

Translation originally issued in Arabic

Nasr City Cons 6-2017E

**MADINET NASR FOR HOUSING &
DEVELOPMENT - S.A.E.**

**SUMMARY CONSOLIDATED
FINANCIAL STATEMENTS
AND LIMITED REVIEW REPORT THEREON**

AT 30 JUNE 2017



Tel: +202 3303 0701
Fax: +202 3303 2228
www.bdo.com.eg

BDO Khaled & Co.,
1, Wadi El Nile St.
Mohandessin, Giza
Cairo, Egypt
P.O.Box.:110/12655

REPORT OF THE INDEPENDENT AUDITOR ON THE SUMMARY INTERIM CONSOLIDATED FINANCIAL STATEMENTS

TO THE BOARD OF DIRECTORS OF MADINET NASR FOR HOUSING & DEVELOPMENT- S.A.E.

We have reviewed the interim consolidated financial statements of Madinet Nasr for Housing & Development - S.A.E. for the period from 1 January 2017 to 30 June 2017, from which the attached summary consolidated financial statements are derived, in accordance with the Egyptian Standards on Auditing and the relevant laws and regulations. As stated in our Arabic review report dated 9 August 2017, we expressed an unqualified review conclusion, with an emphasis of matter regarding going concern for a subsidiary, on the interim consolidated financial statements for the period then ended, from which the attached summary consolidated financial statements are derived.

In our opinion, the attached summary consolidated financial statements are consistent in all material respects, with the interim consolidated financial statements for the period then ended.

In order to obtain a comprehensive understanding of the company's interim consolidated financial position as of 30 June 2017, the results of its operations for the period then ended and our scope of limited review, you should refer to the Arabic interim consolidated financial statements for the period then ended and our review report thereon.

Mohanad T. Khaled
Chartered Accountant
R.A.A. 22444
EFSA No. 375



Cairo, 9 August 2017

Madinet Nasr for Housing & Development - S.A.E.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2017

	Note	30/6/2017 L.E.	31/12/2016 L.E.
Assets			
Non Current Assets			
Fixed assets (Net)	4	51,875,124	50,644,717
Construction in progress		15,819,222	15,746,082
Held to maturity investments	5/1	672,200	672,200
Available for sale investments	5/2	4,820,722	4,820,722
Investment properties	5/3	8,606,337	8,449,044
Long term notes receivable (Net)	8	4,273,647,581	2,864,742,094
Deferred tax asset	31	9,224,742	9,181,830
Total Non Current Assets		4,364,665,928	2,954,256,689
Current Assets			
Inventories	6	60,280,622	61,479,086
Housing & development projects – Lands and WIP	7	1,052,956,480	933,619,009
Housing & development projects – Finished properties	7	78,702,203	78,649,467
Short term notes receivable	8	1,255,017,125	1,021,125,732
Trade receivables (Net)	8	611,903,082	663,923,881
Trade payables – debit balances (Net)	9	234,995,058	182,202,075
Debtors and other debit balances (Net)	10	151,294,824	101,442,520
Cash margin on letters of guarantee		10,418,821	10,865,252
Investments at fair value through profit or loss	5/4	10,897,265	153,043,880
Deposits for projects' maintenance	22	573,720,189	111,406,984
Cash and bank balances	11	157,922,260	152,562,513
Total Current Assets		4,198,107,929	3,470,320,399
Total Assets		8,562,773,857	6,424,577,088
EQUITY AND LIABILITIES			
Equity			
Issued and paid up capital	17	1,000,000,000	500,000,000
Treasury stocks		-	(74,633,025)
Legal reserve		123,313,788	86,375,259
Retained earnings		347,167,674	344,351,026
Net profit for the period/year		508,948,049	766,575,412
Issued capital and reserves attributable to owners of the parent		1,979,429,511	1,622,668,672
Non-controlling interest	19	68,130,732	69,672,444
Total Equity		2,047,560,243	1,692,341,116
Non Current Liabilities			
Unearned revenue	12	4,119,414,984	2,942,735,224
Long term loans	20	319,091,802	259,282,841
Total Non Current Liabilities		4,438,506,786	3,202,018,065
Current Liabilities			
Advances & other trade receivables		104,200,842	87,176,679
Provisions	13	107,652,001	131,892,505
Creditors		74,150,188	55,501,602
Utilities completion liabilities	14	261,997,434	169,428,940
Deferred profits & interests on outstanding installments	15	263,590,034	304,950,221
Dividends payable		16,320,052	3,705,691
Creditors & other credit balances	16	339,448,678	339,151,103
Current portion of long term loans	20	4,320,160	4,298,375
Short term loans	21	143,534,374	19,333,333
Liabilities of deposits for project' maintenance	22	573,720,189	111,406,984
Credit banks (credit facilities)	21	26,157,891	25,259,659
Tax Authority		161,614,985	278,112,815
Total current liabilities		2,076,706,828	1,530,217,907
Total Liabilities		6,515,213,614	4,732,235,972
Total Equity and Liabilities		8,562,773,857	6,424,577,088

Limited review report "attached".

CFO

Mr. Mohamed Abdelsalam

CEO

Eng. Ahmed Ali ElHetmy

Chairman

Eng. Mohamed Hazem Barakat

The attached notes 1 to 37 form part of these summary consolidated financial statements.

Madinet Nasr for Housing & Development - S.A.E.

CONSOLIDATED STATEMENT OF INCOME

For the period ended 30 June 2017

		<i>From</i> <i>1/1/2017</i> <i>To</i> <i>30/6/2017</i> <i>L.E.</i>	<i>From</i> <i>1/1/2016</i> <i>To</i> <i>30/6/2016</i> <i>L.E.</i>	<i>From</i> <i>1/4/2017</i> <i>To</i> <i>30/6/2017</i> <i>L.E.</i>	<i>From</i> <i>1/4/2016</i> <i>To</i> <i>30/6/2016</i> <i>L.E.</i>
Net sales	23-a	1,013,005,398	459,112,628	338,562,542	257,741,810
Amortization of present value of notes receivable		101,619,062	34,776,501	51,776,952	16,820,603
Deferred profits & interests on installments due within the year	15	39,967,989	37,596,369	16,545,972	20,353,687
Revenue from rendering of services	25	7,335,328	2,118,609	3,382,646	948,001
Total revenue		<u>1,161,927,777</u>	<u>533,604,107</u>	<u>410,268,112</u>	<u>295,864,101</u>
Less:					
Deferred profits on outstanding installments of sales		-	(31,186,209)	-	(745,300)
Net activity's profit		<u>1,161,927,777</u>	<u>502,417,898</u>	<u>410,268,112</u>	<u>295,118,801</u>
Cost of sales	23-b	(369,306,269)	(210,687,063)	(214,542,660)	(120,663,458)
Gross Profit		<u>792,621,508</u>	<u>291,730,835</u>	<u>195,725,452</u>	<u>174,455,343</u>
Selling & marketing expenses		(94,806,580)	(36,812,206)	(30,655,026)	(20,325,770)
General & administrative expenses	26	(36,718,973)	(32,982,477)	(18,658,884)	(17,713,482)
Provisions	13	(4,124,265)	(14,914,092)	(270,000)	(13,654,865)
Provisions no longer required		63,290	-	-	-
Board of Directors' salaries and allowances		(3,443,761)	(2,181,006)	(1,718,205)	(1,309,186)
Profit from operations		<u>653,591,219</u>	<u>204,841,054</u>	<u>144,423,337</u>	<u>121,452,040</u>
Finance expenses		(7,003,663)	(5,123,271)	(4,205,269)	(2,938,551)
Other financial investments' revenue		4,537,180	6,200,694	778,103	2,774,639
Interest income		20,195,865	3,765,275	6,942,163	2,038,478
Loss on sale of fixed assets		-	(1,553)	-	-
Other revenues	27	6,681,006	4,571,706	2,562,154	2,250,820
Other expenses	28	(27,536,731)	(20,872,993)	(25,807,380)	(20,491,084)
Net profit for the period before tax		<u>650,464,876</u>	<u>193,380,912</u>	<u>124,693,108</u>	<u>105,086,342</u>
Income tax		(140,938,127)	(46,403,775)	(22,223,217)	(26,440,168)
Deferred tax	31	42,912	237,336	(72,396)	(29,341)
Net profit for the period		<u>509,569,661</u>	<u>147,214,473</u>	<u>102,397,495</u>	<u>78,616,833</u>
Less: Non-controlling interest		(621,613)	(4,384,049)	1,117,055	(2,160,473)
Attributable to owners of the parent		<u>508,948,048</u>	<u>142,830,424</u>	<u>103,514,550</u>	<u>76,456,360</u>
Earnings per share for the period	33	<u>0.50</u>	<u>0.14</u>	<u>0.10</u>	<u>0.08</u>

CFO

Mr. Mohamed Abdelsalam

CEO

Eng. Ahmed Ali ElHetmy

Chairman

Eng. Mohamed Hazem Barakat

The attached notes 1 to 37 form part of these summary consolidated financial statements.

