** as of 30 June 2015 as well as the related statements of income, changes in equity and cash flows for the six months ended 30 June 2015, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and fair presentation of these interim financial statements in accordance with Egyptian Accounting Standards. Our responsibility is to express a conclusion on these interim financial statements based on our review.

Scope of Review

We conducted our review in accordance with Egyptian Standard on Review Engagements No. 2410, "Review of Interim Financial Statements Performed by the Independent Auditor of the Entity." A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Egyptian Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial statements does not give a true and fair view, in all material respects, of the financial position of the entity as at 30 June 2015, and of its financial performance and its cash flows for the six months ended 30 June 2015 in accordance with Egyptian Accounting Standards.



Cairo: 5 August 2015

EMAAR MISR FOR DEVELOPMENT COMPANY – (S.A.E.)

BALANCE SHEET

As Of 30 June 2015

	Note	30/6/2015 LE	31/12/2014 LE
Non current assets			
Fixed assets	(3)	517,351,241	531,551,015
Fixed assets under construction	(4)	58,827,367	45,732,626
Investment properties	(5)	82,987,701	84,866,442
Deferred Tax Asset	(20)	95,501,867	96,324,334
Total non current assets		754,668,176	758,474,417
Current assets			
Development properties	(6)	9,704,176,520	9,809,475,474
Accounts and Notes receivable	(7)	1,050,417,544	862,177,323
Due from related parties	(33)	13,126	13,126
Prepayments and other debit balances	(8)	1,025,821,867	777,679,984
Cash on hand and at banks	(9)	3,736,266,042	871,900,404
Total current assets		15,516,695,099	12,321,246,311
Current liabilities			
Provisions	(11)	51,140,877	53,004,970
Credit facilities	(13)	472,779,906	815,666,363
Suppliers, accrued expenses and other credit balances	(14)	1,693,776,494	1,423,931,169
Retention payable	(16)	188,817,941	207,371,874
Advances from customers	(10)	6,292,227,694	5,733,822,529
Land purchase- liability	(12)	177,632,033	166,998,103
Loan due to related parties	(21)	4,705,686	4,445,292
Due to related parties	(33)	8,132,512	4,812,802
Total current liabilities		8,889,213,143	8,410,053,102
Working capital		6,627,481,956	3,911,193,209
Total investment		7,382,150,132	4,669,667,626
Financed as follows:			
Equity			
Paid up capital	(17)	4,619,338,000	878,338,000
Legal reserve	(18)	21,145,120	247,803
Paid under capital increase	(17)	-	3,141,000,000
Additional paid in capital	(17)	1,594,567,988	-
(Accumulated deficit)		(15,483,796)	(412,532,806)
Profits for the period/year		522,189,107	417,946,327
Total equity		6,741,756,419	4,024,999,324
Non Current liabilities			
Land purchase liability	(12)	508,039,439	635,340,594
Provision for employees' end-of-service benefits	(22)	11,969,265	8,852,688
Credit facilities	(13)	120,385,009	475,020
Non Current liabilities		640,393,713	644,668,302
Total finance of working capital and non current assets		7,382,150,132	4,669,667,626

Board Member



Chairman



- The accompanying notes from (1) to (36) are an integral part of these interim financial statements.
- Review report attached.

EMAAR MISR FOR DEVELOPMENT COMPANY – (S.A.E.)

STATEMENT OF INCOME

For The Period From 1 January 2015 to 30 June 2015

	Note	From 1 January 2015 to 30 June 2015 LE	From 1 January 2014 to 30 June 2014 LE	From 1 April 2015 to 30 June 2015 LE	From 1 April 2014 to 30 June 2014 LE
Revenues	(23)	1,560,390,464	999,490,542	808,933,423	641,815,218
Cost of revenues	(23)	(941,070,770)	(630,955,386)	(418,227,760)	(397,475,552)
GROSS PROFIT		619,319,694	368,535,156	390,705,663	244,339,666
Selling and marketing expenses	(24)	(70,590,414)	(60,288,896)	(41,940,911)	(43,126,691)
General and administrative expenses	(25)	(96,588,646)	(75,411,227)	(46,869,858)	(38,203,681)
Finance expense	(28)	(5,164,156)	(17,765,101)	(1,852,942)	(8,246,979)
Credit interest		48,636,769	6,330,683	31,207,826	3,825,926
Other expenses	(27)	(10,167,439)	(10,963,640)	(3,688,653)	(3,479,601)
Provision	(11)	(2,217,388)	-	(2,060,232)	-
Provision no longer required	(11)	1,866,496	-	106,007	-
Foreign exchange differences		1,880,022	(93,344,334)	298,048	(81,428,412)
Other income	(26)	36,036,638	10,326,263	23,236,535	4,536,699
PROFIT BEFORE INCOME TAX		523,011,576	127,418,904	349,141,483	78,216,927
Income tax	(20)	(822,469)	8,824,686	344,526	27,305,924
PROFITS FOR THE PERIOD		522,189,107	136,243,590	349,486,009	105,522,851
Earnings Per share	(29)	0.16	0.14	0.11	0.11

- The accompanying notes from (1) to (36) are an integral part of these interim financial statements..

EMAAR MISR FOR DEVELOPMENT COMPANY – (S.A.E.)

STATEMENT OF CHANGE IN EQUITY

For The Period From 1 January 2015 to 30 June 2015

	Note	Paid up Capital		Legal reserve	paid under capital increase		Additional paid in capital		(Accumulated deficit)		Profits for the period		Total	
		LE	LE		LE	LE	LE	LE	LE	LE	LE	LE		
Balance as of 1 January 2014		878,338,000		196,491	119,544,000	-	(413,507,739)				1,026,245		585,596,997	
Transferred to (accumulated deficit) and legal Reserve		-	51,312		-	-	974,933				(1,026,245)		(119,544,000)	
Cancellation of paid under capital increase	(17)	-	-	-	(119,544,000)	-	-				-		136,243,590	
Profits for the period		-	-	-	-	-	-				136,243,590		602,296,587	
Balance as of 30 June 2014		878,338,000	247,803	247,803	3,141,000,000	-	(412,532,806)	-	417,946,327	4,024,999,324	-	-	602,296,587	-
Balance as of 1 January 2015		878,338,000	247,803	247,803	3,141,000,000	-	(412,532,806)	-	417,946,327	4,024,999,324	-	-	602,296,587	-
Transferred to (accumulated deficit) and legal reserve		-	20,897,317		-	-	397,049,010				(417,946,327)		-	
Capital increase	(17)	3,141,000,000	-	-	(3,141,000,000)	-	-				-		-	
Issuance of shares	(17)	600,000,000	-	-	-	1,594,567,988	-				-		2,194,567,988	
Profits for the period		-	-	-	-	-	-				522,189,107		522,189,107	
Balance as of 30 June 2015		4,619,338,000	21,145,120	21,145,120	-	1,594,567,988	(15,483,796)	1,594,567,988	522,189,107	6,741,756,419	-	-	6,741,756,419	-

-The accompanying notes from (1) to (36) are an integral part of these interim financial statements.

