EMAAR MISR FOR DEVELOPMENT COMPANY (S.A.E.)
INTEREM FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2016
TOGETHER WITH REVIEW REPORT

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

Interim Financial Statements
For the period ended 30 September 2016

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Building a better
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Translation of Auditor's report
Originally issued in Arabic

REPORT ON REVIEW OF INTERIM FINANCIAL STATEMENTS TO THE MEMBERS OF THE BOARD OF DIRECTORS OF EMAAR MISR FOR DEVELOPMENT COMPANY (S.A.E.)

Introduction

We have reviewed the accompanying statement of financial position of **EMAAR MISR FOR DEVELOPMENT COMPANY – (S.A.E.)** as of 30 September 2016 as well as the related statements of profit or loss, comprehensive income, changes in equity and cash flows for the nine-month period then ended, 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 September 2016, and of its financial performance and its cash flows for the nine-month period then ended in accordance with Egyptian Accounting Standards.

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Amr El Shaabini
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(EFSAR .103)

Cairo: 7 November 2016

STATEMENT OF FINANCIAL POSITION
As at 30 September 2016

	Notes	*30 September 2016* *EGP*	*31 December 2015* *EGP*
ASSETS			
Non-current assets			
Fixed assets	17	**485,090,540**	510,871,745
Fixed assets under construction	18	**98,194,221**	65,983,022
Investment properties	19	**77,851,918**	79,281,356
Held to maturity investments	13	**-**	867,835,636
Deferred tax assets	11	**108,715,582**	89,324,852
Total non-current assets		**769,852,261**	1,613,296,611
Current assets			
Development properties	16	**10,400,987,501**	9,876,750,208
Held to maturity investments	13	**2,960,089,545**	1,068,385,745
Accounts and notes receivables	14	**1,800,758,135**	1,380,891,635
Due from related parties	33a	**2,818**	2,818
Prepayments, other receivables and other debit balances	15	**1,896,853,285**	1,481,732,021
Cash on hand and at banks	12	**2,674,249,168**	2,092,569,704
Total current assets		**19,732,940,452**	15,900,332,131
TOTAL ASSETS		**20,502,792,713**	17,513,628,742
EQUITY AND LIABILITIES			
Equity			
Share capital	28	**4,619,338,000**	4,619,338,000
Legal reserve	29	**63,878,774**	21,145,120
Share premium	28	**1,602,790,008**	1,602,790,008
Treasury shares	28	**(342,503,840)**	(342,503,840)
Retained earnings /(accumulated deficit)		**796,455,634**	(15,483,796)
Profit for the period/year		**1,063,406,258**	854,673,084
Total equity		**7,803,364,834**	6,739,958,576
LIABILITIES			
Non-current liabilities			
Credit facilities	25	**35,076,645**	158,665,846
Land purchase liabilities	22	**-**	471,115,573
Provision for employees' end-of-service benefits	26	**16,617,421**	12,291,596
Total non-current liabilities		**51,694,066**	642,073,015
Current liabilities			
Provisions	27	**50,807,204**	50,521,690
Trade payables, accrued expenses and other credit balances	20	**2,798,478,380**	2,152,605,942
Due to related parties	33a	**21,537,109**	9,250,255
Income tax payable		**86,847,967**	14,728,532
Advances from customers	23	**8,878,061,373**	7,330,175,161
Retentions payable	24	**203,231,789**	189,258,360
Credit facilities	25	**51,352,695**	132,550,519
Borrowings from related parties	33b	**5,493,067**	4,842,083
Land purchase liabilities	22	**551,924,229**	247,664,609
Total current liabilities		**12,647,733,813**	10,131,597,151
TOTAL LIABILITIES		**12,699,427,879**	10,773,670,166
TOTAL LIABILITIES AND EQUITY		**20,502,792,713**	17,513,628,742

Board Director

Chairman

-The accompanying notes 1 to 36 form an integral part of these financial statements.
-Review report attached

STATEMENT OF PROFIT OR LOSS

For The Period Ended 30 September 2016

		Nine Months		*Three Months*	
	Notes	**2016** ***EGP***	2015 *EGP*	**2016** ***EGP***	2015 *EGP*
Revenue	4	**2,499,734,474**	2,148,971,049	**719,045,980**	588,580,585
Cost of revenue	5	**(1,481,225,687)**	(1,306,068,137)	**(373,389,165)**	(364,997,367)
GROSS PROFIT		**1,018,508,787**	842,902,912	**345,656,815**	223,583,218
Selling and marketing expenses	6	**(150,691,993)**	(112,082,049)	**(68,932,615)**	(41,491,635)
General and administrative expenses	7	**(150,238,736)**	(148,665,325)	**(50,408,776)**	(52,076,679)
Finance income	8	**380,242,443**	136,888,340	**147,374,936**	86,371,549
Finance cost	9	**(18,521,914)**	(5,760,678)	**(4,585,663)**	(596,522)
Other income	10	**74,148,582**	59,088,245	**53,501,886**	33,219,046
Provisions		**(932,818)**	(3,002,685)	**-**	(785,297)
Provisions no longer required	27	**626,500**	2,317,888	**-**	451,392
PROFIT FOR THE PERIOD BEFORE INCOME TAX		**1,153,140,851**	771,686,648	**422,606,583**	248,675,072
Income tax	11	**(89,734,593)**	(27,149,527)	**(50,477,378)**	(26,327,058)
PROFIT FOR THE PERIOD		**1,063,406,258**	744,537,121	**372,129,205**	222,348,014
Earnings Per Share - basic and diluted	30	**0.21**	0.20	**0.07**	0.06

The accompanying notes 1 to 36 form an integral part of these financial statements

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

STATEMENT OF COMPREHENSIVE INCOME

For The Period Ended 30 September 2016

	Nine Months		Three Months	
	2016	2015	**2016**	2015
	EGP	*EGP*	***EGP***	*EGP*
PROFIT FOR THE PERIOD	**1,063,406,258**	744,537,121	**372,129,205**	222,348,014
OTHER COMPREHENSIVE INCOME	-	-	-	-
TOTAL COMPREHENSIVE INCOME	**1,063,406,258**	744,537,121	**372,129,205**	222,348,014

The accompanying notes 1 to 36 form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
For The Period Ended 30 September 2016

	Share capital	*Share premium*	*Treasury Shares*	*Legal reserve*	*Retained Earnings/ (accumulated deficit)*	*Profit for the period*	*Total*
	EGP	*EGP*	*EGP*	*EGP*	*EGP*	*EGP*	*EGP*
Balance at 1 January 2016	4,619,338,000	1,602,790,008	(342,503,840)	21,145,120	(15,483,796)	854,673,084	6,739,958,576
Transfer to accumulated deficit and legal reserve	-	-	-	42,733,654	811,939,430	(854,673,084)	-
Total comprehensive income	-	-	-	-	-	1,063,406,258	1,063,406,258
Balance at 30 September 2016	**4,619,338,000**	**1,602,790,008**	**(342,503,840)**	**63,878,774**	**796,455,634**	**1,063,406,258**	**7,803,364,834**

The accompanying notes 1 to 36 form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY (CONTINUED)

	Share capital	*Amounts paid under capital increase*	*Share premium*	*Treasury stocks*	*Legal reserve*	*Retained Earnings/ (accumulated deficit)*	*Profit for the period*	*Total*
	EGP	*EGP*	*EGP*	*EGP*	*EGP*	*EGP*	*EGP*	*EGP*
Balance at 1 January 2015	878,338,000	3,141,000,000	-	-	247,803	(412,532,806)	417,946,327	4,024,999,324
Transfer to accumulated deficit and legal reserve	-	-	-	-	20,897,317	397,049,010	(417,946,327)	-
Capital increase	3,141,000,000	(3,141,000,000)	-	-	-	-	-	-
Treasury stocks	-			(342,174,540)	-	-	-	(342,174,540)
Issuance of shares	600,000,000	-	1,594,567,988	-	-	-	-	2,194,567,988
Total comprehensive income	-	-	-	-	-	-	744,537,121	744,537,121
Balance at 30 September 2015	**4,619,338,000**	**-**	**1,594,567,988**	**(342,174,540)**	**21,145,120**	**(15,483,796)**	**744,537,121**	**6,621,929,893**

The accompanying notes 1 to 36 form an integral part of these financial statements.