Madinet Nasr for Housing & Development - S.A.E.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the period ended 30 June 2017

	<i>From</i> <i>1/1/2017</i> <i>To</i> <i>30/6/2017</i> <i>L.E.</i>	<i>From</i> <i>1/1/2016</i> <i>To</i> <i>30/6/2016</i> <i>L.E.</i>	<i>From</i> <i>1/4/2017</i> <i>To</i> <i>30/6/2017</i> <i>L.E.</i>	<i>From</i> <i>1/4/2016</i> <i>To</i> <i>30/6/2016</i> <i>L.E.</i>
Net profit for the period	509,569,662	147,214,473	102,397,495	78,616,833
Other comprehensive income	-	-	-	-
Total comprehensive income	<u>509,569,662</u>	<u>147,214,743</u>	<u>102,397,495</u>	<u>78,616,833</u>
Less: Non-controlling interest	<u>(621,613)</u>	<u>(4,384,049)</u>	<u>1,117,055</u>	<u>(2,160,473)</u>
Owners of the parent	<u>508,948,049</u>	<u>142,830,424</u>	<u>103,514,550</u>	<u>76,456,360</u>

CFO

Mr. Mohamed Abdelsalam

CEO

Eng. Ahmed Ali ElHetmy

Chairman

Eng. Mohamed Hazem Barakat

The attached notes 1 to 37 form part of these summary consolidated financial statements.

Madinet Nasr for Housing & Development - S.A.E.

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

For the period ended 30 June 2017

	Share Capital L.E.	Treasury Stock L.E.	Legal Reserve L.E.	Retained Earnings L.E.	Net profit for the period L.E.	Total L.E.	Non-controlling interest L.E.	Total L.E.
Balance at 1 January 2016	250,000,000	-	74,725,127	377,463,144	262,098,712	964,286,983	68,301,160	1,032,588,143
Increase in capital according to Extraordinary General Assembly Meeting held on 14/12/2015	125,000,000	-	-	(125,000,000)	-	-	-	-
Purchase of treasury stocks of 4 million stocks on 9/2/2016	-	(74,633,025)	-	-	-	(74,633,025)	-	(74,633,025)
Transferred to retained earnings	-	-	-	262,098,712	(262,098,712)	-	-	-
Transferred to legal reserve for year 2015	-	-	11,650,132	(11,650,132)	-	-	-	-
Dividends for 2015	-	-	-	(36,115,409)	-	(36,115,409)	-	(36,115,409)
Increase in capital according to Extraordinary General Assembly Meeting held on 5/4/2016	125,000,000	-	-	(125,000,000)	-	-	-	-
Used retained earnings for AI Nasr Company for Civil Works	-	-	-	(1,129,176)	-	(1,129,176)	(1,023,241)	(2,152,417)
Comprehensive income for the period	500,000,000	(74,633,025)	86,375,259	340,667,139	142,830,424	142,830,424	4,384,948	147,214,472
Balance at 30 June 2016	500,000,000	(74,633,025)	86,375,259	340,667,139	142,830,424	995,239,797	71,661,967	1,066,901,764
Balance at 1 January 2017	500,000,000	(74,633,025)	86,375,259	344,351,026	766,575,412	1,622,668,672	69,672,444	1,692,341,116
Sale of treasury stocks of 4 million stocks	-	74,633,025	-	(1,433,024)	-	73,200,001	-	73,200,001
Transferred to retained earnings	-	-	-	766,575,412	(766,575,412)	-	-	-
Transferred to legal reserve for year 2016	-	-	36,938,529	(36,938,529)	-	-	-	-
Dividends for 2016	-	-	-	(223,000,000)	-	(223,000,000)	-	(223,000,000)
Increase in capital according to Extraordinary General Assembly Meeting held on 29/3/2017	500,000,000	-	-	(500,000,000)	-	-	-	-
Used retained earnings for AI Nasr Company for Civil Works	-	-	-	(2,387,211)	-	(2,387,211)	(2,163,325)	(4,550,536)
Comprehensive income for the period	1,000,000,000	-	123,313,788	347,167,674	508,948,049	508,948,049	621,613	509,569,662
Balance at 30 June 2017	1,000,000,000	-	123,313,788	347,167,674	508,948,049	1,979,429,511	68,130,732	2,047,560,243

CFO

Mr. Mohamed Abdelsalam

CEO

Eng. Ahmed Ali ElHetmy

Chairman

Eng. Mohamed Hazem Barakat

The attached notes 1 to 37 form part of these summary consolidated financial statements.

Madinet Nasr for Housing & Development - S.A.E.
CONSOLIDATED STATEMENT OF CASH FLOWS
For the period ended 30 June 2017

	Note	30/6/2017 L.E.	30/6/2016 L.E.
OPERATING ACTIVITIES			
Net profit for the period before tax		650,464,876	193,380,912
Adjustments for:			
Depreciation	4	4,138,618	3,512,858
Provisions	13	4,124,265	14,914,092
Provisions no longer required		(63,290)	-
Loss on sale of fixed assets		(45,399)	(257,540)
Profits and interests due after deduct the deferred profit		-	1,553
Discount of present value for long term liability		(39,967,989)	(6,410,160)
Operating profit before working capital changes		<u>618,651,081</u>	<u>205,593,165</u>
Inventory and housing and development projects		(118,191,743)	(268,413,500)
Trade receivables, trade payables debit balances and notes receivable		(1,692,974,937)	(250,383,657)
Trade payables and unearned revenue and creditors		1,303,806,238	268,936,180
Provisions used	13	(28,301,479)	(293,417)
Dividends paid		(64,491,784)	(36,428,503)
Income tax		(257,435,957)	(60,283,928)
Net cash used in operating activities		<u>(238,938,581)</u>	<u>(141,273,660)</u>
INVESTING ACTIVITIES:			
Payments for purchase of fixed assets & construction in progress		(5,442,165)	(2,423,766)
Proceeds from sale of fixed assets		-	2,500
Payments for investment properties		(157,293)	-
Revenue from other financial investments		45,399	500,081
Net cash used in investing activities		<u>(5,554,059)</u>	<u>(1,921,185)</u>
FINANCING ACTIVITIES:			
Dividends paid to shareholders		(150,000,000)	-
Treasury stocks		73,200,001	(74,633,024)
Non-controlling interest		(424,248)	(1,023,241)
Withdrawals from long term loans during the period		62,227,933	123,976,243
Payments of long term loans during the period		(2,397,187)	(414,012)
Payments of short term loans during the period		(31,328,591)	(36,360,075)
Withdrawals from short term loans during the period		155,529,632	58,000,000
Net cash from financing activities		<u>106,807,540</u>	<u>69,545,891</u>
Change in cash and cash equivalents		<u>(137,685,100)</u>	<u>(73,648,954)</u>
Cash and cash equivalents at the beginning of the period		280,346,734	291,824,545
Total cash and cash equivalents at the end of the period		<u>142,661,634</u>	<u>218,175,591</u>
Less: Pledged time deposits against letters of guarantee		(62,892,101)	(56,907,231)
Cash and cash equivalents at the end of the period	21	<u>79,769,533</u>	<u>161,268,360</u>

NON-CASH TRANSACTION:

The statement of cash flow did not include the following non cash transactions:

- An amount of L.E. 121,362 represents transfer from construction in progress to fixed assets during the period.
- An amount of L.E. 573,720,189 (2016: L.E. 111,406,984) represents deposits for projects maintenance against liabilities of deposits for projects maintenance.