EMAAR MISR FOR DEVELOPMENT COMPANY – (S.A.E.)

STATEMENT OF CASH FLOWS

For The Period From 1 January 2015 to 30 June 2015

	Note	From 1 January 2015 to 30 June 2015 LE	From 1 January 2014 to 30 June 2014 LE
CASH FLOWS FROM OPERATING ACTIVITIES			
Profits before income taxes		523,011,576	127,418,904
Depreciation of fixed assets	(3)	28,906,352	27,579,343
Depreciation of investment properties	(5)	1,878,741	285,790
Amortization of debit balance related to financial lease		-	2,945,157
Provisions	(11)	2,217,388	-
(Gain) from disposal of fixed assets		-	(138,648)
Provision of Employees end-of-service benefits	(22)	4,188,879	3,327,829
Provisions no longer required	(11)	(1,866,496)	-
Finance expenses	(28)	5,164,156	17,765,101
Credit interest		(48,636,769)	(6,330,683)
Operating income before changes in working capital		514,863,827	172,852,793
Change in development properties	(6)	180,705,889	(186,454,474)
Change in accounts and notes receivable	(7)	(188,240,221)	(102,750,777)
Change in due from related parties		-	28,313
Change in prepayments and other debit balances	(8)	(237,723,786)	(134,984,389)
Change in advances from customers	(10)	558,405,165	352,712,679
Change in Retention payables	(16)	(18,553,933)	13,350,134
Change in due to related parties		2,184,712	(115,165,970)
Change in supplier, accrued expenses and other payables	(14)	187,471,980	199,512,485
Employees end -of- service benefits paid	(22)	(1,072,302)	(229,427)
Provisions used	(11)	(2,214,985)	(107,454)
NET CASH FLOWS PROVIDED FROM OPERATING ACTIVITIES		995,826,346	198,763,913
CASH FLOWS FROM INVESTING ACTIVITIES			
Credit interest received		38,218,672	4,368,428
Payments to acquire fixed assets	(3)	(14,706,578)	(9,696,700)
Payments in respect of fixed assets under construction	(4)	(13,094,741)	(30,397,704)
Proceeds from sale of fixed assets	(3)	-	401,050
NET CASH FLOWS PROVIDED FROM (USED IN) INVESTING ACTIVITIES		10,417,353	(35,324,926)
CASH FLOWS FROM FINANCING ACTIVITIES			
Payment of land purchase liability	(12)	(157,536,712)	(35,977,484)
Finance expenses paid		(30,521,780)	(25,959,820)
Payment of issued shares expenses		(12,238,492)	-
Proceeds from Issuance of shares		2,280,000,000	-
Change in due to related parties		1,134,998	1,337,355,528
Payments of loans and credit facility		(402,653,159)	(1,458,181,622)
Proceeds from loans and credit facilities		179,937,084	252,024,141
NET CASH FLOWS PROVIDED FROM FINANCING ACTIVITIES		1,858,121,939	69,260,743
Net change in cash and cash equivalent during the period		2,864,365,638	232,699,730
Cash and cash equivalent - beginning of the period		871,900,404	169,788,763
CASH AND CASH EQUIVALENT - END OF THE PERIOD	(9)	3,736,266,042	402,488,493

- The accompanying notes from (1) to (36) are an integral part of these interim financial statements.

EMAAR MISR FOR DEVELOPMENT COMPANY – (S.A.E.)

NOTES TO THE INTERIM FINANCIAL STATEMENTS

30 June 2015

1 BACKGROUND

Emaar Misr for Development Company S.A.E. is a joint stock company established in Egypt under Investment Guarantees and Incentives Law No. 8 for the year 1997. The Company is registered under commercial register No. 12841 dated 16 March 2005.

The listing of Emaar Misr for Development Company S.A.E on the Egyptian stocks exchange was approved on 4 March 2015.

The Company activities are finance leasing, Designing, constructing, managing, operating and maintenance of power plants with their different sources and distribution networks, planning and construction of urban districts and providing them with utilities and services. Constructing and operating of water desalination and refining plants together with their distribution networks. Constructing, operating and maintenance of sewage systems. Projects development, investment and property development. Owning, constructing, managing and marketing for hotels, motels, residential units and tourism villages and its related supplementary activities in servicing, entertainment, sporting, commercial, and communal. Establishing and operating yachts marina, golf courts and diving centres and its related supplementary activities.

These financial statements for the period from 1 January 2015 to 30 June 2015 were authorized for issuance in accordance with the resolution of the directors on 3 August 2015.

2 SIGNIFICANT ACCOUNTING POLICIES

2-1 Basis of preparation

The financial statements of the company have been prepared in accordance with the Egyptian Accounting Standards and the applicable laws and regulations.

The financial statements of the company have been prepared in Egyptian Pound (EGP)

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

2-2 Changes in accounting policies

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

2-3 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue and costs, if applicable, can be measured reliably.

Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes and duty.

The specific recognition criteria described below must also be met before revenue is recognized
Sale of property .

- **Revenue of sale of property**

The Company recognises revenue of sale of property when the risks and rewards of ownership of the property have been transferred to the buyer either actually or implied.

- **Interest income**

Interest income is recognised as the interest accrues using the effective interest method.

- **Rental income from operating lease**

Rental income arising from operating leases on investment property is accounted for on straight-line basis over the lease terms and included in income statement.

- **Revenue of Services**

Revenue from services is recognised when the services has been rendered.

EMAAR MISR FOR DEVELOPMENT COMPANY – (S.A.E.)

NOTES TO THE INTERIM FINANCIAL STATEMENTS

30 June 2015

2-4 Cost of revenues

Cost of revenues for the sold units is comprised from the followings:

- Costs that are directly related to the sold unit .
- Costs that are attributable to the activity in general and can be allocated to the unit sold.
- Such other costs as are specifically chargeable to the customer under the terms of the contract signed by the customer.

2-5 Borrowing

Borrowings are initially recognized at the value of the consideration received. Amounts maturing within a year are classified as current liabilities, unless the Company has the right to postpone the settlement for a period exceeding one year after the balance sheet date, then the loan balance should be classified as long term liabilities.

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortized cost using the effective interest rate method. Gains and losses are recognized in the income statement when the liabilities are derecognized as well as through the effective interest rate method amortization process. Amortized cost is calculated by taking into account any discount or premium on acquisition and fee or costs that are an integral part of the effective interest rate. The effective interest rate amortization is included in finance cost in the income statement.

2-6 Cost of Borrowing

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale are capitalised as part of the cost of the assets.

All other borrowing costs are expensed in the period in which they are incurred. The borrowings costs are represented in interest and other finance costs that company pay to obtain the funds.

2-7 Income tax

Income tax is calculated in accordance with the Egyptian tax law.