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

STATEMENTS OF CASH FLOWS
For The Period Ended 30 September 2016

	Notes	Nine Months *2016* *EGP*	2015 *EGP*
Cash flows from operating activities			
Profit for the period before income tax		**1,153,140,851**	771,686,648
Depreciation of fixed assets	17	**41,659,963**	43,682,238
Depreciation of investment properties	19	**2,781,210**	2,821,133
Provision for employees' end-of-service benefits	26	**5,478,464**	5,967,120
Provisions charged during the period	27	**1,242,992**	3,002,685
Provision no longer required	27	**(626,500)**	(2,317,888)
Gain on disposal of fixed assets	17	**(96,925)**	-
Reversal of impairment of development properties	16	**(3,707,780)**	(11,010,967)
Finance costs	9	**18,521,914**	5,760,678
Finance income	8	**(380,242,443)**	(136,888,340)
Cash from operations activities		**838,151,746**	682,703,307
Changes in accounts and notes receivables		**(419,866,500)**	(313,501,010)
Changes in prepayments, other receivables and other debit balances		**(401,384,767)**	(405,484,638)
Changes in development properties		**(471,122,449)**	8,092,902
Changes in advances from customers		**1,547,886,212**	1,230,160,400
Changes in trade payables, accrued expenses and other credit balances		**631,151,276**	313,954,401
Changes in due to related parties		**10,807,112**	2,552,149
Changes in retentions payable		**13,973,429**	(3,746,961)
Provisions used	27	**(330,978)**	(2,147,707)
Employees' end-of-service benefits paid	26	**(1,152,639)**	(2,434,052)
Income tax paid		**(37,895,232)**	-
Net cash from operating activities		**1,710,217,210**	1,510,148,791
Cash flows from investing activities			
Finance income received		**337,476,798**	104,411,409
Payments to acquire fixed assets	17	**(15,512,392)**	(23,440,208)
Proceeds from sale of fixed assets	17	**224,800**	-
Payments to acquire investment properties	19	**(1,351,772)**	-
Payments for fixed assets under construction	18	**(32,705,440)**	(19,864,102)
Purchase of held to maturity investments		**(2,041,453,032)**	(1,915,148,233)
Proceeds from held to maturity investments		**1,050,329,097**	-
Net cash from investing activities		**(702,991,941)**	(1,854,041,134)
Cash flows from financing activities			
Proceeds from credit facilities	25	**18,578,690**	267,349,761
Repayment of credit facilities	25	**(223,365,715)**	(562,369,829)
Finance costs paid		**(15,341,677)**	(58,570,858)
Payment of issued shares expenses		**-**	(12,238,493)
Proceeds from Issuance of shares		**-**	2,280,000,000
Payment of treasury stocks		**-**	(342,174,540)
Proceeds from due to related parties		**-**	200,602
Payments of land purchase liabilities		**(211,187,836)**	(157,536,712)
Net cash from financing activities		**(431,316,538)**	1,414,659,931
Increase in cash and cash equivalents		**575,908,731**	1,070,767,588
Net foreign exchange differences		**5,770,733**	5,441,847
Cash and cash equivalent at the beginning of the period	12	**2,092,569,704**	871,900,404
Cash and cash equivalent at the end of the period	12	**2,674,249,168**	1,948,109,839

The accompanying notes 1 to 36 form an integral part of these financial statements.

1 BACKGROUND

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

The listing of Emaar Misr for Development Company (S.A.E.) on the Egyptian stock exchange was approved in 4 March 2015 according to resolution of listing committee of Egyptian stock exchange.

The purpose of the Company is:

- Planning and construction of urban districts and providing them with utilities and services,
- Designing, constructing, managing, operating and maintenance of power plants with their different sources and distribution networks.
- Constructing, operating, managing and maintenance of water desalination and refining plants together with their distribution networks,
- Constructing, operating, managing and maintenance of sewage systems,
- Projects development, investment and real estate development,
- Owning, constructing, managing and touristic marketing for hotels, motels, lodges and tourism villages and its related supplementary activities in servicing, entertainment, sporting, commercial, and cultural,
- Establishing and operating yachts marina, golf courses and diving centres and its related supplementary activities,
- Finance leasing,

The Company is currently engaged in planning and construction of urban districts and providing them with utilities, services and projects development, investment and real estate development.

The Company's parent is Emaar Properties PJSC.

These financial statements for the nine months ended 30 September 2016 were authorized for issuance in accordance with the resolution of the directors on 6 November 2016.

2.1 BASIS OF PREPARATION

The financial statements of the Company are prepared in accordance with Egyptian Accounting Standards ("EAS").

The financial statements have been prepared in Egyptian pounds (EGP), which is the Company's functional and presentation currency.

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

2.2 SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of these 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.

The key judgements and estimates that have a significant impact on the financial statements of the Company are discussed below:

Judgments

Revenue recognition for real estate units

In making their judgment, the management considered the detailed criteria for the recognition of revenue from the sale of real estate units as set out in EAS 11 *Revenue*, and, in particular, whether the Company had transferred to the buyer the significant risks and rewards of ownership of the real estate units.

2.2 SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES (continued)

Judgments (continued)

Classification of properties
The Company determines whether a property is classified as investment property or development property:

Investment property comprises land and buildings that are not occupied substantially for use by, or in the operations of, the Company, nor for sale in the ordinary course of business, but are held primarily to earn rental income and capital appreciation. These land and buildings are substantially rented to tenants and not intended to be sold in the ordinary course of business.

Development property comprises property that is held for sale in the ordinary course of business. Principally, this is residential property that the Company develops and intends to sell before or on completion of construction.

Operating lease commitments – Company as lessor
The Company has entered into leases on its investment properties. The Company has determined, based on an evaluation of the terms and conditions of the arrangements, finance lease criteria are not met and accounts for the contracts as operating leases.

Estimations

Estimation of net realisable value for development property
Development property is stated at the lower of cost or net realisable value (NRV).
NRV for completed property is assessed by reference to market conditions and prices existing at the reporting date and is determined by the Company, based on comparable transactions.

NRV in respect of development property under construction is assessed with reference to market prices at the reporting date for similar completed property, less estimated costs to complete construction.

Valuation of investment properties
The Company hires the services of third party professionally qualified valuers to obtain estimates of the market value of investment properties using recognised valuation techniques for the purposes of their impairment review and disclosures in the financial statements.

Impairment of trade and other receivables
An estimate of the collectible amount of trade and other receivables is made when collection of the full amount is no longer probable. For individually significant amounts, this estimation is performed on an individual basis. Amounts which are not individually significant, but which are past due, are assessed collectively and a provision applied according to the length of time past due, based on historical recovery rates.

Useful lives of fixed assets and investment properties
The Company's management determines the estimated useful lives of its fixed assets and investment properties for calculating depreciation. This estimate is determined after considering the expected usage of the asset or physical wear and tear. The management periodically reviews estimated useful lives and the depreciation method to ensure that the method and period of depreciation are consistent with the expected pattern of economic benefits from these assets.

Cost to complete the projects
The Company estimates the cost to complete the projects in order to determine the cost attributable to revenue being recognised. These estimates include the cost of providing infrastructure, potential claims by contractors as evaluated by the project consultant and the cost of meeting other contractual obligations to the customers.

2.2 SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES (continued)

Estimations (continued)

Taxes
The Company is subject to income taxes in Egypt. Significant judgment is required to determine the total provision for current and deferred taxes. The Company established provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities in Egypt. The amount of such provision is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the Company and the responsible tax authority. Such differences of interpretations may arise on a wide variety of issues depending on the conditions prevailing in Egypt.

Deferred tax assets are recognised for unused accumulated tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

Impairment of non-financial assets
The Company assesses whether there are any indicators of impairment for all non-financial assets at each reporting date. The non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. When value in use calculations are undertaken, management estimates the expected future cash flows from the asset or cash-generating unit and chooses a suitable discount rate in order to calculate the present value of those cash flows.

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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.

Revenue of sale of completed development 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 which ocurrs when the units are delivered either actually or implied.

Rental income from lease of investment properties
Rental income arising from operating leases on investment property is accounted for on a straight-line basis over the lease terms and is included in other income in the Statement of Profit or Loss.

Hospitality revenue
Revenue from hotel accommodation, food and beverages and other related services are recognised, net of discount and municipality fees, at the point at which the services are rendered.

Finance income
Finance income is recognised as it accrues using the effective interest rate (EIR) method. EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or liability.