The attached notes 1 to 37 form part of these summary consolidated financial statements.

NOTES TO THE SUMMARY CONSOLIDATED FINANCIAL STATEMENTS

30 June 2017

1. COMPANY BACKGROUND

1.1 Legal form of the company

Madinet Nasr for Housing & Development - S.A.E. was incorporated in accordance with the Presidential Decree No. 815/1959 and was changed to Joint Stock Company according to Presidential Decree No 2908/1964, then became a subsidiary of Public Sector Authority for Housing by Presidential Decree No. 469/1983.

The company was converted under the provisions of Law No. 203 for 1991 issued on 30/06/1996 to an Egyptian joint stock company as a subsidiary to the Holding Company for Housing under the name of Madinet Nasr Housing and Development. The Extraordinary General Assembly of the company held on 30/06/1996 approved the change in the governing laws under which the company was operating from the provisions of Law No. 203 for 1991 to the provisions of Law No. 159 for 1981 and its executive regulations and published in company's journal on January 1997.

The company has registered in the Commercial Register under No. 300874 under tax card No. 200-009-095.

1.2 Activity

The company is engaged in all activities related to development of land and buildings and facilities including acquisition of land and real estate sale and rental, dividing it and providing all types of facilities necessary for reconstruction and connected to it in Nasr City and other areas nationwide, the purchase and development, utilization, leasing and sale of all buildings and land. The company can establish, manage and invest in all residential, administrative, tourist, recreational and all projects necessary to achieve these purposes, and all real estate operations, financial, commercial and entertainment related to these purposes, as well as carrying out design, and engineering consultancy, and supervision of the execution by others.

1.3 Duration

The company's term is 50 years starting from the date of the registration in the commercial register and has been renewed for another 25 started from 23/12/1996 to 22/12/2021.

1.4 Location

The company's head office is located at 4, Youssef Abbass, Nasr City, Cairo, Egypt.
The Chairman is Eng. Mohamed Hazem Barakat.
The company is listed on Cairo and Alexandria Stock Exchange.
The company Board of Directors has approved the separate and consolidated financial statements for the period ended at 30 June 2017 on 7 August 2017.

1.5 Basis of consolidation

- Subsidiaries are those enterprises controlled by the parent company. Control exists when the parent company has the power directly or indirectly, to govern the financial and operating policies of an enterprise so as to obtain benefits from its activities.
- The consolidated financial statements include the financial statements of the company and its subsidiaries.

Madinet Nasr for Housing & Development - S.A.E.

NOTES TO THE SUMMARY CONSOLIDATED FINANCIAL STATEMENTS

30 June 2017

1. COMPANY BACKGROUND - Continued

- The financial statements of the subsidiaries are prepared for the same reporting year as the parent company, using consistent accounting policies.
- All intra-group balances, transactions, income and expenses and profits and losses resulting from intra-group transactions that are recognized as assets and liabilities, are eliminated in full.
- Subsidiaries are fully consolidated from date of acquisition, being the date on which the group obtains control, and continue to be consolidated until the date such control ceases.
- Non controlling interests represent the portion of total comprehensive income and net assets not held by the group are presented separately in statement of income and within equity in consolidated balance sheet, separate from owners of parent's equity.

The following is a listing of subsidiaries:

<i>Subsidiary</i>	<i>Percentage Ownership</i>	<i>Country of incorporation</i>	<i>Activity</i>
Al Nasr for Civil Works S.A.E.	52.46%	Egypt	Civil construction
Al Nasr for Utilities and Erection S.A.E.	97.52%	Egypt	Civil construction

2. USE OF ESTIMATES AND JUDGMENTS

The preparation of consolidated financial statements in accordance with Egyptian Accounting Standards requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumption are based on historical experience and various other factors that are believed to be reasonable, under the circumstances, the results of which form the basis of making the judgments about the carrying values of assets and liabilities. Actual results may differ from those estimates.

The estimates and underlying assumptions are reviewed on a continuous basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and the future periods if it affects future periods.

The following estimates and judgments that is affect on financial statements are as follows:

- Depreciation of fixed assets
- Provisions
- Assets impairment
- Taxation
- Cost of sales and complete of utilities liability
- Amortization of present value of notes receivable

NOTES TO THE SUMMARY CONSOLIDATED FINANCIAL STATEMENTS

30 June 2017

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Basis of preparation of consolidated financial statements

The consolidated financial statements were prepared in accordance with the Egyptian Accounting Standards and relevant local laws and regulations.

The consolidated financial statements are prepared under the historical cost convention modified for measurement of available for sale investments, held to maturity investments and investment at fair value through profit and loss.

The consolidated financial statements are presented in Egyptian Pounds.

b) Fixed assets and depreciation

Fixed assets are recorded on purchase at cost and are presented in the balance sheet net of accumulated depreciation and impairment losses. Historical costs include costs associated with the purchase of the asset. For assets constructed internally, the cost of the asset includes the cost of raw materials, direct labour and other direct costs incurred in bringing each asset to its location and the purpose for which it was acquired, as well as the costs of removal and rearrangement of the site, where the assets are located.

Components are accounted for on an item of fixed assets that have different useful lives as separate items within those fixed assets.

The carrying amount of fixed assets includes the cost of replacing a part or component of such assets when it is expected to obtain future economic benefits as a result of spending that cost. Other costs allocated to the income statement as an expense when incurred.

Depreciation is provided on a straight line basis to write off the cost less estimated residual value of each asset – other than land -over its expected useful life as follows:

	<i>Madinet Nasr for Housing & Development</i>	<i>Al Nasr for Civil Works</i>	<i>Al Nasr for Utilities & Erections</i>
	<i>Years</i>	<i>Years</i>	<i>Years</i>
Buildings	50	10-40	20-50
Machinery and equipment for operation	5	2-10	2-10
Machinery and equipment for serving and utilities	5-12.5	-	-
Motor vehicles	5	5-10	4-6
Tools	1	4-10	4-12
Furniture and office equipment	10	10	10-15

c) Constructions in progress

Constructions in progress are recorded at cost which includes all the direct costs incurred on the assets to be ready to use. These are transferred to fixed assets when the asset is complete and ready for its intended use. Construction in progress is recorded at cost less impairment, if any.

NOTES TO THE SUMMARY CONSOLIDATED FINANCIAL STATEMENTS

30 June 2017

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

d) Available for sales investment

Available for sale investments are initially recorded at cost and are subsequently measured at fair value. Changes in fair value are reported as a separate component of equity. Where available for sale investments could not be measured reliably, as the market for an investment is not active (and for unlisted securities), these are stated at cost less impairment losses, if any. Impairment loss is charged to the statement of income.

e) Held to maturity investments

Held to maturity investments are carried at cost and amortized using the effective interest method. Premiums or discounts (if any) are amortized using the effective interest method. When the investment is impaired, the impairment loss is adjusted against book value and included in the statement of income.

f) Investment properties

Investment properties are measured at cost and when such assets are impaired, the loss is included in the statement of income.

g) Investments at fair value through profit or loss (investment certificates)

Investment certificates are measured at fair value which represents the sale value, determined in line with the recoverable amount at the balance sheet date.

Investments classified as investment at fair value through profit or loss and the associated costs of these investments and differences charges are recorded in the statement of income.

h) Inventories

Inventories are stated at the lower of cost or net realizable value. Costs include expenses incurred in bringing each product to its present location and condition. Cost of raw materials, packing materials, spare parts, fuel and oil is determined on an weighted average basis.

Net realizable value is based on estimated selling price less selling expenses. Provision is made for obsolete and slow moving items.

i) Housing & development projects

All cost incurred on housing and development projects are included in this account. At point of sale, this account is adjusted based on actual per meter cost of land or units sold. Housing and development projects are measured at the lower of cost and net realizable value.

j) Cash flows statement

Consolidated statement of cash flows is prepared according to the indirect method.