Current income tax

Current income tax assets and liabilities for the current and prior years are measured at the amount expected to be recovered from or paid to the tax authority.

Deferred income tax

Deferred income tax is recognized using the liability method on temporary differences between the amount attributed to an asset or liability for tax purposes (tax base) and its carrying amount in the balance sheet (accounting base) using the applicable tax rate.

Deferred tax asset is recognized when it is probable that the asset can be utilized to reduce future taxable profits and the asset is reduced by the portion that will not create future benefit.

Current and deferred tax shall be recognized as income or an expense and included in the statement of income for the period, except to the extent that the tax arises from a transaction or event which is recognized, in the same or a different period, directly in equity.

EMAAR MISR FOR DEVELOPMENT COMPANY – (S.A.E.)

NOTES TO THE INTERIM FINANCIAL STATEMENTS

30 June 2015

2-8 Development Properties

Properties acquired, constructed in the course of construction for sale are classified as development properties. Unsold properties are stated at the lower of cost or net realisable value.

The cost of development properties includes the cost of land and other related expenditure which are capitalised when activities that are necessary to get the properties ready for sale are in progress. Net realisable value represents the estimated selling price less costs to be incurred in selling the property.

2-9 Investment property

Investment property which held to earn rental or for capitalize appreciation or both is measured at cost including acquisition cost or construction cost or any other related direct cost .

After initial recognition Investment property is measured at cost less accumulated depreciation and any accumulated impairment value depreciation is completed using the straight line method according to the estimated useful life of the assets 20 years .

2-10 Fixed assets

Fixed assets are stated at historical cost net of accumulated depreciation and accumulated impairment losses. Such cost includes the cost of replacing part of the plant and equipment when that cost is incurred, if the recognition criteria are met. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in statement of income as incurred.

Depreciation of an asset begins when it is in the location and condition necessary for it to be capable of operating in the manner intended by management , and is computed using the straight-line method according to the estimated useful life of the asset as follows:

	Years
Buildings	20
Model homes and other assets	6
Machinery and equipments	4
Motor vehicles	4
Computers	2
Furniture and fixtures & Office equipment	4
Banners	4
Heavy equipments	4-20
Kitchen tools	2

Fixed assets are derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognizing of the asset is included in the statement of income when the asset is derecognized.

The assets residual values, useful lives and methods of depreciation are reviewed at each financial year end.

The Company assesses at each balance sheet date whether there is an indication that fixed assets may be impaired. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses are recognized in the statement of income.

EMAAR MISR FOR DEVELOPMENT COMPANY – (S.A.E.)

NOTES TO THE INTERIM FINANCIAL STATEMENTS

30 June 2015

2-10 Fixed assets (continued)

A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized.

The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the statement of income.

2-11 Fixed assets under construction

Fixed assets under construction represent the amounts that are paid for the purpose of constructing or purchasing fixed assets until it is ready to be used in the operation, upon which it is transferred to fixed assets. Fixed assets under construction are valued at cost net of impairment loss (if any) .

2-12 Impairment

Impairment of financial assets

The Company assesses at each balance sheet date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset and has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated.

Impairment of non financial assets

The Company assesses at each balance sheet date whether there is an indication that an asset may be impaired. Where the carrying amount of an asset or cash-generating unit's (CGU) exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses are recognized in the statement of income.

A previously recognized impairment loss is only reversed if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the statement of income.

2-13 Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash in hand, bank balances, and short-term deposits with an original maturity of three months .

2-14 Suppliers and accrued expenses

Liabilities are recognised for amounts to be paid in the future for goods or services received, whether billed by the supplier or not.

2-15 Provisions

Provisions are recognized when the Company has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made. Provisions are reviewed at the financial position date and adjusted to reflect the current best estimate.

Where the effect of the time value of money is material, the amount of a provision should be the present value of the expected expenditures required to settle the obligation. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

EMAAR MISR FOR DEVELOPMENT COMPANY – (S.A.E.)

NOTES TO THE INTERIM FINANCIAL STATEMENTS

30 June 2015

2-16 Social insurance and Employees' End-of-services

a- **Social Insurance** :The Company makes contributions to the General Authority for Social Insurance calculated as a percentage of the employees' salaries. The Company's obligations are limited to these contributions, which are expensed when due.

b- **Employees' End-of-services** :The Company provides end-of-service benefits to its employees. The entitlement to these benefits is usually based upon the employees' final salary and length of service, subject to the completion of a minimum service period. The costs of these benefits are accrued over the period of employment.

2-17 Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated using the exchange rate prevailing at the balance sheet date. All differences are recognized in the statement of income.

Nonmonetary items that are measured at historical cost in foreign currency are translated using the exchange rates prevailing at the dates of the initial recognition.

Nonmonetary items measured at fair value in a foreign currency are translated using the exchange rates prevailing at the date when the fair value is determined.

2-18 Contingencies

Contingent liabilities are not recognized in the financial statements.They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is not recognized in the financial statements but disclosed when an inflow of economic benefits is probable.

2-19 Related party transactions

Related parties represent in parent company , associated companies, major shareholders, directors and key management personnel of the Company, and entities controlled, jointly controlled or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by the boards of directors.

2-20 Accounting estimates

The preparation of financial statements in accordance with Egyptian Accounting Standards requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses during the financial years. Actual results could differ from these estimates.

2-21 Statement of cash flows

The statement of cash flows is prepared using the indirect method.

2-22 Expenses

All expenses including operating expenses, general and administrative expenses and other expenses are recognized and charged to the statement of income in the financial year in which these expenses were incurred.

2-23 Accounts receivable and other debit balances

Accounts receivable and other debit balances are stated at book less any impairment losses.

Impairment losses are measured as the difference between the receivables carrying amount and the present value of estimated future cash flows. The impairment loss is recognized in the statement of income. Reversal of impairment is recognized in the statement of income in the period in which it occurs.

EMAAR MISR FOR DEVELOPMENT COMPANY – (S.A.E.)