Customers' charges
Income arising from providing utilities (water and electricity) to customers is recognised when rendered. Customer charges revenues are included in other income in the Statement of Profit or Loss.

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 financial position date, then the loan balance should be classified as long term liabilities.

After initial recognition, credit facilities are subsequently measured at amortized cost using the effective interest rate method. Gains and losses are recognized in the statement of profit or loss 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 statement of profit or loss.

Borrowing cost
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.

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 financial position (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 profit or loss 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.

Development Properties
Properties acquired, constructed in the course of construction for sale are classified as development properties. Unsold and unproperties 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.

Investment properties
Investment properties are land and buildings which are held to earn rental or for capital appreciation or both. Investements properties are measured at cost including acquisition cost or construction cost or any other related direct cost.
After initial recognition Investment properties are 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 .

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Held to maturity investments
Held to maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the company's management has the positive intention and ability to hold to maturity.

This classification requires using high degree of professional judgment and to achieve that, the company evaluate its intention of keeping these investments till maturity date. If not, except in some rare circumstances such as selling of insignificant investements prior to maturity date then, all held to maturity investments re-classified to available for sale investments. Accordingly, Investments will be measured at fair value not amortised cost and cease any classification of investments.

Held to maturity investments are initially recognized at fair value inclusive direct attributable expenses.

After initial recognition, the held to maturity investments are measured at amortized cost using the effective interest method less impairment. Gains and losses are recognized in statement of profit or loss when the investments are derecognized or impaired, impairment is recovered, as well as through the amortization process

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 profit or loss 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 equipment	4
Motor vehicles	4
Computers	2
Furniture, fixtures and office equipment	4
Banners	4
Heavy equipment	4-20
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 profit or loss 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 financial position 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 profit or loss.

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 profit or loss.

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) .

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment

Impairment of financial assets

The Company assesses at each financial position 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 financial position 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 profit or loss.

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 profit or loss.

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 .

Trade payables and accrued expenses

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

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.

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.

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Monetary assets and liabilities denominated in foreign currencies are retranslated using the exchange rate prevailing at the financial position date. All differences are recognized in the statement of profit or loss.

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.

Contingent Liabilities and Assets
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.

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.

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

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

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 profit or loss. Reversal of impairment is recognized in the statement of profit or loss in the period in which it occurs.

Fair value measurement
Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability or the most advantageous market for the asset or liability.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

For assets traded in an active market, fair value is determined by reference to quoted market bid prices.

The fair value of interest-bearing items is estimated based on discounted cash flows using interest rates for items with similar terms and risk characteristics.

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fair value measurement (Continued)
For unquoted assets, fair value is determined by reference to the market value of a similar asset or is based on the expected discounted cash flows.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 – Fair value measurements are those derived from quoted prices in an active market (that are unadjusted) for identical assets or liabilities.
- Level 2 – Fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 – Fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation at the end of each reporting period.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

2.4 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted this period are consistent with those of the previous year except for the amendments required by the new Egyptian Accounting Standards issued during the year 2015 which is effective for the periods starting on or after 1 January 2016, disclosed below the most prominent amendments which is applicable to the company and the effects of this new amendments on Financial statements, if any.

EAS (1) revised Presentation of Financial Statements:
The revised standard requires the company to disclose all items of income and expenses that were recognized during the period in two separate statements, statement of profit or loss (statement of income) which disclose all items of income and expenses and statement of Comprehensive income which starts with profit or loss and presents items of other Comprehensive income (Statement of Comprehensive income).
It also requires an additional statement to the Statement of Financial Position disclosing balances as of the beginning of the first presented comparative period in case of retrospective implementation or change in an accounting policy or reclassification carried out by the company. The amended standard does not require the presentation of working capital.
The company has prepared the Statement of Comprehensive income and presentation of financial statements according to revised standard and there is no retrospective adjustments that requires presenting Statement of Financial position which include beginning balances of the first presented comparative period.

EAS (10) revised Fixed Assets and depreciation:
The revised standard has eliminated the option of using the revaluation model in the subsequent measurement of fixed assets.
The strategic (major) spare parts and stand-by equipment can be classified as fixed assets when the entity expects to use them for more than one period (when the definition of fixed assets applies thereto).
There is no impact for this amendment on company’s financial statements.

2.4 CHANGES IN ACCOUNTING POLICISE AND DISCLOSURES (continued)

EAS (14) revised Borrowing Costs:
The revised standard has eliminated previous benchmark treatment that recognised the borrowing cost directly attributable to the acquisition, construction or production of a qualifying asset in the Statement of Profit or Loss. The revised standard requires capitalisation of this cost on qualifying assets.
There is no impact for this amendment on company's financial statements.

EAS (23) revised Intangible Assets:
The revised standard has eliminated the option of using the revaluation model in the subsequent measurement of intangible assets.
There is no impact for this amendment on company's financial statements.

EAS (34) revised Investment Property:
The revised standard has eliminated the option of using the fair value model in the measurement after recognition of the Investment Property. The standard requires to disclose fair value.
There is no impact for this amendment on company's financial statements.

EAS (38) revised Employee Benefits:
Defined benefit plans
The revised standard requires immediate recognition for accumulated actuarial gains and losses in statement comprehensive income. Also, recognition of past service cost as expense at earlier of:
A) When plan amended or curtailed or,
B) When entity execute substantial restructure for its activities, hence the entity recognise related restructuring costs which comprise paying end of service benefits.

New EAS (40) financial instruments "Disclosures":
A new EAS (40) Financial instruments: "Disclosures" has been issued to include all required disclosures for financial instruments. The company has disclosed required disclosures in the financial statements.

New EAS (41) Operating segments:
The EAS (33) Segment Reporting has superseded by EAS (41) Operating segment. Accordingly, segment reporting which should be disclosed and the required disclosures basically depends on the information about segment in the way that operating decision maker use. As described in note (3) the company currently has only one major operating segement.

New EAS (45) Fair Value Measurement:
The new EAS (45) Fair Value measurement has been issued; this standard is applied when other standard requires or permits to measure or disclose the fair value. This standard defines fair value and set the frame to measure fair value in one standard and determine the required disclosure for measurements of fair value. The company disclosed all required discourses according to standards.

3 SEGMENT INFORMATION

Currently the Company's main business segment is developing projects and selling the developed units. Revenues, profits and investments in other business segments are currently immaterial. Accordingly retail, commercial and hospitality business segments do not meet the criteria of reportable segments under EAS (41), and as such, are not separately disclosed in the financial statements. All revenues of the Company in the period ended 30 September 2016 were reported under one segment in the financial statements.

4 REVENUE

	Nine Months		*Three Months*	
	2016	2015	**2016**	2015
	EGP	EGP	**EGP**	EGP
Revenue from sale of development properties				
Marassi Project	**1,141,253,427**	1,019,651,714	**383,253,077**	278,245,785
Uptown Cairo Project	**551,255,108**	273,328,056	**94,385,337**	125,821,482
Mivida Project	**807,225,939**	855,991,279	**241,407,566**	184,513,318
	2,499,734,474	2,148,971,049	**719,045,980**	588,580,585

5 COST OF REVENUE

	Nine Months		*Three Months*	
	2016	2015	**2016**	2015
	EGP	EGP	**EGP**	EGP
Cost of revenue from sale of development properties				
Marassi Project	**606,953,916**	486,481,855	**158,606,007**	157,143,637
Uptown Cairo Project*	**362,857,540**	216,289,723	**63,996,128**	82,051,606
Mivida Project	**511,414,231**	603,296,559	**150,787,030**	125,802,124
	1,481,225,687	1,306,068,137	**373,389,165**	364,997,367

*The cost of revenue of Uptown Cairo Project includes the reversal of an impairment loss amounting to EGP 3,707,780 (30 September 2015: EGP 11,010,967).