NOTES TO THE SUMMARY CONSOLIDATED FINANCIAL STATEMENTS

30 June 2017

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - *Continued*

k) Cash and cash equivalents

Cash and cash equivalents include cash on hand, time deposits (due within 3 months), investments at fair value through profit or loss, bank current accounts, and short term highly liquid investments, which can be easily converted to cash, less overdrafts (credit banks) and pledged time deposits against letters of guarantee.

l) Receivables and other debtors

Trade accounts receivable stated at cost net of impairment for doubtful debts, which is estimated for amounts not expected to be collected in full. Other debtors stated at cost less any impairment.

m) Assets impairment

Asset values are reviewed at the consolidated balance sheet date to determine if there is any indication of impairment. In case of such an indication, an estimate is made of the recoverable amount and compared to the book value. Impairment loss, being the excess of book value over its recoverable amount, is taken to the consolidated statement of income on the same date.

n) Provisions

Provisions are recognized when there is a present obligation (legal or constructive) as a result of a past event, it is probable an outflow of resources embodying economic benefits will be required to settle this obligation and a reliable estimate can be made for the obligation.

Provisions are reviewed at the consolidated balance sheet date and adjusted (if necessary) to present the best current estimate.

o) Payables and other creditors

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

p) Treasury stocks

Treasury stocks are recorded at cost and deducted from shareholders equity. Gain or loss from sale of shares is included in the retained earnings.

q) Dividends

Dividends are recorded as liability during the year when declared.

NOTES TO THE SUMMARY CONSOLIDATED FINANCIAL STATEMENTS

30 June 2017

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - *Continued*

r) Revenue recognition

1. *Cash sales*

Sales of land & property is recorded after collection of the agreed upon price and delivery to the customer in accordance with the terms of the contract.

2. *Sales on installments*

Revenue on sales during the year are recorded when the related land and property is actually received by the customers or, where delay in receiving by customer is due to circumstances out of the company's control, according to the contractual terms as follows:

- Total sale of value of land and property is recorded as sales during the year after deduction of profit relating to deferred installments on those sales. Such deduction is recorded as a liability (profit from deferred installments) as:
 - The risk and rewards of ownership of units sold is not transferred to the buyer until settlement of all installments due from the buyers and the transfer of ownership to buyer.
 - The company has the right of managerial intervention and supervision on units sold to guarantee that the buyer is a bidding by the contractual terms.
 - According to the signed contracts with the customers, the company has the right to cancel the contracts if all installments due were not paid.
- Deferred installments profit and deferred interests on installments which related to sale of land and properties in prior years are recognized on the accrual basis when the installments full due adjusting the profit margin by cost incurred on projects during the year.

3. *Revenue from real estate contracts*

The company is performing the activity of real estate and marketing to this activity through customers' contracts which give them the right to have real estate villa, town house and unit over the period of the contract. Revenue recognized from sales agreements according to the stages included in the sales agreements according to the following:

- Development of land to construction of real estate
- Construction of the building
- Completion of Within a year

4. *Joint projects:*

On 31 December 2015, the company adopted a new strategy to perform a joint venture contract based on a share in the revenue of the sales agreements. The company receives its share against the land provided for development by the third part that will receive the rest of the agreement against the development cost.

NOTES TO THE SUMMARY CONSOLIDATED FINANCIAL STATEMENTS

30 June 2017

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

5. *Other revenue:*

- Rent, time deposits interest and bonds revenue recorded on the accrual basis.
- Dividends revenue are recognized and recorded as income when they become legally payable by the investee companies and realized after acquisition date.

Direct and indirect cost

Direct and indirect costs incurred for the constructions of the real estate are accumulated in the inventor account for constructions. Cost of the completed contracts are comprises of land cost, cost of building constructed and other indirect costs.

s) Rent expenses

Rent expenses are recorded in the statement of income on a straight line method over the rent period.

t) Employees' benefits

The company contributes to the social insurance scheme for the benefit of its employees in accordance with the Social Insurance Law. Contributions of workers and employers are calculated at a fixed rate of wages. The company's commitment is represented in value of its contribution. The company's contributions are charged to the statement of income. The company gives employees who have reached retirement age, end of service gratuity up to a maximum of 50 thousand Egyptian pounds.

u) Taxation

Income tax

Income tax on profit for the current and previous periods that have not been paid and need to be recognized are recorded as a liability. Provision is made for income tax liability for previous years based on the assessment of tax claims.

Deferred tax

Deferred tax is recognized under the liability method for temporary timing differences between assets and liabilities valued on the tax basis and the related amounts in the consolidated financial statements.

The amount is determined using the tax rates applicable on the consolidated balance sheet date. Deferred tax assets are recognized for all temporary differences, unused deferred tax assets and losses brought forward, if taxable profit is highly probable and the assets can be used in the future. Deferred tax assets are reviewed and reduced by the amount which is not expected to be used in the foreseeable future.

v) Earnings per share

Earnings per share are calculated by dividing the net profit for the period by the weighted average number of shares outstanding during the period.

NOTES TO THE SUMMARY CONSOLIDATED FINANCIAL STATEMENTS

30 June 2017

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - *Continued*

w) Borrowing cost

Borrowing costs that are attributable to the acquisition, construction or production of qualifying assets are required to be capitalized as part of the cost of that asset.

Other borrowing costs are expensed and charged to the consolidated income statement in the year/period incurred.

x) Legal reserve

As required, by the Companies Law No. 159 of 1981 and the company's Articles of Association 5% of the profit for the year is transferred to the legal reserve. The company may resolve to discontinue such annual transfers when the reserve totals 50% of the issued share capital. The legal reserve cannot be distributed except in cases stated in the Law.

y) Foreign currency transactions

The company's functional currency is the Egyptian pound. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the consolidated balance sheet date are translated at the rate of exchange ruling at that date. Retranslation exchange profit and loss is taken to the consolidated statement of income.

Madinet Nasr for Housing & Development - S.A.E.

NOTES TO THE SUMMARY CONSOLIDATED FINANCIAL STATEMENTS

30 June 2017

4. FIXED ASSETS

	Land (*)	Buildings and constructions (*)	Machinery & equipment	Motor vehicles	Tools	Furniture & office equipment	Computers & software	Total
Cost:								
At 1 January 2017	2,216,462	22,278,361	34,153,477	18,912,686	3,839,923	13,730,410	15,668,289	110,799,608
Additions during the period	-	3,130,384	16,601	11,700	74,824	253,361	1,760,793	5,247,663
Transfer from construction in progress	-	-	-	-	-	121,362	-	121,362
At 30 June 2017	2,216,462	25,408,745	34,170,078	18,924,386	3,914,747	14,105,133	17,429,082	116,168,633
Accumulated depreciation:								
At 1 January 2017	-	7,283,125	21,789,361	16,228,786	3,413,639	8,013,823	3,426,157	60,154,891
Provided during the period	-	303,701	1,765,082	469,988	33,080	684,153	882,614	4,138,618
At 30 June 2017	-	7,586,826	23,554,443	16,698,774	3,446,719	8,697,976	4,308,771	64,293,509
Net book value:								
At 30 June 2017	2,216,462	17,821,919	10,615,635	2,225,612	468,028	5,407,157	13,120,311	51,875,124
At 31 December 2016	2,216,462	14,995,236	12,364,116	2,683,900	426,284	5,716,587	12,242,132	50,644,717

(*) Land and buildings including land and buildings of the Social Club rental playground for Madinet Nasr for Housing & Development club by book value approximately L.E. 1.3 million and L.E. 4.5 million for land and buildings respectively, also the buildings and constructions of El Nasr for Utilities on a plot of land of 7,780 M² by a utility right for the company with unlimited period and there are negotiation to purchase this land.

Madinet Nasr for Housing & Development - S.A.E.