NOTES TO THE INTERIM FINANCIAL STATEMENTS

30 June 2015

3 FIXED ASSETS

Cost	Lands		Buildings		Model homes and other assets		Machinery and equipment		Motor Vehicles		Computers		Furniture, fixtures and office equipment		Banners		Heavy Equipment		tools		Total		
	LE	LE	LE	LE	LE	LE	LE	LE	LE	LE	LE	LE	LE	LE	LE	LE	LE	LE	LE	LE	LE	LE	
As of 1 January 2015	28,141,156	445,642,749	72,451,041	25,743,493	30,726,902	25,709,717	39,419,318	9,255,377	112,731,314	596,491	790,417,558												
Additions	-	55,425	392,369	2,566,210	3,435,450	2,267,602	5,053,132	-	936,390	-	14,706,578												
As of 30 June 2015	28,141,156	445,698,174	72,843,410	28,309,703	34,162,352	27,977,319	44,472,450	9,255,377	113,667,704	596,491	805,124,136												
Accumulated depreciation																							
As of 1 January 2015	-	(92,620,656)	(52,132,192)	(16,784,666)	(18,467,436)	(19,998,668)	(31,624,898)	(17,386,159)	(4,640,651)	(596,491)	(258,866,543)												
Depreciation for the period	-	(11,482,407)	(3,564,673)	(2,316,371)	(2,398,732)	(2,543,305)	(1,960,213)	(4,640,651)	-	-	(28,906,352)												
As of 30 June 2015	-	(104,103,063)	(55,696,865)	(19,101,037)	(20,866,168)	(22,541,973)	(33,585,111)	(22,026,810)	(596,491)	(596,491)	(287,772,895)												
Net book value as of 30 June 2015	28,141,156	341,595,111	17,146,545	9,208,666	13,296,184	5,435,346	10,887,339	91,640,894	517,551,241	-	517,551,241												
Net book value as of 31 December 2014	28,141,156	353,022,093	20,318,849	8,958,827	12,259,466	5,711,049	7,791,420	95,345,155	531,551,015	-	531,551,015												

There is no mortgage nor pledge over the fixed assets

30/6/2015
LE

Depreciation expenses is allocated as follows:

Selling and Marketing expenses (note 24)	3,558,974
General and administrative expenses (note 25)	23,153,289
Facility management	1,806,339
Development properties (Note 6)	28,518,602
	387,750
	28,906,352

EMAAR MISR FOR DEVELOPMENT COMPANY – (S.A.E.)

NOTES TO THE INTERM FINANCIAL STATEMENTS

30 June 2015

4 FIXED ASSETS UNDER CONSTRUCTION

Balance as of 1 January 2015 LE	Additions during the period LE	Transferred to fixed assets LE	Balance as of 30 June 2015 LE
45,732,626	13,094,741	-	58,827,367
<u>45,732,626</u>	<u>13,094,741</u>	<u>-</u>	<u>58,827,367</u>
Balance as of 1 January 2014 LE	Additions during the period LE	Transferred to fixed assets LE	Balance as of 30 June 2014 LE
39,627,550	30,397,703	(3,247,176)	66,778,077
<u>39,627,550</u>	<u>30,397,703</u>	<u>(3,247,176)</u>	<u>66,778,077</u>

	30/6/2015 LE	31/12/2014 LE
Marassi project (buildings, furniture and fixtures)	27,785,101	19,183,775
Uptown Cairo project (buildings, furniture and fixtures)	1,381,901	1,348,342
MIVIDA Cairo project (buildings, furniture and fixtures)	29,660,365	25,200,509
	<u>58,827,367</u>	<u>45,732,626</u>

5 INVESTEMENT PROPERTIES

	Land LE	Building LE	Total LE
Cost			
At 1 January 2015	11,881,336	75,149,637	87,030,973
At 30 June 2015	<u>11,881,336</u>	<u>75,149,637</u>	<u>87,030,973</u>
Accumulated depreciation			
At January 2015	-	(2,164,531)	(2,164,531)
Depreciation for the period	-	(1,878,741)	(1,878,741)
At 30 June 2015	-	<u>(4,043,272)</u>	<u>(4,043,272)</u>
Net book value			
As of 30 June 2015	<u>11,881,336</u>	<u>71,106,365</u>	<u>82,987,701</u>
As of 31 December 2014	<u>11,881,336</u>	<u>72,985,106</u>	<u>84,866,442</u>
	Land LE	Building LE	Total LE
Cost			
At 1 January 2014	11,881,336	11,431,616	11,431,616
At 30 June 2014	<u>11,881,336</u>	<u>11,431,616</u>	<u>11,431,616</u>
Accumulated depreciation			
At 1 January 2014	-	(285,790)	(285,790)
Depreciation for the period	-	(285,790)	(285,790)
At 30 June 2014	-	<u>(285,790)</u>	<u>(285,790)</u>
Net book value			
As of 30 June 2014	-	<u>11,145,826</u>	<u>11,145,826</u>

EMAAR MISR FOR DEVELOPMENT COMPANY – (S.A.E.)

NOTES TO THE INTERM FINANCIAL STATEMENTS

30 June 2015

5 INVESTEMENT PROPERTIES (continued)

As at 30 June 2015 investments properties with a net book value amounted to LE 82,987,701 represents a leased office building in Mivida in addition to a mall at Marassi project .

The fair values of the investments properties are based on valuations performed by Osoul Appraisals and Consultancy Company, (independent valuer.) which is a specialist in valuing investment properties. The fair value for this investment property amounted to LE 161,405,250 according to their issued report dated 16 July 2015 .

6 DEVELOPMENT PROPERTIES

	30/6/2015	30/6/2014
	LE	LE
Beginning of the period	9,866,052,928	9,850,314,011
Additions during the period	680,693,919	667,752,585
Capitalized borrowing cost during the period	34,537,447	70,347,815
Capitalized amortization of discounting of land purchase liability and rescheduled instalments interest due	44,308,335	57,079,045
Depreciation for the period (capitalized portion) (note 3)	387,750	387,750
Transfer from development properties to fixed assets	-	(8,426,309)
Cost recognized for delivered units charged to income statement	(874,170,496)	(552,033,676)
	<u>9,751,809,883</u>	<u>10,085,421,221</u>
Less: Impairment of development properties	(47,633,363)	-
	<u>9,704,176,520</u>	<u>10,085,421,221</u>

Development properties are analysed as follows:

	30/6/2015	31/12/2014
	LE	LE
Mivida project	2,948,785,950	3,065,675,217
Marassi project	3,612,385,584	3,683,666,698
Uptown Cairo project	2,962,650,522	2,888,723,186
Cairo Gate project	225,162,089	225,162,089
Smart Village project	2,825,738	2,825,738
	<u>9,751,809,883</u>	<u>9,866,052,928</u>
Less: Impairment of development properties	(47,633,363)	(56,577,454)
	<u>9,704,176,520</u>	<u>9,809,475,474</u>

* An amount of EGP 8,944,091 was reversed from the impairment of development properties resulting from delivered units.

	30/6/2015	31/12/2014
	LE	LE
Land (including land instalments interest due)*	3,104,858,001	3,157,962,970
Consultations and designs	1,412,207,747	1,368,179,863
Construction and infrastructure works	4,087,525,719	4,198,887,724
Capitalized finance costs	1,147,218,416	1,141,022,371
	<u>9,751,809,883</u>	<u>9,866,052,928</u>
Less: Impairment of development properties	(47,633,363)	(56,577,454)
	<u>9,704,176,520</u>	<u>9,809,475,474</u>

* The Company is in process of completing the required legal actions related to official registration of all land owned till 30 June 2015.