6 SELLING AND MARKETING EXPENSES

	Nine Months		*Three Months*	
	2016	2015	**2016**	2015
	EGP	EGP	**EGP**	EGP
Advertisements	**51,737,679**	38,383,656	**27,006,298**	18,683,968
Depreciation of fixed assets (Note 17)	**3,897,654**	5,363,526	**1,008,686**	1,804,552
Marketing production and materials	**7,430,746**	5,096,425	**3,363,582**	1,531,397
Events and exhibitions	**9,764,454**	9,238,174	**748,427**	905,095
Sales commission	**69,168,347**	48,236,720	**34,191,762**	17,064,422
Other marketing expenses	**8,693,113**	5,763,548	**2,613,860**	1,502,201
	150,691,993	112,082,049	**68,932,615**	41,491,635

7 GENERAL AND ADMINSTRATIVE EXPENSES

	Nine Months		*Three Months*	
	2016	2015	**2016**	2015
	EGP	EGP	**EGP**	EGP
Depreciation of fixed assets (Note 17)	**34,857,287**	35,203,056	**11,440,745**	12,049,767
Depreciation of investment property (Note 19)	**2,781,210**	2,821,133	**936,360**	942,392
Salaries and benefits	**45,516,178**	54,820,008	**15,581,866**	17,262,698
Professional fees	**4,473,189**	3,193,204	**1,387,925**	1,426,972
IT expenses	**7,298,268**	6,423,771	**2,361,209**	2,247,935
Travel and entertainment	**5,212,565**	5,884,168	**2,461,548**	3,213,849
Cleaning and maintenance	**6,436,189**	5,886,772	**2,968,650**	2,604,579
Communication	**1,566,246**	2,159,052	**554,018**	1,008,988
Facility management expenses	**18,872,722**	21,367,561	**8,249,665**	8,168,510
Other bank charges	**1,665,562**	1,342,892	**726,824**	651,549
Other expenses	**21,559,320**	9,563,708	**3,739,966**	2,499,440
	150,238,736	148,665,325	**50,408,776**	52,076,679

8 FINANCE INCOME

	Nine Months		*Three Months*	
	2016	2015	**2016**	2015
	EGP	EGP	**EGP**	EGP
Interest from time deposits and bank current accounts	**176,249,184**	81,285,442	**72,295,696**	32,648,673
Interest from held to maturity investments	**203,993,259**	55,144,350	**75,079,240**	55,144,350
Net foreign exchange gain	-	458,548	-	(1,421,474)
	380,242,443	136,888,340	**147,374,936**	86,371,549

9 FINANCE COST

	Nine Months		*Three Months*	
	2016	2015	**2016**	2015
	EGP	EGP	**EGP**	EGP
Interest on bank credit facilities and loans	**5,797,242**	5,719,557	**2,304,280**	1,185,299
Bank charges – Letters of Guarantees related to borrowings	-	9,467	-	(588,777)
Other bank charges	**37,897**	31,654	**4,134**	-
Net foreign exchange loss	**12,686,775**	-	**2,277,249**	-
	18,521,914	5,760,678	**4,585,663**	596,522

10 OTHER INCOME

	Nine Months		*Three Months*	
	2016	2015	**2016**	2015
	EGP	EGP	**EGP**	EGP
Customers service charges	**61,057,531**	44,755,888	**31,431,870**	11,125,078
Operating profit from El Alamain hotel, Golf club, Beach club in Marassi and Golf club in UTC	**5,933,157**	9,307,667	**19,454,973**	19,475,106
Operating lease income	**3,722,881**	3,981,623	**1,286,589**	1,575,795
Gain from sale of fixed assets (Note17)	**96,925**	-	-	-
Other operating income	**3,338,088**	1,043,067	**1,328,454**	1,043,067
	74,148,582	59,088,245	**53,501,886**	33,219,046

11 INCOME TAX

	Nine Months		*Three Months*	
	2016	2015	**2016**	2015
	EGP	EGP	**EGP**	EGP
Statement of Profit or Loss				
Current income tax	**(109,125,323)**	(12,156,359)	**(53,022,539)**	(12,156,359)
Deferred income tax	**19,390,730**	(14,993,168)	**2,545,161**	(14,170,699)
	(89,734,593)	(27,149,527)	**(50,477,378)**	(26,327,058)

Deferred income tax

	Statement of financial position		**Statement of Profit or Loss**	
	30 September 2016	*31 December 2015*	***30 September 2016***	*30 September 2015*
	EGP	EGP	**EGP**	EGP
Depreciation of fixed assets	**(7,543,770)**	(7,222,497)	**(321,273)**	(234,473)
Provisions and accruals	**116,259,352**	96,547,349	**19,712,003**	(14,758,695)
Net deferred income tax assets	**108,715,582**	89,324,852	**19,390,730**	(14,993,168)

11 INCOME TAX (continued)

The company's tax position is as follows:

1. Corporate Tax

- The company regularly files its corporate income tax return on due dates.
- The company's records were inspected from inspection to 31 December 2008 and the tax authority has sent the tax claim requiring to the company. The company has submitted an objection to such claim and the dispute points have been transferred to the Internal Committee that issue its decision by resolving some dispute points and there are some points transferred to the appeal committee.
- The company's records were inspected for period from 1 January 2009 to 31 December 2010, and the company has submitted an objection to the inspection result and the dispute points have been transferred to the internal committee.
- The company's records were not inspected for the period from 1 January 2011 to 30 September 2016. The company submitted tax returns for such period within the legal grace period.
- The company enjoys tax relief on the projects established in the urban area to 31 December 2018.

2. Salary Tax

- The company's records were inspected from inception to 31 December 2008 and all tax dues were settled.
- The company's records are in process of inspection for years from 1 January 2009 to 31 December 2011.
- The company's records were not inspected from 1 January 2012 to 30 September 2016.

3. Sales Tax

- The company's records were inspected from inception to 31 December 2013, all tax dues were settled.
- The company's records were not inspected for the period from 1 January 2014 to 30 September 2016.

4. Stamp Tax

- The company's records were inspected from inception to 31 December 2010 and tax due were settled.
- The company's records were not inspected for the period from 1 January 2011 to 30 September 2016.

12 CASH ON HAND AND AT BANKS

	30 September 2016 ***EGP***	*31 December 2015* EGP
a) Egyptian pound		
Cash on hand	**87,501**	2,354,927
Current accounts	**260,332,541**	356,756,845
Time deposits (maturity within 3 months)	**2,391,900,000**	1,687,900,000
	2,652,320,042	2,047,011,772
b) Foreign currency		
Current accounts	**21,929,126**	45,557,932
	21,929,126	45,557,932
	2,674,249,168	2,092,569,704

Bank balances and cash are denominated in the following currencies:

	30 September 2016 ***EGP***	*31 December 2015* *EGP*
United Arab Emirates Dirham (AED)	**912,903**	707,454
United States Dollar (USD)	**16,663,927**	42,389,730
Euro (EUR)	**4,312,798**	2,425,953
Egyptian Pound (EGP)	**2,652,320,042**	2,047,011,772
Saudi Riyals (SAR)	**39,498**	34,795
	2,674,249,168	2,092,569,704

Cash at banks earn interest based on prevailing bank deposit rates. Short-term fixed deposits are made for varying periods between one day and three months, depending on the immediate cash requirements of the company.

Current account with an average effective interest rate of 7.66% (2015:7%).Time deposits with an average effective interest rate of 10.92% (2015: 9.2%). The cash and cash equivalent is equal to bank balances and cash.

13 HELD TO MATURITY INVESTMENTS

	30 September 2016 EGP	31 December 2015 EGP
Treasury Bills	**1,568,775,000**	400,000,000
Unearned interest	**(98,350,256)**	(19,338,363)
	1,470,424,744	380,661,637
Bonds	**1,489,664,801**	1,555,559,744
	1,489,664,801	1,555,559,744
Total held to maturity investments	**2,960,089,545**	1,936,221,381

	30 September 2016 EGP	31 December 2015 EGP
Amounts matures within 12 months	**2,960,089,545**	1,068,385,745
Amounts matures after 12 months	-	867,835,636
	2,960,089,545	1,936,221,381

14 ACCOUNTS AND NOTES RECEIVABLES

	30 September 2016 EGP	31 December 2015 EGP
Amounts receivable within 12 months	**757,058,755**	552,838,923
Amounts receivable after 12 months	**1,447,130,175**	1,203,127,810
	2,204,188,930	1,755,966,733
Unamortised discount	**(409,049,263)**	(380,482,992)
Amounts receivable, net	**1,795,139,667**	1,375,483,741
Accounts receivables, hotels	**5,618,468**	5,407,894
	1,800,758,135	1,380,891,635

At 30 September 2016 and 31 December 2015, the ageing analysis of net accounts and notes receivables is as follows:

			Past due but not impaired			
	Total EGP	Neither Past Due nor Impaired EGP	Less than 30 days EGP	Between 30 to 60 days EGP	Between 60 to 90 days EGP	More than 90 days EGP
2016	**1,800,758,135**	**1,728,543,409**	**9,050,126**	**9,591,262**	**374,689**	**53,198,649**
2015	1,380,891,635	1,315,748,125	8,132,027	8,472,259	679,331	47,859,893

As at 30 September 2016, accounts and notes receivables were not impaired (impairment of 2015: nil)

Refer to Note 34a on credit risks of trade receivables, which discusses how the company manages and measures credit quality of trade receivables that are past due not impaired.