NOTES TO THE SUMMARY CONSOLIDATED FINANCIAL STATEMENTS

30 June 2017

4. FIXED ASSETS - Continued

a) Fully depreciated assets are as follows:

	<i>30/6/2017</i>	<i>31/12/2016</i>
	<i>L.E.</i>	<i>L.E.</i>
Buildings and constructions	778,310	771,710
Motor vehicles	13,437,233	13,437,233
Furniture and office equipment	4,227,799	3,982,794
Machinery & equipment	17,082,753	17,080,773
Tools	3,249,504	3,281,983
	<u>38,775,599</u>	<u>38,554,493</u>

b) Depreciation for the period is allocated as follows:

	<i>30/6/2017</i>	<i>30/6/2016</i>
	<i>L.E.</i>	<i>L.E.</i>
Cost of sales	2,212,062	2,144,066
Selling & marketing expenses	65,734	27,374
General and administrative expenses (Note 26)	1,860,822	1,341,418
	<u>4,138,618</u>	<u>3,512,858</u>

5. INVESTMENTS**5/1 Held to maturity investments**

	<i>30/6/2017</i>	<i>31/12/2016</i>
	<i>L.E.</i>	<i>L.E.</i>
Investments in Governmental bonds	<u>672,200</u>	<u>672,200</u>

5/2 Available for sale investments

	<i>Contribution</i>	<i>30/6/2017</i>	<i>31/12/2016</i>
	<i>%</i>	<i>L.E.</i>	<i>L.E.</i>
Egyptian Kuwaiti Real Estate Development	7.503	4,314,110	4,314,110
High Education House (S.A.E)	1.76	300,000	300,000
Investments in other companies		206,612	206,612
		<u>4,820,722</u>	<u>4,820,722</u>

Available for sale investments are not listed companies, so we cannot determine its fair value and it is recorded at historical cost.

Madinet Nasr for Housing & Development - S.A.E.

NOTES TO THE SUMMARY CONSOLIDATED FINANCIAL STATEMENTS

30 June 2017

5. INVESTMENTS - Continued

5.3 Investment properties

	<i>30/6/2017</i>	<i>31/12/2016</i>
	<i>L.E.</i>	<i>L.E.</i>
Allocated land for Developing and Housing Projects	5,178,646	5,021,353
Title held land on sold properties	3,427,691	3,427,691
	<u>8,606,337</u>	<u>8,449,044</u>

Fair value of investment properties is not less than its book value.

5.4 Investments at fair value through profit or loss

	<i>30/6/2017</i>	<i>31/12/2016</i>
	<i>L.E.</i>	<i>L.E.</i>
<u>Investment certificates in:</u>		
QNB Investment Fund	918,577	20,485,037
Bank Misr Investment Fund (Day-By-Day)	223,129	209,910
Banque Du Caire Investment Fund - Youssef Abbass	1,655,605	10,309,968
Arab African International Bank Investment Fund	-	61,845,230
Arab Investment Bank Investment Fund	-	635,154
United Bank Investment Fund	8,080,306	30,493,146
Arab Banking Corporation (ABC Bank)	19,648	19,236
Egyptian Gulf Bank Investment Fund	-	29,046,199
	<u>10,897,265</u>	<u>153,043,880</u>

6. INVENTORIES

	<i>30/6/2017</i>	<i>31/12/2016</i>
	<i>L.E.</i>	<i>L.E.</i>
Materials	55,349,079	56,686,253
Fuel and oil	140,700	42,254
Spare parts and supplies	711,495	657,018
Others	4,214,348	4,228,561
	<u>60,415,622</u>	<u>61,614,086</u>
Less: Provision in inventory	<u>(135,000)</u>	<u>(135,000)</u>
	<u>60,280,622</u>	<u>61,479,086</u>

Madinet Nasr for Housing & Development - S.A.E.

NOTES TO THE SUMMARY CONSOLIDATED FINANCIAL STATEMENTS

30 June 2017

7. HOUSING & DEVELOPMENT PROJECTS

	30/6/2017	31/12/2016
	L.E.	L.E.
<u>Land and work in progress:</u>		
El Waha Project	85,626,772	58,739,776
6th October Project (Nasr Gardens)	101,979,491	81,297,193
Tag City Project	597,672,571	515,839,022
Original City Project	2,192,807	2,192,807
Sarai Project	265,484,839	275,550,211
	<u>1,052,956,480</u>	<u>933,619,009</u>
<u>Finished properties:</u>		
El Waha Project	6,860,307	6,860,307
Original City Project	11,563,454	11,510,718
6th October Project (Nasr Gardens)	60,278,442	60,278,442
	<u>78,702,203</u>	<u>78,649,467</u>
Total finished goods and work in progress	<u>1,131,658,683</u>	<u>1,012,268,476</u>

8. TRADE RECEIVABLES AND NOTES RECEIVABLE

	30/6/2017	31/12/2016
	L.E.	L.E.
<u>Long term notes receivable</u>		
Tag Sultan Project	569,335,508	683,511,545
Tag City (Zone T) Project	1,731,541,229	1,758,622,295
Premira Project	108,538,721	111,979,813
Capital Gardens	310,362,817	290,698,766
Sarai Project	2,563,847,408	752,525,311
	<u>5,283,625,683</u>	<u>3,597,337,730</u>
Less: Amortized present value of notes receivable:		
Tag Sultan Project	(90,185,062)	(114,904,766)
Tag City (Zone T) Project	(300,155,340)	(335,359,378)
Premira Project	(32,708,077)	(39,094,440)
Capital Gardens	(111,352,895)	(95,573,596)
Sarai Project	(475,576,728)	(147,663,456)
	<u>4,273,647,581</u>	<u>2,864,742,094</u>
<u>Short term notes receivable</u>		
Tag Sultan Project	261,681,153	298,434,526
Tag City (Zone T) Project	359,653,145	446,500,471
Premira Project	38,631,232	42,509,879
Sarai Project	595,051,595	233,680,856
	<u>1,255,017,125</u>	<u>1,021,125,732</u>
<u>Trade receivables (Net)</u>		
El Waha and Original City project' customers	274,606,264	310,462,472
Land	69,993,285	93,971,588
Rent	813,251	801,521
Construction contracts	314,108,566	306,306,584
	<u>659,521,366</u>	<u>711,542,165</u>
Less: Impairment of trade receivables	<u>(47,618,284)</u>	<u>(47,618,284)</u>
	<u>611,903,082</u>	<u>663,923,881</u>

Madinet Nasr for Housing & Development - S.A.E.

NOTES TO THE SUMMARY CONSOLIDATED FINANCIAL STATEMENTS

30 June 2017

9. TRADE PAYABLES – DEBIT BALANCES - NET

	30/6/2017	31/12/2016
	L.E.	L.E.
Trade payables & contractors	273,293,053	220,815,911
Less: Impairment in trade payables – debit balances	(38,297,995)	(38,613,836)
	<u>234,995,058</u>	<u>182,202,075</u>

10. DEBTORS AND OTHER DEBIT BALANCES - NET

	30/6/2017	31/12/2016
	L.E.	L.E.
Cheques under collection	1,983,753	4,751,577
Advance expenses	117,431,357	62,714,026
Accrued revenue	1,343,239	1,187,539
Refundable deposits	4,079,278	6,959,260
Employees stock option system	19,781,206	19,781,206
Employees Advance	23,803	4,492
Other debit balances	6,823,348	6,215,580
	<u>151,465,984</u>	<u>101,613,680</u>
Less: Impairment in debtors and other debit balances	(171,160)	(171,160)
	<u>151,294,824</u>	<u>101,442,520</u>

11. CASH AND BANK BALANCES

	30/6/2017	31/12/2016
	L.E.	L.E.
Bank credit	43,056	2,656,627
Cash on hand	854,389	98,193
Bank current accounts	93,124,982	82,064,142
Time deposits (*)	63,899,833	67,743,551
	<u>157,922,260</u>	<u>152,562,513</u>

(*) Time deposit on 30 June 2017 included L.E. 62,892,101 (2016: L.E. 66,735,819) pledged time deposits against letters of guarantee.

12. UNEARNED REVENUE

	30/6/2017	31/12/2016
	L.E.	L.E.
Tag Sultan Project customers	798,373,528	914,074,338
Premira Project customers	130,716,848	132,802,873
Tag City (Zone T) Project customers	1,306,389,474	1,284,084,678
Capital Gardens customers	81,310,537	74,858,322
Sarai customers	1,802,588,530	536,878,946
Rental customers	36,067	36,067
	<u>4,119,414,984</u>	<u>2,942,735,224</u>

Madinet Nasr for Housing & Development - S.A.E.