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NOTES TO THE INTERM FINANCIAL STATEMENTS

30 June 2015

7 ACCOUNTS AND NOTES RECEIVABLE

	30/6/2015	31/12/2014
	LE	LE
Uptown Cairo delivered units receivable – Gross	187,077,739	203,613,033
Marassi delivered units receivable – Gross	813,847,901	679,623,479
Mivida delivered units receivable – Gross	351,542,722	244,520,140
Unamortized discount	<u>(304,999,083)</u>	<u>(268,672,597)</u>
	1,047,469,279	859,084,055
Other customer receivables – Hotels	2,948,265	3,093,268
	<u>1,050,417,544</u>	<u>862,177,323</u>

8 PREPAYMENTS AND OTHER DEBIT BALANCES

	30/6/2015	31/12/2014
	LE	LE
Prepayments	6,095,875	5,714,124
Advances to suppliers	488,627,982	404,478,822
Accrued interest	15,656,091	5,237,994
Customers maintenance – Current accounts*	32,805,284	13,950,205
Customers maintenance – Time deposits*	386,570,322	280,143,593
Other Debit balances	96,066,313	68,155,246
	<u>1,025,821,867</u>	<u>777,679,984</u>

*These amounts represents amounts collected from customers, which are invested in interest bearing current accounts and time deposits to finance the facility management expenses for delivered units. These amounts are deposited in bank current accounts with average effective interest rate of 7 % (2014: 7%), and time deposits with average effective interest rate is 9.14% (9.13% :2014)

9 CASH ON HAND AND AT BANKS

	30/6/2015	31/12/2014
	LE	LE
a) Egyptian pound		
Cash on hand	38,339	2,352,369
Current accounts	2,584,045,791	297,902,687
Time deposits (maturity within 3 months)	1,070,000,000	513,000,000
	<u>3,654,084,130</u>	<u>813,255,056</u>
b) Foreign currency		
Current accounts	82,181,912	58,645,348
	<u>82,181,912</u>	<u>58,645,348</u>
	<u>3,736,266,042</u>	<u>871,900,404</u>

*Current accounts with an average effective interest rate of 6.8% (2014:7%) and the time deposits with an average effective rate of 9.2% (2014:8.5%).

EMAAR MISR FOR DEVELOPMENT COMPANY – (S.A.E.)

NOTES TO THE INTERM FINANCIAL STATEMENTS

30 June 2015

10 ADVANCES FROM CUSTOMERS

	30/6/2015	31/12/2014
	LE	LE
Uptown Cairo project	1,504,600,110	1,278,577,907
Marassi project	1,839,775,534	1,832,857,483
Mivida project	2,947,852,050	2,622,387,139
	<u>6,292,227,694</u>	<u>5,733,822,529</u>

11 PROVISIONS

	Balance as of 1 January 2015 LE	Charged during the year LE	Used during the year LE	Provision no longer required LE	Balance as of 30 June 2015 LE
Provision for legal claims	3,289,108	2,217,388	-	(1,866,496)	3,640,000
Provision for other claims	49,715,862	-	(2,214,985)	-	47,500,877
	<u>53,004,970</u>	<u>2,217,388</u>	<u>(2,214,985)</u>	<u>(1,866,496)</u>	<u>51,140,877</u>
	Balance as of 1 January 2014 LE	Charged during the year LE	Used during the year LE	Provision no longer required LE	Balance as of 30 June 2014 LE
Provision for other claims	49,466,485	-	(107,454)	-	49,359,031
	<u>49,466,485</u>	<u>-</u>	<u>(107,454)</u>	<u>-</u>	<u>49,359,031</u>

12 LAND PURCHASE LIABILITY

	30/6/2015	31/12/2014
	LE	LE
Land purchase liability		
Cairo Gate project	13,000,000	13,000,000
Marassi Project	-	13,626,772
Urban Community Authority – Mivida project	787,175,379	931,085,319
Total land purchase liability	<u>800,175,379</u>	<u>957,712,091</u>
Discount creditors of land purchased liabilities (interest not due yet)	<u>(114,503,907)</u>	<u>(155,373,394)</u>
Land purchase liability –Net	<u>685,671,472</u>	<u>802,338,697</u>
Total current portion	177,632,033	166,998,103
Total non-current portion	508,039,439	635,340,594
Total land purchase liability	<u>685,671,472</u>	<u>802,338,697</u>

The Company calculated the present value of the financial liability by calculating the present value of all the future cash payments using 10% (2014: 10%) discount rate. These calculations resulted in a discount amounted to LE 114,503,907 (2014: 155,373,394).

EMAAR MISR FOR DEVELOPMENT COMPANY – (S.A.E.)

NOTES TO THE INTERM FINANCIAL STATEMENTS

30 June 2015

13 CREDIT FACILITIES

		30/6/2015	31/12/2014
Local currency			
<i>Bank credit facilities</i>			
	<i>Interest rate</i>	<i>LE</i>	<i>LE</i>
Credit facility (1)	1% + CBE corridor Offered Rate	271,286,528	271,286,528
Credit facility (2)	2.25% + CBE corridor Rate	-	950,040
Credit facility (3)	2.5% + CBE corridor Average Rate	-	223,593,303
Credit facility (4)*	2% + CBE corridor offered Rate	152,749,624	265,767,136
Credit facility (5)	2.25% + CBE corridor offered Rate	-	54,069,356
Credit facility (6)**	1.5% + CBE mid corridor Rate	48,743,754	-
Total current portion		472,779,906	815,666,363
Credit facility (2)	2.25% + CBE mid corridor Rate	-	475,020
Credit facility (6)**	1.5% + CBE mid corridor Rate	120,385,009	-
Total non-current portion		120,385,009	475,020
Total credit facilities		593,164,915	816,141,383

*No declared mortgage registered, but there are proxy mortgage as follows:

Obligation to register mortgage on some unsold units built on Sidi Abdelrahman land as guarantee to Credit facility (4).

**Credit facility (6) secured by customers post-dated cheques of delivered units with maximum financing amounting to 90% of its value .

	30/6/2015	30/6/2014
	<i>LE</i>	<i>LE</i>
Balance at the beginning of the period	816,141,383	2,216,579,885
Provided during the period	179,676,691	252,024,141
Paid during the period	(402,653,159)	(1,458,311,818)
	593,164,915	1,010,292,208

14 SUPPLIERS, ACCRUED EXPENSES AND OTHER PAYABLES

	30/6/2015	31/12/2014
	<i>LE</i>	<i>LE</i>
Accrued expenses	532,217,196	397,740,375
Accrued infrastructure costs of delivered units	537,710,413	505,819,291
Consultants payable	25,197,018	33,685,987
Contractors payable	114,697,771	111,470,694
Social insurance authority	2,186,888	1,487,666
Deferred revenue*	19,130,422	19,725,502
Due to tax authority (Note 14)	8,393,381	5,865,759
Suppliers and other payables	42,965,025	27,116,008
Customers maintenance payable**	411,278,380	321,019,887
	1,693,776,494	1,423,931,169

*Deferred revenue represents amounts deducted from customers who cancelled their contracts and deducting the company share from sales contracts to buy new unit . Customers can use these amounts to buy new units from the company during one year. If these amounts are not used by customers within one year the company has the right to keep these amounts and thus transfer to revenue.