15 PREPAYMENTS, OTHER RECEIVABLES AND OTHER DEBIT BALANCES

	30 September 2016 EGP	*31 December 2015 EGP*
Prepayments	**8,418,248**	9,293,030
Advances to contractors and suppliers	**878,791,060**	772,725,895
Advances to employees	**4,789,472**	1,516,099
Accrued interest	**66,661,638**	52,925,141
Customers maintenance – Current accounts*	**49,739,897**	34,288,629
Customers maintenance – Time deposits*	**773,160,850**	517,160,435
Other receivables	**115,292,120**	93,822,792
	1,896,853,285	1,481,732,021

*These amounts represents amounts collected from customers, which are invested in interest bearing current accounts and time deposits , the interest income generated is used for the purpose of financing the facility management expenses for delivered units, the company cannot use these amounts except for this purpose.

Customers' maintenance - Current account with an average effective interest rate of 7.66% (2015: 6.75%) for balance of EGP 49,739,897 (2015: EGP 34,288,629)

Customers' maintenance - Time deposits with effective interest rate of 11.7% (2015: 9.2%) for balance of EGP 773,160,850 (2015: EGP 517,160,435).

	30 September 2016 EGP	*31 December 2015 EGP*
Amounts recoverable within 12 months	**1,333,222,868**	846,042,809
Amounts recoverable after 12 months	**563,630,417**	635,689,212
	1,896,853,285	1,481,732,021

16 DEVELOPMENT PROPERTIES

	30 September 2016 EGP	*30 September2015 EGP*
Balance at the beginning of the period	**9,876,750,208**	9,809,475,474
Add: cost incurred during the period	**1,780,640,896**	1,183,810,413
Add: borrowing costs capitalised during the period	**11,900,919**	47,959,742
Add: land discounting capitalised	**44,331,883**	60,810,762
Add: depreciation of fixed assets (capitalised portion) (Note 17)	**581,625**	581,625
Less: charged to profit or loss during the period	**(6,825,738)**	-
Less: transfers to cost of revenue during the period	**(1,310,100,072)**	(1,196,070,696)
Add: Reversal of impairment of development properties (Note 5)	**3,707,780**	11,010,967
Balance at the end of the period	**10,400,987,501**	9,917,578,287

Properties acquired, constructed or in the course of construction for sale in the ordinary course of business are classified as development properties and include the costs of:

- Land;
- Amounts paid to contractors for construction including the cost of construction of infrastructure; and
- Borrowing costs, planning and design costs, costs of site preparation, professional fees for legal services, construction overheads and other related costs.

Common infrastructure costs are allocated to various projects and forms part of the estimated cost to complete a project in order to determine the cost attributable to revenue being recognised. The development plan of some of the development properties is estimated to be over 10 years.

16 DEVELOPMENT PROPERTIES (continued)

Development properties are analysed as follows:

	30 September 2016 **EGP**	*31 December 2015* *EGP*
Mivida project	**3,458,625,166**	3,101,414,280
Marassi project	**3,473,674,153**	3,508,791,163
Uptown Cairo project	**3,249,879,323**	3,044,617,948
Cairo Gate project	**221,162,089**	225,162,089
Smart Village project	-	2,825,738
	10,403,340,731	9,882,811,218
Less: Impairment of development properties	**(2,353,230)**	(6,061,010)
	10,400,987,501	9,876,750,208

	30 September 2016 ***EGP***	*31 December 2015* *EGP*
Land (including interst on land purchase liability incurred)*	**2,961,685,260**	3,053,949,047
Consultations and designs	**1,733,834,568**	1,590,764,460
Construction and infrastructure works	**4,620,574,552**	4,118,396,072
Capitalized finance costs	**1,087,246,351**	1,119,701,639
	10,403,340,731	9,882,811,218
Less: Impairment of development properties	**(2,353,230)**	(6,061,010)
	10,400,987,501	9,876,750,208

* The Company is in process of completing the required legal procedures related to official registration of all land owned as of 30 September 2016.

The movement of impairment of development properties as follows:

	30 September 2016 ***EGP***	*30 September 2015* *EGP*
Beginning balance	**6,061,010**	56,577,454
Reversed during the period	**(3,707,780)**	(11,010,967)
Ending balance	**2,353,230**	45,566,487

17 FIXED ASSETS

	Land	*Buildings*	*Computers*	*Heavy equipment*	*Motor Vehicles*	*office equipment, furniture and fixtures*	*Model homes, Sales centre, Mock-up*	*Equipment and tools*	*Banners and other assets*	*Total*
	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP
Cost										
As of 1 January 2016	28,781,986	459,155,038	30,956,664	115,537,971	34,969,722	47,750,543	72,597,955	30,312,575	9,851,868	829,914,322
Additions	-	2,798,837	3,960,344	2,631,541	1,423,030	2,493,054	288,200	1,917,386	-	15,512,392
Transferred from fixed assets under construction	-	-	494,241	-	-	-	-	-	-	494,241
Disposals	-	-	-	-	(255,750)	-	-	-	-	(255,750)
As of 30 September 2016	28,781,986	461,953,875	35,411,249	118,169,512	36,137,002	50,243,597	72,886,155	32,229,961	9,851,868	845,665,205
Accumulated depreciation										
As of 1 January 2016	-	(115,768,028)	(25,050,807)	(26,856,966)	(25,458,641)	(35,906,023)	(58,898,225)	(21,252,019)	(9,851,868)	(319,042,577)
Depreciation	-	(17,760,246)	(4,190,951)	(6,063,185)	(3,041,678)	(3,572,583)	(3,906,714)	(3,124,606)	-	(41,659,963)
Disposals	-	-	-	-	127,875	-	-	-	-	127,875
As of 30 September 2016	-	(133,528,274)	(29,241,758)	(32,920,151)	(28,372,444)	(39,478,606)	(62,804,939)	(24,376,625)	(9,851,868)	(360,574,665)
Net carrying amount : At 30 September 2016	**28,781,986**	**328,425,601**	**6,169,491**	**85,249,361**	**7,764,558**	**10,764,991**	**10,081,216**	**7,853,336**	**-**	**485,090,540**
At 31 December 2015	28,781,986	343,387,010	5,905,857	88,681,005	9,511,081	11,844,520	13,699,730	9,060,556	-	510,871,745

There is no mortgage or restriction on fixed assets.

Depreciation expense is allocated as follows:

	30 September 2016
	EGP
Selling and marketing expenses (Note 6)	**3,897,654**
General and administrative expenses (Note 7)	**34,857,287**
Facility Management expenses	**2,323,397**
Depreciation expense charged to the statement of profit or loss	**41,078,338**
Development properties (Note 16)	**581,625**
Total depreciation expenses	**41,659,963**

- Gain from sale of fixed assets as follows:

	EGP	***EGP***
Proceeds from sale of fixed assets		**224,800**
Cost of disposed assets	**255,750**	
Accumulated depreciation of disposed assets	**(127,875)**	
Net book value of disposed assets		**127,875**
Gain from sale of fixed assets (Note 10)		**96,925**

17 FIXED ASSETS (continued)

	Land	*Buildings*	*Computers*	*Heavy equipment*	*Motor Vehicles*	*Office equipment, Furniture and fixtures*	*Model homes, Sales centre, Mock-up*	*Equipment and tools*	*Banners and other assets*	*Total*
	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP
Cost										
As of 1 January 2015	28,141,156	445,642,749	25,709,717	112,731,314	30,726,902	39,419,318	72,451,041	25,743,493	9,851,868	790,417,558
Additions	-	366,611	3,583,018	3,557,295	4,090,000	7,423,964	1,066,507	3,352,813	-	23,440,208
Transferred from fixed assets under construction	-	3,153,691	-	-	-	-	-	-	-	3,153,691
As of 30 September 2015	28,141,156	449,163,051	29,292,735	116,288,609	34,816,902	46,843,282	73,517,548	29,096,306	9,851,868	817,011,457
Accumulated depreciation										
As of 1 January 2015	-	(92,620,656)	(19,998,668)	(17,386,159)	(18,467,436)	(31,624,898)	(52,132,192)	(16,784,666)	(9,851,868)	(258,866,543)
Depreciation	-	(17,324,347)	(3,821,268)	(6,989,891)	(3,710,308)	(3,067,723)	(5,372,244)	(3,396,457)	-	(43,682,238)
As of 30 September 2015	-	(109,945,003)	(23,819,936)	(24,376,050)	(22,177,744)	(34,692,621)	(57,504,436)	(20,181,123)	(9,851,868)	(302,548,781)
Net carrying amount : **At 30 September 2015**	**28,141,156**	**339,218,048**	**5,472,799**	**91,912,559**	**12,639,158**	**12,150,661**	**16,013,112**	**8,915,183**	-	**514,462,676**

There is no mortgage or restriction on fixed assets.