NOTES TO THE SUMMARY CONSOLIDATED FINANCIAL STATEMENTS

30 June 2017

13. PROVISIONS

	<i>Balance at 1/1/2017 L.E.</i>	<i>Provided during the period L.E.</i>	<i>Used during the period L.E.</i>	<i>No longer required L.E.</i>	<i>Balance at 30/6/2017 L.E.</i>
Disputed taxes provision	22,770,400	-	-	-	22,770,400
Claims provision	34,663,023	2,946,842	-	-	37,609,865
Litigation provision	25,444,446	677,423	(300,513)	(63,290)	25,758,066
Early retirement provision	28,000,000	-	(28,000,000)	-	-
Other provisions	21,014,636	500,000	(966)	-	21,513,670
	<u>131,892,505</u>	<u>4,124,265</u>	<u>(28,301,479)</u>	<u>(63,290)</u>	<u>107,652,001</u>

14. UTILITIES COMPLETION LIABILITIES

	<i>30/6/2017 L.E.</i>	<i>31/12/2016 L.E.</i>
Original City project	822,357	822,357
El Waha Project	13,439,689	13,764,829
Tag City project	78,721,089	98,109,732
Capital Gardens project	2,004,740	1,571,707
Sarai project	167,009,559	55,160,315
	<u>261,997,434</u>	<u>169,428,940</u>

15. DEFERRED PROFITS & INTERESTS ON OUTSTANDING INSTALLMENTS

	<i>Land L.E.</i>	<i>Property L.E.</i>	<i>Total L.E.</i>
<u>30/6/2017</u>			
Balance at beginning of the period	80,544,379	224,405,842	304,950,221
Due during the period	(15,690,860)	(24,277,129)	(39,967,989)
Disposals during the period	(52,193)	(1,340,005)	(1,392,198)
Balance at the end of the period	<u>64,801,326</u>	<u>198,788,708</u>	<u>263,590,034</u>
<u>31/12/2016</u>			
Balance at beginning of the year	74,879,792	275,185,395	350,065,187
Additions during the year	34,759,564	3,167,144	37,926,708
Due during the year	(29,094,977)	(50,714,208)	(79,809,185)
Disposals during the year	-	(3,232,489)	(3,232,489)
Balance at the end of the year	<u>80,544,379</u>	<u>224,405,842</u>	<u>304,950,221</u>

Madinet Nasr for Housing & Development - S.A.E.

NOTES TO THE SUMMARY CONSOLIDATED FINANCIAL STATEMENTS

30 June 2017

16. CREDITORS AND OTHER CREDIT BALANCES

	<i>30/6/2017</i>	<i>31/12/2016</i>
	<i>L.E.</i>	<i>L.E.</i>
Notes payable	18,929,578	6,431,070
Support to National Housing Project	880,000	880,000
Final retention and other refundable deposits	214,535,196	207,692,116
Down payment for land & property sales (El Waha & 6th October)	6,374,405	6,374,405
Down payment for land & property sales (Tag Sultan) – Zone T – Premira	5,224,431	1,703,311
Selling commissions	18,662,457	31,320,065
Payments from residents of El Haggana and El Arab	1,249,049	1,249,049
Employees' bonus accrued	4,043,448	6,315,009
Remain cost from construction contracts	20,995,393	14,166,450
Engineering stamp for Building Union	81,552	48,067
Customers' balances for canceled reservations	12,004,283	12,004,283
Proceeds for maintenance expenses and counters	9,875,239	8,441,753
Governmental authorities	15,332,385	15,386,255
Accrued expenses	8,670,332	21,713,524
Others	2,590,930	5,425,746
	<u>339,448,678</u>	<u>339,151,103</u>

17. SHARE CAPITAL

Authorized:

The authorized capital of the company is five thousand million Egyptian Pounds.

	<i>30/6/2017</i>	<i>31/12/2016</i>
	<i>L.E.</i>	<i>L.E.</i>
Issued and paid up	<u>1,000,000,000</u>	<u>500,000,000</u>

18. EMPLOYEES STOCK OPTIONS

The Extraordinary General Assembly Meeting approved on 29/3/2017 the discontinuation of employee stock options and write off the remaining shares of 2,899,611 shares for an amount of L.E. 2,899,611.

19. NON CONTROLLING INTEREST

	<i>Share %</i>	<i>30/6/2017</i>	<i>31/12/2016</i>
		<i>L.E.</i>	<i>L.E.</i>
Al Nasr Company for Civil Works	47.54	69,436,364	70,863,021
Al Nasr Company for Utilities & Erection	2.48	<u>(1,305,632)</u>	<u>(1,190,577)</u>
Total non controlling interest		<u>68,130,732</u>	<u>69,672,444</u>

Madinet Nasr for Housing & Development - S.A.E.

NOTES TO THE SUMMARY CONSOLIDATED FINANCIAL STATEMENTS

30 June 2017

20. LONG TERM LOANS**Madinet Nasr for Housing & Development S.A.E.**

	<i>(A)</i> <i>National</i> <i>Investment</i> <i>Bank</i> <i>L.E.</i>	<i>(B)</i> <i>Arab</i> <i>Investment</i> <i>Bank</i> <i>L.E.</i>	<i>(C)</i> <i>Commercial</i> <i>International</i> <i>Bank</i> <i>L.E.</i>	<i>Total</i> <i>L.E.</i>
<u>30/6/2017</u>				
Balance at the beginning of the period	2,129,076	7,883,930	253,568,210	263,581,216
Proceeds during the period	-	-	62,227,933	62,227,933
Payments of installments during the period	<u>(434,739)</u>	<u>(1,962,448)</u>	<u>-</u>	<u>(2,397,187)</u>
Balance at the end of the period	<u>1,694,337</u>	<u>5,921,482</u>	<u>315,796,143</u>	<u>323,411,962</u>
Classification to balance sheet as follows:				
Current liabilities:				
Current portion of long term loans	<u>456,524</u>	<u>3,863,636</u>	<u>-</u>	<u>4,320,160</u>
Non current liabilities:				
Long term loans	<u>1,237,813</u>	<u>2,057,846</u>	<u>315,796,143</u>	<u>319,091,802</u>
<u>31/12/2016</u>				
Balance at the beginning of the year	2,543,087	10,168,154	60,535,422	73,246,663
Proceeds during the year	-	-	193,032,788	193,032,788
Payments of installments during the year	<u>(414,011)</u>	<u>(2,284,224)</u>	<u>-</u>	<u>(2,698,235)</u>
Balance at the end of the year	<u>2,129,076</u>	<u>7,883,930</u>	<u>253,568,210</u>	<u>263,581,216</u>
Classification to balance sheet as follows:				
Current liabilities:				
Current portion of long term loans	<u>434,739</u>	<u>3,863,636</u>	<u>-</u>	<u>4,298,375</u>
Non current liabilities:				
Long term loans	<u>1,694,337</u>	<u>4,020,294</u>	<u>253,568,210</u>	<u>259,282,841</u>

Madinet Nasr for Housing & Development - S.A.E.