**Customers maintenance payable represents the collected instalments in respect of delivered units that are used to finance facility management expenses.

EMAAR MISR FOR DEVELOPMENT COMPANY – (S.A.E.)

NOTES TO THE INTERM FINANCIAL STATEMENTS

30 June 2015

15 DUE TO TAX AUTHORITY

	30/6/2015 LE	31/12/2014 LE
Tax authority- stamp tax	72,589	1,002,857
Tax authority- withholding tax	2,291,816	3,170,683
Tax authority- salary tax	4,599,016	1,145,255
Tax authority- sales tax	306,290	32,174
Tax authority- other tax	1,049,708	512,030
Tax authority- royalty tax	73,962	2,760
	<u>8,393,381</u>	<u>5,865,759</u>

16 RETENTION PAYABLE

	30/6/2015 LE	31/12/2014 LE
Retentions payable within 12 months	125,566,259	149,911,052
Retentions payable after 12 months	63,251,682	57,460,822
	<u>188,817,941</u>	<u>207,371,874</u>

17 CAPITAL

- On 31 December 2014 , The Company's issued and paid up capital amounted to LE 878,338,000 divided over 87833800 shares of par value LE 10 each .

Shareholders' names	Nationality	Number of shares	Amount in LE	Share capital %
EMAAR Properties – PJSC	UAE	86077124	860,771,240	98
EMAAR Properties – L.L.C.	UAE	878338	8,783,380	1
Emirates Telal Phase I – L.L.C.	UAE	878338	8,783,380	1
		<u>87833800</u>	<u>878,338,000</u>	<u>100</u>

- During year 2013 the company received payment under capital increase from shareholder amounting to EGP 119,544,000 which was approved by board of directors resolution on 14 March 2013 this proposed increase was cancelled by board of directors resolution on 23 June 2014 .
- On 16 December 2014, an extraordinary general assembly meeting was held and approved the company capital increase by EGP 3,141,000,000 to be EGP 4,019,338,000, the total amount will be paid at subscription as follows:
 - Deducting an amount of EGP 3,086,234,900 from shareholders current account (Emaar Properties PJSC) presented on financial position as of 30 June 2014.
 - Payment an amount of EGP 54,765,100 through cash deposit at bank.

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NOTES TO THE INTERM FINANCIAL STATEMENTS

30 June 2015

17 CAPITAL (continued)

- On 15 March 2015, the company has registered the increase and updated the commercial register. The company's issued and paid up capital on 31 March 2015 amounted to L.E 4,019,338,000 divided over 401933800 shares of par value LE 10 each .

Shareholders' names	Nationality	Number of shares	Amount in LE	Share capital %
EMAAR Properties – PJSC	UAE	393895124	3,938,951,240	98
EMAAR Properties – L.L.C.	UAE	4019338	40,193,380	1
Emirates Telal Phase 1 – L.L.C.	UAE	4019338	40,193,380	1
		<u>401933800</u>	<u>4,019,338,000</u>	<u>100</u>

- On 31 March 2015, an extraordinary general assembly meeting was held and approved adjusting the shares par value from LE 10 per share to LE 1 per share preliminary to publish in Egyptian stock market and updated the commercial register on 5 May 2015 .The company's authorized capital amounted to 4.5 Billion and issued and paid up capital amounted to LE 4,019,338,000 divided over 4019338000 shares.
- On 11 May 2015, an extraordinary general assembly meeting was held and approved the company authorized capital increase to be LE 10,000,000,000 and issued capital to be EGP 600,000,000 with LE 3.80 per share as an issue price .The company's issued and paid up capital after increase amounted to be LE 4,619,338,000 divided over 4619338000.The company additional paid in capital amounted to LE 1,594,567,988 after deducting expenses of LE 85,432,012 and updated the commercial register on 29 June 2015 as follows:

Shareholders' names	Nationality	Number of shares	Amount in LE	Share capital %
EMAAR Properties – PJSC	UAE	3938951240	3,938,951,240	85.27
EMAAR Properties – L.L.C.	UAE	40193380	40,193,380	0.87
Emirates Telal Phase 1 – L.L.C.	UAE	40193380	40,193,380	0.87
Public & private subscription		600000000	600,000,000	12.99
		<u>4619338000</u>	<u>4,619,338,000</u>	<u>100</u>

18 LEGAL RESERVE

As required by Egyptian Companies' law and the Company's articles of association, 5% of the net profit for the prior years to be transferred to legal reserve. The Company may resolve to discontinue such annual transfers when the reserve totals 50% of the issued share capital.

19 POST DATED CHECKS (OFF BALANCE SHEET)

The company maintains post dated checks amounted to LE 7,206,606,333 (2014: LE 6,675,722,570), received from their customers recorded as off balance sheet items. Those post dated checks represent the future installments upon the payment schedule of each customer upon the company's policy.

EMAAR MISR FOR DEVELOPMENT COMPANY – (S.A.E.)

NOTES TO THE INTERM FINANCIAL STATEMENTS

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20 INCOME TAXES

	Statement of income	
	30/6/2015	30/6/2014
	LE	LE
Income Tax	-	-
Deferred income tax	(822,469)	8,824,686
Total income tax	<u>(822,469)</u>	<u>8,824,686</u>

DEFERRED INCOME TAXES

	Balance sheet		Statement of income	
	30/6/2015	31/12/2014	30/6/2015	30/6/2014
	LE	LE	LE	LE
Depreciation of fixed assets	(8,946,852)	(8,607,325)	(339,527)	(12,256,897)
Carried forward tax losses	-	-	-	13,970,470
Provision and Accrued Expense	104,448,719	104,931,659	(482,942)	7,111,113
Total deferred income tax asset	<u>95,501,867</u>	<u>96,324,334</u>	<u>(822,469)</u>	<u>8,824,686</u>

21 LOAN DUE TO RELATED PARTIES

	30/6/2015	31/12/2014
	LE	LE
Emaar Properties PJSC *	4,705,686	4,445,292
	<u>4,705,686</u>	<u>4,445,292</u>

*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.