Depreciation expense is allocated as follows:

	30 September 2015
	EGP
Selling and marketing expenses (Note 6)	5,363,526
General and administrative expenses (Note 7)	35,203,056
Facility management expenses	2,534,031
Depreciation expense charged to the statement of profit or loss	43,100,613
Development properties (Note 16)	581,625
Total depreciation expenses	43,682,238

18 FIXED ASSETS UNDER CONSTRUCTION

	30 September 2016	*31 December 2015*
	EGP	*EGP*
Marassi project (buildings, furniture and fixtures)	**62,807,693**	34,391,433
Uptown Cairo project (buildings, furniture and fixtures)	**3,784,840**	2,230,820
MIVIDA Cairo project (buildings, furniture and fixtures)	**31,601,688**	29,360,769
	98,194,221	65,983,022

The movement of fixed assets under construction during the nine months ended 30 September is as follows:

	30 September 2016	*30 September 2015*
	EGP	EGP
Beginning balance	**65,983,022**	45,732,626
Additions during the period	**32,705,440**	19,864,102
Transferred to fixed assets	**(494,241)**	(3,153,691)
Ending balance	**98,194,221**	62,443,037

19 INVESTMENT PROPERTIES

	30 September 2016	*30 September 2015*
	EGP	*EGP*
Cost		
Beginning balance	**85,055,189**	87,030,973
Additions	**1,351,772**	9,725,000
Ending balance	**86,406,961**	96,755,973
Accumulated depreciation		
Beginning balance	**(5,773,833)**	(2,164,531)
Depreciation charged for the period	**(2,781,210)**	(2,821,133)
Ending balance	**(8,555,043)**	(4,985,664)
Net carrying amount	**77,851,918**	91,770,309

	30 September 2016	*31 December 2015*
	EGP	*EGP*
Land	**11,881,336**	11,881,336
Building	**65,970,582**	67,400,020
Net carrying amount	**77,851,918**	79,281,356

The valuation of the company's investment properties was performed by Osool consultancy (independent valuer). The fair value of investment properties is EGP 185,383,373 as of 31 December 2015.

The buildings and land are valued using market approach by an independent valuer. The market was researched and a minimum of three recent sales of properties were selected that were considered to be most comparable to the subject property. Adjustment was made when appropriate to reflect the market reaction to those items of significant variation. If a significant item in a comparable property is superior to, or more favourable than, the subject property a negative adjustment was made to reduce the sales price of the comparable and, if a significant item in a comparable property is inferior to, or less favourable than the subject properly, a positive adjustment was made to increase the adjusted sales price of the comparable.

19 INVESTMENT PROPERTIES (continued)

Fair value hierarchy

The Company uses the following hierarchy for determining and disclosing the fair value of its investment properties by valuation technique:

	Total *EGP*	*Level 1* *EGP*	*Level 2* *EGP*	*Level 3* *EGP*
30 September 2016**	**185,383,373**	-	-	**185,383,373**
31 December 2015	185,383,373	-	-	185,383,373

*The fair value of the investments proprerty is based on the latest valuation performed on 31 December 2015.

20 TRADE PAYABLES, ACCRUED EXPENSES AND OTHER CREDIT BALANCES

	30 September 2016 ***EGP***	*31 December 2015* *EGP*
Projects contracts cost accruals	**1,520,444,751**	1,246,039,965
Trade payables (suppliers, contractors and consultants)	**265,852,056**	208,178,308
Taxes payables (other than income tax) (Note 21)	**13,859,101**	8,901,673
Accrued expenses	**135,069,568**	131,657,689
Deferred revenue*	**32,075,839**	4,095,464
Social insurance authority	**2,767,456**	2,469,202
Other payables	**9,415,384**	4,326,050
Customers maintenance payable**	**818,994,225**	546,937,591
	2,798,478,380	2,152,605,942

*****Deferred revenue represents amounts deducted from customers who cancelled their contracts. Customers can use these amounts to buy new units from the company during one year. If these amounts are not used by customers, 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. These amounts are invested in deposits and interest-bearing current accounts for this purpose (Note 15).

Trade payables, accrued expenses and other credit balances are non-interest bearing and for explanations on the company’s liquidity risk management process, refer to (Note 34c).

21 TAXES PAYABLES

	30 September 2016 ***EGP***	*31 December 2015* *EGP*
Tax authority- stamp tax	**3,105,147**	1,053,835
Tax authority- withholding tax	**3,429,512**	5,632,514
Tax authority- salary tax	**5,099,196**	1,783,233
Tax authority- sales tax	**82,009**	60,859
Tax authority- value added tax	**21,962**	-
Tax authority- other tax	**2,027,014**	341,408
Tax authority- royalty tax	**94,261**	29,824
	13,859,101	8,901,673

22 LAND PURCHASE LIABILITIES

	30 September2016 *EGP*	*31 December 2015* *EGP*
Gross land purchase liabilities		
Cairo Gate project	**13,000,000**	13,000,000
Urban Community Authority – Mivida project	**575,987,542**	787,175,378
	588,987,542	800,175,378
Unamortised discount	**(37,063,313)**	(81,395,196)
Present value of land purchase liabilities	**551,924,229**	718,780,182

The present value of land purchase liabilities are as follows:

	30 September 2016 *EGP*	*31 December 2015* *EGP*
Current portion	**551,924,229**	247,664,609
Non current portion	-	471,115,573
	551,924,229	718,780,182

The effective interest rate used to discount land purchase liabilities is 10% (2015: 10%). The amortisation of the discount amounted to EGP 37,063,313 (2015: EGP 81,395,196) is charged to development properties.

23 ADVANCES FROM CUSTOMERS

The movement of advances from customers during the nine months ended 30 September 2016 and 2015 is as follows:

	30 September 2016 *EGP*	*30 September 2015* *EGP*
Balance at the beginning of the period	**7,330,175,161**	5,733,822,529
Add: amounts collected during the period	**4,076,186,956**	3,444,170,094
Less: delivered units during the period	**(2,528,300,744)**	(2,214,009,694)
Balance at the end of the period	**8,878,061,373**	6,963,982,929

	30 September 2016 *EGP*	*31 December 2015* *EGP*
Uptown Cairo project	**1,938,299,593**	1,634,132,428
Marassi project	**2,669,033,881**	2,211,666,098
Mivida project	**4,270,727,899**	3,484,376,635
	8,878,061,373	7,330,175,161

24 RETENTIONS PAYABLE

	30 September 2016 *EGP*	*31 December 2015* *EGP*
Retentions payable within 12 months	**87,705,789**	106,987,647
Retentions payable after 12 months	**115,526,000**	82,270,713
	203,231,789	189,258,360

25 CREDIT FACILITIES

The movement of credit facilities during the nine months ended 30 September 2016 and 2015 is as follows:

	30 September 2016 ***EGP***	*30 September 2015* *EGP*
Balance at the beginning of the period	**291,216,365**	816,141,383
Borrowings drawn down during the period	**18,578,690**	267,349,761
Borrowings repaid during the period	**(223,365,715)**	(562,369,829)
Balance at the end of the period	**86,429,340**	521,121,315

	30 September 2016 ***EGP***	*31 December 2015* *EGP*
Maturing within 12 months	**51,352,695**	132,550,519
Maturing after 12 months	**35,076,645**	158,665,846
	86,429,340	291,216,365

Type	*Interest rate %*	*Latest maturity (renewal)*	***30 September 2016*** ***EGP***	*31 December 2015* *EGP*
Current portion credit facilities				
Credit facility 1*	1.5%+CBE Deposit Corridor rate	September 2017	**10,420,833**	34,427,947
Credit facility 3***	0.5%+CBE Lending Corridor rate	June 2017	**40,931,862**	98,122,572
Total current credit facilities			**51,352,695**	132,550,519
Non-current credit facilities				
Credit facility 1*	1.5%+CBE Deposit Corridor rate	October 2020	**4,821,055**	9,735,734
Credit facility 2**	1%+CBE Average Discount Corridor rate	November 2021	**30,255,590**	130,351,421
Credit facility 3***	0.5%+CBE Lending Corridor rate		-	18,578,691
Total non-current credit facilities			**35,076,645**	158,665,846
			86,429,340	291,216,365

* Credit facility (1) is against discounted post-dated checks of customer's units who settled 50% of their units' value.
** Credit facility (2) is against discounted post-dated checks of customer's who delivered units
*** Credit facility (3) secured by post-dated checks of delivered units with maximum financing amounting to 90% of its value.