NOTES TO THE SUMMARY CONSOLIDATED FINANCIAL STATEMENTS

30 June 2017

21. CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the statement of cash flows comprise the following consolidated financial position amounts:

	<i>30/6/2017</i>	<i>31/12/2016</i>
	<i>L.E.</i>	<i>L.E.</i>
Cash and bank balances (Note 11)	157,922,260	152,562,513
Investment at fair value through profit or loss (Note 5/4)	10,897,265	153,043,880
Less:		
Credit banks - credit facilities	(26,157,891)	(25,259,659)
	<u>142,661,634</u>	<u>280,346,734</u>
Less:		
Pledged time deposits against letters of guarantee	(62,892,101)	(66,735,819)
Cash and cash equivalents at the end of the period	<u>79,769,533</u>	<u>213,610,915</u>

(*) The balance of credit bank's are summarized as follows:

	<i>30/6/2017</i>	<i>31/12/2016</i>
	<i>L.E.</i>	<i>L.E.</i>
Al Nasr Company for Utilities & Erection (Subsidiary)	121,837	121,837
Al Nasr Company for Civil Works (Subsidiary)	26,036,054	25,137,822
	<u>26,157,891</u>	<u>25,259,659</u>

Short term loans

	<i>30/6/2017</i>	<i>31/12/2016</i>
	<i>L.E.</i>	<i>L.E.</i>
Balance at the beginning of the period	19,333,333	26,610,474
Proceeds during the period	155,529,632	58,340,930
Installments and interests paid during the period	(31,328,591)	(65,618,071)
Balance at the end of the period	<u>143,534,374</u>	<u>19,333,333</u>

22. PROJECT MAINTENANCE DEPOSITS AND LIABILITIES

	<i>30/6/2017</i>	<i>31/12/2016</i>
	<i>L.E.</i>	<i>L.E.</i>
Bank current accounts	3,661,076	19,067,884
Time deposits	126,300,000	91,100,000
Notes receivable of project maintenance deposit	-	1,239,100
Trade receivables account - maintenance deposits	443,759,113	-
Project maintenance deposit liabilities	<u>573,720,189</u>	<u>111,406,984</u>

Madinet Nasr for Housing & Development - S.A.E.

NOTES TO THE SUMMARY CONSOLIDATED FINANCIAL STATEMENTS

30 June 2017

23. SALES AND COST OF SALES

23-a Net sales

	<i>30/6/2017</i>	<i>30/6/2016</i>
	<i>L.E.</i>	<i>L.E.</i>
<u>Property sales revenue</u>		
El Waha Project	280,000	7,424,000
Tag Sultan Project	117,047,966	81,303,394
Premira Project	-	18,742,798
Tag city (Zone T) Project	18,194,666	64,235,997
Capital Garden project	18,090,551	55,437,883
Sarai project	748,100,416	-
Less: Property sales returns		
El Waha and Original City Project	(1,051,980)	-
Tag Sultan Project	(35,000)	(4,076,412)
Premira Project	(1,268,155)	(869,302)
Tag city (Zone T) Project	(723,730)	-
Capital Garden project	(1,314,794)	-
	<u>897,319,940</u>	<u>222,198,358</u>
Land sales - El Waha and Original City	-	93,187,307
Total property and land sales revenues	<u>897,319,940</u>	<u>315,385,665</u>
Total revenues - Al Nasr Company for Civil Works	69,851,387	91,832,691
Total revenues - Al Nasr Company for Utilities & Erections	<u>45,834,071</u>	<u>51,894,272</u>
Net sales	<u>1,013,005,398</u>	<u>459,112,628</u>

23-b Cost of sales

	<i>30/6/2017</i>	<i>30/6/2016</i>
	<i>L.E.</i>	<i>L.E.</i>
<u>Cost of sold property</u>		
El Waha Project	-	4,578,147
Tag Sultan Project	99,144,861	55,995,061
Premira Project	-	4,315,029
Tag City (Zone T) project	1,436,589	6,532,872
Capital Garden project	770,861	2,001,055
Sarai project	157,449,474	-
Cost of land sold - El Waha project	-	9,573,833
	<u>258,801,785</u>	<u>82,995,997</u>
Less: Cost of sold property returns:		
Tag Sultan project	-	(1,137,386)
Premira project	(307,140)	(204,286)
El Waha project	(52,736)	-
Tag City (Zone T) project	(86,373)	-
Capital Garden project	(42,046)	-
	<u>258,313,490</u>	<u>81,654,325</u>
Cost of revenues - Al Nasr Company for Civil Works	63,342,138	75,575,762
Cost of revenues - Al Nasr Company for Utilities & Erections	<u>47,650,641</u>	<u>53,456,976</u>
Cost of sales	<u>369,306,269</u>	<u>210,687,063</u>

Madinet Nasr for Housing & Development - S.A.E.

NOTES TO THE SUMMARY CONSOLIDATED FINANCIAL STATEMENTS

30 June 2017

31. DEFERRED TAX - Continued

Al Nasr Co. for Civil Works – (Subsidiary Company)

	30/6/2017	31/12/2016
	Assets	Assets
	L.E.	L.E.
Deferred tax assets (fixed assets)	476,386	476,386
Deferred tax assets (provisions)	3,854,655	3,854,655
Total tax assets/(liabilities)	<u>4,331,040</u>	<u>4,331,041</u>
Net tax assets	<u>4,331,040</u>	<u>4,331,041</u>
Charged to the statement of income	<u>-</u>	<u>952,326</u>

Al Nasr for Utilities and Erections Co. – (Subsidiary Company)

	30/7/2017		31/12/2016	
	Asset	(Liability)	Asset	(Liability)
	L.E.	L.E.	L.E.	L.E.
Deferred tax liabilities (fixed assets)	-	(43,868)	-	(43,868)
Deferred tax assets (provisions)	2,527,434	-	2,527,434	-
Tax losses brought forward	<u>2,527,434</u>	<u>(43,868)</u>	<u>2,527,434</u>	<u>(43,868)</u>
Net deferred tax assets	<u>2,483,566</u>	<u>-</u>	<u>2,483,566</u>	<u>-</u>
<u>The effect on consolidated financial statements</u>				
Total deferred tax asset (financial position)	<u>9,224,742</u>	<u>-</u>	<u>9,181,830</u>	<u>-</u>
Total charged to the statement of income	<u>42,912</u>	<u>-</u>	<u>1,887,150</u>	<u>-</u>

32. TAX STATUS

Madinet Nasr for Housing and Development (Parent company)

- **Corporate tax**

The company submits tax returns to the Tax Authority on due dates and paid taxes according to these returns.

- **Payroll tax**

The company submits tax returns on time according to the requirements of the tax law.

- **Stamp tax**

From 2015 till 2016

The company usually settle stamp tax according to the inspection of the Tax Authority.

Madinet Nasr for Housing & Development - S.A.E.

NOTES TO THE SUMMARY CONSOLIDATED FINANCIAL STATEMENTS

30 June 2017

24. COMMITMENTS

Madinet Nasr for Housing and Development – (Parent Company)

The value of contracts with contractors for the execution of housing projects and reach an amount of L.E. 943 million, the executed portion up to 30/6/2017 amounting to L.E. 551 million has been fully paid to contractors.

Al Nasr Co. for Civil Works – (Subsidiary Company)

Contracts for executing utilities and civil constructions amounted to L.E. 3,029 million at 30/6/2017, executed amount at 30/6/2017 amounted to L.E. 2,510 million.

Al Nasr Utilities and Erections Co. – (Subsidiary Company)

Contracts for executing utilities and civil constructions amounted to L.E. 330.505 million at 30/6/2017, executed amount at 30/6/2017 amounted to L.E. 20.287 million.

25. REVENUE FROM RENDERING OF SERVICES

	<i>30/6/2017</i>	<i>30/6/2016</i>
	<i>L.E.</i>	<i>L.E.</i>
Services sales	469,638	573,091
Concession fees	4,993,010	1,262,823
Revenue from other services	1,872,680	282,695
	<u>7,335,328</u>	<u>2,118,609</u>

26. GENERAL AND ADMINISTRATIVE EXPENSES

	<i>30/6/2017</i>	<i>30/6/2016</i>
	<i>L.E.</i>	<i>L.E.</i>
Salaries, wages and equivalent	19,005,499	17,106,227
Depreciation (Note 4)	1,860,822	1,341,418
Other expenses	15,852,652	14,534,832
	<u>36,718,973</u>	<u>32,982,477</u>

27. OTHER REVENUES

	<i>30/6/2017</i>	<i>30/6/2016</i>
	<i>L.E.</i>	<i>L.E.</i>
Reconciled fees for non construction	2,909,528	-
Foreign exchange gain	81,421	335,741
Sundry revenue	2,860,273	3,822,412
Compensation	15,800	3,663
Delay fines	710,839	-
Deviation from construction conditions	57,684	355,546
Gain on sale of raw material	45,461	54,344
	<u>6,681,006</u>	<u>4,571,706</u>

Madinet Nasr for Housing & Development - S.A.E.