22 EMPLOYEES' END-OF-SERVICE BENEFITS

	30/6/2015	30/6/2014
	LE	LE
Beginning balance of the period	8,852,688	6,768,775
Formed during the period	4,188,879	3,327,829
Used during the period	(1,072,302)	(229,427)
Ending balance of the period	<u>11,969,265</u>	<u>9,867,177</u>

23 REVENUE AND COST OF REVENUES

	30/6/2015	30/6/2014
	LE	LE
Revenues		
Marassi Project	741,405,929	683,530,908
Uptown Cairo Project	147,506,574	133,894,710
Mivida Project	671,477,961	182,064,924
	<u>1,560,390,464</u>	<u>999,490,542</u>

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	30/6/2015	30/6/2014
	LE	LE
Cost of revenue		
Marassi Project	329,338,218	388,631,075
Uptown Cairo Project	134,238,117	107,268,052
Mivida Project	477,494,435	135,056,259
	<u>941,070,770</u>	<u>630,955,386</u>

24 SELLING AND MARKETING EXPENSES

	30/6/2015	30/6/2014
	LE	LE
Advertisement	19,699,688	19,760,032
Depreciation of Model Homes (Note 3)	3,558,974	3,393,375
Marketing production and material	3,565,028	3,901,968
Events and exhibition	8,333,079	6,439,415
Sales commission	31,172,298	21,646,335
Other marketing expenses	4,261,347	5,147,771
	<u>70,590,414</u>	<u>60,288,896</u>

25 GENERAL AND ADMINISTRATIVE EXPENSES

	30/6/2015	30/6/2014
	LE	LE
Salaries and benefits	37,557,310	26,768,492
Professional fees	1,766,232	2,344,535
Depreciation of fixed assets (Note 3)	23,153,289	22,332,999
Depreciation investment properties	1,878,741	285,790
IT expenses	4,175,836	3,371,686
Travel and entertainment	2,670,319	1,672,038
Cleaning and maintenance	3,282,193	2,230,651
Communications	1,150,064	1,410,777
Facility management expense	13,199,051	6,954,495
Other bank charges	691,343	842,578
Other expenses	7,064,268	7,197,186
	<u>96,588,646</u>	<u>75,411,227</u>

26 OTHER INCOME

	30/6/2015	30/6/2014
	LE	LE
Other income from customers	33,630,810	10,187,615
Operating lease income	2,405,828	-
Gain from disposal of fixed assets	-	138,648
	<u>36,036,638</u>	<u>10,326,263</u>

EMAAR MISR FOR DEVELOPMENT COMPANY – (S.A.E.)

NOTES TO THE INTERM FINANCIAL STATEMENTS

30 June 2015

27 OTHER EXPENSES

	30/6/2015	30/6/2014
	LE	LE
Operating / (Losses) from El Alamain hotel , Golf club ,Beach club in Marrassi and Golf club in UTC	10,167,439	8,018,483
Amortization of the debit balance related to finance lease	-	2,945,157
	<u>10,167,439</u>	<u>10,963,640</u>

28 FINANCE EXPENSES

	30/6/2015	30/6/2014
	LE	LE
Bank interest expenses	4,534,258	11,619,163
Letters of Guarantees – Loans	598,244	3,736,505
Loan arrangement fees	-	2,100,000
Other bank charges	31,654	309,433
	<u>5,164,156</u>	<u>17,765,101</u>

29 EARNINGS PER SHARE

Earnings per share amounts are calculated based on the weighted average number of ordinary shares outstanding during the period.

	From 1 January 2015 to 30 June 2015 LE	From 1 January 2014 to 30 June 2014 LE	From 1 April 2015 to 30 June 2015 LE	From 1 April 2014 to 30 June 2014 LE
Net profit for the period	522,189,104	136,243,586	349,486,009	105,522,851
Employees and board of directors share (estimated)	<u>(71,158,443)</u>	<u>(12,943,141)</u>	<u>(39,985,535)</u>	<u>(10,024,671)</u>
Net profit attributable to the ordinary equity holders	<u>451,030,661</u>	<u>123,300,445</u>	<u>309,500,474</u>	<u>95,498,180</u>
Weighted average number of ordinary shares	<u>2748821333</u>	<u>878338000</u>	<u>2748821333</u>	<u>878338000</u>
Earning per share in profit of the period	<u>0.16</u>	<u>0.14</u>	<u>0.11</u>	<u>0.11</u>

30 COMMITMENTS

At 30 June 2015, the company had commitments in respect of its projects not provided for in the financial statements amounted to EGP 5,601,373,357 (December 2014: EGP 4,123,265,496).

31 CONTINGENT LIABILITIES

At 30 June 2015 the company has no contingent liabilities in respect than what was provided for in the provisions above or what was disclosed in note (11) and note (32).

EMAAR MISR FOR DEVELOPMENT COMPANY – (S.A.E.)

NOTES TO THE INTERM FINANCIAL STATEMENTS

30 June 2015

32 TAX SITUATION

a) Corporate tax

- The company's tax returns are presented on time.
- The company's records were inspected for the period from 2006 till 31 December 2008, the company objected on the results and the disputed points have been transferred to the Internal Committee which issued its decision by resolving some disputed points and transferred others to the appeal committee.
- The company's records are in process of the inspection for the period from 1 January 2009 till 31 December 2010.
- The company's records were not inspect for the period from 1 January 2011 till now .
- The company enjoys tax holiday on the projects established in the urban area till 31 December 2018.

b) Salary tax

- The company's records were inspected till the year 2008 and all tax dues were settled .
- The company records are under inspection for years from 2009 till 2011 .
- The company's records were not inspect the company for the period from 1 January 2012 till now .

c) Stamp duty tax

- The company's records were inspected till the year July 2006, all tax differences were settled.
- The company records were inspected for the period from August 2006 till 2010 and tax authority didn't issue the tax claim till date .
- The company's records were not inspect the company for the period from 1 January 2011 till now .

d) Sales tax

- The company records inspected for the period since inspection till the year 2011, all tax differences were settled.
- The company records were inspected for the years from 2012 till 2013 and tax authority didn't issue the tax claim till date.
- The company's records were not inspect the company for the period from 2104 till now.

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NOTES TO THE INTERM FINANCIAL STATEMENTS

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33 RELATED PARTIES

RELATED PARTY TRANSACTIONS

Related parties represented in parent company, associated companies, major Shareholder, directors and key management personnel of the Company, and entities controlled, jointly or significantly influenced by such parties, pricing policies and term of these transaction are approved by the company's management.

Transaction with related parties included in the financial statements are as follows:

Company	Nature	Expenses		IT expenses		Consultancy fees		Finance costs		Financing*		Delivered Units		Sold units	
		LE	EGP	LE	EGP	LE	EGP	LE	EGP	LE	EGP	LE	EGP	LE	EGP
		30 June 2015													
Turner Construction International Egypt	Joint venture of the parent	-	-	-	-	37,952,893	-	-	-	-	-	-	-	-	-
Emaar Properties – PJSC	Parent	(429,182)	-	2,613,893	-	-	-	-	-	1,134,998	-	-	-	-	-
Board members and key management personnel		-	-	-	-	-	-	-	-	-	-	-	-	-	-
		30 June 2014													
		Expenses		IT expenses		Consultancy fees		Finance costs		Financing*		Delivered Units		Sold units	
		LE	EGP	LE	EGP	LE	EGP	LE	EGP	LE	EGP	LE	EGP	LE	EGP
Turner Construction International Egypt	Joint venture of the parent	-	-	-	-	34,694,864	-	-	-	-	-	-	-	-	-
Emaar Properties – PJSC	Parent	64,482	-	2,402,587	-	-	-	1,780,334	-	1,337,355,528	-	-	-	-	-
Board members and key management personnel		-	-	-	-	-	-	-	-	-	-	2,441,893	-	10,564,776	-