26 PROVISION FOR EMPLOYEES' END-OF-SERVICE BENEFITS

End-of-Service Benefits
The movement in the provision for employees' end-of-service benefits was as follows:

	30 September 2016 ***EGP***	*30 September 2015* *EGP*
Balance at the beginning of the period	**12,291,596**	8,852,688
Provided during the period	**5,478,464**	5,967,120
Paid during the period	**(1,152,639)**	(2,434,052)
Balance at the end of the period	**16,617,421**	12,385,756

27 PROVISIONS

	Balance as of 1 January 2016	Charged during the period	No longer required during the period	Used during the period	**Balance as of 30 September 2016**
	EGP	EGP	EGP	EGP	**EGP**
Provision for legal claims	2,947,365	932,818	(626,500)	-	3,253,683
Provision for other claims	47,574,325	310,174	-	(330,978)	47,553,521
	50,521,690	1,242,992	(626,500)	(330,978)	50,807,204

	Balance as of 1 January 2015	Charged during the period	No longer required during the period	Used during the period	Balance as of 30 September 2015
	EGP	EGP	EGP	EGP	EGP
Provision for legal claims	3,289,108	3,002,685	(2,317,888)	-	3,973,905
Provision for other claims	49,715,862	-	-	(2,147,707)	47,568,155
	53,004,970	3,002,685	(2,317,888)	(2,147,707)	51,542,060

No other material contingent liabilities other than what was provided for in the provisions above or what was disclosed in note 11 in respect of tax position.

28 SHARE CAPITAL

	30 September 2016 EGP	*31 December 2015 EGP*
Authorised capital (shares of EGP 1 each)	**10,000,000,000**	10,000,000,000
Issued and fully paid-up	**4,619,338,000**	4,619,338,000
Number of shares	**4,619,338,000**	4,619,338,000

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 the shareholders current account (Emaar Properties PJSC) presented in financial statements as of 30 June 2014.
- Payment an amount of EGP 54,765,100 through cash deposit at bank.

On 15 March 2015, the Company has registered the increase and updated the commercial register.

On 31 March 2015, an extraordinary general assembly meeting was held and approved adjusting the shares par value from EGP 10 per share to EGP 1 per share, the number of shares was adjusted from 401933800 share to be 4019338000 share and updated the commercial register on 5 May 2015.

On 11 May 2015, an extraordinary general assembly meeting was held and approved the Company capital increase by EGP 600,000,000 with issuance price EGP 3.80 per share to be EGP 4,619,338,000 the share premium amounted to EGP 1,602,790,008 after deducting expenses of EGP 77,209,992 and updated the commercial register on 29 June 2015.

On 4 August 2015, the Company acquired 90 million ordinary shares (treasury shares) at price of EGP 3.80 per share amounted to EGP 342,000,000 to stabilize the share price in open market in addition to costs of EGP 503,840 in accordance with stability of share price in the market after issuance.

On 18 August 2016, the extraordinary general assembly meeting that was held on that date approved the reduction of the Company's capital by 90 million ordinary shares reprenseting the treasury shares acquired during 2015 to be 4,529,338,000 share, the necessary legal procedures in this regard are currently being undertaken.

29 LEGAL RESERVE

As required by Egyptian Companies' law and the Company's articles of association, 5% of the net profit for the prior year is 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.

30 EARNINGS PER SHARE

Basic earnings per share amounts are calculated by dividing net profit for the period attributable to the ordinary equity holders by the weighted average number of ordinary shares outstanding during the year. The company has no dilutive shares.

The information necessary to calculate basic and diluted earnings per share is as follows:

	Nine months		***Three months***	
	2016	*2015*	***2016***	*2015*
	EGP	*EGP*	***EGP***	*EGP*
Net profit for the period	**1,063,406,258**	744,537,121	**372,129,205**	222,348,014
Employees share (estimated)	**(101,023,594)**	(70,731,026)	**(35,352,274)**	(21,123,061)
Net profit attributable to the ordinary equity holders	**962,382,664**	673,806,095	**336,776,931**	201,224,953
Weighted average number of ordinary shares for basic and diluted earnings	**4,529,338,000**	3,406,544,207	**4,529,338,000**	3,406,544,207
EPS – basic and diluted	**0.21**	0.20	**0.07**	0.06

31 COMMITMENTS

At 30 September 2016, the company had commitments in respect of its projects not provided for in the financial statements amounted to EGP 7,504,071,011 (31 December 2015: EGP 6,619,437,412).

Operating lease commitments - as lessor
The company has entered into leases on its investment properties. The future minimum rentals receivable under non-cancellable operating leases contracted for as at the reporting date but not recognised as receivables, are as follows:

	30 September 2016	*31 December 2015*
	EGP	*EGP*
Within one year	**10,044,924**	9,773,845
After one year but not more than five years	**28,001,478**	30,776,312
More than five years	**10,350,601**	13,663,338
	48,397,003	54,213,495

32 POST DATED CHECKS (OFF BALANCE SHEET)

The company maintanies post dated checks amounted to EGP 9,044,022,601 (31 December 2015: EGP 8,753,875,477) which represent post dated checks of undelivered units and not included in statement of financial position. These checks represent future installements according to payment scheduale of each customer according to company's policies.

33 RELATED PARTY DISCLOSURES

For the purpose of these financial statements, parties are considered to be related to the Company, if the Company has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Company and the party are subject to common control. Related parties may be individuals or other entities.

Related party transactions
During the year, the following were the significant related party transactions, which were carried out in the normal course of business on terms agreed between the parties:

				30 September 2016			
Company	***Nature***	***Payments on behalf***	***IT and other expenses***	***Consultancy fees***	***Financing****	***Revenue***	***Sold units*****
		EGP	***EGP***	***EGP***	***EGP***	***EGP***	***EGP***
Turner Construction International Egypt	Joint venture	**-**	**-**	**62,960,641**	**-**	**-**	**-**
Emaar Properties – PJSC	Parent	**704,412**	**6,220,096**	**-**	**-**	**-**	**-**
Board members and key management personnel		**-**	**-**	**-**	**-**	**27,572,911**	**-**

				30 September2015			
Company	*Nature*	*Payments on behalf*	*IT expenses*	*Consultancy fees*	*Financing**	*Revenue*	*Sold units***
		EGP	*EGP*	*EGP*	*EGP*	*EGP*	*EGP*
Turner Construction International Egypt	Joint venture	-	-	56,972,125	-	-	-
Emaar Properties – PJSC	Parent	946,222	3,998,125	-	200,602	-	-
Board members and key management personnel		-	-	-	-	-	-

*Financing transactions represents funds transferred from Emaar Properties PJSC to Emaar Misr for Development Company and the related foreign exchange differences.
**Sold units transactions represent sales contracts signed with related parties during the period.