NOTES TO THE SUMMARY CONSOLIDATED FINANCIAL STATEMENTS

30 June 2017

28. OTHER EXPENSES

	30/6/2017	30/6/2016
	L.E.	L.E.
Compensations and fines	381,835	34,145
Donations for others	25,731,988	20,005,000
Sundry expenses	1,422,908	833,848
	<u>27,536,731</u>	<u>20,872,993</u>

29. CONSOLIDATED STATEMENT OF INCOME

	30/6/2017	30/6/2016
	L.E.	L.E.
Net profit from Madinet Nasr for Housing & Development S.A.E.	512,659,386	142,056,123
Group portion in net (Losses)/profits of subsidiaries companies	(3,711,337)	774,301
	<u>508,948,049</u>	<u>142,830,424</u>

30. CONTINGENT LIABILITIES

Letters of guarantee

Suez Canal Bank, National Bank, United Bank and others, have issued letters of guarantee at 30 June 2017 amounting to L.E. 232.099 million (2016: L.E. 241.8 million), in favor of third parties, which secured by part of the company's time deposits amounting to L.E. 62,892,101 (2016: L.E. 66,735,819) and cash margin on letters of guarantee by L.E. 10,418,821 (2016: L.E. 10,865,252).

31. DEFERRED TAX

Madinet Nasr for Housing and Development (Parent company)

	30/6/2017		31/12/2016	
	Assets	(Liabilities)	Assets	(Liabilities)
	L.E.	L.E.	L.E.	L.E.
Deferred tax on fixed assets	-	(2,642,892)	-	(2,533,385)
Deferred tax on provisions	5,053,028	-	4,900,608	-
Total deferred tax (liabilities)/ assets	<u>5,053,028</u>	<u>(2,642,892)</u>	<u>4,900,608</u>	<u>(2,533,385)</u>
Net deferred tax assets	2,410,136	-	2,367,223	-
Charged to the statement of income	42,912	-	934,824	-

	30/6/2017	31/12/2016
	L.E.	L.E.
Unrecorded deferred tax assets (provisions)	<u>14,594,957</u>	<u>19,523,110</u>

Deferred tax assets have not include the balance of litigation provision, as there is no any future benefits for using the deferred tax in the future.

32. TAX STATUS - *Continued*

Al Nasr Co. for Civil Works - subsidiary

- ***Corporate Tax***
 - Tax returns submitted on due dates, the tax has been settled and paid.
- ***Payroll Tax***
 - The company pays payroll tax to the Tax Authority.
- ***Stamp Tax***
 - Tax years till 31 July 2006 were inspected, differences were fully paid.
 - Periods from 1/8/2006 till 30/6/2017 were not inspected.
- ***Withholding Tax***
 - The company paid tax regularly on quarterly basis.
- ***VAT Tax***
 - Paid monthly with tax return submitted till April 2017.
 - Tax years from 1/7/2010 till 31/12/2013, the company has modified by Form 15 on 20/11/2014 by tax differences amounted to L.E. 3,864,980, and the company has objected and expected to reach L.E. 562,000.
 - The company has been registered under VAT Law No. 67 for 2016.
- ***Property Tax***
 - The company has submitted tax returns on regular basis.

Al Nasr Co. for Utilities and Erections – (Subsidiary company)

- ***Corporate Tax***
 - Tax returns were submitted on due dates, there are some claims received from the Tax Authority, however the company has objected on tax claims received from the Tax Authority.
- ***Payroll Tax***
 - Tax years till 2000 have been settled and paid.
 - Tax years 2001/2002 the company recorded accrued tax amounting to L.E. 113,093.
 - Tax years 2003/2004 inspected and the company appealed tax differences amounted to L.E. 117,824 and the company has appealed.
 - Tax years 2014 and 2015 were not required for inspection.

32. TAX STATUS - *Continued*

Al Nasr Co. for Civil Works - subsidiary

- ***Corporate Tax***
 - Tax returns submitted on due dates, the tax has been paid.
- ***Payroll Tax***
 - The company pays payroll tax to the Tax Authority.
- ***Stamp Tax***
 - Tax years till 31 July 2006 were inspected, differences were fully paid.
 - Periods from 1/8/2006 till 30/6/2017 were not inspected.
- ***Withholding Tax***
 - The company paid tax regularly on quarterly basis.
- ***VAT Tax***
 - Paid monthly with tax return submitted till April 2017.
 - Tax years from 1/7/2010 till 31/12/2013, the company has modified by Form 15 on 20/11/2014 by tax differences amounted to L.E. 3,864,980, and the company has objected and expected to reach L.E. 562,000.
 - The company has been registered under VAT Law No. 67 for 2016.
- ***Property Tax***
 - The company has submitted tax returns on regular basis.

Al Nasr Co. for Utilities and Erections – (Subsidiary company)

- ***Corporate Tax***
 - Tax returns were submitted on due dates, there are some claims received from the Tax Authority, however the company has objected on tax claims received from the Tax Authority.
- ***Payroll Tax***
 - Tax years till 2000 have been settled and paid.
 - Tax years 2001/2002 the company recorded accrued tax amounting to L.E. 113,093.
 - Tax years 2003/2004 inspected and the company appealed tax differences amounted to L.E. 117,824 and the company has appealed.
 - Tax years 2014 and 2015 were not required for inspection.

Madinet Nasr for Housing & Development - S.A.E.

NOTES TO THE SUMMARY CONSOLIDATED FINANCIAL STATEMENTS

30 June 2017

32. TAX STATUS – Continued

- **Stamp Tax**

- Period till 28 February 1999 were settled and fully paid.
- Period from 1 March 1999 till 31 July 2006 were inspected and the amounts due of L.E. 24,564 excluding delay fine.
- Period from 1/1/2013 till 31/12/2016, documents are being prepared for the inspection.

- **Sales Tax**

- The company submits tax returns regularly.

33. EARNINGS PER SHARE

	30/6/2017	30/6/2016
	L.E.	L.E.
Net profit for the period	508,948,048	142,830,424
Weighted average of numbers of shares outstanding during the period	1,000,000,000	1,000,000,000
Earnings per share	0.50	0.14

34. FINANCIAL INSTRUMENTS AND RELATED RISKS

On-financial position financial instruments comprise cash and bank balances, financial investments, debtors, and creditors. Notes to the financial statements include the accounting policies adopted in the recognition and measurement of financial instruments.

The significant risks associated with the financial instruments and the procedures followed by the company to mitigate these risks are as follows:

- **Credit risk**

Credit risk is the risk that debtors fail to settle the amounts due from them. The company seeks to reduce this risk to the minimum by agreeing with the customers to transfer property after settling all of their debts, also the company takes delay penalties upon later installments which exceeded their due dates calculated on settlement.

- **Liquidity risk**

Liquidity risk represents all factors which affect the company's ability to pay part or all of its obligations. According to the company's policy sufficient liquidity is maintained which reduce the risk to the minimum.

34. FINANCIAL INSTRUMENTS AND RELATED RISKS

• ***Interest rate risk***

Interest rate risk represents the risk of changes in the rate of interest, time deposits, loans and bank overdrafts are subject to this risk, the company uses most of its deposits in settling its loans and overdraft balances whenever a gap between debit and credit balances takes place in order to reduce this risk to the minimum as possible.

• ***Foreign currency risk***

Foreign currency risk represents the changes in the currency rates which affect the receipts and disbursements and the translation of assets and liabilities in foreign currencies. The company policy is not to take a loan in foreign currencies nor keep currencies rather than Egyptian pound.

35. FAIR VALUE

The fair values of financial assets and liabilities are not materially different from their carrying value at 30 June 2017, except for fixed assets.

36. COMPARATIVE FIGURES

Certain of prior year figures have been reclassified to conform with the presentation in the current period.

37. EARLY RETIREMENT

The General Assembly Meeting approved on 29/3/2017 the Board of Directors decision No. 26 dated 22/12/2016 regarding the early retirement project with an estimated cost of L.E. 28 million.