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33 RELATED PARTIES (continued)

RELATED PARTIES BALANCES

Company name	Relationship	30 June 2015		Suppliers, accrued expenses LE	Advances from customers LE	Accounts Receivables and note Receivables LE
		Due from related parties	Due to related parties			
		LE	LE			
EMAAR Properties – PJSC	Parents	-	8,132,512	-	-	-
EMAAR PAKISTAN	Affiliate	2,818	-	-	-	-
EMAAR MALLS	Affiliate	10,308	-	-	-	-
EMAAR MOROCCO	Affiliate	-	-	-	-	-
Turner Construction Middle East (Dubai)	Joint venture of the parent	-	-	10,377,808	-	-
Turner Construction International Egypt	Joint venture of the parent	-	-	55,306,638	-	-
Board members and key management personnel		-	-	-	20,092,078	1,933,848
		<u>13,126</u>	<u>8,132,512</u>	<u>65,684,446</u>	<u>20,092,078</u>	<u>1,933,848</u>
31 December 2014						
Company name	Relationship	Due from related parties	Due to related parties	Suppliers, accrued expenses LE	Advances from customers LE	Accounts Receivables and note Receivables LE
		LE	LE			
		LE	LE			
EMAAR Properties – PJSC	Parents	-	4,812,802	-	-	-
EMAAR PAKISTAN	Affiliate	2,818	-	-	-	-
EMAAR MALLS	Affiliate	10,308	-	-	-	-
EMAAR MOROCCO	Affiliate	-	-	-	-	-
Turner Construction Middle East (Dubai)	Joint venture of the parent	-	-	9,803,542	-	-
Turner Construction International Egypt	Joint venture of the parent	-	-	43,375,000	-	-
Board members and key management personnel		-	-	-	33,904,029	2,189,539
		<u>13,126</u>	<u>4,812,802</u>	<u>53,178,542</u>	<u>33,904,029</u>	<u>2,189,539</u>

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NOTES TO THE INTERM FINANCIAL STATEMENTS

30 June 2015

34 FAIR VALUES OF FINANCIAL INSTRUMENTS

The company's financial instruments are represented in financial assets and financial liabilities. The financial assets include cash on hands and at banks, accounts and notes receivable, due from related parties and other debit balances. The financial liabilities include credit facilities, suppliers, accrued expenses, due to related parties and other credit balances and creditors of land purchased.

The significant accounting policies applied for the recognition and measurement of the above mentioned financial assets and liabilities and the related income and expenses are included in note (2) of the notes to the financial statements.

The fair value of the financial assets and liabilities are not materially different from their carrying amounts at the date of the balance sheet .

35 RISK MANAGEMENT

a) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The company is exposed to interest rate risk on its interest bearing assets and liabilities represented in : Bank deposits and credit facilities with variable interest

b) Foreign Currency Risk

The foreign currency risk is the risk that the value of the financial assets and liabilities and the related cash inflows and outflows in foreign currencies will fluctuate due to changes in foreign currency exchange rates. The total financial assets denominated in foreign currencies amount to LE 82,181,912 Whereas, the total financial liabilities denominated in foreign currencies amount to LE 104,031,053.

c) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The company is exposed to credit risk on its bank balances, its accounts receivable and due from related parties and other debit balances as follows.

	30/6/2015	31/12/2014
	LE	LE
Bank balances (note 9)	3,736,266,042	871,900,404
Accounts and notes receivables (note 7)	1,050,417,544	862,177,323
Current accounts & Time deposit (Note 8)	419,375,606	294,093,798
Accrued interest (note 8)	15,656,091	5,237,994
Other debits balances (note 8)	96,066,313	68,155,246
Due from related parties (note 33)	13,126	13,126
	<u>5,317,794,722</u>	<u>2,101,577,891</u>

- Account and notes receivables

The company reduces the credit risk related to account and notes receivables by maintaining the power of attorney for delivered units until the customers pay all due amounts.

The company has the right to terminate the contracts for the defaulted customers and deduct penalties from the amounts due .

- Bank balances

The company reduces the credit risk related to bank balances by dealing with reputable banks.

- Other debit balances and due from related parties

The maximum risks the company has for these assets are the carrying amount of the assets.

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35 RISK MANAGEMENT (continued)

d) Price risk

The company is exposed to property price risk. Factors that apply generally to the real estate development industry, many of which are macroeconomic in nature and beyond the control of the company's may affect the economic performance of the investment properties in general .

- National, regional and local economic climate;
- Nature of the real estate market;
- Increase in supply and a reduction in demand for the properties;
- Changes in interest and inflation rates and the limited availability of financing;
- Governmental laws, rules and regulations, specially in relation to financing, environmental usage, tax and insurance; and
- Acts of nature that may affect the properties.

e) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash, and the availability of financing through an adequate amount of committed credit facilities. Due to the dynamic nature of the underlying business, company treasury aims to maintain flexibility in financing by keeping committed credit lines available.

The following tables summaries the due date of liabilities:

	30 June 2015				
	Less than 3	From 3 to 12	From 1 to 5	More than	Total
	Month	Months	Years	5 Years	
	LE	LE	LE	LE	LE
Credit Facilities	161,952,468	340,645,494	149,143,577	-	651,741,539
Retention payable	-	125,566,259	63,251,682	-	188,817,941
Land purchase-liability	-	190,548,888	609,626,491	-	800,175,379
Loan due to related parties	4,705,686	-	-	-	4,705,686
Due to related parties	8,132,512	-	-	-	8,132,512
Suppliers, accrued expenses and other credit balances	1,277,935,679	-	-	-	1,277,935,679
Total liabilities	1,452,726,345	656,760,641	822,021,750	-	2,931,508,736

	31 December 2014				
	Less than 3	From 3 to 12	From 1 to 5	More than	Total
	Month	Months	Years	5 Years	
	LE	LE	LE	LE	LE
Credit Facilities	265,767,136	617,958,893	475,020	-	884,201,049
Retention payable	-	149,911,052	57,460,822	-	207,371,874
Land purchase-liability	143,909,940	26,626,772	787,175,379	-	957,712,091
Loan due to related parties	4,500,896	-	-	-	4,500,896
Due to related parties	4,445,292	-	-	-	4,445,292
Suppliers, accrued expenses and other credit balances	1,083,185,780	-	-	-	1,083,185,780
Total liabilities	1,501,809,044	794,496,717	845,111,221	-	3,141,416,982

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f) Capital management

The company manages its capital structure including issued capital, additional paid in capital and all other equity reserves attributable to equity holder in the light of changes in economic conditions and the requirement of financial covenants. To maintain and adjust capital structure, the company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares

36 COMPARATIVE FIGURES

Certain comparative figures for year 2014 have been reclassified to conform to the current period's presentation.