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

a) Related party balances
Significant related party balances are as follows:

			30 September2016		
	Due from related parties	***Due to related parties***	***Trade payables and accruals***	***Advance from customers***	***Trade and notes receivables***
	EGP	***EGP***	***EGP***	***EGP***	***EGP***
Parent**	-	16,245,681	-	-	-
Subsidiaries of the parent	2,818	5,291,428	-	-	-
Joint venture of the parent	-	-	74,423,916	-	-
Board members and key management personnel	-	-	-	8,720,284	5,460,229
	2,818	**21,537,109**	**74,423,916**	**8,720,284**	**5,460,229**

33 RELATED PARTY DISCLOSURES (continued)

			31 December 2015		
	Due from	*Due to*	*Trade payables and accruals*	*Advance from customers*	*Trade and notes receivables*
	EGP	*EGP*	*EGP*	*EGP*	*EGP*
Parent**	-	9,250,255	-	-	-
Subsidiaries of the parent	2,818	-	-	-	-
Joint venture of the parent	-	-	52,727,710	-	-
Board members and key management personnel	-	-	-	37,893,181	1,806,352
	2,818	9,250,255	52,727,710	37,893,181	1,806,352

**Due to parent represent a current account, callable by the parent, non-interest bearing, which resulted mainly from the financing and support received from the parent and other operating activities.

b) Related party borrowings

During year 2010, Emaar Misr was granted a loan from Emaar Properties PJSC, with a limit of USD 1,150,000, at interest rate (1%) per year over LIBOR. The balances are as follows:

	30 September 2016	*31 December 2015*
	EGP	*EGP*
Borrowings from related party		
Emaar Properties PJSC – Parent	**5,493,067**	4,842,083
	5,493,067	4,842,083

Compensation of key management personnel

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

	30 September 2016	*30 September 2015*
	EGP	*EGP*
Short-term benefits	**13,400,922**	16,852,542
End-of-service benefits	**4,660,294**	2,851,487
	18,061,216	19,704,029

34 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Overview
The Company has exposure to the following risks from its use of financial instruments:

a) Credit risk,
b) Market risk, and
c) Liquidity risk.

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital.

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

The Company's current financial risk management framework is a combination of formally documented risk management policies in certain areas and informal risk management policies in other areas**.**

a) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Company is exposed to credit risk principally from its receivables from customers, due from related parties, other receivables and from its financing activities, including deposits with banks and financial institutions.

Trade and notes receivables
The Company has entered into contracts for the sale of residential and commercial units on an instalment basis. The instalments are specified in the contracts. The Company is exposed to credit risk in respect of instalments due. However, the legal ownership of residential and commercial units is transferred to the buyer only after all the instalments are recovered. In addition, instalment dues are monitored on an ongoing basis with the result that the Company’s exposure to bad debts is not significant.

The Company’s exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the Company’s customer base, including the default risk of the industry and country, in which customers operate, has less influence on credit risk. The Company earns its revenues from a large number of customers.

Other financial assets
With respect to credit risk arising from the other financial assets of the Company, financial assets at amortised cost, the Company’s exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these assets.

Bank Balances
The company reduces the credit risk related to bank balances by dealing with reputable banks.
Credit risk from balances with banks and financial institutions is managed by local Company's treasury supported by the Parent Company. The Company limits its exposure to credit risk by only placing balances with international banks and local banks of good repute. Given the profile of its bankers, management does not expect any counterparty to fail to meet its obligations.

Due from related parties
Due from related parties relates to transactions arising in the normal course of business with minimal credit risk, with a maximum exposure equal to the carrying amount of these balances.

34 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

b) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices, such as currency risk and interest rate risk, which will affect the Company's income. Financial instruments affected by market risk include credit facilities and deposits. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. The Company does not hold or issue derivative financial instruments.

Exposure to 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's exposure to the risk of changes in market interest rates relates primarily to the Company's obligations with floating interest rates and interest bearing time deposits.

Interest on financial instruments having floating rates is re-priced at intervals of less than one year.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates with all other variables held constant, of the Company's profit before tax (through the impact on floating rate borrowings).
There is no impact on the Company's equity other than the profit impact stated below.

	30 Septemebr 2016		*30 Septemebr 2015*	
	Change in rate	***Effect on profit before tax EGP***	*Change in rate*	*Effect on profit before tax EGP*
Financial asset	**+1%**	**23,919,000**	+1%	14,900,000
	- 1%	**(23,919,000)**	- 1%	(14,900,000)
Financial liability	**+1%**	**(82,658)**	+1%	(629,320)
	- 1%	**82,658**	- 1%	629,320

The interest rates on loans from related parties are described in Note 33b to the financial statements. Interest rates on credit facilities from financial institutions are disclosed in Note 25 to the financial statements.

Exposure to foreign currency risk

The following tables demonstrate the sensitivity to a reasonably possible change in USD, EUR, AED and SAR exchange rates, with all other variables held constant. The impact on the company's profit before tax is due to changes in the value of monetary assets and liabilities. The company's exposure to foreign currency changes for all other currencies is not material.

	30 Septemebr 2016		*30 September 2015*	
	Change in rate	**Effect on profit before tax EGP**	Change in rate	Effect on profit before tax EGP
USD	**+10%**	**(8,692,590)**	+10%	(3,212,397)
	-10%	**8,692,590**	-10%	3,212,397
AED	**+10%**	**(1,806,019)**	+10%	(1,202,629)
	-10%	**1,806,019**	-10%	1,202,629
EUR	**+10%**	**147,098**	+10%	1,494
	-10%	**(147,098)**	-10%	(1,494)
SAR	**+10%**	**3,950**	+10%	3,484
	-10%	**(3,950)**	-10%	(3,484)

As indicated in note (36), the foreign exchange rates floated on 3 Novemeber 2016 and accordingly the net foreign exchange losses using the stated rate on that date is EGP 27,299,584 .

34 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

c) Liquidity risk

The cash flows, funding requirements and liquidity of the Company are monitored by local company management supported by the Parent Company. The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of bank borrowings. The Company manages liquidity risk by maintaining adequate reserves and borrowing facilities, by continuously monitoring forecasted and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The Company currently has sufficient cash on demand to meet expected operational expenses, including the servicing of financial obligations.

The table below summarises the maturity profile of the Company’s financial liabilities based on contractual undiscounted payments.

Financial liabilities

	Less than 3 Months EGP	*3 to 12 months EGP*	*1 to 5 years EGP*	*Over 5 years EGP*	*Total EGP*
As at 30 September 2016					
Credit facilities	28,052,919	34,026,794	43,146,011	19,108,383	124,334,107
Retentions payable	-	87,705,789	115,526,000	-	203,231,789
Trade payables, accrued expenses and other credit balances	1,947,408,316	-	-	-	1,947,408,316
Income tax payable	86,847,967	-	-	-	86,847,967
Borrowings from related parties	5,547,998	-	-	-	5,547,998
Due to related parties	21,537,109	-	-	-	21,537,109
Land purchase liabilities	46,638,948	542,348,594	-	-	588,987,542
Total undiscounted financial liabilities	**2,136,033,257**	**664,081,177**	**158,672,011**	**19,108,383**	**2,977,894,828**

	Less than 3 Months EGP	*3 to 12 months EGP*	*1 to 5 years EGP*	*Over 5 years EGP*	*Total EGP*
As at 31 December 2015					
Credit facilities	36,020,581	119,558,820	178,368,844	17,470,082	351,418,327
Retentions payable	-	106,987,647	82,270,713	-	189,258,360
Trade payables, accrued expenses and other credit balances	1,602,882,780	-	-	-	1,602,882,780
Income tax payable	14,728,532	-	-	-	14,728,532
Borrowings from related parties	4,890,504	-	-	-	4,890,504
Due to related parties	9,250,255	-	-	-	9,250,255
Land purchase liabilities	143,909,940	113,916,845	542,348,593	-	800,175,378
Total undiscounted financial liabilities	**1,811,682,592**	**340,463,312**	**802,988,150**	**17,470,082**	**2,972,604,136**

35 FAIR VALUES OF FINANCIAL INSTRUMENTS

Financial instruments comprise financial assets and financial liabilities.

Financial assets of the company include bank balances and cash, accounts and notes receivables, other receivables and other debit balances, held to maturity investments and due from related parties. Financial liabilities of the company include credit facilities, trade payables, accrued expenses and other credit balances, land purchase liabilities, due to related parties, borrowings from related parties and retentions payable.

The fair values of the financial assets and liabilities are not materially different from their carrying value unless stated otherwise.

36 SUBSEQUENT EVENTS

On 3 November 2016, the Central Bank stated that foreign exchange rate is to be determined by supply and demand, adding that the move will be accompanied by 3% rise in interest rates.

The interbank market will be reviewed and banks will be free to set bid/ask for the USD:EGP based on the forces of supply and demand. When the interbank market dynamics do not allow for a clearing price, the central bank will intervene to facilitate “price discovery”.